

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 12, 2018

In the opinion of Dorsey & Whitney LLP, Minneapolis, Minnesota, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes (ii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iii) is not an item of tax preference for federal or Minnesota alternative minimum tax purposes. Interest on the Bonds is included, however, in adjusted current earnings for purposes of the federal alternative minimum tax imposed on corporations with respect to taxable years beginning before January 1, 2018, and in taxable income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions. The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. See "TAX EXEMPTION" and "RELATED TAX CONSIDERATIONS".

New Issue

Rating Application Made: S&P Global Ratings

CITY OF ST. ANTHONY, MINNESOTA (Hennepin and Ramsey Counties)

\$2,705,000* GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2018A

PROPOSAL OPENING: April 24, 2018, 10:00 A.M., C.T. **CONSIDERATION:** April 24, 2018, 7:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$2,705,000* General Obligation Improvement Bonds, Series 2018A (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapters 429 and 475, by the City of St. Anthony, Minnesota (the "City") for the purpose of financing various public improvements within the City. The Bonds will be general obligations of the City for which its full faith, credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Dorsey & Whitney LLP, Minneapolis, Minnesota.

DATE OF BONDS: May 15, 2018

MATURITY: February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2020	\$165,000	2025	\$170,000	2030	\$190,000
2021	165,000	2026	175,000	2031	190,000
2022	165,000	2027	180,000	2032	195,000
2023	170,000	2028	180,000	2033	200,000
2024	170,000	2029	185,000	2034	205,000

MATURITY ADJUSTMENTS: * The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: February 1, 2019 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing February 1, 2027 and thereafter are subject to call for prior redemption on February 1, 2026 and any date thereafter, at a price of par plus accrued interest.

MINIMUM PROPOSAL: \$2,672,540

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$54,100 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation

BOND COUNSEL: Dorsey & Whitney LLP

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.



REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers & Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers & Associates, Inc., payable entirely by the City, is contingent upon the sale of the issue.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers & Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the Bonds are exempt or required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and © no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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CITY COUNCIL

		<u>Term Expires</u>
Jerry Faust	Mayor	January 2020
Hal Gray	Council Member	January 2020
Thomas Randle	Council Member	January 2020
Randy Stille	Council Member	January 2022
Jan Jenson	Council Member	January 2022

ADMINISTRATION

Mark Casey, City Manager
Nicole Miller, City Clerk
Shelly Rueckert, Finance Director

PROFESSIONAL SERVICES

Dorsey & Whitney LLP, Bond Counsel, Minneapolis, Minnesota

Ehlers & Associates, Inc., Municipal Advisors, Roseville, Minnesota
(Other offices located in Waukesha, Wisconsin, Chicago, Illinois and Denver, Colorado)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of St. Anthony, Minnesota (the "City") and the issuance of its \$2,705,000* General Obligation Improvement Bonds, Series 2018A (the "Bonds") or (the "Obligations"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution awarding the sale of the Bonds (the "Award Resolution") to be adopted by the City Council on April 24, 2018.

Inquiries may be directed to Ehlers & Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the City's Municipal Advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of May 15, 2018. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2019, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2020 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The City has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after February 1, 2027 shall be subject to optional redemption prior to maturity on February 1, 2026 and on any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429 and 475, by the City, for the purpose of financing the 2018 road reconstruction projects.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	\$2,705,000	
Prepaid Assessments	<u>64,990</u>	
Total Sources		\$2,769,990
Uses		
Project Costs	\$2,638,200	
Contingency	864	
Estimated Discount	32,460	
Finance Related Expenses	44,000	
Capitalized Interest	<u>54,466</u>	
Total Uses		\$2,769,990

*Preliminary, subject to change

SECURITY

The Bonds are general obligations of the City for which its full faith, credit and taxing powers are pledged without limitation as to rate or amount. The City anticipates that the debt service will be paid from a combination of special assessments levied against properties benefitted by improvements financed by the Bonds and from ad valorem property taxes. Receipt of special assessments and collection of ad valorem taxes will be sufficient to provide not less than 105% of principal and interest on the Bonds as required by Minnesota law.

Should the revenues pledged for payment of the Bonds be insufficient to pay the principal and interest as the same shall become due, the City is required to pay maturing principal and interest from moneys on hand in any other fund of the City not pledged for another purpose and/or to levy additional taxes for this purpose upon all the taxable property in the City, without limitation as to rate or amount.

RATING

General obligation debt of the City, with the exception of any outstanding credit enhanced issues, is currently rated "AA" by S&P Global Ratings ("S&P").

The City has requested a rating on this issue from S&P, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (hereinafter the "Rule"), the City shall covenant to take certain actions pursuant to a Resolution adopted by the City Council by entering into a Continuing Disclosure Undertaking (the "Disclosure Undertaking") for the benefit of holders, including beneficial holders. The Disclosure Undertaking requires the City to provide electronically or in the manner otherwise prescribed certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule. The details and terms of the Disclosure Undertaking for this issue are set forth in Appendix D to be executed and delivered by the City at the time of delivery of the Bonds. Such Disclosure Undertaking will be in substantially the form attached hereto.

In the previous five years, the City believes it has not failed to comply in all material respects with its prior undertakings under the Rule.

A failure by the City to comply with any Disclosure Undertaking will not constitute an event of default on this issue or any issue outstanding. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The City will file its continuing disclosure information using the Electronic Municipal Market Access ("EMMA") system or any system that may be prescribed in the future. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org. Ehlers is currently engaged as disclosure dissemination agent for the City.

LEGAL OPINION

An opinion in substantially the form attached hereto as Appendix B will be furnished by Dorsey & Whitney LLP, Minneapolis, Minnesota, bond counsel to the City.

TAX EXEMPTION AND RELATED TAX CONSIDERATIONS

The following discussion is not intended to be an exhaustive discussion of collateral tax consequences arising from ownership or disposition of the Bonds or receipt of interest on the Bonds. Prospective purchasers should consult their tax advisors with respect to collateral tax consequences, including, without limitation, the determination of gain or loss on the sale of a Bond, the calculation of alternative minimum tax liability, the inclusion of Social Security or other retirement payments in taxable income, the disallowance of deductions for certain expenses attributable to the Bonds, and applicable state and local tax rules in states other than Minnesota. The form of the approving opinion of Dorsey & Whitney LLP, Bond Counsel, is attached as Appendix B hereto.

Tax Exemption

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes (ii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iii) is not an item of tax preference for federal or Minnesota alternative minimum tax purposes. Interest on the Bonds is included, however, in adjusted current earnings for purposes of the federal alternative minimum tax imposed on corporations with respect to taxable years beginning before January 1, 2018 and in taxable income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The Internal Revenue Code of 1986 (the "Code") establishes certain requirements that must be met after the issuance of the Bonds in order that interest on the Bonds be excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts. These requirements include, but are not limited to, provisions regarding the use of Bond proceeds and the facilities financed or refinanced with such proceeds and restrictions on the investment of Bond proceeds and other amounts. The Issuer has made certain representations and has covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or noncompliance with these covenants may cause interest on the Bonds to be included in federal gross income or in Minnesota taxable net income retroactively to their date of issue. Bond Counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. No provision has been made for redemption of or for an increase in the interest rate on the Bonds in the event that interest on the Bonds is included in federal gross income or in Minnesota taxable net income.

Original Issue Discount

Bonds may be issued with original issue discount (any such Bonds being “Discount Bonds”). The difference between the issue price of a given maturity of Bonds and the principal amount payable on those Bonds constitutes “original issue discount” (“OID”) under the Code. For this purpose, the issue price of a given maturity is the first price at which a substantial amount of the Bonds of that maturity is first sold to the public (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placements agents, or wholesalers). OID that accrues to a holder of a Discount Bond is excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts to the same extent that stated interest on such Discount Bond would be so excluded. OID that accrues on a Discount Bond is added to the holder’s federal and Minnesota tax basis in determining gain or loss upon disposition of such Discount Bond (whether by sale, exchange, redemption or payment at maturity). Original issue discount is taxable under the Minnesota franchise tax on corporations and financial institutions.

Any OID on the Bonds will accrue pursuant to a constant yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of original issue discount that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Bonds, over (2) the amount of stated interest actually payable. For purposes of the preceding sentence, the adjusted issue price is determined by adding to the issue price for such Bonds the OID that is treated as having accrued during all prior semiannual accrual periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, then the original issue discount that would have accrued for that semiannual accrual period for federal income tax purposes is allocated ratably to the days in such accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of the Issue Price plus accrued interest and accrued original issue discount, the amount of original issue discount that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of such Bond. If such excess is greater than the amount of remaining original issue discount, the Code's basis reduction rules for amortizable bond premium might result in taxable gain upon sale, redemption or maturity of the Bonds, even if the Bonds are sold, redeemed or retired for an amount equal to or less than their cost.

Except for the Minnesota rules described above, no opinion is expressed as to state and local income tax treatment of original issue discount. It is possible under certain state and local income tax laws that original issue discount on a Discount Bond may be taxable in the year of accrual, and may be deemed to accrue differently than under federal law.

Holders of Discount Bonds should consult their tax advisors with respect to the computation and accrual of original issue discount and with respect to the other federal, state and local tax consequences associated with the purchase, ownership, redemption, sale or other disposition of Discount Bonds.

Bond Premium

Bonds may be issued at a premium to their principal amount. Holders who acquire Bonds at a premium, even Bonds that were not initially offered at a premium, generally must, from time to time, reduce their federal and Minnesota tax bases for the Bonds for purposes of determining gain or loss on the sale or payment of such Bonds. Premium generally is amortized for federal and Minnesota income and franchise tax purposes on the basis of a bondholder’s constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, bondholders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal or Minnesota income tax purposes. Bondholders who acquire Bonds at a premium should consult their tax advisors concerning the calculation of bond premium and the timing and rate of premium amortization, as well as the state and local tax consequences of owning and selling Bonds acquired at a premium.

Qualified Tax-Exempt Obligations

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to carrying and acquiring tax-exempt obligations. Sections 265(a)(2) and 291 of the Code impose additional limitations on the deductibility of such interest expense.

Deductibility of Expenses

Section 265(a) of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, and Minnesota law similarly denies a deduction for such interest in the case of individuals, estates, and trusts. In the case of a financial institution, generally no deduction is allowed under section 265(b) the Code for that portion of the holder's interest expense that is allocable to interest on tax-exempt obligations, such as the Bonds. Indebtedness may be allocated to the Bonds for this purpose even though not directly traceable to the purchase of the Bonds. The Issuer will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Accordingly, although interest expense allocable to the Bonds is not subject to the disallowance under Section 265(b) of the Code, the deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds may be subject to reduction under Section 291 of the Code.

Federal and Minnesota laws impose additional limitations on the deductibility of expenses allocable to the Bonds.

Related Tax Considerations

Section 86 of the Code and corresponding provisions of Minnesota law require recipients of certain social security and railroad retirement benefits to take interest on the Bonds into account in determining the taxability of such benefits. Passive investment income, including interest on the Bonds, may be subject to taxation under section 1375 of the Code, and corresponding provisions of Minnesota law, for an S corporation that has accumulated earnings and profits at the close of the taxable year if more than 25% of its gross receipts is passive investment income. In the case of an insurance company subject to the tax imposed by section 831 of the Code, the amount which otherwise would be taken into account as losses incurred under section 832(b)(5) of the Code must be reduced by an amount equal to 15% of the interest on the Bonds that is received or accrued during the taxable year. Interest on the Bonds may be included in the income of a foreign corporation for purposes of the branch profits tax imposed by section 884 of the Code and is included in net investment income of foreign insurance companies under section 842(b) of the Code. Because of the Code's basis reduction rules for amortizable bond premium, holders who acquire Bonds at a premium, even Bonds that were not initially offered at a premium, might recognize taxable gain upon sale of the Bonds, even if the Bonds are sold for an amount equal to or less than their original cost.

Tax Legislation and Other Matters

From time to time, there are legislative proposals that, if enacted, could adversely affect the federal and state tax matters referred to herein, adversely affect the marketability or market value of the Bonds, or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Similarly, regulatory and administrative actions may from time to time be announced that could adversely affect the market value, marketability, or tax status of the Bonds. For example, the federal tax legislation enacted on December 22, 2017 reduces corporate tax rates, modifies individual tax rates, and repeals the corporate alternative minimum tax (for taxable years beginning after December 31, 2017), among other things. This legislation could result in a reduction in the value of the exclusion of interest on the Bonds from federal gross income, and, accordingly, the value and marketability of the Bonds. Prospective bondholders should consult their own advisors concerning such matters.

THE FOREGOING IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF COLLATERAL TAX CONSEQUENCES ARISING FROM OWNERSHIP OR DISPOSITION OF THE BONDS OR RECEIPT OF INTEREST ON THE BONDS. PROSPECTIVE PURCHASERS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF, OR TAX CONSIDERATIONS FOR, PURCHASING OR HOLDING THE BONDS.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a Municipal Advisor.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2016 have been audited by Redpath and Company, Ltd., Saint Paul, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Bonds are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service should other revenue (special assessments) be insufficient. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

Ratings; Interest Rates: In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the bond resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to United States or State of Minnesota income taxation, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

State Economy; State Aids: State of Minnesota cash flow problems could affect local governments and possibly increase property taxes.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

VALUATIONS

OVERVIEW

All non-exempt property is subject to taxation by local taxing districts. Exempt real property includes Indian lands, public property, and educational, religious and charitable institutions. Most personal property is exempt from taxation (except investor-owned utility mains, generating plants, etc.).

The valuation of property in Minnesota consists of three elements. (1) The estimated market value is set by city or county assessors. Not less than 20% of all real properties are to be appraised by local assessors each year. (2) The taxable market value is the estimated market value adjusted by all legislative exclusions. (3) The tax capacity (taxable) value of property is determined by class rates set by the State Legislature. The tax capacity rate varies according to the classification of the property. Tax capacity represents a percent of taxable market value.

The property tax rate for a local taxing jurisdiction is determined by dividing the total tax capacity or market value of property within the jurisdiction into the dollars to be raised from the levy. State law determines whether a levy is spread on tax capacity or market value. Major classifications and the percentages by which tax capacity is determined are:

Type of Property	2015/16	2016/17	2017/18
Residential homestead ¹	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%
Agricultural homestead ¹	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$2,140,000 - 0.50% ² Over \$2,140,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$2,050,000 - 0.50% ² Over \$2,050,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,940,000 - 0.50% ² Over \$1,940,000 - 1.00% ²
Agricultural non-homestead	Land - 1.00% ²	Land - 1.00% ²	Land - 1.00% ²
Seasonal recreational residential	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³
Residential non-homestead:	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$106,000 - .75% Over \$106,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$115,000 - .75% Over \$115,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$121,000 - .75% Over \$121,000 - .25%
Industrial/Commercial/Utility ⁵	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%

¹ A residential property qualifies as "homestead" if it is occupied by the owner or a relative of the owner on the assessment date.

² Applies to land and buildings. Exempt from referendum market value tax.

³ Exempt from referendum market value tax.

⁴ Cities of 5,000 population or less and located entirely outside the seven-county metropolitan area and the adjacent nine-county area and whose boundaries are 15 miles or more from the boundaries of a Minnesota city with a population of over 5,000.

⁵ The estimated market value of utility property is determined by the Minnesota Department of Revenue.

CURRENT PROPERTY VALUATIONS

2016/17 Economic Market Value¹ \$958,283,604²

2017/18 Assessor's Estimated Market Value

	Hennepin County	Ramsey County	Total
Real Estate	\$606,556,100	\$341,336,700	\$947,892,800
Personal Property	<u>3,751,800</u>	<u>2,467,000</u>	<u>6,218,800</u>
Total Valuation	<u><u>\$610,307,900</u></u>	<u><u>\$343,803,700</u></u>	<u><u>\$954,111,600</u></u>

2017/18 Net Tax Capacity

	Hennepin County	Ramsey County	Total
Real Estate	\$6,368,951	\$4,158,252	\$10,527,203
Personal Property	<u>72,786</u>	<u>48,590</u>	<u>121,376</u>
Net Tax Capacity	\$6,441,737	\$4,206,842	\$10,648,579
Less: Captured Tax Increment Tax Capacity ³	0	(1,364,612)	(1,364,612)
Fiscal Disparities Contribution ⁴	<u>(319,080)</u>	<u>(444,627)</u>	<u>(763,707)</u>
Taxable Net Tax Capacity	\$6,122,657	\$2,397,603	\$ 8,520,260
Plus: Fiscal Disparities Distribution ³	<u>754,570</u>	<u>516,760</u>	<u>1,271,330</u>
Adjusted Taxable Net Tax Capacity	<u><u>\$6,877,227</u></u>	<u><u>\$2,914,363</u></u>	<u><u>\$ 9,791,590</u></u>

¹ Most recent value available from the Minnesota Department of Revenue.

² According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the City of St. Anthony is about 94.38% of the actual selling prices of property most recently sold in the portion of the City located in Hennepin County, and about 94.93% of the actual selling prices of property most recently sold in the portion of the City located in Ramsey County. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in an Economic Market Value ("EMV") for the City of \$958,283,604.

³ The captured tax increment value shown above represents the captured net tax capacity of tax increment financing districts in the City.

⁴ Each community in the seven-county metropolitan area contributes 40% of the growth in its commercial-industrial property tax base to an area pool which is then distributed among the municipalities on the basis of population, special needs, etc. Each governmental unit makes a contribution and receives a distribution--sometimes gaining and sometimes contributing net tax capacity for tax purposes.

2017/18 NET TAX CAPACITY BY CLASSIFICATION

	2017/18 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	\$ 5,911,547	55.51%
Commercial/industrial	2,281,958	21.43%
Public utility	50,026	0.47%
Railroad operating property	42,080	0.40%
Non-homestead residential	2,221,802	20.86%
Commercial & residential seasonal/rec.	19,790	0.19%
Personal property	121,376	1.14%
Total	<u>\$10,648,579</u>	<u>100.00%</u>

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity¹	Adjusted Taxable Net Tax Capacity²	Percent +/- in Estimated Market Value
2013/14	\$ 720,018,700	\$ 674,573,657	\$ 8,088,311	\$ 5,153,846	- 0.17%
2014/15	760,404,500	716,670,906	8,544,337	5,472,678	+ 5.61%
2015/16	860,925,700	821,707,237	9,552,702	8,856,875	+ 13.22%
2016/17	906,848,000	867,569,205	10,055,407	9,303,765	+ 5.33%
2017/18	954,111,600	916,911,815	10,648,579	9,791,590	+ 5.21%

¹ Net Tax Capacity is before fiscal disparities adjustments and includes tax increment values.

² Adjusted Taxable Net Tax Capacity is after fiscal disparities adjustments and does not include tax increment values.

LARGER TAXPAYING PARCELS¹

Taxpayer	Type of Property	2017/18 Net Tax Capacity	Percent of City's Total Net Tax Capacity
Inland Silver Lake Village LLC	Commercial	\$ 654,918	6.15%
St. Anthony Lease Housing Assoc. I	Apartments	501,195	4.71%
Autumn Woods Partnership	Apartments	263,838	2.48%
Equinox Properties, LLC	Apartments	237,506	2.23%
St. Anthony Shopping Center	Commercial	163,330	1.53%
St. Anthony Lease Housing Assoc. II	Apartments	152,961	1.44%
Xcel Energy	Utility	128,912	1.21%
Autumn Woods III LLC	Apartments	119,225	1.12%
Landau-3925 Pleasant LLC	Apartments	97,971	0.92%
Chandler Place LP	Commercial	93,750	0.88%
Total		<u><u>\$2,413,606</u></u>	<u><u>22.67%</u></u>
 City's Total 2017/18 Net Tax Capacity	 \$10,648,579		

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Larger Taxpaying Parcels have been furnished by Hennepin and Ramsey Counties.

¹ Hennepin County has provided only the ten largest taxpaying *parcels* which appear on the tax rolls of the County, and therefore the information stated above may not be reflective of the entire valuation of all parcels and may not include all classifications of property.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total g.o. debt being paid from revenues	\$ 845,000
Total g.o. debt being paid from tax abatement revenues	720,000
Total g.o. debt being paid from tax increment revenues	6,775,000
Total g.o. debt being paid from taxes	1,710,000
Total g.o. debt being paid from special assessments and taxes (includes the Bonds)*	16,835,000
Total g.o. debt being paid from special assessments, tax abatement revenues, and taxes	<u>5,055,000</u>
Total General Obligation Debt	<u>\$ 31,940,000</u>

* Preliminary, subject to change

¹ Outstanding debt is as of the dated date of the Bonds.

CITY OF ST. ANTHONY, MINNESOTA
Schedule of Bonded Indebtedness
General Obligation Debt Being Paid From Revenues
(As of 5/15/18)

Refunding 1)
Series 2013A

Fiscal Year Ending	Dated Amount	Maturity	Principal		Interest		Total P & I	Total Principal	Total Interest	Principal Outstanding	% Paid	Fiscal Year Ending
			Principal	Interest	Principal	Interest						
2018	1/08/13	2/01	0	8,450	0	8,450	0	8,450	845,000	0.00%	2018	
2019	\$1,440,000		130,000	16,900	130,000	16,900	130,000	146,900	715,000	15.38%	2019	
2020			135,000	14,300	135,000	14,300	135,000	149,300	580,000	31.36%	2020	
2021			140,000	11,600	140,000	11,600	140,000	151,600	440,000	47.93%	2021	
2022			140,000	8,800	140,000	8,800	140,000	148,800	300,000	64.50%	2022	
2023			145,000	6,000	145,000	6,000	145,000	151,000	155,000	81.66%	2023	
2024			155,000	3,100	155,000	3,100	155,000	158,100	0	100.00%	2024	
			845,000	69,150	845,000	69,150	845,000	914,150				

1) This issue refunded the 2014 through 2024 maturities of the City's General Obligation Water and Sewer Revenue Bonds, Series 2003B, dated April 16, 2003.

CITY OF ST. ANTHONY, MINNESOTA
Schedule of Bonded Indebtedness
General Obligation Debt Being Paid from Tax Abatement Revenues
(As of 5/15/18)

G.O. Bonds
Series 2016B

Dated Amount	6/2/16 \$1,445,000	Maturity	2/01	Principal		Interest		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
				Principal	Interest	Principal	Interest						
2018				0	7,200	0	7,200	7,200	7,200	720,000	0.00%	2018	
2019				85,000	13,550	85,000	13,550	98,550	98,550	635,000	11.81%	2019	
2020				85,000	11,850	85,000	11,850	96,850	96,850	550,000	23.61%	2020	
2021				90,000	10,100	90,000	10,100	100,100	100,100	460,000	36.11%	2021	
2022				90,000	8,300	90,000	8,300	98,300	98,300	370,000	48.61%	2022	
2023				90,000	6,500	90,000	6,500	96,500	96,500	280,000	61.11%	2023	
2024				95,000	4,650	95,000	4,650	99,650	99,650	185,000	74.31%	2024	
2025				95,000	2,750	95,000	2,750	97,750	97,750	90,000	87.50%	2025	
2026				90,000	900	90,000	900	90,900	90,900	0	100.00%	2026	
				720,000	65,800	720,000	65,800	785,800	785,800				

CITY OF ST. ANTHONY, MINNESOTA
Schedule of Bonded Indebtedness
General Obligation Debt Being Paid From Tax Incremental Revenues
(As of 5/15/18)

TIF Revenue Ref. 1)
Series 2014B

Dated Amount	Maturity	7/24/14		12/29/15	
		Principal	Interest	Principal	Interest
\$3,665,000	2/01	0	44,263	115,000	45,406
		190,000	86,625	245,000	87,363
		200,000	82,725	230,000	82,713
		205,000	78,675	245,000	77,813
		215,000	73,400	260,000	72,813
		225,000	66,800	270,000	67,613
		235,000	59,900	275,000	62,163
		245,000	52,700	285,000	56,613
		255,000	45,200	300,000	50,500
		265,000	37,400	315,000	42,681
		280,000	29,225	325,000	33,750
		295,000	19,863	340,000	23,925
		300,000	9,450	355,000	13,575
		120,000	2,100	185,000	2,775
		3,030,000	688,325	3,745,000	719,700

TIF Revenue Ref. 2)
Series 2015B

Fiscal Year Ending	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year
						Ending
2018	115,000	89,669	204,669	6,660,000	1.70%	2018
2019	435,000	173,988	608,988	6,225,000	8.12%	2019
2020	430,000	165,438	595,438	5,795,000	14.46%	2020
2021	450,000	156,488	606,488	5,345,000	21.11%	2021
2022	475,000	146,213	621,213	4,870,000	28.12%	2022
2023	495,000	134,413	629,413	4,375,000	35.42%	2023
2024	510,000	122,063	632,063	3,865,000	42.95%	2024
2025	530,000	109,313	639,313	3,335,000	50.77%	2025
2026	555,000	96,700	650,700	2,780,000	58.97%	2026
2027	580,000	80,081	660,081	2,200,000	67.53%	2027
2028	605,000	62,975	667,975	1,595,000	76.46%	2028
2029	635,000	43,788	678,788	960,000	85.83%	2029
2030	655,000	23,025	678,025	305,000	95.50%	2030
2031	305,000	4,875	309,875	0	100.00%	2031
	6,775,000	1,408,025	8,183,025			

1) This issue refunded the 2015 through 2031 maturities of the Authority's \$4,640,000 Tax Incremental Revenue Bonds (Silver Lake Village Phase IA Housing), Series 2007, dated April 17, 2007.

2) This issue refunded the 2016 through 2031 maturities of the Authority's \$4,975,000 Tax Incremental Revenue Bonds (Silver Lake Village Project), Series 2006, dated August 1, 2006.

CITY OF ST. ANTHONY, MINNESOTA
Schedule of Bonded Indebtedness
General Obligation Debt Being Paid from Taxes
(As of 5/15/18)

Street Reconstruction Refunding Bonds 1)
Series 2010A Series 2014C

Fiscal Year Ending	Street Reconstruction Series 2010A		Refunding Bonds 1) Series 2014C		Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
	Dated Amount	Maturity	Principal	Interest				
2018			0	10,713	24,278	1,710,000	0.00%	2018
2019			90,000	20,025	275,805	1,480,000	13.45%	2019
2020			95,000	17,175	280,133	1,240,000	27.49%	2020
2021			95,000	14,275	274,276	1,000,000	41.52%	2021
2022			100,000	11,138	278,004	750,000	56.14%	2022
2023			105,000	7,125	280,569	490,000	71.35%	2023
2024			105,000	2,400	277,301	225,000	86.84%	2024
2025			110,000		116,149	115,000	93.27%	2025
2026			115,000		117,084	0	100.00%	2026
			815,000	82,850	1,923,598	1,710,000		

1) This issue refunded the 2016 through 2024 maturities of the City's \$1,910,000 General Obligation Street Reconstruction Bonds, Series 2008A, dated June 5, 2008.

CITY OF ST. ANTHONY, MINNESOTA
Schedule of Bonded Indebtedness
General Obligation Debt Being Paid From Special Assessments and Taxes
(As of 5/15/18)

Fiscal Year Ending	Improvement 1) Series 2011A		Refunding 2) Series 2011B		G.O. Bonds 3) Series 2012A		Improvement Series 2013B		Improvement Series 2014A		Improvement 4) Series 2015A	
	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity
2018	0	25,256	0	5,855	0	57,945	0	12,959	0	23,265	0	26,656
2019	270,000	46,125	265,000	9,590	835,000	107,540	115,000	25,285	130,000	45,230	160,000	51,713
2020	130,000	39,625	265,000	5,085	860,000	90,590	115,000	24,020	130,000	42,630	160,000	48,513
2021	130,000	35,400	135,000	1,350	885,000	73,140	115,000	22,583	130,000	40,030	165,000	45,263
2022	135,000	30,925			915,000	54,911	115,000	20,858	135,000	37,313	165,000	41,963
2023	140,000	26,113			705,000	37,778	115,000	18,931	135,000	33,870	170,000	38,613
2024	145,000	20,944			550,000	23,698	120,000	16,725	135,000	29,820	170,000	35,213
2025	150,000	15,413			160,000	15,333	120,000	14,325	140,000	25,695	175,000	31,544
2026	155,000	9,500			160,000	11,253	120,000	11,550	145,000	21,420	175,000	27,606
2027	160,000	3,200			165,000	6,944	125,000	8,334	145,000	17,070	180,000	23,388
2028					170,000	2,338	125,000	5,053	150,000	12,645	180,000	18,888
2029							130,000	1,706	155,000	7,838	185,000	14,094
2030									160,000	2,640	190,000	8,700
2031											195,000	2,925
2032												
2033												
2034												
	1,415,000	252,500	665,000	21,880	5,405,000	481,468	1,315,000	182,329	1,690,000	339,465	2,270,000	415,075

1) A portion of this issue refunded the 2012 through 2019 maturities of the City's \$1,700,000 General Obligation Improvement Bonds, Series 2003A, dated April 16, 2003.

2) This issue refunded the 2013 through 2020 maturities of the City's \$1,790,000 General Obligation Improvement Bonds, Series 2004A, dated June 1, 2004 and the 2013 through 2021 maturities of the City's \$1,695,000 General Obligation Improvement Bonds, Series 2005A, dated April 1, 2005.

3) This issue refunded the 2013 through 2024 maturities of \$5,530,000 Public Facilities Lease Revenue Bonds, Series 2003 (City of St. Anthony, Minnesota Lease Obligation), dated July 1, 2003, which were issued by the Housing and Redevelopment Authority. This issue also refunded the 2014 through 2022 maturities of the \$3,190,000 General Obligation Bonds, Series 2006A, dated April 1, 2006, and the 2015 through 2023 maturities of the \$2,050,000 General Obligation Improvement Bonds, Series 2007A, dated April 24, 2007. The Capital Improvement Bonds portion of this issue is payable entirely from taxes (\$2,185,000 principal outstanding).

4) Because the City assessed at least 20% of the project costs, the Bonds could be a general obligation without a referendum and do not count against the City's debt limit.

Continued on next page

CITY OF ST. ANTHONY, MINNESOTA
Schedule of Bonded Indebtedness
General Obligation Debt Being Paid From Special Assessments and Taxes (cont.)
(As of 5/15/18)

Fiscal Year Ending	Improvement Series 2016A		Bonds Series 2018A		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
	Dated Amount	Maturity	Dated Amount	Maturity						
2018					0	0	166,705	16,835,000	0.00%	2018
2019					0	92,762	406,882	14,970,000	11.08%	2019
2020	\$1,455,000	2/01	\$2,705,000*	2/01	1,865,000	352,201	2,271,882	13,055,000	22.45%	2020
2021					1,815,000	314,239	2,129,239	11,240,000	33.23%	2021
2022					1,720,000	277,013	1,997,013	9,520,000	43.45%	2022
2023					1,530,000	240,686	1,770,686	7,990,000	52.54%	2023
2024					1,385,000	205,801	1,590,801	6,605,000	60.77%	2024
2025					1,010,000	175,476	1,185,476	5,595,000	66.77%	2025
2026					1,030,000	147,930	1,177,930	4,565,000	72.88%	2026
2027					1,055,000	118,566	1,173,566	3,510,000	79.15%	2027
2028					905,000	91,333	996,333	2,605,000	84.53%	2028
2029					760,000	68,390	828,390	1,845,000	89.04%	2029
2030					645,000	47,916	692,916	1,200,000	92.87%	2030
2031					490,000	30,844	520,844	710,000	95.78%	2031
2032					305,000	18,705	323,705	405,000	97.59%	2032
2033					200,000	10,575	210,575	205,000	98.78%	2033
2034					205,000	3,588	208,588	0	100.00%	2034
					1,370,000	240,425	1,610,425	16,835,000		
					2,705,000	743,708	3,448,708	19,511,850		

*Preliminary, subject to change

CITY OF ST. ANTHONY, MINNESOTA
Schedule of Bonded Indebtedness
General Obligation Debt Being Paid From Special Assessments, Tax Abatement Revenues and Taxes
(As of 5/15/18)

Refunding 1)
Series 2017A

Fiscal Year Ending	Dated Amount	Maturity	Principal		Interest		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
			Principal	Interest	Principal	Interest						
	5/18/17											
	\$5,310,000	2/01										
2018			0	75,825	0	75,825	75,825	75,825	5,055,000	0.00%	2018	
2019			440,000	145,050	440,000	145,050	585,050	585,050	4,615,000	8.70%	2019	
2020			460,000	131,550	460,000	131,550	591,550	591,550	4,155,000	17.80%	2020	
2021			475,000	117,525	475,000	117,525	592,525	592,525	3,680,000	27.20%	2021	
2022			485,000	103,125	485,000	103,125	588,125	588,125	3,195,000	36.80%	2022	
2023			505,000	88,275	505,000	88,275	593,275	593,275	2,690,000	46.79%	2023	
2024			525,000	72,825	525,000	72,825	597,825	597,825	2,165,000	57.17%	2024	
2025			535,000	56,925	535,000	56,925	591,925	591,925	1,630,000	67.75%	2025	
2026			235,000	45,375	235,000	45,375	280,375	280,375	1,395,000	72.40%	2026	
2027			240,000	38,250	240,000	38,250	278,250	278,250	1,155,000	77.15%	2027	
2028			180,000	31,950	180,000	31,950	211,950	211,950	975,000	80.71%	2028	
2029			185,000	26,475	185,000	26,475	211,475	211,475	790,000	84.37%	2029	
2030			190,000	20,850	190,000	20,850	210,850	210,850	600,000	88.13%	2030	
2031			195,000	15,075	195,000	15,075	210,075	210,075	405,000	91.99%	2031	
2032			200,000	9,150	200,000	9,150	209,150	209,150	205,000	95.94%	2032	
2033			205,000	3,075	205,000	3,075	208,075	208,075	0	100.00%	2033	
2034												
			5,055,000	981,300	5,055,000	981,300	6,036,300	6,036,300				

1) This issue refunded the 2018 through 2025 maturities of the City's \$5,175,000 General Obligation Bonds, Series 2009A, dated May 7, 2009. The Equipment Certificate Portion of this issue is subject to the debt limit (currently outstanding in the principal amount of \$520,000).

DEBT LIMIT

The statutory limit on debt of Minnesota municipalities other than school districts or cities of the first class (Minnesota Statutes, Section 475.53, subd. 1) is 3% of the Assessor's Estimated Market Value of all taxable property within its boundaries. "Net debt" (Minnesota Statutes, Section 475.51, subd. 4) is the amount remaining after deducting from gross debt: (1) obligations payable wholly or partly from special assessments levied against benefitted property (includes the Bonds); (2) warrants or orders having no definite or fixed maturity; (3) obligations issued to finance any public revenue producing convenience; (4) obligations issued to create or maintain a permanent improvement revolving fund; (5) funds held as sinking funds for payment of principal and interest on debt other than those deductible under 1-4 above; and (6) other obligations which are not to be included in computing the net debt of a municipality under the provisions of the law authorizing their issuance.

2017/18 Assessor's Estimated Market Value	\$954,111,600
Multiply by 3%	<u>0.03</u>
Statutory Debt Limit	\$ 28,623,348
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes ¹	<u>(4,415,000)</u>
Unused Debt Limit	<u><u>\$ 24,208,348</u></u>

¹ Also includes the Capital Improvement Portion of the City's \$9,495,000 General Obligation Bonds, Series 2012A (\$2,185,000 outstanding principal amount), and the Equipment Certificate Portion of the City's \$5,310,000 General Obligation Refunding Bonds, Series 2017A (\$520,000 outstanding principal amount), which are payable entirely from taxes.

OVERLAPPING DEBT¹

Taxing District	2017/18 Adjusted Taxable Net Tax Capacity	% In City	Total G.O. Debt²	City's Proportionate Share
Hennepin County	\$ 1,838,226,093	0.3741%	\$ 950,945,000 ³	\$ 3,557,485
Ramsey County	586,968,191	0.4965%	155,545,000	772,281
I.S.D. No. 282 (St. Anthony-New Brighton)	18,290,575	53.5335%	32,665,000 ⁴	17,486,718
Metropolitan Council	3,548,816,342	0.0821%	148,045,000 ⁵	121,545
Three Rivers Park District	1,304,690,419	0.5271%	53,355,000	281,234
City's Share of Total Overlapping Debt				<u><u>\$22,219,263</u></u>

¹ Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. Does *not* include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

² Outstanding debt is based on information in Official Statements obtained on EMMA and the Municipal Advisor's records.

³ Hennepin County also has General Obligation Solid Waste Revenue Bonds outstanding which are payable entirely from the County's solid waste enterprise fund; General Obligation Bonds (Century Plaza Debt) which are expected to be paid from building rental fees from County departments and non-County tenants; and General Obligation Ice Arena Revenue Bonds which are expected to be paid from building rental payments from Augsburg College. These issues have not been included in the overlapping debt or debt ratios.

⁴ For LTFM Use: Based upon the long term facilities maintenance revenue formula and current statistics, the District anticipates a portion of this debt will be paid by the State of Minnesota.

⁵ The above debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Council also has general obligation sewer revenue, wastewater revenue, and radio revenue bonds and lease obligations outstanding all of which are supported entirely by revenues and have not been included in the Overlapping Debt or Debt Ratios sections.

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value (\$958,283,604)	Debt/ Current Population Estimate (9,227)
Direct G.O. Debt Being Paid From:			
Revenues	\$ 845,000		
Tax Abatement Revenues	720,000		
Tax Increment Revenues	6,775,000		
Taxes	1,710,000		
Special Assessments & Taxes*	16,835,000		
Special Assessments, Tax Abatement Revenues & Taxes	5,055,000		
Total General Obligation Debt (includes the Bonds)*	<u>\$31,940,000</u>		
Less: G.O. Debt Paid Entirely from Revenues ¹	<u>(845,000)</u>		
Tax Supported General Obligation Debt*	\$31,095,000	3.24%	\$3,370.00
City's Share of Total Overlapping Debt	<u>\$22,219,263</u>	<u>2.32%</u>	<u>\$2,408.07</u>
Total*	<u><u>\$53,314,263</u></u>	<u><u>5.56%</u></u>	<u><u>\$5,778.07</u></u>

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The City plans to issue General Obligation Improvement Bonds, for the 2019 street improvements, in the next 12 months.

¹ Debt service on the City's general obligation revenue debt is being paid entirely from revenues and therefore is considered self-supporting debt.

TAX RATES, LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy ¹	Total Collected Following Year	Collected to Date ²	% Collected
2013/14	\$ 5,892,410	\$ 5,839,866	\$ 5,891,302	99.98%
2014/15	5,949,575	5,914,545	5,937,913	99.80%
2015/16	6,163,978	6,170,523	6,156,619	99.88%
2016/17	6,389,513	6,373,550	6,373,550	99.75%
2017/18	6,850,178	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.³ Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

¹ This reflects the Final Levy Certification of the City after all adjustments have been made.

² Collections are through January 1, 2018 for Hennepin County and through December 31, 2017 for Ramsey County.

³ Second half tax payments on agricultural property are due on November 15th of each year.

TAX CAPACITY RATES¹

	2013/14	2014/15	2015/16	2016/17	2017/18
Hennepin County	49.959%	46.398%	46.356%	44.087%	42.808%
Ramsey County	59.105%	54.462%	54.012%	51.173%	49.473%
Ramsey County Library	4.630%	4.460%	4.873%	4.677%	4.489%
City of St. Anthony	75.075%	71.319%	66.064%	67.876%	68.363%
I.S.D. No. 282 (St. Anthony-New Brighton)	33.093%	29.953%	33.130%	33.428%	37.557%
HCRRA	1.777%	1.817%	1.879%	1.925%	1.962%
Hennepin County HRA	0.514%	0.417%	0.439%	0.497%	0.457%
Metropolitan Council	1.069%	0.976%	0.925%	0.883%	0.844%
Metropolitan Mosquito	0.563%	0.507%	0.483%	0.475%	0.456%
Metropolitan Transit	1.703%	1.523%	1.491%	1.463%	1.383%
Park Museum	0.766%	0.702%	0.712%	0.711%	0.710%
Regional Rail	4.196%	3.938%	4.091%	3.875%	3.830%
Rice Creek Watershed	2.346%	2.206%	2.108%	1.985%	1.826%
St. Anthony HRA	2.086%	1.612%	1.579%	1.714%	1.652%
Three Rivers Park District	4.169%	3.789%	3.601%	3.365%	3.161%

Referendum Market Value Rates:

I.S.D. No. 282 (St. Anthony-New Brighton)	0.28672%	0.34234%	0.29446%	0.28719%	0.26469%
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Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Hennepin and Ramsey Counties.

LEVY LIMITS

The State Legislature has periodically imposed limitations on the ability of municipalities to levy property taxes. For taxes levied in 2013, payable in 2014, only, the Legislature imposed a one year levy limit on all counties with a population greater than 5,000, and all cities with a population greater than 2,500. While these limitations have expired, the potential exists for future legislation to limit the ability of local governments to levy property taxes. All previous limitations have not limited the ability to levy for the payment of debt service on bonded indebtedness. For more detailed information about Minnesota levy limits, contact the Minnesota Department of Revenue or Ehlers & Associates.

¹ After reduction for state aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

THE ISSUER

CITY GOVERNMENT

The City of St. Anthony was organized as a municipality in 1945. The City operates under a statutory of government consisting of a five-member City Council of which the Mayor is a voting member. The City Manager, City Clerk and Finance Director are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS; UNIONS

The City currently has 57 full-time, 34 part-time, and 13 seasonal employees. All full-time and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employee 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. PERA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security. See the Notes to Financial Statements in Appendix A for a detailed description of the Plans.

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
P/W - Local Union #49	December 31, 2018
Fire - Local Union #3486	December 31, 2018
Police - LELS	December 31, 2018

POST EMPLOYMENT BENEFITS

The City has obligations for some post-employment benefits (some mandated by State Statute and others that cover a portion of the cost of health insurance during retirement) for the majority of its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 45 (GASB 45). The City has completed an actuarial study of its obligations. The study shows an actuarial accrued liability of \$644,198 as of January 1, 2016. The City is currently funding these obligations on a pay-as-you-go basis.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Minnesota Statutes, 471.831, authorizes municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code. A municipality is defined in United States Code, title 11, section 101, as amended through December 31, 1996, but limited to a county, statutory or home rule charter city, or town; or a housing and redevelopment authority, economic development authority, or rural development financing authority established under Chapter 469, a home rule charter or special law.

FUNDS ON HAND (As of December 31, 2017)

Fund	Total Cash and Investments
General	\$ 3,157,332
Special Revenue	117,975
Debt Service	5,090,413
Capital Projects	7,228,917
Enterprise Funds	2,530,465
Total Funds on Hand	<u><u>\$18,125,101</u></u>

ENTERPRISE FUNDS

Revenues available for debt service on the City's enterprise funds have been as follows as of December 31 each year:

	2014	2015	2016
Liquor			
Total Operating Revenues	\$ 1,373,473	\$ 1,321,058	\$ 1,354,717
Less: Operating Expenses	<u>(1,174,674)</u>	<u>(1,147,414)</u>	<u>(1,150,372)</u>
Operating Income	\$ 198,799	\$ 173,644	\$ 204,345
Plus: Depreciation	<u>76,566</u>	<u>75,658</u>	<u>68,064</u>
Revenues Available for Debt Service	<u><u>\$ 275,365</u></u>	<u><u>\$ 249,302</u></u>	<u><u>\$ 272,409</u></u>
Water and Sewer			
Total Operating Revenues	\$ 1,800,249	\$ 1,853,980	\$ 1,938,556
Less: Operating Expenses	<u>(2,131,388)</u>	<u>(2,077,606)</u>	<u>(2,050,817)</u>
Operating Income	\$ (331,139)	\$ (223,626)	\$ (112,261)
Plus: Depreciation	<u>288,955</u>	<u>308,359</u>	<u>332,399</u>
Revenues Available for Debt Service	<u><u>\$ (42,184)</u></u>	<u><u>\$ 84,733</u></u>	<u><u>\$ 220,138</u></u>
Stormwater¹			
Total Operating Revenues	N/A	N/A	\$ 192,748
Less: Operating Expenses	<u>N/A</u>	<u>N/A</u>	<u>(191,655)</u>
Operating Income			\$ 1,093
Plus: Depreciation	<u>N/A</u>	<u>N/A</u>	<u>130,664</u>
Revenues Available for Debt Service	N/A	N/A	<u><u>\$ 131,757</u></u>

¹ In 2016, the Stormwater Utility Fund was reported as a major proprietary fund.

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the City's 2016 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2014 Audited	2015 Audited	2016 Audited	2017 Unaudited ¹	2018 Adopted Budget ²
Revenues					
General property taxes	\$ 3,551,089	\$ 3,437,635	\$ 3,536,079	\$ 3,788,977	\$ 4,171,053
Licenses, fees and permits	351,102	296,465	304,079	358,230	265,277
Intergovernmental	899,613	932,204	969,498	977,822	930,595
Charges for services	1,471,652	1,555,006	1,568,487	1,558,359	938,189
Cable franchise fees	109,009	108,104	113,672	86,991	119,350
Fines and forfeits	119,035	125,102	83,719	67,494	78,900
Investment income	29,840	22,960	26,856	23,000	31,500
Contributions and donations	11,800	3,403	1,620	101,500	1,500
Refunds and reimbursements	9,130	31,411	150,977	64,202	71,252
Miscellaneous	73,420	44,811	96,408	16,888	36,500
Total Revenues	\$ 6,625,690	\$ 6,557,101	\$ 6,851,395	\$ 7,043,463	\$ 6,644,116
Expenditures					
Current:					
General government	\$ 871,369	\$ 874,429	\$ 963,469	\$ 1,095,682	\$ 1,091,581
Public safety	4,328,233	4,338,477	5,157,188	4,574,634	4,419,274
Public works	904,693	900,839	835,585	789,741	927,838
Parks and recreation	248,478	259,203	248,583	300,536	303,637
Nondepartmental	59,265	40,139	38,421	817,504	6,242
Total Expenditures	\$ 6,412,038	\$ 6,413,087	\$ 7,243,246	\$ 7,578,097	\$ 6,748,572
Excess of revenues over (under) expenditures	\$ 213,652	\$ 144,014	\$ (391,851)	\$ (534,634)	\$ (104,456)
Other Financing Sources (Uses)					
Operating transfers in	\$ 264,244	\$ 195,060	\$ 433,606	\$ 619,060	\$ 200,000
Operating transfers out	(150,954)	(368,543)	(168,100)	(86,300)	(86,300)
Total Other Financing Sources (Uses)	\$ 113,290	\$ (173,483)	\$ 265,506	\$ 532,760	\$ 113,700
Net Changes in Fund Balances	\$ 326,942	\$ (29,469)	\$ (126,345)	\$ (1,874)	
General Fund Balance January 1	2,148,539	2,475,481	2,446,012	2,319,667	
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	\$ 2,475,481	\$ 2,446,012	\$ 2,319,667	\$ 2,317,793	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$ 91,136	\$ 107,412	\$ 115,482	\$ 0	
Unassigned	2,384,345	2,338,600	2,204,185	2,317,793	
Total	\$ 2,475,481	\$ 2,446,012	\$ 2,319,667	\$ 2,317,793	

¹ Unaudited data is as of December 31, 2017.

² The 2018 budget was adopted on December 13, 2017.

GENERAL INFORMATION

LOCATION

The City of St. Anthony, with a 2010 U.S. Census population of 8,226 and a current population estimate of 9,227, and comprising an area of 2.35 square miles, is located adjacent to the City of Minneapolis, Minnesota.

LARGER EMPLOYERS¹

Larger employers in the City of St. Anthony include the following:

Firm	Type of Business/Product	Estimated No. of Employees
St. Anthony Health Center	Nursing home and assisted living facilities	270
Cub Foods	Retail grocery store	250
I.S.D. No. 282 (St. Anthony-New Brighton)	Elementary and secondary education	206
City of St. Anthony	Municipal government and services	132
I Care Cab	Taxicabs and transportation services	120
B & F Fastener Supply	Wholesale fastener and industrial supply distributor	100
St. Charles Borromero Parish	Religious organization and school	92
North Memorial-Silver Lake Clinic	Health care services	81
Marshall Manufacturing	Engineering/manufacturing	60
Happy's Potato Chip Company	Potato chip manufacturing plant	50

Source: *ReferenceUSA, written and telephone survey (February 2018), and the Minnesota Department of Employment and Economic Development.*

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data.

BUILDING PERMITS

	2014	2015	2016	2017	2018 ¹
<u>New Single Family Homes</u>					
No. of building permits	1	3	1	1	1
Valuation	\$340,000	\$1,265,000	\$299,900	\$550,000	\$450,000
<u>New Commercial/Industrial</u>					
No. of building permits	5	5	9	9	3
Valuation	\$1,067,886	\$380,783	\$1,057,913	\$7,891,518	\$79,888
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	228	587	342	232	11
Valuation	\$6,477,316	\$7,469,464	\$7,767,429	\$4,284,726	\$345,397

Source: The City.

¹ As of March 26, 2018.

U.S. CENSUS DATA

Population Trend: City of St. Anthony, Minnesota

2000 U.S. Census population	8,012
2010 U.S. Census population	8,226
2016 State Demographer's Estimate	9,227
Percent of Change 2000 - 2010	+ 2.67%

Income and Age Statistics

	City of St. Anthony	Hennepin County	State of Minnesota	United States
2016 per capita income	\$36,440	\$38,724	\$33,225	\$29,826
2016 median household income	\$60,742	\$65,834	\$63,217	\$55,322
2016 median family income	\$83,309	\$87,230	\$79,595	\$67,871
2016 median gross rent	\$976	\$951	\$873	\$928
2016 median value owner occupied units	\$229,000	\$229,200	\$191,500	\$184,700
2016 median age	40.6 yrs.	36.1 yrs.	37.8 yrs.	37.7 yrs.

	State of Minnesota	United States
City % of 2016 per capita income	109.68%	122.18%
City % of 2016 median family income	104.67%	122.75%

Housing Statistics

	<u>City of St. Anthony</u>		
	2000	2016	Percent of Change
All Housing Units	3,812	3,944	3.46%

Source: 2000 and 2010 Census of Population and Housing, and 2015 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (www.factfinder2.census.gov).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Hennepin County	Hennepin County	State of Minnesota	
2014	644,430	3.8%	4.9%	
2015	649,491	3.3%	4.2%	
2016	656,426	3.4%	3.7%	
2017	672,278	3.1%	3.8%	
2018, February	684,591	2.9%	3.9%	

Source: Minnesota Department of Employment and Economic Development.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested the Auditor to perform any additional examination, assessments or evaluation with respect to such financial statements since the date thereof, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF ST. ANTHONY, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2016**

Prepared By:

Finance Department

**Shelly Rueckert,
Finance Director**



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of St. Anthony, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Anthony, Minnesota, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of St. Anthony, Minnesota's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Anthony, Minnesota, as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the City of St. Anthony, Minnesota's 2015 financial statements, and we expressed an unmodified audit opinion on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated June 9, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison information, the Schedule of Funding Progress, the Schedules of Proportionate Share of Pension Liability, the Schedules of Pension Contributions, and the Schedule of Changes in the Net Pension Liability and Related Ratios, on pages 15-24 and 90-103, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. Anthony, Minnesota's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, supplementary financial information, 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 nonmajor fund financial statements and schedules and the supplementary financial information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the supplementary financial information are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2017, on our consideration of the City of St. Anthony, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of St. Anthony, Minnesota's internal control over financial reporting and compliance.

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

June 1, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of St. Anthony, Minnesota, we offer readers of the City of St. Anthony, Minnesota's financial statements this narrative overview and analysis of the financial activities of the City of St. Anthony, Minnesota for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the Introductory Section of this report.

Financial Highlights

- The assets of the City of St. Anthony, Minnesota exceeded its liabilities at the close of the most recent fiscal year by \$35,402,281 (*net position*).
- The City's total net position increased by \$11,218,336 from the prior year's stated net position.
- As of the close of the current fiscal year, the City of St. Anthony's governmental funds reported combined ending fund balances of \$20,844,111, an increase of \$13,293,951 in comparison with the prior year stated fund balances.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,204,185 or 33% of total General Fund Budget expenditures.
- The City of St. Anthony's total bonded debt increased by \$165,000 (1%) during the current fiscal year. The key factors in this increase were: 1) principal retirement of \$2,735,000; 2) issuance of the 2016A \$1,455,000 G.O. Improvement bonds and 2016B \$1,445,000 G.O. Tax Abatement bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of St. Anthony, Minnesota's basic financial statements. The City of St. Anthony, Minnesota's basic financial statements comprise 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 of St. Anthony, Minnesota's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of St. Anthony, Minnesota'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 of St. Anthony, Minnesota is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of St. Anthony, Minnesota 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 of St. Anthony, Minnesota include general government, public safety, public works, parks and recreation, services to other cities and HRA activities. The business-type activities of the City of St. Anthony, Minnesota include the operation of water and sewer utilities and the municipal off-sale liquor stores.

The government-wide financial statements include not only the City of St. Anthony, Minnesota itself (known as the *primary government*), but also a legally separate Housing and Redevelopment Authority (HRA) for which the City of St. Anthony, Minnesota is financially accountable. The HRA functions for all practical purposes as a department of the City of St. Anthony, Minnesota, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on Statements 1 and 2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City of St. Anthony, Minnesota, 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 of St. Anthony, Minnesota can be divided into two categories: governmental funds and proprietary funds.

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

The City of St. Anthony, Minnesota maintains 18 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 balance for the General, Street Improvement Debt Service, HRA TIF Debt Service, HRA TIF Improvements, Street Improvement Projects and Public Utilities Infrastructure, all of which are considered to be major funds. Data from the other 18 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining and sub-combining statements and schedules elsewhere in this report.

The City of St. Anthony, Minnesota adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on Statements 3 through 5 of this report.

Proprietary funds. The City of St. Anthony, Minnesota 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 of St. Anthony, Minnesota uses enterprise funds to account for its water and sewer and municipal liquor operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of St. Anthony, Minnesota's various functions. The City of St. Anthony, Minnesota uses an internal service fund to account for its compensated absences and pension benefits. Because these services 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 and sewer and municipal liquor operations, which are considered to be major funds of the City of St. Anthony, Minnesota.

The basic proprietary fund financial statements can be found on Statements 6 through 8 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following Statement 9 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on budgetary comparisons. Combining and individual fund statements and schedules can be found on Statements 18 through 25 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a City's financial position. In the case of the City of St. Anthony, Minnesota, assets exceeded liabilities by \$35,402,281 at the close of the most recent fiscal year.

City of St. Anthony, Minnesota's Net Position

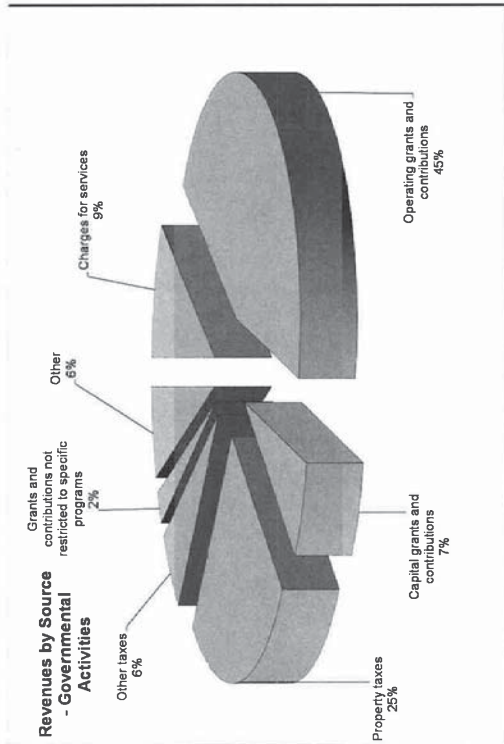
	Governmental Activities			Business-Type Activities			Totals	
	2016	2015	2014	2016	2015	2014	2016	2015
Current and other assets	\$24,966,779	\$10,650,903	\$3,802,270	\$6,591,829	\$28,769,049	\$17,242,732	\$31,358,602	\$21,991,471
Capital assets	35,656,075	34,662,848	15,218,139	13,308,598	50,674,214	48,057,446	86,332,816	86,108,878
Total assets	\$60,622,854	\$45,313,751	\$19,020,409	\$19,900,427	\$79,443,263	\$65,300,178	\$147,391,668	\$151,409,050
Total deferred outflows of resources	\$9,856,765	\$1,080,208	\$0	\$0	\$9,856,765	\$1,080,208	\$10,937,030	\$2,160,416
Long-term liabilities outstanding	\$4,445,048	\$5,277,063	\$1,306,482	\$1,329,406	\$16,651,630	\$16,557,149	\$21,096,678	\$21,888,297
Other liabilities	5,894,888	6,011,903	630,878	864,088	6,525,766	6,878,081	12,416,654	13,736,330
Total liabilities	\$10,340,936	\$11,288,966	\$2,937,360	\$2,193,494	\$23,177,402	\$23,435,230	\$33,513,332	\$35,624,627
Total deferred inflows of resources	\$1,720,351	\$760,901	\$0	\$0	\$1,720,351	\$760,901	\$2,480,702	\$1,521,802
Net position:								
Invested in capital assets net of related debt	\$10,024,670	\$10,604,121	\$14,011,168	\$12,143,138	\$24,033,838	\$22,747,279	\$34,067,676	\$34,469,107
Restricted	6,308,547	6,178,866	-	-	6,308,547	6,178,866	12,487,123	12,348,032
Unrestricted	1,809,115	(10,991,885)	\$1,171,049	\$2,699,883	\$3,021,899	\$4,143,000	\$14,566,376	\$14,611,800
Total net position	\$18,219,332	\$6,391,102	\$17,182,217	\$17,992,883	\$33,402,281	\$33,402,281	\$61,121,175	\$61,429,139

The City's net position increased by \$11,218,336 in 2016. The increase was primarily due to the United States Army settlement proceeds of \$10,565,371.

City of St. Anthony, Minnesota's Changes in Net Position

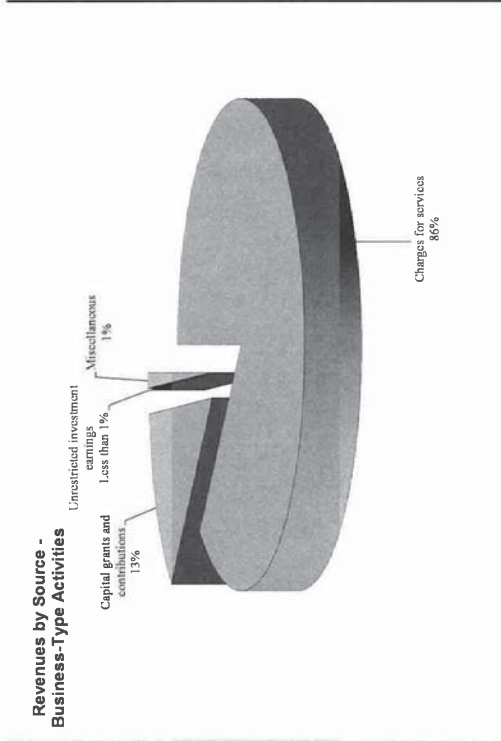
	Governmental Activities			Business-Type Activities			Totals	
	2016	2015	2014	2016	2015	2014	2016	2015
Revenues:								
Program revenue:								
Charges for services	\$2,212,526	\$2,414,912	\$7,954,087	\$7,793,351	\$10,166,613	\$10,208,463	\$12,378,939	\$12,416,921
Operating grants and contributions	10,969,360	499,126	130,932	130,932	499,126	499,126	11,469,016	11,916,078
Capital grants and contributions	1,643,911	1,307,745	1,166,747	-	2,810,658	1,367,745	4,460,274	4,277,813
General revenue:								
Property taxes	6,160,156	5,893,900	-	-	6,160,156	5,893,900	11,814,052	11,787,800
Other taxes	1,453,090	1,121,027	-	-	1,453,090	1,121,027	2,574,117	2,242,054
Other contributions	\$30,110	\$16,015	-	-	\$30,110	\$16,015	\$46,125	\$42,030
Other	1,468,922	326,589	95,902	175,071	1,564,824	501,660	3,130,646	2,549,715
Total revenues	24,440,075	12,139,914	9,347,668	7,988,622	33,787,743	20,108,256	72,376,716	72,376,716
Expenses:								
General government	1,319,451	1,342,360	-	-	1,319,451	1,342,360	2,661,811	2,684,720
Public safety	7,053,595	4,757,637	-	-	7,053,595	4,757,637	11,811,230	11,542,367
Parks and recreation	4,134,783	2,761,941	-	-	4,134,783	2,761,941	6,896,724	6,523,882
Public works	793,854	596,444	-	-	793,854	596,444	1,390,298	1,192,888
Transportation and development	794,584	845,856	-	-	794,584	845,856	1,640,440	1,691,712
Interest on long-term debt	-	-	-	-	-	-	-	-
Liquor	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Water filtration and purification	-	-	-	-	-	-	-	-
Sewer	-	-	-	-	-	-	-	-
Stormwater	-	-	-	-	-	-	-	-
Total expenses	14,568,683	10,876,600	8,000,724	7,835,547	22,569,407	18,712,147	56,938,167	55,570,726
Excess before transfers	9,871,392	1,263,314	1,346,944	133,075	11,218,336	1,396,389	16,438,549	16,806,010
Transfers	1,956,838	(6,053,216)	(1,956,838)	6,053,216	-	-	4,102,378	4,102,378
Increase (decrease) in net position	11,828,230	(4,789,902)	(609,894)	6,186,291	11,218,336	1,396,389	20,540,927	20,908,388
Net position - January, as previously reported	6,391,102	15,524,257	17,792,843	11,606,552	24,183,945	21,310,809	44,724,872	40,511,431
Prior period adjustment	-	(4,343,253)	-	-	-	-	(4,343,253)	(4,343,253)
Net position - January, as restated	6,391,102	11,181,004	17,792,843	11,606,552	24,183,945	21,310,809	40,381,619	36,168,178
Net position - December 31	\$18,219,332	\$6,391,102	\$17,992,843	\$17,992,883	\$33,402,281	\$33,402,281	\$61,121,175	\$61,429,139

Governmental Activities. Governmental activities increased the City of St. Anthony's net position by \$11,828,230 compared to prior year decrease of \$4,789,902. The key element for this change relates to the City receiving \$10,565,371 from the United States Army for the expansion of the water treatment facility and other related costs.



Additionally, increases in Governmental Activities expenses, for the most part, closely paralleled the combining factors of inflation and growth in the demand for services.

Business-type activities. Business-type activities decreased net position by \$609,894. The key factor for the decrease was closing and distribution of assets of the Water Plant Fund.



Financial Analysis of the City's Funds

As noted earlier, the City of St. Anthony uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of St. Anthony, Minnesota's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of St. Anthony, Minnesota's financing requirements.

As of the end of the current fiscal year, the City of St. Anthony, Minnesota's governmental funds reported combined ending fund balances of \$20,844,111, an increase of \$13,293,951 in comparison with the prior year amounts.

The ending fund balance by GASB 54 designation is as follows:

Nonspendable	\$172,670
Restricted	6,907,253
Committed	105,503
Assigned	13,148,229
Unassigned	510,456
Total	\$20,844,111

The General Fund is the chief operating fund of the City of St. Anthony, Minnesota. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,204,185, while total fund balance reached \$2,319,667. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 30% of total General Fund expenditures and total fund balance represents 32% of that same amount.

During the current fiscal year, the fund balance in the General Fund decreased by \$126,345.

The Street Improvement Debt Service Fund increased by \$328,598 as revenue exceeded expenses by \$112,860 along with other financing sources of \$215,738.

The HRA TIF Improvement Fund increased by \$134,134, substantially due to greater Tax Increment revenues.

The Street Improvement Project Funds increased by \$1,398,195. This increase includes \$1,094,828 in reimbursement in construction costs for a street shared with another city. In addition overall street construction costs decrease by \$303,390 compared to 2015.

Non-major Special Revenue Funds increased by \$30,488 resulting in an ending balance of \$107,528, substantially due to reduced Community Center operating expenditures of \$20,369 and an overall increase in special funds revenue of \$8,883.

Non-major Debt Service Funds had a total fund balance of \$905,961, \$906,411 of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the non-major debt service funds was \$35,866, substantially due to revenues being greater than debt service expenditures by that amount.

Non-major Capital Project Funds had a total fund balance of \$1,945,769, an increase of \$1,392,859, substantially due to \$1,053,004 in Municipal State Aid revenue in 2016.

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

Total net position in the Liquor Operations, Water and Sewer Funds, and Stormwater Utility Fund at the end of the year combined was \$17,320,726. The total net position for each fund was: Liquor – \$2,128,598; Water and Sewer – \$8,026,604; Stormwater Utility - \$7,165,524.

General Fund Budgetary Highlights

Variances from actual to budget can be briefly summarized as follows:

- Licenses and permits were \$81,528 greater than budget primarily due to construction related permits being \$72,046 greater than budget due to a high level of activity.
- General property taxes were \$6,537 less than budget due to delinquent tax and excess tax increment collections being less than budgeted offset by greater collections in current taxes.
- Charges for services were less than budget by \$67,670 mainly due to contracted gasoline cost per gallon being less than budget so charges for gasoline to other governmental reflected this lesser cost.
- Other revenues were \$226,091 greater than budget due to: dividends distributed by the League of Minnesota Insurance Trust for Property and Casualty insurance were \$41,430 greater than budget for 2016; \$36,179 in unbudgeted insurance proceeds were received in 2016 and \$135,331 in settlement proceeds from the United States Army for staff labor costs.
- Planning and Zoning other services and charges were greater than budget by \$50,936 due to costs associated in preparing the city's comprehensive plan update.
- Public Works was \$160,935 less than budget due to: contracted gasoline price per gallon being less than budgeted; mild winter conditions resulted in savings on road chemicals and sand; street repair and maintenance costs were less than budgeted and staff turnover created savings to budget for 2016.
- Police protection was \$598,720 more than budget due to the result of changes in benefit elections; personnel succession costs and the City's response costs.
- Protective Inspections – other services and charges was \$34,729 greater than budget due to greater construction permit related revenues.

Capital Asset and Debt Administration

Capital Assets. The City of St. Anthony, Minnesota's investment in capital assets for its governmental and business-type activities as of December 31, 2016 amounts to \$50,674,214 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, improvements, machinery and equipment, park facilities, roads and infrastructure. The total increase in the City of St. Anthony, Minnesota's investment in capital assets for the current fiscal year is 5.45%.

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

- The annual street reconstruction and infrastructure improvement projects are reflected in the Construction in progress along with the highway safety improvement project, the Mirror Lake storm water project and the construction of an addition to the water plant for the advanced oxidation treatment process.

City of St. Anthony, Minnesota's Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$1,662,883	\$1,662,883	\$2,089,954	\$2,089,954	\$3,752,837	\$3,752,837
Land improvement	555,181	555,181	-	-	555,181	555,181
Buildings and structures	10,002,287	9,966,796	4,118,781	3,883,283	14,121,068	13,850,079
Furniture and fixtures	4,136,947	3,994,838	1,363,898	1,226,693	5,720,845	5,721,531
Software intangibles	6,823	6,823	26,022	26,022	32,845	32,845
Infrastructure/streets	35,167,341	33,806,042	13,000,946	10,261,912	48,168,287	44,067,954
Storm sewers	-	-	-	-	428,469	428,469
Storm water	-	-	2,253,147	2,253,147	2,253,147	2,253,147
Less accumulated depreciation	(20,798,119)	(18,924,558)	(8,073,528)	(7,574,877)	(28,871,647)	(26,499,435)
Construction in progress	4,274,263	3,166,374	238,919	728,464	4,513,182	3,894,838
Total	\$35,456,075	\$34,662,848	\$15,218,139	\$13,394,598	\$50,674,214	\$48,057,446

Additional information on the City of St. Anthony, Minnesota's capital assets can be found in Note 5.

Long-term debt. At the end of the current fiscal year, the City of St. Anthony, Minnesota had total bonded debt outstanding of \$32,775,000. Of this amount, \$24,225,000 comprises debt backed by special assessments and the full faith and credit of the City, \$7,450,000 is backed by tax increments and \$1,100,000 is backed by revenues sources from the City of St. Anthony, Minnesota's water/sewer funds. In addition, the City of St. Anthony, Minnesota's debt represents the liability for compensated absences \$813,439, net pension liability of \$14,584,653, and OPEB liability of \$664,590.

**City of St. Anthony, Minnesota's Outstanding Debt
General Obligation and Revenue Bonds**

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$24,225,000	\$23,530,000	\$-	\$-	\$24,225,000	\$23,530,000
G.O. revenue bonds	-	-	1,100,000	1,215,000	1,100,000	1,215,000
G.O. tax increment bonds	7,450,000	7,865,000	-	-	7,450,000	7,865,000
Issuance premiums (discounts)	620,404	618,259	31,932	36,440	652,336	654,699
Total	\$32,295,404	\$32,013,259	\$1,131,932	\$1,251,440	\$33,427,336	\$33,264,699

The City of St. Anthony's total bonded debt increased \$165,000 (.51%) during the current fiscal year. The key factors in this increase were: 1) principal retirement of \$2,735,000; 2) issuance of the 2016A \$1,455,000 G.O. improvement bonds and 2016B \$1,445,000 G.O. Tax Abatement bonds.

The City of St. Anthony, Minnesota maintains an "AA" rating from Standard and Poor's for general obligation debt. State statutes limit the amount of general obligation debt the City may issue to 3% of its total market value. The current debt limitation for the City of St. Anthony, Minnesota is \$24,651,217, which is in excess of the City of St. Anthony, Minnesota's \$3,995,000 outstanding general obligation debt, excluding tax increment and special assessment bonds. Additional information on the City of St. Anthony, Minnesota's long-term debt can be found in Note 6.

Economic Factors and Next Year's Budgets and Bond Rating comments

- Healthy financial profile with a stable outlook including a strong general fund balance.
- Strong income and wealth indicators relative to national levels.
- The stable outlook reflects expectations that St. Anthony will continue to maintain balanced operations.
- Good management practices, including extensive financial planning, to maintain present service levels while being sensitive to increases in property taxes remains the most significant challenge.

These factors were considered in preparing the City of St. Anthony, Minnesota's budget for the 2017 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of St. Anthony, Minnesota's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of St. Anthony, Minnesota, 3301 Silver Lake Road, St. Anthony, Minnesota, 55418.

CITY OF ST. ANTHONY, MINNESOTA
 STATEMENT OF NET POSITION
 December 31, 2016
 With Comparative Totals For December 31, 2015

Statement 1

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	
			2016	2015
Assets:				
Cash and investments	\$20,937,376	\$2,355,300	\$23,292,676	\$12,544,519
Accrued interest	26,021	-	26,021	25,813
Due from other governmental units	1,511,625	176,923	1,688,548	839,752
Internal balances	137,777	(137,777)	-	-
Accounts receivable - net	41,265	518,473	559,738	593,322
Prepaid items	169,260	31,127	200,387	134,686
Property taxes receivable	213,984	689	214,673	167,578
Special assessments receivable	1,685,223	14,435	1,699,658	1,865,316
Funds held for others	43,765	-	43,765	71,941
Inventories - at cost	3,410	843,100	846,510	848,237
Capital assets - net:				
Nondepreciable	5,937,146	2,328,873	8,266,019	7,647,675
Depreciable	29,518,929	12,889,266	42,408,195	40,409,771
Net pension asset	197,073	-	197,073	151,568
Total assets	<u>60,422,854</u>	<u>19,020,409</u>	<u>79,443,263</u>	<u>65,300,178</u>
Deferred outflows of resources:				
Related to pensions	9,856,765	-	9,856,765	1,080,208
Liabilities:				
Accounts payable	987,821	203,152	1,190,973	890,170
Contracts payable	803,724	75,038	878,762	351,349
Deposits payable	2,000	66,795	68,795	73,555
Due to other governmental units	40,729	71,248	111,977	127,645
Salaries payable	64,884	24,752	89,636	64,688
Accrued interest payable	338,067	9,167	347,234	306,875
Compensated absences payable:				
Due within one year	208,086	51,218	259,304	260,081
Due in more than one year	444,852	109,283	554,135	570,398
Bonds and notes payable (net of unamortized premiums and discounts):				
Due within one year	3,449,577	129,508	3,579,085	2,803,718
Due in more than one year	28,845,827	1,002,425	29,848,252	30,460,981
Other post employment benefits:				
Due in more than one year	569,716	94,874	664,590	601,108
Net pension liability:				
Due in more than one year	14,584,653	-	14,584,653	4,924,972
Total liabilities	<u>50,339,936</u>	<u>1,837,460</u>	<u>52,177,396</u>	<u>41,435,540</u>
Deferred inflows of resources:				
Related to pensions	1,720,351	-	1,720,351	760,901
Net position:				
Net investments in capital assets	10,024,670	14,011,168	24,035,838	22,747,279
Restricted for:				
Debt service	6,282,913	-	6,282,913	6,147,172
Redevelopment activity	-	-	-	12,411
Public safety	25,634	-	25,634	19,283
Unrestricted	1,886,115	3,171,781	5,057,896	(4,742,200)
Total net position	<u>\$18,219,332</u>	<u>\$17,182,949</u>	<u>\$35,402,281</u>	<u>\$24,183,945</u>

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

CITY OF ST. ANTHONY, MINNESOTA
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2016
With Comparative Totals For The Year Ended December 31, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges For Services</u>
Primary government:		
Governmental activities:		
General government	\$1,319,451	\$391,892
Public safety	7,053,595	1,404,923
Public works	4,134,783	175,539
Parks and recreation	472,436	240,172
Housing and redevelopment	793,834	-
Interest on long-term debt	794,584	-
Total governmental activities	<u>14,568,683</u>	<u>2,212,526</u>
Business-type activities:		
Liquor	5,676,892	5,822,783
Water	1,083,240	925,577
Water filtration and purification	-	-
Sewer	1,048,937	1,012,979
Stormwater	191,655	192,748
Total business-type activities	<u>8,000,724</u>	<u>7,954,087</u>
Total primary government	<u>\$22,569,407</u>	<u>\$10,166,613</u>

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

Program Revenues		Net (Expense) Revenue and Changes in Net Position Primary Government			
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
				2016	2015
\$182,919	\$ -	(\$744,640)	\$ -	(\$744,640)	(\$914,036)
342,663	-	(5,306,009)	-	(5,306,009)	(3,026,820)
10,443,778	1,643,911	8,128,445	-	8,128,445	(853,373)
-	-	(232,264)	-	(232,264)	(358,288)
-	-	(793,834)	-	(793,834)	(596,444)
-	-	(794,584)	-	(794,584)	(845,856)
<u>10,969,360</u>	<u>1,643,911</u>	<u>257,114</u>	<u>0</u>	<u>257,114</u>	<u>(6,594,817)</u>
-	-	-	145,891	145,891	165,040
130,932	-	-	(26,731)	(26,731)	30,966
-	-	-	-	-	(140,309)
-	-	-	(35,958)	(35,958)	(97,693)
-	1,166,747	-	1,167,840	1,167,840	-
<u>130,932</u>	<u>1,166,747</u>	<u>0</u>	<u>1,251,042</u>	<u>1,251,042</u>	<u>(41,996)</u>
<u>\$11,100,292</u>	<u>\$2,810,658</u>	<u>257,114</u>	<u>1,251,042</u>	<u>1,508,156</u>	<u>(6,636,813)</u>
General revenues:					
General property taxes		6,160,156	-	6,160,156	5,893,900
Tax increment taxes		1,455,090	-	1,455,090	1,121,627
Grants and contributions not restricted to specific programs		530,110	-	530,110	516,015
Unrestricted investment earnings		254,396	31,097	285,493	232,430
Gain on sale of capital assets		7,151	1,350	8,501	7,653
Other		1,207,375	63,455	1,270,830	261,577
Transfers		1,956,838	(1,956,838)	-	-
Total general revenues and transfers		<u>11,571,116</u>	<u>(1,860,936)</u>	<u>9,710,180</u>	<u>8,033,202</u>
Change in net position		<u>11,828,230</u>	<u>(609,894)</u>	<u>11,218,336</u>	<u>1,396,389</u>
Net position - January 1, as previously reported		6,391,102	17,792,843	24,183,945	27,130,809
Prior period adjustment		-	-	-	(4,343,253)
Net position - January 1, as restated		<u>6,391,102</u>	<u>17,792,843</u>	<u>24,183,945</u>	<u>22,787,556</u>
Net position - December 31		<u>\$18,219,332</u>	<u>\$17,182,949</u>	<u>\$35,402,281</u>	<u>\$24,183,945</u>

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

CITY OF ST. ANTHONY, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016
With Comparative Totals For December 31, 2015

	General Fund	Street Improvement Debt Service Fund	HRA TIF Debt Service
Assets			
Cash and investments	\$2,089,295	\$4,011,236	\$10,496
Accrued interest	26,021	-	-
Due from other governmental units	60,530	-	-
Interfund receivable	169,200	-	-
Interfund loan receivable	-	-	-
Accounts receivable - net	29,990	-	-
Prepaid items	112,072	-	-
Property taxes receivable:			
Delinquent	54,678	25,083	-
Due from county	35,462	13,802	-
Special assessments receivable	4,708	1,656,298	-
Funds held by others	-	-	-
Inventories	3,410	-	-
Total assets	\$2,585,366	\$5,706,419	\$10,496
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities:			
Accounts payable	\$100,489	\$9,940	\$ -
Contracts payable	-	-	-
Deposits payable	2,000	-	-
Interfund payable	-	-	-
Interfund loan payable	-	-	-
Due to other governmental units	40,715	-	-
Salaries payable	63,108	-	-
Total liabilities	206,312	9,940	0
Deferred inflows of resources:			
Unavailable revenue	59,387	1,678,770	-
Total deferred inflows of resources	59,387	1,678,770	0
Fund balance (deficit):			
Nonspendable	115,482	-	-
Restricted	-	4,017,709	10,496
Committed	-	-	-
Assigned	-	-	-
Unassigned	2,204,185	-	-
Total fund balance (deficit)	2,319,667	4,017,709	10,496
Total liabilities, deferred inflows of resources, and fund balance (deficit)	\$2,585,366	\$5,706,419	\$10,496

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

HRA TIF Improvements	Street Improvement Project Fund	Public Utilities Infrastructure	Other Governmental Funds	Intra-Activity Eliminations	Total Governmental Funds	
					2016	2015
\$1,849,156	\$1,232,987	\$9,619,292	\$2,057,762	\$ -	\$20,870,224	\$8,764,989
-	-	-	-	-	26,021	25,813
-	392,228	4,800	1,054,067	-	1,511,625	201,698
-	-	1,004,286	-	(169,200)	-	-
-	-	11,275	-	(1,004,286)	-	149,874
-	-	-	-	-	41,265	52,818
-	20,000	-	37,188	-	169,260	106,697
48,470	-	-	10,664	-	138,895	160,961
20,134	-	-	5,691	-	75,089	6,437
-	-	-	24,217	-	1,685,223	1,865,316
-	-	-	43,765	-	43,765	71,941
-	-	-	-	-	3,410	2,872
<u>\$1,917,760</u>	<u>\$1,645,215</u>	<u>\$10,639,653</u>	<u>\$3,233,354</u>	<u>(\$1,173,486)</u>	<u>\$24,564,777</u>	<u>\$11,409,416</u>
\$603,724	\$77,500	\$78,301	\$117,867	\$ -	\$987,821	\$561,896
-	347,353	456,371	-	-	803,724	153,565
-	-	-	-	-	2,000	2,000
-	94,602	-	74,598	(169,200)	-	-
959,326	-	-	44,960	(1,004,286)	-	1,009,906
-	-	-	14	-	40,729	58,907
-	-	-	1,776	-	64,884	47,332
<u>1,563,050</u>	<u>519,455</u>	<u>534,672</u>	<u>239,215</u>	<u>(1,173,486)</u>	<u>1,899,158</u>	<u>1,833,606</u>
48,470	-	-	34,881	-	1,821,508	2,025,650
<u>48,470</u>	<u>0</u>	<u>0</u>	<u>34,881</u>	<u>0</u>	<u>1,821,508</u>	<u>2,025,650</u>
-	20,000	-	37,188	-	172,670	109,569
1,947,003	-	-	932,045	-	6,907,253	6,491,789
-	-	-	105,503	-	105,503	94,107
-	1,105,760	10,104,981	1,937,488	-	13,148,229	578,258
(1,640,763)	-	-	(52,966)	-	510,456	276,437
<u>306,240</u>	<u>1,125,760</u>	<u>10,104,981</u>	<u>2,959,258</u>	<u>0</u>	<u>20,844,111</u>	<u>7,550,160</u>
<u>\$1,917,760</u>	<u>\$1,645,215</u>	<u>\$10,639,653</u>	<u>\$3,233,354</u>	<u>(\$1,173,486)</u>	<u>\$24,564,777</u>	<u>\$11,409,416</u>
Fund balance reported above					\$20,844,111	\$7,550,160
Amounts reported for governmental activities in the statement of net position are different because:						
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.					35,456,075	34,662,848
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.					1,821,508	2,025,650
Net pension asset related to the Saint Anthony Fire Department Relief Association.					197,073	151,568
Deferred outflows of resources related to the Saint Anthony Fire Department Relief Association.					34,902	49,346
Deferred inflows of resources related to the Saint Anthony Fire Department Relief Association.					(32,333)	-
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.					(33,203,187)	(32,824,852)
Internal service funds are used by management to charge the cost of employee vacation, severance and pension benefits to individual funds. The assets and liabilities are included in the governmental activities on the statement of net position.					(6,898,817)	(5,223,618)
Net position of governmental activities					<u>\$18,219,332</u>	<u>\$6,391,102</u>

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

CITY OF ST. ANTHONY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2016
With Comparative Totals For The Year Ended December 31, 2015

	General Fund	Street Improvement Debt Service Fund	HRA TIF Debt Service
Revenues:			
General property taxes	\$3,536,079	\$1,800,740	\$ -
Tax increment collections	-	-	-
Licenses, fees and permits	304,079	-	-
Intergovernmental	969,498	-	-
Special assessments	-	534,947	-
Charges for services	1,568,487	-	-
Cable franchise fees	113,672	-	-
Fines and forfeits	83,719	-	-
Investment income	26,856	35,921	197
Contributions and donations	1,620	-	-
Refunds and reimbursement	-	-	-
Army settlement	150,977	-	-
Miscellaneous	96,408	-	-
Total revenues	6,851,395	2,371,608	197
Expenditures:			
Current:			
General government	963,469	-	-
Public safety	5,157,188	-	-
Public works	835,585	-	-
Parks and recreation	248,583	-	-
Nondepartmental	38,421	-	-
Housing and redevelopment	-	-	-
Capital outlay:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Debt service:			
Principal	-	1,765,000	415,000
Interest	-	471,137	156,058
Paying agent fees	-	13,260	584
Professional service	-	8,901	7,438
Issuance costs	-	450	-
Construction/acquisition costs	-	-	-
Developer incentives	-	-	-
Total expenditures	7,243,246	2,258,748	579,080
Revenues over (under) expenditures	(391,851)	112,860	(578,883)
Other financing sources (uses):			
Bonds issued	-	20,738	-
Refunding bonds issued	-	-	-
Premium on debt issued	-	-	-
Payment to refunded bond escrow agent	-	-	-
Sale of capital assets	-	-	-
Transfers in	433,606	195,000	574,058
Transfers out	(168,100)	-	-
Total other financing sources (uses)	265,506	215,738	574,058
Net change in fund balance	(126,345)	328,598	(4,825)
Fund balance (deficit) - January 1	2,446,012	3,689,111	15,321
Fund balance (deficit) - December 31	\$2,319,667	\$4,017,709	\$10,496

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

HRA TIF Improvements	Street Improvement Project Fund	Public Utilities Infrastructure	Other Governmental Funds	Intra-Activity Eliminations	Total Governmental Funds	
					2016	2015
\$ -	\$ -	\$ -	\$824,217	\$ -	\$6,161,036	\$5,897,070
1,476,275	-	-	-	-	1,476,275	1,106,582
-	-	-	-	-	304,079	296,465
-	202,435	4,800	1,106,283	-	2,283,016	1,644,481
-	31,125	-	4,477	-	570,549	621,931
-	-	-	132,759	-	1,701,246	1,879,520
-	-	-	-	-	113,672	108,104
-	-	-	9,810	-	93,529	130,823
71,439	5,855	87,373	25,189	-	252,830	145,447
-	-	-	2,500	-	4,120	15,903
-	1,094,828	8,720	99	-	1,103,647	127,250
-	-	10,205,890	77,572	-	10,434,439	-
-	-	-	3,200	-	99,608	45,663
<u>1,547,714</u>	<u>1,334,243</u>	<u>10,306,783</u>	<u>2,186,106</u>	<u>0</u>	<u>24,598,046</u>	<u>12,019,239</u>
15,812	-	17,826	69,129	-	1,066,236	948,089
-	-	-	7,082	-	5,164,270	4,352,048
-	-	32,428	183,734	-	1,051,747	1,043,551
-	-	-	161,396	-	409,979	446,924
-	-	-	-	-	38,421	40,139
1,196	-	-	155,116	-	156,312	119,294
-	-	-	8,201	-	8,201	168,176
-	-	-	256,053	-	256,053	150,645
-	-	95,915	38,675	-	134,590	67,831
-	-	-	440,000	-	2,620,000	3,750,000
93,150	-	-	100,262	-	820,607	1,020,262
-	-	-	949	-	14,793	10,386
-	-	-	-	-	16,339	16,971
-	79,844	-	-	-	80,294	142,682
101,725	2,804,951	1,961,194	-	-	4,867,870	3,750,269
627,639	-	-	-	-	627,639	475,886
<u>839,522</u>	<u>2,884,795</u>	<u>2,107,363</u>	<u>1,420,597</u>	<u>0</u>	<u>17,333,351</u>	<u>16,503,153</u>
<u>708,192</u>	<u>(1,550,552)</u>	<u>8,199,420</u>	<u>765,509</u>	<u>0</u>	<u>7,264,695</u>	<u>(4,483,914)</u>
-	2,879,262	-	-	-	2,900,000	2,580,000
-	-	-	-	-	-	4,310,000
-	69,485	-	-	-	69,485	188,693
-	-	-	-	-	-	(4,332,935)
-	-	-	15,186	-	15,186	25,860
-	-	1,905,561	895,728	(959,368)	3,044,585	168,612
(574,058)	-	-	(217,210)	959,368	-	-
<u>(574,058)</u>	<u>2,948,747</u>	<u>1,905,561</u>	<u>693,704</u>	<u>0</u>	<u>6,029,256</u>	<u>2,940,230</u>
134,134	1,398,195	10,104,981	1,459,213	0	13,293,951	(1,543,684)
172,106	(272,435)	-	1,500,045	-	7,550,160	9,093,844
<u>\$306,240</u>	<u>\$1,125,760</u>	<u>\$10,104,981</u>	<u>\$2,959,258</u>	<u>\$0</u>	<u>\$20,844,111</u>	<u>\$7,550,160</u>

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

CITY OF ST. ANTHONY, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS

Statement 5

For The Year Ended December 31, 2016

With Comparative Amounts For The Year Ended December 31, 2015

	<u>2016</u>	<u>2015</u>
Amounts reported for governmental activities in the statement of activities (statement 2) are different because:		
Net changes in fund balances - total governmental funds (statement 4)	\$13,293,951	(\$1,543,684)
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.	1,986,872	2,182,983
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position, as follows:	(19,598)	(50,430)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(204,142)	87,516
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(404,358)	711,892
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.	26,023	174,406
Transfer out of governmental capital assets contributed to Enterprise Funds.	(1,174,047)	(6,308,128)
Internal Service Funds are used by management to charge the cost of severance expense and pension expense to individual funds. This amount is the net income attributable to governmental activities.	(1,675,199)	(39,984)
Governmental funds report pension contributions as expenditures, however, pension expense is reported in the Statement of Activities. This is the amount by which the St. Anthony Fire Department Relief Association pension expense exceeded pension contributions:		
Pension contributions	\$57,174	
Pension expense	<u>(58,446)</u>	<u>(4,473)</u>
	(1,272)	
Change in net position of governmental activities (statement 2)	<u>\$11,828,230</u>	<u>(\$4,789,902)</u>

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

CITY OF ST. ANTHONY, MINNESOTA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2016

With Comparative Totals For Enterprise Fund For December 31, 2015

Statement 6

	Business-Type Activities Enterprise Funds					Governmental
	Liquor	Water/Sewer/ Water Plant	Stormwater Utility	Totals		Activities - Internal Service Fund
				2016	2015	
Assets:						
Current assets:						
Cash and cash equivalents	\$439,441	\$1,830,307	\$85,552	\$2,355,300	\$3,696,648	\$67,152
Interfund loan receivable - current portion	-	-	-	-	5,620	-
Receivables:						
Accounts	2,436	530,472	-	532,908	540,504	-
Due from other governments	-	689	176,923	177,612	638,234	-
Prepaid items	15,106	16,021	-	31,127	27,989	-
Inventories - at cost	843,100	-	-	843,100	845,365	-
Total current assets	<u>1,300,083</u>	<u>2,377,489</u>	<u>262,475</u>	<u>3,940,047</u>	<u>5,754,360</u>	<u>67,152</u>
Noncurrent assets:						
Interfund loan receivable - noncurrent portion	-	-	-	-	1,004,286	-
Capital assets:						
Land	-	5,653	2,084,301	2,089,954	2,089,954	-
Construction in progress	-	-	238,919	238,919	728,464	-
Buildings and structures	1,875,328	2,007,955	-	3,883,283	3,883,283	-
Furniture, fixtures and equipment	418,325	1,381,071	-	1,799,396	1,726,693	-
Distribution and collection system	-	10,001,458	5,252,635	15,254,093	12,515,059	-
Software intangibles	26,022	-	-	26,022	26,022	-
Total capital assets	<u>2,319,675</u>	<u>13,396,137</u>	<u>7,575,855</u>	<u>23,291,667</u>	<u>20,969,475</u>	<u>0</u>
Less: Allowance for depreciation	<u>(1,177,692)</u>	<u>(6,345,870)</u>	<u>(549,966)</u>	<u>(8,073,528)</u>	<u>(7,574,877)</u>	<u>-</u>
Net capital assets	<u>1,141,983</u>	<u>7,050,267</u>	<u>7,025,889</u>	<u>15,218,139</u>	<u>13,394,598</u>	<u>0</u>
Total noncurrent assets	<u>1,141,983</u>	<u>7,050,267</u>	<u>7,025,889</u>	<u>15,218,139</u>	<u>14,398,884</u>	<u>0</u>
Total assets	<u>2,442,066</u>	<u>9,427,756</u>	<u>7,288,364</u>	<u>19,158,186</u>	<u>20,153,244</u>	<u>67,152</u>
Deferred outflows of resources:						
Related to pensions	-	-	-	-	-	9,821,863
Liabilities:						
Current liabilities:						
Accounts payable	122,630	32,720	47,802	203,152	328,274	-
Contracts payable	-	-	75,038	75,038	197,784	-
Interfund payable	-	-	-	-	149,874	-
Due to other governmental units	65,063	6,185	-	71,248	68,738	-
Salaries payable	14,393	10,359	-	24,752	17,356	-
Accrued interest payable	-	9,167	-	9,167	10,125	-
Refundable deposits	-	66,795	-	66,795	71,555	-
Compensated absences payable - current portion	19,963	31,255	-	51,218	50,748	208,086
Bonds and notes payable - current portion	-	129,508	-	129,508	119,508	-
Total current liabilities	<u>222,049</u>	<u>285,989</u>	<u>122,840</u>	<u>630,878</u>	<u>1,013,962</u>	<u>208,086</u>
Noncurrent liabilities:						
Compensated absences payable - noncurrent portion	42,596	66,687	-	109,283	111,299	444,852
Bonds and notes payable - noncurrent portion	-	1,002,425	-	1,002,425	1,131,932	-
Other post employment benefits	48,823	46,051	-	94,874	86,265	-
Net pension liability	-	-	-	-	-	14,584,653
Total noncurrent liabilities	<u>91,419</u>	<u>1,115,163</u>	<u>0</u>	<u>1,206,582</u>	<u>1,329,496</u>	<u>15,029,505</u>
Total liabilities	<u>313,468</u>	<u>1,401,152</u>	<u>122,840</u>	<u>1,837,460</u>	<u>2,343,458</u>	<u>15,237,591</u>
Deferred inflows of resources:						
Related to pensions	-	-	-	-	-	1,688,018
Net position:						
Net investments in capital assets	1,141,983	5,918,334	6,950,851	14,011,168	12,143,158	-
Unrestricted	986,615	2,108,270	214,673	3,309,558	5,666,628	(7,036,594)
Total net position	<u>\$2,128,598</u>	<u>\$8,026,604</u>	<u>\$7,165,524</u>	<u>\$17,320,726</u>	<u>\$17,809,786</u>	<u>(\$7,036,594)</u>
Net position reported above				\$17,320,726	\$17,809,786	
Adjustment to report the cumulative internal balance for the net effect of activity between the internal service fund and the enterprise funds over time.				(137,777)	(16,943)	
Net position of business-type activities (Statement 1)				<u>\$17,182,949</u>	<u>\$17,792,843</u>	

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

CITY OF ST. ANTHONY, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For The Year Ended December 31, 2016
With Comparative Totals For Enterprise Funds For The Year Ended December 31, 2015

Statement 7

	Business-Type Activities Enterprise Funds					Governmental
	Liquor	Water/Sewer/ Water Plant	Stormwater Utility	Totals		Internal Service Fund
				2016	2015	
Sales	\$5,822,783	\$ -	\$ -	\$5,822,783	\$5,893,916	\$ -
Cost of sales	(4,468,066)	-	-	(4,468,066)	(4,572,858)	-
Gross profit	1,354,717	0	0	1,354,717	1,321,058	0
Operating revenues:						
Customer billings	-	1,923,256	192,748	2,116,004	1,844,850	-
Connection charges	-	15,300	-	15,300	9,130	-
Charges for services	-	-	-	-	-	608,134
Total operating revenues	0	1,938,556	192,748	2,131,304	1,853,980	608,134
Total gross profit and operating revenues	1,354,717	1,938,556	192,748	3,486,021	3,175,038	608,134
Operating expenses:						
Personal services	717,308	812,927	-	1,530,235	1,480,798	2,529,487
Supplies	308,200	74,742	14,758	397,700	380,961	-
Contracted services	44,619	98,866	46,233	189,718	197,728	-
Treatment charges (MCES)	-	576,237	-	576,237	593,381	-
Other	12,181	155,646	-	167,827	188,135	-
Depreciation	68,064	332,399	130,664	531,127	384,017	-
Total operating expenses	1,150,372	2,050,817	191,655	3,392,844	3,225,020	2,529,487
Operating income (loss)	204,345	(112,261)	1,093	93,177	(49,982)	(1,921,353)
Nonoperating revenues (expenses):						
Investment income	5,973	23,907	1,217	31,097	86,407	1,566
Intergovernmental revenue	-	-	-	-	-	37,454
Interest expense	-	(17,688)	-	(17,688)	(19,984)	-
Fees and cost of issuance	-	(1,292)	-	(1,292)	(742)	-
Refunds and reimbursements	-	50	-	50	45,655	-
Army settlement	-	130,932	-	130,932	-	-
Gain on sale of assets	-	1,350	-	1,350	-	-
Miscellaneous revenue	53,085	8,750	1,570	63,405	88,664	-
Total nonoperating revenues (expenses)	59,058	146,009	2,787	207,854	200,000	39,020
Income (loss) before capital contributions and transfers	263,403	33,748	3,880	301,031	150,018	(1,882,333)
Capital contributions and transfers:						
Capital contributions	-	819,779	354,268	1,174,047	6,308,128	-
Capital contributions - intergovernmental	-	-	1,166,747	1,166,747	-	-
Transfers in	-	-	-	-	179,701	86,300
Transfers out	(249,049)	(2,711,836)	(170,000)	(3,130,885)	(434,613)	-
Total capital contributions and transfers	(249,049)	(1,892,057)	1,351,015	(790,091)	6,053,216	86,300
Change in net position	14,354	(1,858,309)	1,354,895	(489,060)	6,203,234	(1,796,033)
Net position - January 1	2,114,244	9,884,913	5,810,629	17,809,786	11,606,552	(5,240,561)
Net position - December 31	\$2,128,598	\$8,026,604	\$7,165,524	\$17,320,726	\$17,809,786	(\$7,036,594)
Change in net position reported for business-type activities above				(\$489,060)	\$6,203,234	
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise funds.				(120,834)	(16,943)	
Change in net position of business-type activities (Statement 2)				(\$609,894)	\$6,186,291	

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

CITY OF ST. ANTHONY, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Statement 8

For The Year Ended December 31, 2016

With Comparative Totals For Enterprise Funds For The Year Ended December 31, 2015

	Business-Type Activities Enterprise Funds				Governmental Activities -	
	Liquor	Water/Sewer/ Water Plant	Stormwater Utility	Totals		Internal Service Fund
				2016	2015	
Cash flows from operating activities:						
Receipts from customers and users	\$5,835,580	\$1,933,355	\$192,748	\$7,961,683	\$7,708,757	\$ -
Receipts from interfund charges for pension benefits	-	-	-	-	-	608,134
Payment to suppliers	(4,929,413)	(920,150)	(200,974)	(6,050,537)	(6,021,653)	-
Payment to employees	(704,393)	(811,383)	-	(1,515,776)	(1,504,930)	(749,184)
Army settlement	-	130,932	-	130,932	-	-
Miscellaneous revenue	53,085	53,946	417,046	524,077	88,484	-
Net cash flows provided by (used in) operating activities	254,859	386,700	408,820	1,050,379	270,658	(141,050)
Cash flows from noncapital financing activities:						
Transfer from other funds	-	-	-	-	-	86,300
Transfer to General Fund	(156,396)	(200,000)	-	(356,396)	(434,613)	-
Transfer to Capital Project Funds	(92,653)	(2,511,836)	-	(2,604,489)	-	-
Transfer to Debt Service Funds	-	-	(170,000)	(170,000)	-	-
Intergovernmental revenue	-	-	-	-	-	37,454
Net cash flows provided by (used in) noncapital financing activities	(249,049)	(2,711,836)	(170,000)	(3,130,885)	(434,613)	123,754
Cash flows from capital and related financing activities:						
Intergovernmental revenue - capital	-	-	1,166,747	1,166,747	-	-
Acquisition of capital assets	-	(9,268)	(1,171,358)	(1,180,626)	(215,987)	-
Proceeds from sale of capital assets	-	1,350	-	1,350	-	-
Change in interfund loan receivable/payable	-	1,009,906	(149,874)	860,032	5,620	-
Interest received on interfund receivable	-	-	-	-	41,328	-
Principal paid on debt	-	(115,000)	-	(115,000)	(115,000)	-
Interest paid on debt	-	(24,442)	-	(24,442)	(26,192)	-
Net cash flows provided by (used in) capital and related financing activities	0	862,546	(154,485)	708,061	(310,231)	0
Cash flows from investing activities:						
Investment income	5,973	23,907	1,217	31,097	45,079	1,566
Net increase (decrease) in cash and cash equivalents	11,783	(1,438,683)	85,552	(1,341,348)	(429,107)	(15,730)
Cash and cash equivalents - January 1	427,658	3,268,990	-	3,696,648	4,125,755	82,882
Cash and cash equivalents - December 31	\$439,441	\$1,830,307	\$85,552	\$2,355,300	\$3,696,648	\$67,152
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$204,345	(\$112,261)	\$1,093	\$93,177	(\$49,982)	(\$1,921,353)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:						
Miscellaneous revenue	53,085	53,946	417,046	524,077	88,484	-
Army settlement	-	130,932	-	130,932	-	-
Depreciation	68,064	332,399	130,664	531,127	384,017	-
Changes in assets and liabilities:						
Decrease (increase) in receivables	12,797	(5,201)	-	7,596	(39,135)	-
Decrease (increase) in prepaid items	(3,878)	740	-	(3,138)	(1,887)	-
Decrease (increase) in inventory	2,265	-	-	2,265	24,237	-
Decrease (increase) in deferred outflows of resources	-	-	-	-	-	(8,791,001)
Increase (decrease) in payables	(81,819)	(13,855)	(139,983)	(235,657)	(135,076)	9,644,187
Increase (decrease) in deferred inflows of resources	-	-	-	-	-	927,117
Total adjustments	50,514	498,961	407,727	957,202	320,640	1,780,303
Net cash provided by operating activities	\$254,859	\$386,700	\$408,820	\$1,050,379	\$270,658	(\$141,050)

Noncash investing, capital and financing activities:

Assets in the amount of \$819,779 and \$677,200 were contributed to the Water/Sewer/Water Plant Fund in 2016 and 2015, respectively.
Stormwater assets in the amount of \$354,268 and \$5,630,928 were contributed to the Stormwater Utility Fund in 2016 and 2015, respectively.
Stormwater fund had noncash transfer in of \$179,701, representing receivables and payables balances in 2015.

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

CITY OF ST. ANTHONY, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND -DEVELOPERS DEPOSIT
December 31, 2016
With Comparative Totals For December 31, 2015

Statement 9

	<u>2016</u>	<u>2015</u>
Assets:		
Cash and investments	\$15,036	(\$4,122)
Accounts receivable - net	3,456	4,122
Total assets	<u>\$18,492</u>	<u>\$0</u>
Liabilities:		
Deposits payable	<u>\$18,492</u>	<u>\$ -</u>

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of St. Anthony, Minnesota (the City) operates pursuant to applicable Minnesota laws and statutes under the council-manager plan (Statutory Plan B) as defined by State statutes. The government of the City is directed by a Council composed of an elected mayor and four other elected members. The Council exercises legislative authority and determines matters of policy. The Council appoints the City Manager who is responsible for the administration of all affairs relating to the City.

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

A. FINANCIAL REPORTING ENTITY

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City (the primary government) and its component units. The component unit discussed below is included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

COMPONENT UNITS

In conformity with generally accepted accounting principles, the financial statements of the component unit have been included in the financial reporting entity as a blended component unit.

The Housing and Redevelopment Authority (HRA) is an entity legally separate from the City. However, for financial reporting purposes, the HRA is reported as if it were part of the City's operations because the members of the City Council serve as HRA board members and its activity is confined to the City. The City established the HRA under State statutes to assist and support housing and redevelopment projects undertaken within the City which are under the statutory authority of the HRA. The City reviews and approves tax levies and other financial matters related to the HRA. The City provides major financing of HRA activities and debt issued in connection with HRA projects are general obligations of the City. The activity of the HRA is reported in the HRA TIF Debt Service Fund, the HRA TIF Improvement Fund and the HRA Special Revenue Fund. Separate financial statements are not prepared for the HRA.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or business-type activity. *Program revenues* include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or business-type activity; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type

activity. Taxes and other items not included among program revenues are reported instead as *general revenues*.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The City's only fiduciary fund is 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 City considers all revenues, except property taxes and reimbursement grants, to be available if they are collected within 90 days of the end of the current fiscal period. Property taxes are considered available if they are collected within 60 days of the end of the current year. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

The *General Fund* 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.

The *Street Improvement Debt Service Fund* was established to account for debt associated with a systematic plan to reconstruct substandard residential streets and alleys. Annual debt service payments are funded through special assessments and tax levies.

The *HRA TIF Debt Service Fund* was established to account for debt associated with Tax Increment Financing Districts of the City.

The *HRA TIF Improvement Fund* was established to account for the construction and redevelopment costs within the City.

The *Street Improvement Projects Fund* was established to account for the construction costs associated with a systematic plan to reconstruct substandard residential streets and alleys.

The *Public Utilities Infrastructure Fund* was established to account for costs associated with the City's utilities infrastructure.

The City reports the following major proprietary funds;

The *Liquor Fund* is an enterprise fund that is used to account for operations of the City's off-sale liquor operation.

The *Water/Sewer/Water Plant Fund* accounts for the water and sewer service charges which are used to finance the water and sewer system operating expenses, and the operation and maintenance of the City's water purification plant.

The *Stormwater Utility Fund* accounts for stormwater service charges which are used to finance the construction and operation of the stormwater and flood protection projects.

Additionally, the City reports the following fund types;

Internal Service Fund - the *Employee Benefit Fund* accounts for the liability the City has for employee vacation and severance payments, and is also used to provide pension benefits to other departments of the City on a cost reimbursement basis.

Agency Fund - the *Developer Deposits Fund* accounts for costs incurred by the City for the review of various land use permits requested by developers and subsequent owners. The City requires the developer or owner to pay the costs associated with the permitting process. The City collects an initial deposit and bills any overages as needed.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the liquor, water and sewer enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses,

and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. BUDGETS

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

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is not employed by the City because it is at present not considered necessary to assure effective budgetary control or to facilitate effective cash management.

E. LEGAL COMPLIANCE - BUDGETS

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

- 1) The City Manager submits to the City Council a proposed operating budget for the upcoming year in August. The operating budget includes proposed revenues and expenditures and the operating levy associated with operations.
- 2) The City Council and staff meet to review the proposed budget and Council recommends any appropriate changes.
- 3) Public hearings are conducted in April and December to obtain taxpayer comments and recommendations to the operating budget.
- 4) The budget and tax levy is legally enacted through the passage of a resolution on a department basis for the General Fund and on a fund basis for Special Revenue and Enterprise Funds that can be expended by each department based upon detailed budget estimates.
- 5) The City Manager and Finance Director are authorized to transfer appropriations within any department budget. Interdepartmental or interfund appropriations and deletions are authorized by the City Council with fund contingency reserves or additional revenues.
- 6) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue, Capital Equipment and Enterprise Funds. The General Fund, Special Revenue Funds and Enterprise Funds all have Council adopted annual budgets.
- 7) Legal debt obligation indentures determine the appropriation level of debt service tax levies for the Debt Service Funds. Supplementary budgets are adopted for the Proprietary Funds to determine and calculate user charges. These debt service and budget amounts represent general obligation bond indenture provisions and net income for operation and capital maintenance and are not reflected in the financial statements.
- 8) A capital improvement program is reviewed annually by the City Council for the Capital Project Funds. However, appropriations for major projects are not adopted until the actual bid award of the improvement. The appropriations are not reflected in the financial statements.
- 9) The legal level of budgetary control is at the department level for the General Fund and the fund level for the Special Revenue Funds. Monitoring of budgets is maintained at the expenditure

category level (i.e., personal services; materials and supplies; contractual services; and capital outlay) within each program. All amounts over budget have been approved by the City Council through the disbursement process.

- 10) The City Council may authorize transfer of budgeted amounts between City funds. The City Council made supplemental budgetary appropriations throughout the year. Individual amendments were not material in relation to the original appropriations which were adjusted.

The following is a listing of the General Fund departments and Special Revenue Funds whose expenditures exceed budget appropriations:

Major Fund:	Final Budget	Actual	Over Budget
General Fund			
Mayor and council	\$79,043	\$80,340	\$1,297
Public relations/cable	42,596	42,703	107
Assessing	56,342	59,338	2,996
Planning and zoning	71,403	121,952	50,549
Police protection	3,330,491	3,929,211	598,720
Fire protection	1,012,316	1,029,340	17,024
Protective inspections	84,091	118,685	34,594
Nonmajor Funds:			
Special Revenue Funds:			
HRA fund	123,988	155,116	31,128
Fire education/training	2,824	3,322	498

The over expenditures were funded by available fund balance.

F. CASH AND INVESTMENTS

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

The City provides temporary advances to funds that have insufficient cash balances by means of an advance from another fund shown as interfund receivables in the advancing fund, and an interfund payable in the fund with the deficit, until adequate resources are received. These interfund balances are eliminated on the government-wide financial statements.

Investments are stated at fair value except for investments in external investment pools that meet the GASB 79 requirement, which are stated at amortized cost. Investment income is accrued at the balance sheet date.

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

G. RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "interfund receivables/payables." All short-term interfund receivables and payables at December 31, 2016 are planned to be eliminated in 2017. Long-term interfund loans are classified as "interfund loan receivable/payable." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Uncollectible property taxes and special assessments are not material and have not been reported (see Note 1 H and I). Because utility bills are considered liens on property, no estimated uncollectible amounts are established. Uncollectible amounts are not material for other receivables and have not been reported.

H. PROPERTY TAX REVENUE RECOGNITION

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City recognizes property tax revenue in the period for which the taxes were levied. Uncollectible property taxes are not material and have not been reported.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

I. SPECIAL ASSESSMENT REVENUE RECOGNITION

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with State Statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County Auditor in the same

manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. Uncollectible special assessments are not material and have not been reported.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

J. INVENTORIES

GOVERNMENTAL FUNDS

Inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of such inventories are recorded as expenditures when consumed rather than when purchased.

PROPRIETARY FUNDS

Inventories of the Proprietary Funds are stated at weighted average cost, which approximates market, using the first-in, first-out (FIFO) method.

K. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

L. CAPITAL ASSETS

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and intangible assets such as easements and computer software, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets

are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Pursuant to GASB Statement 34, in the case of the initial capitalization of general infrastructure assets (i.e. those reported by governmental activities), the City chose to capitalize retroactively to 1980. These assets are reported at estimated historical cost. The City estimated historical cost for the initial reporting of these assets through analysis of original bonding documents. As the City constructs or acquires additional infrastructure assets each period, they will be capitalized and reported at historical cost.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For the year ended December 31, 2016, no interest was capitalized in connection with construction in progress.

The City implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* effective January 1, 2010 which required the City to capitalize and amortize intangible assets. Pursuant to GASB Statement 51, in the case of initial capitalization of intangible assets, the City chose to include such items regardless of their acquisition date, except for permanent easements and internally generated software. The City has already accounted for computer software and temporary easements at historical cost and therefore retroactive reporting was not necessary.

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

Assets	
Buildings and structures	5 – 40 years
Furniture, fixtures and equipment (including software)	3 – 20 years
Distribution and collection systems	20 – 50 years
Streets	20 – 50 years
Storm sewers	25 years
Stormwater treatment systems	25 – 40 years

M. COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused personal leave benefits. All personal leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts associated with governmental fund employees is reported in the Internal Service Employee Benefit Fund. In accordance with the provisions of Statement of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive personal leave benefits. However, a liability is recorded for that portion of accumulating personal leave benefits that is vested as severance pay.

N. LONG-TERM OBLIGATIONS

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

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

O. 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. These classifications are as follows:

Nonspendable - consists of amounts that are not in spendable form, such as prepaid items,

Restricted - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - consists of internally imposed constraints. These constraints are established by resolution of the City Council.

Assigned - consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City's intended use. These constraints are established by the City Council and/or management. Pursuant to City Council policy, the City's Finance Director and/or City Manager are authorized to establish assignments of fund balance.

Unassigned - is the residual classification for the general fund and also reflects negative residual amounts in other funds.

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

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1) committed, 2) assigned and 3) unassigned.

P. INTERFUND TRANSACTIONS

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

Q. USE OF ESTIMATES

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

R. RECLASSIFICATIONS

Certain amounts presented in the prior year data has been reclassified in order to be consistent with the current year's presentation.

S. COMPARATIVE TOTALS

The basic financial statements, required supplementary information, combining and individual fund financial statements and schedules and supplementary financial information include certain prior-year summarized comparative information in total but not at the level of detail required for presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

T. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category. It is the pension related deferred outflows of resources reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

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, *deferred inflows of resources*, 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 government has pension related deferred inflows of resources reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position. The government also has a type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes, special assessments, and tax increment.

U. PENSION PLANS

COST SHARING MULTIPLE – EMPLOYER PLANS

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

SINGLE EMPLOYER PLAN

Pensions. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the St. Anthony Fire Department Relief Association (Relief) and additions to /deductions from the Relief's fiduciary net position have been determined on the same basis as they were reported by the Relief. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

V. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds”. The details of this (\$33,203,187) difference is as follows:

Bonds payable	(\$31,675,000)
Accrued interest payable	(338,067)
Unamortized bond premium	(620,404)
Other post-employment benefits	(569,716)
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities.	<u>(\$33,203,187)</u>

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of this \$1,986,872 difference is as follows:

Capital outlay	\$398,844
Construction/acquisition costs	4,867,870
Construction/acquisition costs not capitalized	(1,321,371)
Depreciation expense	<u>(1,958,471)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$1,986,872</u>

Another element of that reconciliation states that “the net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.” The details of this (\$19,598) difference are as follows:

The statement of activities reports losses arising from the trade-in or disposal of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.	<u>(\$19,598)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>(\$19,598)</u>

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Another element of that reconciliation states that "revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds". The details of this (\$204,142) difference is as follows:

Unavailable revenue - general property taxes:	
At December 31, 2015	(\$91,306)
At December 31, 2016	90,425
Unavailable revenue - tax increment taxes:	
At December 31, 2015	(69,656)
At December 31, 2016	48,470
Unavailable revenue - special assessments:	
At December 31, 2015	(1,864,688)
At December 31, 2016	1,682,613
Net adjustments to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>(\$204,142)</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of the long-term debt consumes the current financial resources of governmental funds". Neither transaction, however, has any effect on net position. The details of this (\$404,358) difference is as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	(\$2,900,000)
Premium on issued bonds	(69,485)
Principal repayments	2,620,000
Other post employment benefits	(54,873)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>(\$404,358)</u>

Another element of that reconciliation states that "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". The details of this \$26,023 difference is as follows:

Amortization of premiums, discounts	\$67,340
Accrued interest	(41,317)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$26,023</u>

CITY OF ST. ANTHONY, MINNESOTA
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Note 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

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

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

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

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

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that insurance, surety bonds or collateral protect all City deposits. The market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. As of December 31, 2016, the bank balance of the City's deposits was covered by federal depository insurance.

B. INVESTMENTS

Minnesota Statutes authorize the City to invest in the following:

- Direct obligations or obligations guaranteed by the United States or its agencies, its instrumentalities or organizations created by an act of congress, excluding mortgage-backed securities defined as high risk.

CITY OF ST. ANTHONY, MINNESOTA
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- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above, general obligation tax-exempt securities, or repurchase or reverse repurchase agreements.
- c) State and local securities as follows:
 - 1) any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;
 - 2) any security which is a revenue obligation of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service; and
 - 3) a general obligation of the Minnesota Housing Finance Agency which is a moral obligation of the State of Minnesota and is rated "A" or better by a national bond rating agency.
- d) Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, certain Minnesota securities broker-dealers; or a bank qualified as a depositor.
- g) General obligation temporary bonds of the same governmental entity issued under section 429.091, subdivision 7; 469.178, subdivision 5; or 475.61, subdivision 6.

As of December 31, 2016, the City had the following investments and maturities:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)			
			Less Than 1	1-5	6-10	Over 10 Years
Federal Home Loan Mortgage Corporation	AAA	\$345,110	\$	\$	\$	\$
REMIC	NR	37				
Money market	NR	1,229,106				
Local investment pool - 4M Fund	NR	8,545,954				
Escrow investments	AA+AAA	839,700				
Brokered certificates of deposit	NR	7,340,533	3,745,453	3,195,080		
Total		\$18,300,440	\$14,035,516	\$4,264,924	\$0	\$0
Total investments			\$18,300,440			
Petty cash			5,001,972			
Total cash and investments			\$23,302,412			

Following is a reconciliation of the City's cash and investment balances as of December 31, 2016:

Cash and investments	\$23,292,676
Cash and investments - fiduciary fund	15,036
Cash and investments - fiduciary fund	\$23,307,712

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments

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are valued using inputs that are based on quoted prices for similar assets or inputs that are observable, either directly or indirectly. Level 3 investments are valued using inputs that are unobservable.

The City has the following recurring fair value measurements as of December 31, 2016:

Investment Type	Fair Value Measurement Using		
	Level 1	Level 2	Level 3
Investments at fair value:			
Brokered Certificates of Deposit	\$7,340,533	\$	\$7,340,533
Municipal Securities	839,700		839,700
Federal National Mortgage Association	37		37
Federal Home Loan Mortgage Corporation	345,110		345,110
Total/Subtotal	8,525,380	\$	\$8,525,380
Investments not categorized:			
External investment pool - 4M and 4M Plus Funds	8,545,954		
Money market funds	1,229,106		
Total	\$18,300,440		

The City's external investment pool investment is with the 4M fund which is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. The 4M fund is an unrated pool and the fair value of the position in the pool is the same as the value of pool shares. The pool is managed to maintain a portfolio weighted average maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1. The pool measures their investments in accordance with Government Accounting Standards Board Statement No. 79, at amortized cost.

The 4M Liquid Asset Fund has no redemption requirements. The 4M Plus Fund requires funds to be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period are subject to a penalty equal to 7 days interest on the amount withdrawn.

C. INVESTMENT RISKS

Custodial credit risk - investments - For investments in securities, custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, the City will not be able to recover the value of its investment securities that are in the possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk disclosures. The City's investment policy does not address custodial risk. However, investments in securities are held by the City's broker-dealers of which \$500,000 is insured through SIPC. The broker-dealer has provided additional protection by providing additional insurance. This insurance is subject to aggregate limits applied to all of the broker-dealers' accounts.

Interest rate risk - Interest rate risk is the risk that changes in interest rates of debt investments could adversely affect the fair value of an investment. The City's investment policy requires the City to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity. The policy also states the City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

CITY OF ST. ANTHONY, MINNESOTA
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Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation to the holder of the investment. State law limits investments in commercial paper to those rated in the highest quality category by at least two nationally recognized rating agencies; in any security of the State of Minnesota or any of its municipalities which is rated “A” or better by a national bond rating service for general obligation and rated “AA” or better for a revenue obligation; a general obligation of the Minnesota Housing Finance Agency to those rated “A” or better by a national bond rating agency; mutual funds or money market funds whose investments are restricted to securities described in MS 118A.04. The City’s investment policy does not place further restrictions on investment options.

Concentration of credit risk – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government’s investment in a single issuer. The City places no limit on the amount the City may invest in any one issuer. The City does not have exposure to a single issuer that equals or exceeds 5% of the overall portfolio and, therefore, there is no concentration of credit risk.

Note 3 RECEIVABLES

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

	Major Funds			Total
	General	HRA TIF Improvements	Nonmajor Funds	
Special assessments receivable	\$ -	\$ -	\$21,300	\$1,422,200
Delinquent property taxes	32,500	-	6,300	53,700
Delinquent tax increment	-	39,300	-	39,300
	\$32,500	\$39,300	\$27,600	\$1,515,200

Note 4 UNAVAILABLE REVENUES

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

Major Fund:	Property Taxes		Special Assessments		TIF		Total
	General	Street	General	Street	General	Street	
General Fund	\$54,678	-	\$4,709	-	\$-	-	\$59,387
Street Improvement Debt Service	25,083	-	1,653,687	-	-	-	1,678,770
HRA TIF Improvements	-	-	-	-	48,470	-	48,470
Nonmajor Funds	10,664	-	24,217	-	-	-	34,881
Total unavailable revenue	\$90,425	-	\$1,682,613	-	\$48,470	-	\$1,821,508

CITY OF ST. ANTHONY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
 December 31, 2016

Note 5 CAPITAL ASSETS

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

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$1,662,883	\$ -	\$ -	\$1,662,883
Construction in progress	3,166,374	4,867,583	(3,759,694)	4,274,263
Total capital assets, not being depreciated	4,829,257	4,867,583	(3,759,694)	5,937,146
Capital assets, being depreciated:				
Buildings and improvements	9,966,796	35,491	-	10,002,287
Land improvement	555,181	-	-	555,181
Furniture, fixtures and equipment (including software)	3,994,838	266,617	(104,508)	4,156,947
Streets	33,806,042	1,361,299	-	35,167,341
Storm sewers	428,469	-	-	428,469
Intangible assets	6,823	-	-	6,823
Total capital assets, being depreciated	48,758,149	1,663,407	(104,508)	50,317,048
Less accumulated depreciation/amortization for:				
Buildings and improvements	4,043,911	300,252	-	4,344,163
Land improvement	241,252	46,060	-	287,312
Furniture, fixtures and equipment	2,800,930	264,935	(84,910)	2,980,955
Streets	11,715,246	1,328,720	-	13,043,966
Storm sewers	121,854	17,139	-	138,993
Intangible assets	1,365	1,365	-	2,730
Total accumulated depreciation/amortization	18,924,538	1,938,471	(84,910)	20,798,119
Total capital assets being depreciated - net	29,833,591	(295,064)	(19,598)	29,518,929
Governmental activities capital assets - net	\$34,662,848	\$4,572,519	(\$3,779,292)	\$35,456,075

CITY OF ST. ANTHONY, MINNESOTA
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Primary Government	Beginning Balance	Increase	Decrease	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$2,089,954	\$ -	\$ -	\$2,089,954
Construction in progress	728,464	1,171,357	(1,660,902)	238,919
Total capital assets, not being depreciated	2,818,418	1,171,357	(1,660,902)	2,328,873
Capital assets, being depreciated:				
Buildings and structures	3,883,283	-	-	3,883,283
Furniture, fixtures and equipment	1,726,698	105,179	(32,481)	1,799,396
Software and intangibles	26,022	-	-	26,022
Stormwater	2,253,147	-	-	2,253,147
Distribution and collection system	10,261,912	2,739,034	-	13,000,946
Total capital assets, being depreciated	18,151,062	2,844,213	(32,481)	20,962,794
Less accumulated depreciation for:				
Buildings and structures	2,051,803	89,345	-	2,141,148
Furniture, fixtures and equipment	830,501	59,250	(32,481)	857,270
Software and intangibles	26,023	-	-	26,023
Stormwater	419,303	130,664	-	549,967
Distribution and collection system	4,247,252	251,868	-	4,499,120
Total accumulated depreciation	7,574,882	531,127	(32,481)	8,073,528
Total capital assets being depreciated - net	10,576,180	2,313,086	0	12,889,266
Business-type activities capital assets - net	\$13,394,598	\$3,484,443	(\$1,660,902)	\$15,218,139

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

Governmental activities:	
General government	\$115,970
Public safety	189,813
Public works, including depreciation of general infrastructure assets	1,604,503
Parks and recreation	48,185
Total depreciation/amortization expense - governmental activities	1,958,471
Business-type activities:	
Liquor	68,064
Water/Sewer/Water Plant	332,399
Stormwater	130,664
Total depreciation/amortization expense - business-type activities	531,127
Total depreciation expense	\$2,489,598

CITY OF ST. ANTHONY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
 December 31, 2016

CONSTRUCTION COMMITMENTS

At December 31, 2016, the City had construction project contracts in progress. The commitments related to the remaining contract balances are summarized as follows:

Project	Contract Amount	Remaining Commitment
2016 Street Improvements	\$2,060,277	\$103,074
Mirror Lake Dredging	856,950	781,912
		<u>\$884,986</u>

Note 6 LONG-TERM DEBT

The City issues general obligation bonds to finance its street improvement program, tax increment projects and other City purposes. General obligation bonds are direct obligations of the City and are supported by the full faith and credit of the City. The City has several types of general obligation bonds outstanding at December 31, 2016. Following is a brief description of the different bond types:

- Improvement bonds are issued to finance street improvement projects. These bonds are payable primarily from special assessments levied on benefited properties. The costs of these projects are shared by the City; general property taxes levied provide the revenues for these costs.
- Tax increment bonds were used to finance redevelopment projects and are payable primarily from incremental property taxes derived from the tax increment districts with any deficiency to be provided from general property taxes.
- Tax abatement bonds were issued to finance a portion of park, sidewalk, and traffic signal improvements, and are payable from a special general property tax levy.
- Certificates of indebtedness issued to finance various equipment acquisitions are payable from a special general property tax levy.

REVENUE BONDS

The City has issued revenue bonds to finance business-type activities. These bonds are Utility Revenue Bonds. The liability for these bonds is recorded in the Proprietary Funds.

CITY OF ST. ANTHONY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
 December 31, 2016

GOVERNMENTAL ACTIVITIES

As of December 31, 2016, the long-term debt of the financial reporting entity consisted of the following:

	Interest Rates	Issue Date	Final Maturity Date	Original Issue	Payable 12/31/16
G.O. Improvement Bonds:					
G.O. Improvement Bonds, Series 2009A	3.00-4.00%	5/7/2009	2/1/2025	\$3,630,000	\$1,740,000
G.O. Improvement Refunding Bonds, Series 2009B	3.50-3.00%	12/16/2009	2/1/2016	1,315,000	785,000
G.O. Improvement Bonds, Series 2010A	2.25-3.625%	5/20/2010	2/1/2020	1,375,000	985,000
G.O. Improvement Bonds, Series 2011A	3.00-4.00%	4/12/2011	2/1/2027	2,955,000	1,920,000
G.O. Improvement Refunding Bonds, Series 2011B	0.40-2.00%	12/29/2011	2/1/2021	2,210,000	1,185,000
G.O. Improvement Bonds, Series 2013B	0.45-2.625%	4/23/2013	2/1/2029	1,775,000	1,545,000
G.O. Improvement Bonds, Series 2014A	2.00-3.30%	4/10/2014	2/1/2030	2,070,000	1,945,000
G.O. Improvement Bonds, Series 2015A	2.00-3.00%	5/19/2015	2/1/2031	2,580,000	2,580,000
G.O. Improvement Bonds, Series 2016A	2.00-2.75%	6/22/2016	2/1/2032	1,455,000	1,455,000
Total improvement bonds				18,385,000	13,640,000
G.O. Street Reconstruction Bonds:					
G.O. Street Reconstruction Refunding Bonds, Series 2014C	2.00-3.00%	7/24/2014	2/1/2024	1,305,000	1,170,000
Total tax increment revenue bonds				1,305,000	1,170,000
Tax Increment Revenue Bonds:					
G.O. Tax Increment Refunding Bonds, Series 2014B	2.00-3.50%	7/24/2014	2/1/2031	3,665,000	3,385,000
G.O. Tax Increment Refunding Bonds, Series 2015B	2.00-3.00%	12/29/2015	2/1/2031	3,310,000	4,065,000
Total tax increment revenue bonds				7,975,000	7,450,000
G.O. Lease Revenue Refunding Bonds:					
G.O. Lease Revenue Refunding Bonds, Series 2012A	2.00-2.75%	4/25/2012	2/1/2024	3,995,000	2,825,000
G.O. Tax Abatement Bonds:					
G.O. Tax Abatement Bonds, Series 2009A	3.00-4.00%	5/7/2009	2/1/2025	1,335,000	950,000
G.O. Tax Abatement Bonds, Series 2016B	2.00%	6/22/2016	2/1/2026	1,445,000	1,445,000
Total tax abatement bonds				2,780,000	2,395,000
G.O. Bonds:					
G.O. Improvement Refunding Bonds, Series 2012A	2.00-2.75%	4/25/2012	2/1/2028	5,500,000	4,195,000
Issuance premiums (discounts)				N/A	620,404
Total - bonded indebtedness				39,940,000	32,295,004
Compensated absences payable				-	652,938
Total City indebtedness - governmental activities				\$39,940,000	\$32,948,942

CITY OF ST. ANTHONY, MINNESOTA
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BUSINESS-TYPE ACTIVITIES

Business-type activities

Revenue Bonds:	Interest Rates	Date	Final Maturity Date	Original Issue	Payable 12/31/16
G.O. Water and Sewer Revenue Refunding Bonds, Series 2013A	2.00%	4/16/2003	2/1/2024	\$1,440,000	\$1,100,000
Issuance premiums (discounts)				N/A	31,933
Total - bonded indebtedness				1,440,000	1,131,933
Compensated absences				-	168,801
Total City indebtedness - business-type activities				1,440,000	1,292,434
Total City indebtedness				\$41,380,000	\$34,240,776

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

Year Ending December 31	Governmental Activities	
	G.O. Improvement Bonds	G.O. Refunding Bonds
	Principal	Interest
2017	\$1,330,000	\$346,619
2018	1,365,000	311,934
2019	1,295,000	281,728
2020	1,170,000	253,090
2021	1,050,000	226,521
2022	940,000	200,849
2023	970,000	174,227
2024	990,000	145,489
2025	1,015,000	115,212
2026	810,000	87,798
2027	710,000	65,629
2028	555,000	48,223
2029	575,000	33,094
2030	455,000	18,434
2031	300,000	7,394
2031	110,000	1,512
Total	\$13,640,000	\$2,317,753
		\$4,195,000
		\$437,093

CITY OF ST. ANTHONY, MINNESOTA
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Year Ending December 31	Governmental Activities						All Other General	
	Lease		Tax Incremental		Refunding Bonds		Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$315,000	\$55,490	\$385,000	\$190,038	\$865,000	\$85,463		
2018	325,000	49,090	405,000	182,238	315,000	68,026		
2019	335,000	42,490	420,000	173,988	320,000	60,656		
2020	345,000	35,690	445,000	165,438	330,000	52,886		
2021	355,000	28,690	450,000	156,487	340,000	44,646		
2022	370,000	21,348	475,000	146,212	350,000	35,756		
2023	385,000	13,320	495,000	134,412	360,000	25,653		
2024	395,000	4,542	510,000	122,062	375,000	14,450		
2025	-	-	530,000	109,313	220,000	5,250		
2026	-	-	555,000	95,700	90,000	900		
2027	-	-	580,000	80,081	-	-		
2028	-	-	605,000	62,975	-	-		
2029	-	-	635,000	43,787	-	-		
2030	-	-	655,000	23,025	-	-		
	-	-	305,000	4,875	-	-		
Total	\$2,825,000	\$250,660	\$7,450,000	\$1,690,631	\$3,565,000	\$393,686		

Year Ending December 31	Business-Type Activities	
	Principal	Interest
2017	\$125,000	\$20,750
2018	130,000	18,200
2019	130,000	15,600
2020	135,000	12,950
2021	140,000	10,200
2022	140,000	7,400
2023	145,000	4,550
2024	155,000	1,550
Total	\$1,100,000	\$91,200

It is not practicable to determine the specific year for payment of long-term accrued compensated absences.

CITY OF ST. ANTHONY, MINNESOTA
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CHANGE IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:	\$13,345,000	\$1,455,000	(\$1,160,000)	\$13,640,000	\$1,330,000
G.O. improvement debt	4,665,000	-	(470,000)	4,195,000	485,000
G.O. improvement refunding bonds	1,305,000	-	(135,000)	1,170,000	135,000
G.O. street reconstruction bonds	1,090,000	1,445,000	(140,000)	2,395,000	320,000
G.O. tax abatement bonds	7,865,000	-	(415,000)	7,450,000	385,000
G.O. lease revenue refunding bonds	3,125,000	-	(620,000)	2,505,000	2
Issuance of long-term bonded indebtedness	618,298	2,990,000	(2,620,000)	3,165,000	3,340,000
Compensated absences	32,013,259	2,969,485	(2,687,340)	32,295,404	3,443,577
Total governmental liabilities	668,432	433,649	(449,143)	652,938	208,086
Business-type activities:					
Revenue bonds	\$1,215,000	\$-	(\$115,000)	\$1,100,000	\$125,000
Insurance premiums (discounts)	36,440	-	(4,507)	31,933	4,508
Total bonded indebtedness	1,251,440	-	(119,507)	1,131,933	129,508
Compensated absences	162,047	35,232	(36,869)	160,501	51,218
Total business-type liabilities	\$1,413,487	\$35,232	(\$156,376)	\$1,292,434	\$180,726

For the governmental activities, compensated absences are generally liquidated by the Internal Service Employee Benefit Fund.

All long-term bonded indebtedness outstanding at December 31, 2016 is backed by the full faith and credit of the City, including improvement and revenue bond issues. Delinquent assessments receivable at December 31, 2016 totaled \$11,897.

Note 7 DEFINED BENEFIT PENSION

A. COST SHARING MULTIPLE – EMPLOYER PLANS

PLAN DESCRIPTION

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

1. General Employees Retirement Fund (GERF)

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

2. Public Employees Police and Fire Fund (PEPFF)

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

BENEFITS PROVIDED

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

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

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

1. GERF Benefits

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

PLEGGED REVENUE

Future revenue pledged for the payment of long-term debt is as follows:

Fiscal Year	Use of Proceeds	Type	Revenue pledged as a % of		Form of Pledge	Outstanding Principal and Interest Paid	Current Year Revenue
			Debt Service	Net Revenue			
2009A Tax Abatement	Interest Pk. Improvements	Tax abatement revenue	100%	N/A	2009-2025	\$1,122,083	\$152,608
2009B Tax Abatement Refunding	Refunding of 2009A Tax Abatement Bonds	Tax abatement revenue	100%	N/A	2009-2016	\$ -	\$32,311
2009C Road Improvements	2009 road reconstruction	Special assessments	21%	N/A	2009-2025	\$2,633,569	\$24,618
2010A Road Improvements	2010 road construction	Special assessments	9%	N/A	2010-2026	\$3,849,018	\$14,403
2011A Road Improvements	2011 road construction	Special assessments	25%	N/A	2011-2027	\$1,828,613	\$109,275
2012A Road Improvements	2012 road construction	Special assessments	27%	N/A	2012-2028	\$4,032,093	\$36,250
2012B Loan Refinance	Refunding of 2009A Tax Abatement Bonds 2009A	Property Taxes	100%	N/A	2012-2014	\$3,075,669	\$401,660
2013B Road Improvements	2013 road construction	Special assessments	25%	N/A	2013-2029	\$1,262,815	\$142,786
2014A Road Improvements	2014 road construction	Special assessments	25%	N/A	2014-2030	\$2,339,140	\$171,880
2015A Road Improvements	2015 road reconstruction	Special assessments and inventory	100%	N/A	2015-2032	\$1,747,461	\$ -
2016B Tax Abatement	Minor Lake improvement and pedestrian safety improvements	Special assessment and tax levy	100%	N/A	2016-2026	\$1,346,086	\$ -
2016C Road Improvements	Refunding of 2008A Silver Lake Road Improvements	Tax Levy	25%	N/A	2016-2024	\$1,296,838	\$103,275
2009B Road Improvements Refunding	Refunding of 2009B Road Improvements	Special assessments	7%	N/A	2009-2018	\$292,200	\$193,413
2013A Road Improvements	2013 road construction	Special assessments	100%	N/A	2013-2031	\$3,081,234	\$71,413
2013B TIF	Refunding 2009B TIF Bonds	TIF	100%	N/A	2013-2031	\$4,927,869	\$303,219
2014B TIF	Refunding 2007 TIF Bonds	TIF	100%	N/A	2014-2031	\$4,213,263	\$292,232
2015A C/O Water/Sewer Revenue	Refunding 2014 C/O Water/Sewer Revenue Bonds	Charges for services	100%	82%	2015-2024	\$1,181,200	\$38,130
2016A Road Improvements Refunding	Refunding 2007A Street Improvement Bonds	Special assessments	25%	N/A	2011-2026	\$433,021	\$179,688
2017B Road Improvements Refunding	Refunding 2004A and 2005A Street Improvement Bonds	Special assessments	25%	N/A	2013-2020	\$1,231,465	\$23,745

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for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

2. PEPFF Benefits

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

CONTRIBUTIONS

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

1. GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary, in calendar year 2016. The City was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2016. The City's contributions to the GERF for the year ended December 31, 2016, were \$160,607. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2016. The City was required to contribute 16.20% of pay for PEPFF members in calendar year 2016. The City's contributions to the PEPFF for the year ended December 31, 2016, were \$447,527. The City's contributions were equal to the required contributions as set by state statute.

PENSION COSTS

1. GERF Pension Costs

At December 31, 2016, the City reported a liability of \$2,866,185 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2016. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$37,474. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of participating employers. At June 30, 2016, the City's proportion was .2920% which was an increase of .0150% from its proportion measured as of June 30, 2015. The City also recognized

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through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the City's proportion was .0353% which was an increase of .0010% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City recognized pension expense of \$377,487 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$11,174 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the GERF.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$232,834
Changes in actuarial assumptions	561,202	-
Difference between projected and actual investment earnings	544,014	-
Changes in proportion	37,149	89,253
Contributions paid to PERA subsequent to the measurement date	80,307	-
Total	<u>\$1,222,672</u>	<u>\$322,087</u>

\$80,307 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2017	\$213,793
2018	213,793
2019	289,161
2020	103,551
2021	-
Thereafter	-

2. PEPFF Pension Costs

At December 31, 2016, the City reported a liability of \$11,718,468 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the City's proportion was .2920% which was an increase of .0150% from its proportion measured as of June 30, 2015. The City also recognized

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\$26,280 for the year ended December 31, 2016, as revenue (and an offsetting reduction of net pension liability) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

For the year ended December 31, 2016, the City recognized pension expense of \$2,052,724 for its proportionate share of the PEPFF's pension expense.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$1,344,330
Changes in actuarial assumptions	6,449,185	-
Difference between projected and actual investment earnings	1,788,320	-
Changes in proportion	140,316	21,601
Contributions paid to PERA subsequent to the measurement date	221,370	-
Total	<u>\$8,599,191</u>	<u>\$1,365,931</u>

\$221,370 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2017	\$1,505,322
2018	1,505,322
2019	1,505,322
2020	1,360,802
2021	1,135,122
Thereafter	-

ACTUARIAL ASSUMPTIONS

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

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disability were based on RP-2014 tables for the General Employees Plan and RP-2000

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tables for the Police and Fire Plan for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be one percent per year for all future years for the General Employees Plan and Police and Fire Plan.

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the GERP was completed in 2015. The experience study for PEPFF was for the period July 1, 2004, through June 30, 2009.

The following changes in actuarial assumptions occurred in 2016:

General Employees Fund

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

Police and Fire Fund

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

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

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

DISCOUNT RATE

The discount rate used to measure the total pension liability in 2016 was 7.50%, a reduction from the 7.9% used in 2015. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes.

BENEFITS PROVIDED

The Relief provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established in accordance with the State Statute and vest after ten years of credited service. The defined retirement benefits are based on a member's years of service. Benefit provisions can be amended by the Relief within the parameters provided by State Statutes.

Twenty-Year Service Pension

Each member who is at least 50 years of age; has retired from the City of St. Anthony, Minnesota; has served at least twenty (20) years of active service with such department before retirement; and has been a member of the Relief in good standing at least 10 years prior to such retirement; shall be entitled to a pro-rated lump sum service pension in the amount of \$3,300 for each completed full year of service but not exceeding the maximum amount per year of service allowed by law for the minimum average amount of available financing per firefighter as prescribed by law. Members with 10 years of service receive partial vesting at 60% of the 20 year rate and 4% added for every one year of service beyond ten years up to 20 years.

Disability Benefits

A member who becomes permanently disabled from being an active firefighter in the City of St. Anthony, Minnesota will be eligible to collect a disability benefit in an amount equal to his/her full years of active service multiplied by the yearly lump sum service pension rate. If a member receives a disability benefit and subsequently returns to active duty, the total disability benefit will be deducted from his/her service pension.

Death Benefits

Upon the death of any active member of the Relief who is in good standing at the time of their death, the Relief shall pay to the surviving spouse or children, if any, the sum of \$3,300 for each year that the member served as an active member of the Relief. The survivor benefits include those members who are on the regular pension roll or on the deferred pension roll.

State Supplemental Benefits

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

Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected-benefit payments to determine the total pension liability.

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

PENSION LIABILITY SENSITIVITY

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

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's proportionate share of the GERF net pension liability	\$4,070,832	\$2,866,185	\$1,873,884
	1% Decrease in Discount Rate (4.6%)	Discount Rate (5.6%)	1% Increase in Discount Rate (6.6%)
City's proportionate share of the PEPF net pension liability	\$16,404,300	\$11,718,468	\$7,889,787

PENSION PLAN FIDUCIARY NET POSITION

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

B. SINGLE EMPLOYER PLAN

PLAN DESCRIPTION

All members of the St. Anthony Fire Department are covered by a defined benefit plan administered by the Relief. The Plan is a single employer retirement plan and is established and administered in accordance with Minnesota Statute, Chapter 69.

EMPLOYEES COVERED BY BENEFIT TERMS

At December 31, 2016, the following employees were covered by the benefit terms:

Retired members entitled to benefits, but have not received them	5
Current members:	
Fully vested (20 years or more)	4
Partially vested (10 years to 19 years)	6
Nonvested (less than 10 years)	20
Total	<u>35</u>

CONTRIBUTIONS

Minnesota Statutes Chapter 69.772 sets the minimum contribution requirement for the City and State aid on an annual basis. These statutes are established and amended by the state legislature. The Relief is comprised of volunteers; therefore, members have no contribution requirements. The City receives the State aid contribution and is required by state statutes to pass this through as payment to the Relief. The City's contributions to the Relief for the year ended December 31, 2016, were \$6,000. The City's contributions exceeded the required contribution of \$6,000 as set by state statute. State aid contributions for the year ended December 31, 2016 were \$51,174.

NET PENSION LIABILITY

The City's net pension liability (asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2016.

ACTUARIAL ASSUMPTIONS

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.00%
Projected salary increases	N/A
Inflation	2.75%
Cost-of-living adjustments	None
Age of service retirement	50
Post retirement benefit increase	None

Mortality assumptions for pre-retirement, post-retirement and disability are as follows:

- Healthy pre-retirement – RP 2000 non-annuitant generational mortality projected with scale AA, white collar adjustment, male rates set back 2 years, female rates set back 2 years.
- Healthy post-retirement – RP 2000 annuitant generational mortality projected with scale AA, white collar adjustment, without age adjustments.

Disabled – RP 2000 healthy annuitant mortality table, white collar adjustment, set forward eight years for males and females.

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

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

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

Asset Class	Long-Term Expected	
	Real Rate of Return	Nominal Rate of Return
Domestic equity	5.58%	8.33%
International equity	5.71%	8.46%
Fixed income	2.27%	5.02%
Real estate and alternatives	4.44%	7.19%
Cash and equivalents	0.84%	3.59%
Total (weighted ave., rounded to 1/4%)		6.00%

DISCOUNT RATES

The discount rate used to measure the total pension liability was 6.00%. The liability discount rate was developed using the alternative method described in paragraph 43 of GASB 67, which states that "if the evaluations required by paragraph 41 can be made with sufficient reliability without a separate projection of cash flows into and out of the pension plan, alternative methods may be applied in making the evaluations." The determination of the discount rate assumed that the plan's current overfunded status, combined with Minnesota statutory funding requirements, provide sufficient reliability that projected plan assets will be adequate to pay future retiree benefits. Therefore, the plan's long-term expected return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF ST. ANTHONY, MINNESOTA
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CHANGES IN THE NET PENSION LIABILITY

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at December 31, 2015	\$741,775	\$893,343	(\$151,568)
Changes for the year:			
Service cost	47,233		47,233
Interest	31,829		31,829
Differences between expected and actual experience	(36,075)		(36,075)
Change of assumptions		6,000	(6,000)
Contributions - employer		51,174	(51,174)
On behalf contributions - State of MN			
Contributions - employee		39,971	(39,971)
Net investment income			
Benefit payments, including refunds of employee contributions	(80,200)	(80,200)	8,653
Administrative expense		(8,653)	
Other changes	(37,213)		(45,505)
Net changes	\$704,562	\$901,635	(\$197,073)
Balance at December 31, 2016			

PENSION LIABILITY (ASSET) SENSITIVITY

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00 percent) or 1-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net pension liability (asset)	(\$176,780)	(\$197,073)	(\$216,402)

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the pension plan's fiduciary net position is available in the separately issued Relief Association financial report. That report may be obtained by writing to St. Anthony Fire Department Relief Association, 3505 Silver Lake Road, St. Anthony, Minnesota, 55418.

CITY OF ST. ANTHONY, MINNESOTA
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PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended December 31, 2016, the City recognized pension expense of \$8,067. The City also recognized \$51,174 for the year ended December 31, 2016, as pension expense (and grant revenue) for the State of Minnesota's on-behalf contribution to the plan. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ -
Changes in actuarial assumptions		32,333
Difference between projected and actual investment earnings	34,902	
Total	\$34,902	\$32,333

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2017	\$8,067
2018	8,067
2019	8,069
2020	(4,269)
2021	(3,742)
Thereafter	(13,623)

C. PENSION EXPENSE

Pension expense recognized by the City for the fiscal year ended December 31, 2016 is as follows:

GERF	\$377,487
PEPPF	2,052,724
Fire Relief	58,446
Total	\$2,488,657

NOTE 8 DEFINED CONTRIBUTION PLAN

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees, contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (.0025) of the assets in each member's account annually.

Total contributions made by the City during fiscal year 2016 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer (Pension Expense)	Employee	Employer	Rate
\$1,913	\$1,913	5%	5%	5%

Note 9 OTHER POST-EMPLOYMENT BENEFITS (OPEB)

A. PLAN DESCRIPTION

In addition to providing the pension benefits described in Note 7, the City provides post-employment health care benefits (as defined in paragraph B) for retired employees and police and firefighters disabled in the line of duty, through a single-employer defined benefit plan. The term *Plan* refers to the City's requirement by State Statute to provide retirees with access to health insurance. The OPEB plan is administered by the City. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 Subd. 2a, and 299A.465. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and collective bargaining agreements with employee groups. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The Plan does not issue a separate report.

B. BENEFITS PROVIDED

Retirees

The City is required by State Statute to allow retirees to continue participation in the City's group health insurance plan if the individual terminates service with the City through service retirement or disability retirement. To be eligible for benefits, an employee must qualify for retirement or disability benefits from a Minnesota public pension plan. The employee may continue to participate in the

City's group health insurance plan that the employee was a participant of immediately prior to retirement. Employees may obtain dependent coverage at retirement only if the employee was receiving dependent coverage immediately prior to retirement. Covered spouses may continue coverage after the retiree's death. The surviving spouse of an active employee may continue coverage in the group health insurance plan after the employee's death.

All health care coverage is provided through the City's group health insurance plans. The retiree is required to pay 100% of their premium cost for the City-sponsored group health insurance plan in which they participate. The premium is a blended rate determined on the entire active and retiree population. Since the projected claims costs for retirees exceed the blended premium paid by retirees, the retirees are receiving an implicit rate subsidy (benefit). The coverage levels are the same as those afforded to active employees. Upon a retiree reaching age 65, Medicare becomes the primary insurer and the City's plan becomes secondary.

Disabled police and firefighters

The City continues to pay the employer's contribution toward health coverage for Police or Firefighters disabled in the line of duty per Minnesota Statute 299A.465, until age 65. Coverage for a spouse is included, if the spouse was covered at the time of the disability. The January 1, 2016 through December 31, 2016 monthly premiums paid for Police or Firefighters disabled in the line of duty are:

	Employee		Employee Plus Spouse
	Employee	Plus Spouse	
Aware Plan:			
\$30 Copay	\$935		\$1,963
\$2600 HDHP/HSA	617		1,294
\$4000 HDHP/HSA	564		1,183
Accord Plan:			
\$30 Copay	900		1,887
\$2600 HDHP/HSA	594		1,245
\$4000 HDHP/HSA	542		1,138

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C. PARTICIPANTS

As of the actuarial valuation dated January 1, 2016, participants consisted of:

Retirees and beneficiaries currently purchasing health insurance through the City	1
Disabled police and firefighters	1
Active employees	59
Total	61
Participating employers	1

D. FUNDING POLICY

The additional cost of using a blended rate for actives and retirees is currently funded on a pay-as-you-go basis. The City Council may change the funding policy at any time.

E. ANNUAL OPEB COSTS AND NET OPEB OBLIGATION

The City's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The net OPEB obligation as of December 31, 2016, was calculated as follows:

Annual required contribution (ARC)	\$68,777
Interest on net OPEB obligation	27,050
Adjustment to ARC	(23,466)
Annual OPEB cost	72,361
Contributions made during the year	(8,879)
Increase (decrease) in net OPEB obligation	63,482
Net OPEB obligation - beginning of year	601,108
Net OPEB obligation - end of year	\$664,590

For the governmental activities, the net OPEB obligation is generally liquidated by the General Fund.

CITY OF ST. ANTHONY, MINNESOTA
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The City had an actuarial valuation performed for the plan as of January 1, 2016 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended December 31, 2016. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2014, 2015, and 2016 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2014	106,523	13,386	13%	509,707
December 31, 2015	110,886	19,485	18%	601,108
December 31, 2016	72,361	8,879	12%	664,590

F. FUNDED STATUS AND FUNDING PROGRESS

The City currently has no assets that have been irrevocably deposited in a trust for future health benefits; therefore, the actuarial value of assets is zero. The funded status of the plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)* (b)	Unfunded Actuarial Liability (U.AAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	U.AAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2016	\$ -	\$644,198	\$644,198	0.00%	\$4,162,000	15.48%

*Using the Projected Unit Credit Actuarial cost method.

G. ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions (ARC) 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 that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the January 1, 2016 actuarial valuation, the Projected Unit Credit Actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), an initial annual health care cost trend rate of 9% reduced by .33% each year to arrive at an ultimate health care cost trend rate of 5.0% and an inflation rate of 3.5%. The actuarial value of assets was \$0. The plan's

CITY OF ST. ANTHONY, MINNESOTA
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unfunded actuarial accrued liability is being amortized using the level percentage of projected payroll method over 30 years on an open basis.

Note 10 INTERFUND RECEIVABLES/PAYABLES, LOANS AND TRANSFERS

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

Fund	Receivable	Payable
Governmental activities:		
Major funds:		
General Fund	\$169,200	\$ -
Nonmajor funds:		
HRA Fund	-	51,333
Revolving Improvement Fund	-	23,265
2017 Street Improvement Project Fund	-	94,602
Total	\$169,200	\$169,200

Interfund payables and receivables are representative of lending/borrowing arrangements to cover deficit cash balances at the end of the fiscal year.

Interfund loans receivable and payable balances at December 31, 2016 are as follows:

Fund	Receivable	Payable	Purpose
Major funds:			
Public Utilities Infrastructure	\$1,004,286	\$ -	
HRA TIF Improvements	-	959,326	Provide financing for pay off of Fannie Mae loan
Nonmajor funds:			
Revolving Improvement	-	44,960	Provide financing for Arbors Alley Project
Total	\$1,004,286	\$1,004,286	

CITY OF ST. ANTHONY, MINNESOTA
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Interfund transfers:

	Transfers In										Total
	Major Funds					Governmental Activities					
	General Fund	Street Improvement Debt Service	HRA TIF Debt Service	Public Utilities Infrastructure	Nonmajor Governmental Fund	Internal Service Fund	General Fund	HRA TIF Debt Service	Public Utilities Infrastructure	Nonmajor Governmental Fund	
Governmental activities:											
HRA TIF Improvements	\$ -	\$ -	\$ 574,058	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$168,100
Nonmajor	77,210	25,000	-	-	-	-	-	-	-	-	217,210
Business-type activities:											
Liquor	156,396	-	-	-	-	-	-	-	-	-	219,049
Water/Sewer/Water Plant	200,000	-	-	-	-	-	-	-	-	-	2,711,836
Stormwater Utility	170,000	-	-	-	-	-	-	-	-	-	770,000
Total transfers	\$433,606	\$125,000	\$574,058	\$1,905,561	\$81,800	\$86,300	\$1,905,561	\$895,728	\$86,300	\$70,000	\$4,979,253

There were transfers made in 2016 to close out the Water Filtration Fund. All of the other 2016 transfers are considered routine and consistent with previous practices.

Note 11 DEFICIT FUND BALANCES/NET POSITION

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

Fund	Amount
Nonmajor funds:	
Internal Service Fund	\$7,036,594
HRA Fund	7,582
HSIP Tax Abatement Fund	450

These deficits will be eliminated in certain situations by bond proceeds. The Internal Service Fund includes the state retirement plans and the retirement of pension deficits are dependent upon variables, including contribution rates, investment earnings, and actuarial assumptions.

Note 12 CONTINGENCIES

A. RISK MANAGEMENT

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

Workers compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. The City has no deductible and a managed care program to assist employees with their rehabilitation plan. Annual employee hours of service are audited and final premiums are then determined. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

Property, casualty and automobile insurance coverage are provided through a pooled self-insurance program through the LMCT. The City pays an annual premium to the LMCT. The City is subject to supplemental assessments if deemed necessary by the LMCT. The LMCT reinsures through commercial companies for claims in excess of various amounts. The City retains risk for the deductible portions. These deductibles are considered immaterial to the financial statements.

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

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

B. LITIGATION

The City has indicated that existing and pending lawsuits, claims and other actions in which the City is a defendant are either covered by insurance, of an immaterial amount; or, in the judgment of the City, remotely recoverable by plaintiffs. The City has been put on notice of potential claims by the trustee on behalf of the next of kin concerning a Police shooting resulting in a death. No litigation has been commenced. The occurrence is covered by underlying policies through the League of Minnesota Cities Insurance Trust. The threatened litigation includes claims under 42 U.S.C. 1983 and 1988 which are not subject to policy limits.

C. FEDERAL AND STATE FUNDS

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the City at December 31, 2016.

D. TAX INCREMENT DISTRICTS

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

E. PAY-AS-YOU-GO TAX INCREMENT

The City has three tax increment pay-as-you-go agreements. The agreements are not a general obligation of the City and are payable solely from available tax increment. Accordingly, these agreements are not reflected in the financial statements of the City. Details of the pay-as-you-go notes are as follows:

TIF District #3-5, Landings at Silver Lake Village:

Issued in 2004 in the principal sum of \$4,464,407 with an interest rate of 6.75% per annum. Principal and interest shall be paid on February 1 and August 1 thereafter to and including February 1, 2029. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. The City shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2029. The current year abatement (TIF note payments) amount to \$515,270. At December 31, 2016, the principal amount outstanding on the note was \$4,176,310.

TIF District #3-5, Phase II Town Homes:

Issued in 2006 in the principal sum of \$937,520 with an interest rate of 6% per annum. Principal and interest shall be paid on February 1 and August 1 thereafter to and including August 1, 2031. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 95% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. The City shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on August 1, 2031. The current year abatement (TIF note payments) amount to \$55,463. At December 31, 2016, the principal amount outstanding on the note was \$937,520.

TIF District # 3-5, The Legends

Issued in 2016 in the principal sum of \$1,023,000 with an interest rate of 5% per annum. Principal and interest shall be paid on February 1 and August 1 thereafter to and including February 1, 2028. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. The City shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2028. The current year abatement (TIF note payments) amount to \$36,905. At December 31, 2016, the principal amount outstanding on the note was \$966,095.

F. ARBITRAGE

The City issued greater than \$5 million of bonds in the years 2006, 2007 and 2011 and, therefore, is required to rebate excess investment income relating to these issues to the federal government. The City calculates arbitrage rebate every five years as permitted by arbitrage regulations. The extent of the City's liability for arbitrage rebates for bond issues not currently requiring five year rebate

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calculations is not determinable at this time. However, in the opinion of management, any such liability would be immaterial.

Note 13 DEFERRED AD VALOREM TAX LEVIES - BONDED DEBT

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

These future scheduled tax levies are not shown as assets in the accompanying financial statements at December 31, 2016.

Note 14 FUND BALANCE

A. CLASSIFICATIONS

At December 31, 2016, a summary of the governmental fund balance (deficit) classifications are as follows:

	General Fund	Street Improvement Services	Street Improvement Projects	HRA TIP Dis. Service	HRA TIP Improvement Projects	HRA TIP Utilities Infrastructure	Public Utilities	Other Funds	Total
Nonspendable:									
Prepaid items	\$112,072	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$112,072
Inventory	3,410	-	-	-	-	-	-	-	3,410
Total nonspendable	115,482	-	-	-	-	-	-	-	115,482
Restricted for:									
Public safety	-	-	-	-	1,947,000	-	-	25,634	1,972,634
Redevelopment activities	-	-	-	-	-	-	-	206,411	206,411
Debt service	-	4,017,709	10,956	-	-	-	-	96,411	4,028,676
Total restricted	-	4,017,709	10,956	-	1,947,000	-	-	96,411	5,971,675
Committed to:									
Center operation/maintenance	-	-	-	-	-	-	-	43,550	43,550
Recycling	-	-	-	-	-	-	-	18,188	18,188
Revolving loan program	-	-	-	-	-	-	-	47,765	47,765
Total committed	-	-	-	-	-	-	-	109,503	109,503
Assigned to:									
Community center operation/maintenance	-	-	-	-	-	-	-	14,971	14,971
Building improvements	-	-	1,105,760	-	-	-	-	176,126	1,281,886
Public safety	-	-	-	-	-	-	-	11,694	11,694
Storm water system	-	-	-	-	-	10,104,981	-	10,104,981	10,104,981
Other capital improvements	-	-	-	-	-	-	-	164,151	164,151
Total assigned	-	-	1,105,760	-	-	10,104,981	-	1,276,746	11,487,727
Unassigned	2,201,135	-	-	-	-	-	-	(52,966)	2,148,169
Total	\$2,316,617	\$4,017,709	\$10,956	\$1,124,760	\$1,947,000	\$10,104,981	\$10,104,981	\$2,599,258	\$20,644,111

CITY OF ST. ANTHONY, MINNESOTA
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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 working capital to fund operations between each semi-annual receipt of property taxes.

The policy establishes a year-end targeted unassigned fund balance amount for cash-flow timing needs in the range of 30-35% of the subsequent year's budgeted operating expenditures (net of expenditures for police services to other cities). At December 31, 2016, the unassigned fund balance of the General Fund was 38% of the subsequent year's budgeted expenditures.

Note 15 CONDUIT DEBT OBLIGATION

From time to time, the City has issued Multi-family Housing Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of rental housing 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 issuance. Neither the City, 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, 2016, there were seven series of Multi-family Housing Revenue Bonds outstanding. The aggregate issued amount was \$71,685,000, including two 1996 issues totaling \$7,200,000, a 2002 issue of \$7,775,000, three 2004 issues of \$39,760,000, and one 2013 issue of \$16,950,000. The balance outstanding at December 31, 2016 is unavailable.

Note 16 OPERATING LEASES

The City leases space above its water towers. The space is used for antennas and other equipment necessary to provide radio communications. Lease terms are as follows:

Lessee	2016 Lease Amount	Annual Lease Adjustment Factor	Initial Expiration Date	Automatic Renewals
Sprint Spectrum	\$26,722	4%	2/27/18	4-5 year terms
Verizon (formerly Clearwire Communications)	29,784	4%	2/28/17	N/A
Verizon Wireless	25,780	3%	8/1/18	4-5 year terms

CITY OF ST. ANTHONY, MINNESOTA
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Future minimum lease payments are as follows:

	Sprint Spectrum	Verizon (formerly Clearwire Communications)	Verizon Wireless
2017	\$27,791	\$5,061	\$26,553
2018	28,902	-	27,350
2019	30,059	-	28,170
2020	31,261	-	29,016
2021	32,590	-	29,886
2022	33,991	-	30,783
2023	35,453	-	31,706
2024	36,978	-	32,657
2025	38,475	-	33,637
2026	40,110	-	34,646
2027	41,835	-	35,685
2028	43,634	-	36,756
2029	45,500	-	37,859
2030	47,438	-	38,994
2031	-	-	40,164
2032	-	-	41,369
2033	-	-	42,610
2034	-	-	43,889
2035	-	-	45,205
2036	-	-	46,561
2037	-	-	27,630
Total	\$428,717	\$5,061	\$741,126

CITY OF ST. ANTHONY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Note 17 LEGAL DEBT MARGIN

The City is subject to a statutory limitation by the State of Minnesota for bonded indebtedness payable principally from property taxes. The City's legal debt margin for 2016 and 2015 is computed as follows:

	December 31, 2016	December 31, 2015
Market value:		
Ramsey County	\$289,820,400	\$255,155,300
Hennepin County	531,886,837	461,515,606
Total market value	821,707,237	716,670,906
Debt limit percentage	3.00%	3.00%
Debt limit	24,651,217	21,500,127
Amount of debt applicable to debt limit:		
Total bonded debt	32,775,000	32,610,000
Less nonapplicable debt:		
Revenue bonds (water, sewer)	(1,100,000)	(1,215,000)
Tax abatement bonds	(2,395,000)	(1,090,000)
Improvement bonds	(17,835,000)	(18,010,000)
Tax increment bonds	(7,450,000)	(7,865,000)
Cash and investments in applicable debt service funds	(818,202)	(819,672)
Total amount of debt applicable to debt limit	3,176,798	3,610,328
Legal debt margin	\$21,474,419	\$17,889,799

Note 18 RECENTLY ISSUED ACCOUNTING STANDARDS

The Governmental Accounting Standards Boards (GASB) recently approved the following statements which were not implemented for these financial statements:

Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016.

Statement No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016.

Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017.

Statement No. 80 Blending Requirements for Certain Component Units. The provisions of this Statement are effective for reporting periods beginning after June 15, 2016.

Statement No. 81 Irrevocable Split-Interest Agreements. The provisions of this Statement are effective for reporting periods beginning after December 15, 2016.

Statement No. 82 Pension Issues - an amendment of GASB Statement No. 67, No. 68 and No. 73. The provisions of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

Statement No. 83 Certain Asset Retirement Obligations. The provisions of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 84 Fiduciary Activities. The provisions of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 85 Omnibus 2017. The provisions of this Statement are effective for reporting periods beginning after June 15, 2017.

Statement No. 86 Certain Debt Extinguishment Issues. The provisions of this Statement are effective for reporting periods beginning after June 15, 2017.

The effect these standards may have on future financial statements is not determinable at this time, but it is expected that Statement No. 75 will have a material impact.

Note 19 CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. GASB 68 addresses accounting and financial reporting for pension plans that are provided to employees of state and local governments. The standard requires the City to record its share of the net pension liability of defined benefit plans, as well as any corresponding deferred inflows and outflows of resources. See Note 7 for further information.

The standard required retroactive implementation which resulted in a restatement of net position as of December 31, 2014. Certain amounts necessary to fully restate 2014 financial information are not determinable, therefore, prior year comparative amounts have not been restated. Details of the prior period adjustment are as follows:

	Governmental Activities
Net position - January 1, 2015, as previously reported	\$15,524,257
Prior period adjustment:	
Deferred outflows of resources - pension related	265,222
Net pension liability	(4,813,862)
Net pension asset	205,387
Net position - January 1, 2015, as restated	<u>\$11,181,004</u>

Note 20 SUBSEQUENT EVENTS

The City issued the \$5,310,000 General Obligation Bonds, Series 2017A to finance 2017 road construction projects in the City, purchase a new fire truck, and to refund the City's General Obligation Bonds, Series 2009A.

	Budgeted Amounts		2016 Actual Amounts	Variance with Final Budget	2015 Actual Amounts
	Original	Final			
Revenues:					
General property taxes	\$3,542,616	\$3,542,616	\$3,536,079	(\$6,537)	\$3,437,635
Licenses and permits	220,844	222,551	304,079	81,528	296,465
Intergovernmental:					
Federal:					
Police grants	55,010	55,010	38,416	(16,594)	46,457
State:					
Local government aid	523,019	523,019	523,010	(9)	505,415
Police aid	187,930	187,930	197,374	9,444	189,440
Fire aid	45,672	45,672	50,174	4,502	47,725
Municipal state aid - street maintenance	84,000	84,000	89,905	5,905	83,997
PERA aid	7,197	7,197	7,197	-	7,197
County:					
Street maintenance	21,965	21,965	28,493	6,528	25,440
Other	8,800	8,800	13,024	4,224	11,588
Local:					
School District DARE	14,500	14,500	15,462	962	14,500
Other	250	250	6,443	6,193	445
Total intergovernmental	948,343	948,343	969,498	21,155	932,204
Charges for services:					
Police contracts	1,306,052	1,306,052	1,306,052	-	1,268,772
Cable franchise fees	107,100	107,100	113,672	6,572	108,104
Antenna rental - water tower	82,285	82,285	82,245	(40)	79,322
Other	254,392	254,392	180,190	(74,202)	206,912
Total charges for services	1,749,829	1,749,829	1,680,159	(67,670)	1,663,110
Fines and forfeits	111,500	111,500	83,719	(27,781)	125,102
Contributions and donations	1,500	1,500	1,620	120	3,403
Other revenue:					
Investment income	10,000	10,000	26,856	16,856	22,960
Refunds and reimbursements	8,750	8,750	-	(8,750)	31,411
Army settlement	-	-	150,977	150,977	-
Miscellaneous - other	29,400	29,400	96,408	67,008	44,811
Total other revenue	48,150	48,150	274,241	226,091	99,182
Total revenues	6,622,782	6,624,489	6,851,395	226,906	6,557,101

	Budgeted Amounts		2016 Actual Amounts	Variance with Final Budget	2015 Actual Amounts
	Original	Final			
Expenditures:					
General government:					
Mayor and council:					
Current:					
Personal services	37,871	37,871	40,984	(3,113)	36,562
Supplies	41,172	41,172	39,356	1,816	38,261
Other services and charges	79,043	79,043	80,340	(1,297)	74,823
Total mayor and council	158,086	158,086	160,680	(2,594)	149,646
Public relations/cable:					
Current:					
Personal services	86,597	86,597	89,190	(2,593)	84,023
Supplies	1,025	1,025	64	961	218
Other services and charges	29,844	29,844	26,517	3,327	26,412
Total general management	117,466	117,466	115,771	1,695	110,653
Elections:					
Current:					
Personal services	26,283	26,283	19,713	6,570	19,713
Supplies	500	500	934	(434)	505
Other services and charges	-	-	1,467	(1,467)	2,969
Total elections	26,783	26,783	22,114	4,669	23,187
Finance:					
Current:					
Personal services	211,911	211,911	215,045	(3,134)	186,904
Supplies	8,874	8,874	8,691	183	7,964
Other services and charges	132,929	132,929	117,631	15,298	125,473
Total finance	353,714	353,714	341,367	12,347	320,341
Assessing:					
Current:					
Personal services	3,649	3,649	3,669	(20)	3,532
Supplies	153	153	138	15	166
Other services and charges	52,540	52,540	55,531	(2,991)	49,000
Total assessing	56,342	56,342	59,338	(2,996)	52,698
Legal:					
Current:					
Contracted services	110,750	110,750	104,693	6,057	135,029
Planning and zoning:					
Current:					
Personal services	11,478	11,478	11,084	394	10,155
Supplies	125	125	132	(7)	344
Other services and charges	59,800	59,800	110,736	(50,936)	51,787
Total planning and zoning	71,403	71,403	121,952	(50,549)	62,286

	Budgeted Amounts		2016 Actual Amounts		Variance with Final Budget	2015 Actual Amounts	
	Original	Final	Original	Final		Original	Final
Expenditures: (continued)							
Public safety: (continued)							
Animal control:							
Current:							
Supplies	\$75	\$75	\$ -	\$ -	\$75	\$ -	\$ -
Contracted services	500	500	-	-	500	206	206
Total animal control	575	575	0	0	575	206	206
Total public safety	4,511,197	4,511,197	5,157,188	5,157,188	(645,991)	4,338,477	4,338,477
Public works:							
Street maintenance:							
Current:							
Personal services	414,703	414,703	387,822	387,822	26,881	379,404	379,404
Supplies	16,581	16,581	16,506	16,506	75	14,727	14,727
Other services and charges	107,510	103,510	100,477	100,477	3,033	110,382	110,382
Total street maintenance	538,794	534,794	504,805	504,805	29,989	504,513	504,513
Equipment maintenance:							
Current:							
Personal services	85,617	85,617	76,674	76,674	8,943	82,594	82,594
Supplies	287,616	287,616	160,804	160,804	126,812	234,273	234,273
Other services and charges	43,845	43,845	48,826	48,826	(4,981)	37,935	37,935
Total equipment maintenance	417,078	417,078	286,304	286,304	130,774	354,802	354,802
Tree and weed care:							
Current:							
Personal services	39,771	39,771	38,700	38,700	1,071	37,930	37,930
Other services and charges	4,877	4,877	5,776	5,776	(899)	3,594	3,594
Total tree and weed care	44,648	44,648	44,476	44,476	172	41,524	41,524
Total public works	1,000,520	996,520	835,585	835,585	160,935	900,839	900,839
Parks and recreation:							
Park maintenance:							
Current:							
Personal services	170,593	170,593	146,130	146,130	24,463	160,315	160,315
Supplies	11,000	11,000	11,193	11,193	(193)	16,188	16,188
Other services and charges	38,217	38,217	39,084	39,084	(867)	30,524	30,524
Total park maintenance	219,810	219,810	196,407	196,407	23,403	207,027	207,027
Recreation:							
Current:							
Community services	52,176	52,176	52,176	52,176	-	52,176	52,176
Total parks and recreation	271,986	271,986	248,583	248,583	23,403	259,203	259,203

Expenditures: (continued)
Public safety: (continued)
Animal control:
Current:
Supplies
Contracted services
Total animal control
Total public safety
Public works:
Street maintenance:
Current:
Personal services
Supplies
Other services and charges
Total street maintenance
Equipment maintenance:
Current:
Personal services
Supplies
Other services and charges
Total equipment maintenance
Tree and weed care:
Current:
Personal services
Other services and charges
Total tree and weed care
Total public works
Parks and recreation:
Park maintenance:
Current:
Personal services
Supplies
Other services and charges
Total park maintenance
Recreation:
Current:
Community services
Total parks and recreation

	Budgeted Amounts		2016 Actual Amounts		Variance with Final Budget	2015 Actual Amounts	
	Original	Final	Original	Final		Original	Final
Expenditures: (continued)							
General government: (continued)							
General government buildings:							
Current:							
Other services and charges	\$68,685	\$77,085	\$75,191	\$1,894	\$1,894	\$58,283	\$58,283
Total general government buildings	68,685	77,085	75,191	1,894	1,894	58,283	58,283
Total general government	926,782	935,182	963,469	(28,287)	(28,287)	874,429	874,429
Public safety:							
Civil defense:							
Current:							
Personal services	64,016	64,016	65,991	(1,975)	(1,975)	62,842	62,842
Supplies	469	469	150	319	319	951	951
Other services and charges	3,975	3,975	1,665	2,310	2,310	2,434	2,434
Total civil defense	68,460	68,460	67,806	654	654	66,227	66,227
Police protection:							
Current:							
Personal services	3,020,948	3,020,948	3,147,464	(126,516)	(126,516)	2,878,831	2,878,831
Supplies	128,093	128,093	91,024	37,069	37,069	105,476	105,476
Other services and charges	181,450	181,450	690,723	(509,273)	(509,273)	171,143	171,143
Total police protection	3,330,491	3,330,491	3,929,211	(598,720)	(598,720)	3,155,450	3,155,450
Fire protection:							
Current:							
Personal services	912,534	912,534	926,004	(13,470)	(13,470)	890,772	890,772
Supplies	37,396	37,396	35,006	2,390	2,390	30,543	30,543
Other services and charges	62,386	62,386	68,330	(5,944)	(5,944)	58,586	58,586
Total fire protection	1,012,316	1,012,316	1,029,340	(17,024)	(17,024)	979,901	979,901
Protective inspections:							
Current:							
Personal services	12,656	12,656	12,429	227	227	11,657	11,657
Supplies	-	-	92	(92)	(92)	336	336
Other services and charges	71,435	71,435	106,164	(34,729)	(34,729)	111,261	111,261
Total protective inspections	84,091	84,091	118,685	(34,594)	(34,594)	123,254	123,254
DARE program:							
Current:							
Personal services	12,510	12,510	10,039	2,471	2,471	10,425	10,425
Supplies	2,754	2,754	2,107	647	647	3,014	3,014
Total DARE program	15,264	15,264	12,146	3,118	3,118	13,439	13,439

Expenditures: (continued)
General government: (continued)
General government buildings:
Current:
Other services and charges
Total general government buildings
Total general government
Public safety:
Civil defense:
Current:
Personal services
Supplies
Other services and charges
Total civil defense
Police protection:
Current:
Personal services
Supplies
Other services and charges
Total police protection
Fire protection:
Current:
Personal services
Supplies
Other services and charges
Total fire protection
Protective inspections:
Current:
Personal services
Supplies
Other services and charges
Total protective inspections
DARE program:
Current:
Personal services
Supplies
Total DARE program

CITY OF ST. ANTHONY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFITS PLAN
 For The Year Ended December 31, 2016

CITY OF ST. ANTHONY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For The Year Ended December 31, 2016
 With Comparative Totals For The Year Ended December 31, 2015

Statement 11

Statement 10
Page 5 of 5

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded Actuarial Liability (U/AAL) (2)-(1)	(5) Active Members Covered Payroll	(6) U/AAL As A Percentage of Covered Payroll (4)/(5)
January 1, 2012	\$ -	\$838,935	0.00%	\$838,935	\$3,513,322	23.88%
January 1, 2014	-	869,401	0.00%	869,401	3,834,128	22.68%
January 1, 2016	-	644,198	0.00%	644,198	4,162,000	15.48%

	Budgeted Amounts		2016 Actual Amounts	Variance with Final Budget	2015 Actual Amounts
	Original	Final			
Expenditures: (continued)					
Nondepartmental:					
Personal services	\$36,210	\$36,843	\$26,843	\$9,367	\$34,133
Supplies	510	510	4,857	(4,347)	
Insurance deductible costs	6,000	6,000	6,721	(721)	6,006
Total nondepartmental	42,720	42,720	38,421	4,299	40,139
Total expenditures	6,753,205	6,757,605	7,243,246	(485,641)	6,413,087
Revenues over (under) expenditures	(130,423)	(133,116)	(391,851)	(258,735)	144,014
Other financing sources (uses):					
Transfers in	313,560	313,560	433,606	120,046	195,060
Transfers out	(168,100)	(168,100)	(168,100)	-	(368,543)
Total other financing sources (uses)	145,460	145,460	265,506	120,046	(173,483)
Net change in fund balance	\$15,037	\$12,344	(126,345)	(\$138,689)	(29,469)
Fund balance - January 1			2,446,012		2,475,481
Fund balance - December 31			\$2,319,667		\$2,446,012

CITY OF ST. ANTHONY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS* - GENERAL EMPLOYEES RETIREMENT FUND
For The Year Ended December 31, 2016

Statement 12

Measurement Date	Fiscal Year Ending	St. Anthony's Proportionate Share (Percentage) of the Net Pension Liability	St. Anthony's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with St. Anthony (b)	St. Anthony's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with St. Anthony (a+b)	St. Anthony's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (c)	Plan Fiduciary Net Position as a Percentage of the Total Plan Assets	St. Anthony's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (b/c)
June 30, 2015	December 31, 2015	0.0343%	\$1,777,604	\$ -	\$1,777,604	88.3%	78.2%	7.5%
June 30, 2016	December 31, 2016	0.0353%	2,866,185	37,474	2,903,659	132.5%	68.9%	7.5%

* The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF ST. ANTHONY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY* - GENERAL EMPLOYEES RETIREMENT FUND
For The Year Ended December 31, 2016

Statement 13

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
December 31, 2016	160,607	160,607	-	2,141,425	7.5%

* The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

Statement 14

CITY OF ST. ANTHONY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -**
PUBLIC EMPLOYEES POLICE AND FIRE FUND
For The Year Ended December 31, 2016

Measurement Date	Fiscal Year Ending	Proportion (Percentage) of the Net Pension Liability	Proportionate Share (Amount) of the Net Pension Liability (a)	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/b)		Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
				Covered Payroll (b)	Payroll (a/b)	
June 30, 2015	December 31, 2015	0.2770%	\$3,147,368	\$2,535,887	124.1%	86.6%
June 30, 2016	December 31, 2016	0.2920%	11,718,468	2,816,408	416.1%	63.9%

* The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

Statement 15

CITY OF ST. ANTHONY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS* - PUBLIC EMPLOYEES POLICE AND FIRE FUND
For The Year Ended December 31, 2016

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
December 31, 2015	\$435,571	\$435,571	\$ -	\$2,688,709	16.2%
December 31, 2016	447,527	447,527	-	2,762,512	16.2%

* The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

Statement 16

CITY OF ST. ANTHONY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY* AND RELATED RATIOS -
ST. ANTHONY FIRE DEPARTMENT RELIEF ASSOCIATION
For The Year Ended December 31, 2016

	December 31, 2016	December 31, 2015
Fiscal year ending	December 31, 2016	December 31, 2015
Measurement date	December 31, 2016	December 31, 2015
Total pension liability:	\$47,233	\$44,095
Service cost	31,829	30,759
Interest	-	-
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	(36,075)	-
Benefit payments, including refunds of employee contributions	(80,200)	(25,472)
Net change in total pension liability	(37,213)	49,382
Total pension liability - beginning	741,775	692,393
Total pension liability - ending (a)	\$704,562	\$741,775
Plan fiduciary net position:		
Contributions - employer	\$6,000	\$6,000
Contributions - State of Minnesota	51,174	48,725
Contributions - employee	-	-
Net investment income	39,971	(23,129)
Benefit payments, including refunds of employee contributions	(80,200)	(25,472)
Administrative expense	(8,653)	(10,561)
Other	-	-
Net change in plan fiduciary net position	8,292	(4,437)
Plan fiduciary net position - beginning	893,343	897,780
Plan fiduciary net position - ending (b)	\$901,635	\$893,343
Net pension liability (asset) - ending (a) - (b)	(\$197,073)	(\$151,568)
Plan fiduciary net position as a percentage of the total pension liability	127.97%	120.43%
Covered-employee payroll**	\$ -	\$ -
Net pension liability as a percentage of covered employee payroll**	NA	NA
Pension benefit per year of service	\$3,300	\$3,300
Number of plan participants	32	32

*GASB 68 was implemented in 2015. Information prior to 2015 is not available.
 **The Relief Association is comprised on volunteers, therefore there are no payroll expenditures.

Statement 17

CITY OF ST. ANTHONY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS* - ST. ANTHONY FIRE DEPARTMENT RELIEF ASSOCIATION
For The Year Ended December 31, 2016

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll** (c)	Contributions as a Percentage of Covered Payroll** (b/c)
December 31, 2015	\$22,977	\$53,725	(\$30,748)	\$ -	NA
December 31, 2016	-	56,174	(56,174)	-	NA

*GASB 68 was implemented in 2015. Information prior to 2015 is not available.
 **The Relief Association is comprised of volunteers, therefore, there are no payroll expenditures.
 (i.e., there are no covered payroll amounts or percentage calculations.)

CITY OF ST. ANTHONY, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 NOTES TO RSI
 December 31, 2016

Note A LEGAL COMPLIANCE – BUDGETS

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

Note B PENSION INFORMATION

PERA – General Employees Retirement Fund

2016 Changes

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

PERA – Public Employees Police and Fire Fund

2016 Changes

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

Single Employer – Fire Relief Association

2016 Changes

- Changes in Actuarial Assumptions:
- The assumed investment return was changed from 4.25% to 6.00%. The single discount rate changed from 4.25% to 6.00%.

	Special Revenue	Debt Service	Capital Project	Total	
				2016	2015
Assets					
Cash and investments	\$124,485	\$902,863	\$1,030,414	\$2,057,762	\$1,486,149
Due from other governmental units	1,063	-	1,053,004	1,054,067	9,841
Accounts receivable - net	-	-	-	-	17,367
Prepaid items	2,442	-	34,746	37,188	2,175
Property taxes receivable:					
Delinquent	1,608	7,594	1,462	10,664	9,794
Due from county	1,098	3,638	-	5,691	-
Special assessments receivable	-	-	24,217	24,217	27,245
Funds held by others	43,765	-	-	43,765	71,941
Total assets	\$174,461	\$914,095	\$2,144,798	\$3,233,354	\$1,624,512

Liabilities, Deferred Inflows of Resources, and Fund Balance

Liabilities:					
Accounts payable	\$12,202	\$540	\$105,125	\$117,867	\$32,043
Interfund payable	51,333	-	23,265	74,598	-
Interfund loan payable	-	-	44,960	44,960	50,580
Due to other governmental units	14	-	-	14	3,439
Salaries payable	1,776	-	-	1,776	1,348
Total liabilities	65,325	540	173,350	239,215	87,410
Deferred inflows of resources:					
Unavailable revenue	1,608	7,594	25,679	34,881	37,039
Total deferred inflows of resources	1,608	7,594	25,679	34,881	37,039
Fund balance (deficit):					
Nonspendable	2,442	-	34,746	37,188	2,157
Restricted	25,634	906,411	-	932,045	901,789
Committed	105,503	-	-	105,503	94,107
Assigned	26,465	-	1,911,023	1,937,488	578,258
Unassigned	(52,516)	(450)	-	(52,966)	(76,266)
Total fund balance (deficit)	107,528	905,961	1,945,769	2,959,258	1,500,045
Total liabilities, deferred inflows of resources, and fund balance	\$174,461	\$914,095	\$2,144,798	\$3,233,354	\$1,624,494

CITY OF ST. ANTHONY, MINNESOTA
 SUBCOMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2016
 With Comparative Totals For December 31, 2015

	Community Center Fund	Police Forfeiture Fund
Assets		
Cash and investments	\$69,976	\$31,552
Prepaid items	1,135	-
Property taxes receivable:		
Delinquent	-	-
Due from county	-	-
Due from other governments	-	1,063
Funds held by others	-	-
Total assets	\$71,111	\$32,615
Liabilities, Deferred Inflows of Resources, and Fund Balance		
Liabilities:		
Accounts payable	\$11,217	\$-
Interfund payable	-	-
Due to other governmental units	14	-
Salaries payable	224	-
Total liabilities	11,455	0
Deferred inflows of resources:		
Unavailable revenue	-	-
Total deferred inflows of resources	0	0
Fund balance (deficit):		
Nonspendable	1,135	-
Restricted	-	24,134
Committed	43,550	-
Assigned	14,971	8,481
Unassigned	-	-
Total fund balance (deficit)	59,656	32,615
Total liabilities, deferred inflows of resources, and fund balance	\$71,111	\$32,615

CITY OF ST. ANTHONY, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2016
 With Comparative Totals For The Year Ended December 31, 2015

	Special Revenue	Debt Service	Capital Project	Nonmajor Governmental Funds	Totals
	2016	2016	2016	2015	
Revenues:					
General property taxes	\$138,346	\$533,971	\$151,900	\$704,274	
Intergovernmental	20,768	32,511	1,063,004	681,154	
Special assessments	-	-	4,477	8,126	
Charges for services	131,259	-	1,500	324,514	
Fines and forfeits	9,810	-	-	5,721	
Investment income	1,520	7,936	15,733	20,513	
Contributions and donations	-	-	2,500	12,500	
Refunds and reimbursements	-	-	99	25,832	
Army settlement	-	-	77,572	-	
Other	-	-	3,200	852	
Total revenues	301,703	574,418	1,309,985	2,186,106	\$1,783,486
Expenditures:					
Current:					
General government	17,052	-	52,077	58,101	
Public safety	7,082	-	7,082	13,571	
Public works	183,734	-	183,734	142,712	
Parks and recreation	148,765	-	12,631	187,721	
Housing and development	155,116	-	-	117,902	
Capital outlay:					
General government	-	-	8,201	168,176	
Public safety	-	-	256,053	150,645	
Public works	-	-	38,675	67,831	
Debt service:					
Principal	-	440,000	-	635,000	
Interest	-	97,603	2,659	113,459	
Paying agent fees	-	949	-	812	
Professional service	-	-	-	1,219	
Construction/acquisition costs	-	-	-	620,137	
Total expenditures	328,015	538,552	554,030	2,277,286	
Revenues over (under) expenditures	(26,312)	35,866	755,955	(493,800)	
Other financing sources:					
Sale of capital assets	-	-	15,186	25,860	
Transfers in	81,800	-	813,928	958,017	
Transfers out	(25,000)	-	(192,210)	(753,585)	
Total other financing sources	56,800	0	636,904	230,292	
Net change in fund balance	30,488	35,866	1,392,859	(263,508)	
Fund balance (deficit) - January 1	77,040	870,095	552,910	1,763,553	
Fund balance (deficit) - December 31	\$107,528	\$905,961	\$1,945,769	\$1,500,045	

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CITY OF ST. ANTHONY, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2016
 With Comparative Totals For The Year Ended December 31, 2015

	Totals			
	Recycling Fund	HRA Fund	Fire Education / Training Fund	Nonmajor Special Revenue Funds
	2016	2015	2016	2015
	\$18,444	\$ -	\$4,513	\$17,687
	138	1,169	-	2,157
	-	1,608	-	1,584
	-	1,098	-	-
	-	-	1,063	-
	-	43,765	-	71,941
	<u>\$18,582</u>	<u>\$47,640</u>	<u>\$4,513</u>	<u>\$93,369</u>
	\$256	\$729	\$ -	\$12,724
	-	51,333	-	-
	-	-	-	673
	-	1,552	-	1,348
	<u>256</u>	<u>53,614</u>	<u>0</u>	<u>14,745</u>
	-	1,608	-	1,584
	<u>0</u>	<u>1,608</u>	<u>0</u>	<u>1,584</u>
	138	1,169	-	2,157
	-	-	1,500	31,694
	18,188	43,765	-	94,107
	-	-	3,013	25,348
	<u>18,326</u>	<u>(52,516)</u>	<u>-</u>	<u>(76,266)</u>
	<u>18,326</u>	<u>(7,582)</u>	<u>4,513</u>	<u>77,040</u>
	<u>\$18,582</u>	<u>\$47,640</u>	<u>\$4,513</u>	<u>\$93,369</u>

Revenues:				
General property taxes		\$ -		\$ -
Intergovernmental:				
Local - other				
Charges for services:				
Administrative fees			125,000	
Rental receipts				9,810
Fines and forfeits				418
Investment income			859	
Refunds and reimbursements				
Total revenues		<u>125,859</u>		<u>10,228</u>
Expenditures:				
Current:				
General government				-
Public safety				3,760
Parks and recreation		148,765		
Housing and development				
Total expenditures		<u>148,765</u>		<u>3,760</u>
Revenues over (under) expenditures		<u>(22,906)</u>		<u>6,468</u>
Other financing sources (uses):				
Transfers in		81,800		-
Transfers out		(25,000)		-
Total other financing sources (uses)		<u>56,800</u>		<u>0</u>
Net change in fund balance		<u>33,894</u>		<u>6,468</u>
Fund balance (deficit) - January 1		<u>25,762</u>		<u>26,147</u>
Fund balance (deficit) - December 31		<u>\$59,656</u>		<u>\$32,615</u>

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CITY OF ST. ANTHONY, MINNESOTA
 SUBCOMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 December 31, 2016
 With Comparative Totals For December 31, 2015

	Totals		
	Recycling Fund	HRA Fund	Fire Education / Training Fund
		Nonmajor Special Revenue Funds	2015
		2016	
\$ -	\$138,346	\$ -	\$130,313
20,768	-	-	21,327
2,636	-	3,623	7,127
-	-	-	125,000
-	-	9,810	5,721
182	-	61	960
-	-	-	2,372
<u>23,586</u>	<u>138,346</u>	<u>3,684</u>	<u>292,820</u>
17,052	-	-	18,793
-	-	3,322	13,571
-	-	-	148,765
-	-	-	169,134
-	-	-	117,902
<u>17,052</u>	<u>155,116</u>	<u>3,322</u>	<u>319,400</u>
6,534	(16,770)	362	(26,580)
-	-	-	81,800
-	-	-	(25,000)
<u>0</u>	<u>0</u>	<u>0</u>	<u>207,830</u>
6,534	(16,770)	362	181,250
11,792	9,188	4,151	(104,210)
<u>\$18,326</u>	<u>(\$7,582)</u>	<u>\$4,513</u>	<u>\$77,040</u>

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CITY OF ST. ANTHONY, MINNESOTA
 SUBCOMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 December 31, 2016
 With Comparative Totals For December 31, 2015

	Totals		
	Public Facilities Revenue Bonds	Tax Abatement Fund	HSIP Tax Abatement Fund
		Nonmajor Debt Service Funds	2015
		2016	
Assets			
Cash and investments	\$657,559	\$245,304	\$ -
Property taxes receivable:			\$872,735
Delinquent	5,435	2,159	-
Due from county	2,599	1,039	7,564
			-
Total assets	<u>\$665,593</u>	<u>\$248,502</u>	<u>\$880,299</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities:			
Accounts payable	\$90	\$ -	\$450
Due to other governments	-	-	-
Total liabilities	<u>90</u>	<u>0</u>	<u>450</u>
Deferred inflows of resources:			
Unavailable revenue	5,435	2,159	-
Total deferred inflows of resources	<u>5,435</u>	<u>2,159</u>	<u>7,564</u>
Fund balance:			
Restricted	660,068	246,343	-
Unassigned	-	-	(450)
Total fund balance (deficit)	<u>660,068</u>	<u>246,343</u>	<u>905,961</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$665,593</u>	<u>\$248,502</u>	<u>\$880,299</u>

CITY OF ST. ANTHONY, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
 December 31, 2016
 With Comparative Totals For December 31, 2015

	Revolving Improvement	Park Improvement
Assets		
Cash and investments	\$ -	\$164,151
Due from other governmental units	1,053,004	-
Accounts receivable	-	-
Prepays	-	-
Property taxes receivable:		
Delinquent	-	-
Due from county	-	-
Special assessment receivable	24,217	-
Total assets	\$1,077,221	\$164,151
Liabilities, Deferred Inflows of Resources, and Fund Balance		
Liabilities:		
Accounts payable	\$90,679	-
Interfund payable	23,265	-
Interfund loan payable	44,960	-
Due to other governments	-	-
Total liabilities	158,904	0
Deferred inflows of resources:		
Unavailable revenue	24,217	-
Total deferred inflows of resources	24,217	0
Fund balance (deficit):		
Nonspendable	-	164,151
Assigned	894,100	-
Unassigned	-	-
Total fund balance (deficit)	894,100	164,151
Total liabilities, deferred inflows of resources, and fund balance	\$1,077,221	\$164,151

CITY OF ST. ANTHONY, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR DEBT SERVICE FUNDS
 For The Year Ended December 31, 2016
 With Comparative Totals For The Year Ended December 31, 2015

	Totals		
	Public Facilities Revenue Bonds	Tax Abatement Fund	HSIP Tax Abatement
Revenues:			
General property taxes	\$381,273	\$152,698	\$ -
Intergovernmental:			
Local:			
ISD - tax abatement	-	32,511	-
Charges for services	6,059	-	-
Investment income	1,877	-	-
Total revenues	387,332	187,086	0
Expenditures:			
Debt service:			
Principal	300,000	140,000	-
Interest	61,640	35,963	-
Paying agent fees	328	171	450
Professional service	-	-	-
Total expenditures	361,968	176,134	450
Revenues over (under) expenditures	25,364	10,952	(450)
Other financing sources (uses):			
Transfers out	-	-	-
Net change in fund balance	25,364	10,952	(450)
Fund balance - January 1	634,704	235,391	-
Fund balance - December 31	\$660,068	\$246,343	(\$450)
	\$905,961	\$870,095	\$870,095

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CITY OF ST. ANTHONY, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECT FUNDS
For The Year Ended December 31, 2016
With Comparative Totals For The Year Ended December 31, 2015

	Capital Equipment Fund	Building Improvement Fund	Totals	
	2016	2015	2016	2015
Revenues:				
General property taxes	\$690,574	\$175,689	\$1,030,414	\$595,727
Intergovernmental:				
State	-	-	1,053,004	9,841
Other - local participation	-	34,746	34,746	17,367
Special assessments	913	549	1,462	646
Charges for services:	518	437	955	-
Service charges	-	-	24,217	27,245
Investment income	-	-	-	-
Contributions and donations	-	-	-	-
Refunds and reimbursements	-	-	-	-
Army settlement	-	99	99	-
Other	-	-	-	-
Total revenues	\$692,005	\$211,421	\$2,144,798	\$650,826
Expenditures:				
General government:				
Materials and supplies	\$14,446	-	\$105,125	\$19,243
Contractual services	-	-	23,265	-
Capital outlay	-	-	44,960	50,580
Public safety:				
Capital outlay	14,446	0	173,350	202
Public works:				
Materials and supplies	913	549	25,679	27,891
Contractual services	913	549	25,679	27,891
Capital outlay	-	-	-	-
Parks and recreation:				
Materials and supplies	-	34,746	34,746	-
Debt service:				
Interest	676,646	176,126	1,911,023	552,910
Construction/acquisition costs	676,646	210,872	1,945,769	552,910
Total expenditures	\$692,005	\$211,421	\$2,144,798	\$650,826
Revenues over (under) expenditures				
Other financing sources:				
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	0	0	0	0
Net change in fund balance	-	-	-	-
Fund balance (deficit) - January 1	-	-	-	-
Fund balance (deficit) - December 31	-	-	-	-

	Revolving Improvement	Park Improvement
Revenues:		
General property taxes	\$ -	\$ -
Intergovernmental:		
State	1,053,004	-
Other - local participation	4,477	-
Special assessments	-	-
Charges for services:		
Service charges	1,594	1,500
Investment income	-	2,514
Contributions and donations	-	-
Refunds and reimbursements	99	-
Army settlement	-	-
Other	-	-
Total revenues	1,059,174	4,014
Expenditures:		
General government:		
Materials and supplies	-	-
Contractual services	-	-
Capital outlay	-	-
Public safety:		
Capital outlay	-	-
Public works:		
Materials and supplies	171,725	-
Contractual services	-	-
Capital outlay	-	-
Parks and recreation:		
Materials and supplies	-	12,631
Debt service:		
Interest	2,659	-
Construction/acquisition costs	-	-
Total expenditures	174,384	12,631
Revenues over (under) expenditures	884,790	(8,617)
Other financing sources:		
Sale of capital assets	-	-
Transfers in	-	-
Transfers out	(192,210)	-
Total other financing sources	(192,210)	0
Net change in fund balance	692,580	(8,617)
Fund balance (deficit) - January 1	201,520	172,768
Fund balance (deficit) - December 31	\$894,100	\$164,151

Statement 26
CITY OF ST. ANTHONY, MINNESOTA
SPECIAL REVENUE FUND - 601 COMMUNITY CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For The Year Ended December 31, 2016
 With Comparative Actual Amounts For The Year Ended December 31, 2015

	2016		2015	
	Budgeted Amounts	Actual	Budgeted Amounts	Actual
	Original	Final	Original	Actual
Revenues:				
Charges for services:				
Rental receipts	\$125,000	\$125,000	\$125,000	\$125,000
Investment income	150	150	859	430
Total revenues	125,150	125,150	125,859	125,430
Expenditures:				
Parks and recreation:				
Current:				
Personal services	16,066	16,066	15,002	14,281
Supplies	3,053	3,053	2,579	3,489
Contractual services	155,146	155,146	131,184	151,364
Total expenditures	174,265	174,265	148,765	169,134
Revenues over (under) expenditures	(49,115)	(49,115)	(22,906)	(43,704)
Other financing sources:				
Transfer in	81,800	81,800	81,800	78,650
Transfer out	(25,000)	(25,000)	(25,000)	(25,000)
Total other financing sources (uses)	56,800	56,800	56,800	53,650
Net change in fund balance	\$7,685	\$7,685	33,894	9,946
Fund balance - January 1			25,762	15,816
Fund balance - December 31			\$59,656	\$25,762

Statement 25
CITY OF ST. ANTHONY, MINNESOTA
SPECIAL REVENUE FUND - 601 COMMUNITY CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For The Year Ended December 31, 2016
 With Comparative Actual Amounts For The Year Ended December 31, 2015

	2016		2015	
	Capital Equipment Fund	Building Improvement Fund	Nonmajor Capital Project Funds	Totals
Capital Equipment Fund	\$79,825	\$72,075	\$151,900	\$48,996
	-	-	1,053,004	626,550
	-	-	4,477	8,126
	-	-	1,500	182,768
	8,932	2,693	15,733	13,273
	2,500	-	2,500	12,500
	-	-	99	23,460
	77,572	-	77,572	852
	3,200	-	3,200	852
	172,029	74,768	1,309,985	916,525
Building Improvement Fund	52,077	-	52,077	39,308
	-	-	-	168,176
	8,201	-	8,201	150,645
	196,202	59,851	256,053	33,086
	-	12,009	12,009	109,626
	-	-	171,725	67,831
	38,675	-	38,675	18,587
	-	-	12,631	2,955
	-	-	2,659	620,137
	295,155	71,860	354,030	1,210,351
	(123,126)	2,908	755,955	(293,826)
Nonmajor Capital Project Funds	15,186	-	15,186	25,860
	607,653	206,275	813,928	725,187
	-	-	(192,210)	(723,422)
	622,839	206,275	636,904	27,625
	499,713	209,183	1,392,859	(266,201)
	176,933	1,689	552,910	819,111
	\$676,646	\$210,872	\$1,945,769	\$552,910

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CITY OF ST. ANTHONY, MINNESOTA
SPECIAL REVENUE FUND - 230 POLICE FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For The Year Ended December 31, 2016
 With Comparative Actual Amounts For The Year Ended December 31, 2015

	2016		2015	
	Budgeted Amounts	Actual	Budgeted Amounts	Actual
	Original	Final	Original	Actual
Revenues:				
Forfeiture and confiscation	\$6,500	\$6,500	\$9,810	\$5,721
Investment income	250	250	418	362
Total revenues	6,750	6,750	10,228	6,083
Expenditures:				
Public safety:				
Current:				
Supplies	3,010	3,010	857	11,108
Other services and charges	4,710	4,710	2,903	-
Total expenditures	7,720	7,720	3,760	11,108
Revenues over (under) expenditures	(\$970)	(\$970)	6,468	(5,025)
Fund balance - January 1			26,147	31,172
Fund balance - December 31			\$32,615	\$26,147

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CITY OF ST. ANTHONY, MINNESOTA
SPECIAL REVENUE FUND - 225 RECYCLING FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For The Year Ended December 31, 2016
 With Comparative Actual Amounts For The Year Ended December 31, 2015

	2016		2015	
	Budgeted Amounts	Actual	Budgeted Amounts	Actual
	Original	Final	Original	Actual
Revenues:				
Intergovernmental:				
Hennepin County recycling grant	\$21,329	\$21,329	\$20,768	\$21,327
Charges for services	3,500	3,500	2,636	3,465
Investment income	50	50	182	125
Total revenues	24,879	24,879	23,586	24,917
Expenditures:				
General government:				
Current:				
Personal services	8,978	8,978	8,764	7,754
Other services and charges	12,322	12,322	8,288	11,039
Total expenditures	21,300	21,300	17,052	18,793
Revenues over expenditures	\$3,579	\$3,579	6,534	6,124
Fund balance (deficit) - January 1			11,792	5,668
Fund balance (deficit) - December 31			\$18,326	\$11,792

Statement 29
CITY OF ST. ANTHONY, MINNESOTA
SPECIAL REVENUE FUND - 301 HRA FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For The Year Ended December 31, 2016
 With Comparative Actual Amounts For The Year Ended December 31, 2015

	2016		2015
	Budgeted Amounts	Actual	
	Original	Final	Actual
Revenues:			
General property taxes	\$140,170	\$140,170	\$130,313
Refunds and reimbursements	2,500	2,500	2,372
Total revenues	142,670	142,670	132,685
Expenditures:			
Housing and redevelopment:			
Current:			
Personal services	104,138	104,138	99,041
Contractual services	19,850	19,850	18,861
Total expenditures	123,988	123,988	117,902
Revenues over (under) expenditures	18,682	18,682	14,783
Other financing sources:			
Transfer in	-	-	154,180
Net change in fund balance	\$18,682	\$18,682	168,963
Fund balance (deficit) - January 1		9,188	(159,775)
Fund balance (deficit) - December 31		(\$7,582)	\$9,188

Statement 30
CITY OF ST. ANTHONY, MINNESOTA
SPECIAL REVENUE FUND - 240 FIRE EDUCATION / TRAINING FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For The Year Ended December 31, 2016
 With Comparative Actual Amounts For The Year Ended December 31, 2015

	2016		2015
	Budgeted Amounts	Actual	
	Original	Final	Actual
Revenues:			
Charges for services	\$3,000	\$3,000	\$3,662
Investment income	25	25	43
Total revenues	3,025	3,025	3,705
Expenditures:			
Public safety:			
Current:			
Personal services	1,400	1,400	1,420
Materials and supplies	1,424	1,424	1,043
Total expenditures	2,824	2,824	2,463
Revenues over expenditures	\$201	\$201	1,242
Fund balance - January 1			2,909
Fund balance - December 31			\$4,151

CITY OF ST. ANTHONY, MINNESOTA
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND
 For The Year Ended December 31, 2016

Statement 31

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Developer Deposits				
Assets:				
Cash and investments	(\$4,122)	\$80,480	(\$61,322)	\$15,036
Accounts receivable - net	4,122	86,176	(86,842)	3,456
Total assets	\$ -	\$166,656	(\$148,164)	\$18,492
Liabilities:				
Deposits payable	\$ -	\$18,492	\$ -	\$18,492

CITY OF ST. ANTHONY, MINNESOTA
 BALANCE SHEET
 STREET IMPROVEMENT DEBT SERVICE FUND
 December 31, 2016
 With Comparative Totals For December 31, 2015

	Prior to 2008 Street Improvement Bonds Fund	2008 Street Improvement Bond Fund	2009 Street Improvement Bond Fund	2010 Street Improvement Bond Fund	2011 Street Improvement Bond Fund
Assets					
Cash and investments	\$1,773,577	\$160,643	\$329,110	\$154,125	\$388,961
Property taxes receivable:					
Delinquent	11,329	2,177	2,320	1,556	1,876
Due from county	5,990	989	1,220	1,117	862
Special assessments receivable	232,014	-	116,443	34,641	104,356
Total assets	\$2,022,910	\$163,809	\$449,093	\$191,439	\$496,055
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$7,050	\$ -	\$ -	\$ -	\$450
Due to other governmental units	-	-	-	-	-
Total liabilities	7,050	0	0	0	450
Deferred inflows of resources:					
Unavailable revenue	243,343	2,177	116,150	36,197	106,233
Total deferred inflows of resources	243,343	2,177	116,150	36,197	106,233
Fund balance (deficit):					
Restricted	1,772,517	161,632	332,943	155,242	389,372
Total fund balance (deficit)	1,772,517	161,632	332,943	155,242	389,372
Total liabilities, deferred inflows of resources, and fund balance (deficit)	\$2,022,910	\$163,809	\$449,093	\$191,439	\$496,055

CITY OF ST. ANTHONY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
STREET IMPROVEMENT DEBT SERVICE FUND
 For The Year Ended December 31, 2016
 With Comparative Totals For The Year Ended December 31, 2015

	Prior to 2008 Street Improvement Bonds Fund	2008 Street Improvement Bond Fund	2009 Street Improvement Bond Fund	2010 Street Improvement Bond Fund	2011 Street Improvement Bond Fund
Revenues:					
General property taxes	\$754,860	\$142,693	\$144,146	\$109,915	\$124,843
Special assessments	303,390	-	22,088	4,270	14,977
Investment income	15,262	1,022	3,186	1,238	4,574
Total revenues	1,073,512	143,715	169,420	115,423	144,394
Expenditures:					
Debt service:					
Principal	905,000	135,000	160,000	80,000	115,000
Interest	96,483	28,275	64,618	32,492	54,575
Paying agent fees	8,683	586	400	400	747
Professional service	316	-	278	292	6,771
Issuance costs	-	-	-	-	-
Total expenditures	1,010,482	163,861	225,296	113,184	177,093
Revenues over (under) expenditures	63,030	(20,146)	(55,876)	2,239	(32,699)
Other financing sources (uses):					
Bonds issued	150,000	-	-	-	-
Transfers in	150,000	0	25,000	0	0
Total other financing sources (uses)	300,000	0	25,000	0	0
Net change in fund balance	213,030	(20,146)	(30,876)	2,239	(32,699)
Fund balance (deficit) - January 1	1,559,487	181,778	363,819	153,003	422,071
Fund balance (deficit) - December 31	\$1,772,517	\$161,632	\$332,943	\$155,242	\$389,372

Exhibit 1

	2012 Street Improvement Bond Fund	2013 Street Improvement Bond Fund	2014 Street Improvement Bond Fund	2015 Street Improvement Bond Fund	2016 Street Improvement Bond Fund	Street Improvement Debt Service Funds 2015
	\$337,341	\$384,394	\$185,721	\$243,546	\$53,818	\$3,693,186
	1,762	1,088	1,575	1,400	-	24,387
	1,060	477	978	1,109	-	2,299
	280,849	140,413	208,171	300,347	239,064	1,838,071
	\$621,012	\$526,372	\$396,445	\$546,402	\$292,882	\$5,557,943
	\$90	\$-	\$450	\$1,450	\$450	\$774
	90	0	450	1,450	450	6,227
	282,611	141,502	209,746	301,747	239,064	1,861,831
	282,611	141,502	209,746	301,747	239,064	1,861,831
	338,311	384,870	186,249	243,205	53,368	3,689,111
	338,311	384,870	186,249	243,205	53,368	3,689,111
	\$621,012	\$526,372	\$396,445	\$546,402	\$292,882	\$5,557,943

CITY OF ST. ANTHONY, MINNESOTA
 BALANCE SHEET
 HRA TIF DEBT SERVICE FUND
 December 31, 2016
 With Comparative Totals For December 31, 2015

Exhibit 2

	2016 Street Improvement Bond Fund				2015 Street Improvement Bond Fund				2014 Street Improvement Bond Fund				2013 Street Improvement Bond Fund				2012 Street Improvement Bond Fund			
	2016		2015		2016		2015		2016		2015		2016		2015		2016		2015	
Cash and investments	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accounts receivable	33,275	33,275	33,275	33,275	33,275	33,275	33,275	33,275	33,275	33,275	33,275	33,275	33,275	33,275	33,275	33,275	33,275	33,275	33,275	33,275
Total assets	\$1,800,740	\$1,755,161	\$1,800,740	\$1,755,161	\$1,800,740	\$1,755,161	\$1,800,740	\$1,755,161	\$1,800,740	\$1,755,161	\$1,800,740	\$1,755,161	\$1,800,740	\$1,755,161	\$1,800,740	\$1,755,161	\$1,800,740	\$1,755,161	\$1,800,740	\$1,755,161
Liabilities, Deferred Inflows of Resources, and Fund Balance	1,765,000	2,870,000	1,765,000	2,870,000	1,765,000	2,870,000	1,765,000	2,870,000	1,765,000	2,870,000	1,765,000	2,870,000	1,765,000	2,870,000	1,765,000	2,870,000	1,765,000	2,870,000	1,765,000	2,870,000
Accounts payable	471,137	477,386	471,137	477,386	471,137	477,386	471,137	477,386	471,137	477,386	471,137	477,386	471,137	477,386	471,137	477,386	471,137	477,386	471,137	477,386
Total liabilities	13,260	4,940	13,260	4,940	13,260	4,940	13,260	4,940	13,260	4,940	13,260	4,940	13,260	4,940	13,260	4,940	13,260	4,940	13,260	4,940
Fund balance: Restricted	8,901	15,752	8,901	15,752	8,901	15,752	8,901	15,752	8,901	15,752	8,901	15,752	8,901	15,752	8,901	15,752	8,901	15,752	8,901	15,752
Total liabilities, deferred inflows of resources, and fund balance	2,258,748	3,368,555	2,258,748	3,368,555	2,258,748	3,368,555	2,258,748	3,368,555	2,258,748	3,368,555	2,258,748	3,368,555	2,258,748	3,368,555	2,258,748	3,368,555	2,258,748	3,368,555	2,258,748	3,368,555
	112,860	(1,235,015)	112,860	(1,235,015)	112,860	(1,235,015)	112,860	(1,235,015)	112,860	(1,235,015)	112,860	(1,235,015)	112,860	(1,235,015)	112,860	(1,235,015)	112,860	(1,235,015)	112,860	(1,235,015)
	20,738	43,982	20,738	43,982	20,738	43,982	20,738	43,982	20,738	43,982	20,738	43,982	20,738	43,982	20,738	43,982	20,738	43,982	20,738	43,982
	195,000	228,982	195,000	228,982	195,000	228,982	195,000	228,982	195,000	228,982	195,000	228,982	195,000	228,982	195,000	228,982	195,000	228,982	195,000	228,982
	215,738	272,964	215,738	272,964	215,738	272,964	215,738	272,964	215,738	272,964	215,738	272,964	215,738	272,964	215,738	272,964	215,738	272,964	215,738	272,964
	53,368	(962,051)	53,368	(962,051)	53,368	(962,051)	53,368	(962,051)	53,368	(962,051)	53,368	(962,051)	53,368	(962,051)	53,368	(962,051)	53,368	(962,051)	53,368	(962,051)
	3,689,111	4,651,162	3,689,111	4,651,162	3,689,111	4,651,162	3,689,111	4,651,162	3,689,111	4,651,162	3,689,111	4,651,162	3,689,111	4,651,162	3,689,111	4,651,162	3,689,111	4,651,162	3,689,111	4,651,162
	\$4,017,709	\$3,689,111	\$4,017,709	\$3,689,111	\$4,017,709	\$3,689,111	\$4,017,709	\$3,689,111	\$4,017,709	\$3,689,111	\$4,017,709	\$3,689,111	\$4,017,709	\$3,689,111	\$4,017,709	\$3,689,111	\$4,017,709	\$3,689,111	\$4,017,709	\$3,689,111

Exhibit 3

	2016		2015	
	2016	2015	2016	2015
2015B G.O Tax Increment Refunding Bonds	\$5,717	\$4,779	\$5,717	\$4,779
2014B G.O Tax Increment Refunding Bonds	-	-	-	-
Total	\$5,717	\$4,779	\$5,717	\$4,779
HRA TIF Debt Service Fund Totals	\$10,496	\$10,496	\$10,496	\$10,496
	\$	\$	\$	\$
Accounts payable	0	0	0	0
Total liabilities	0	0	0	0
Fund balance: Restricted	5,717	4,779	5,717	4,779
Total liabilities, deferred inflows of resources, and fund balance	\$5,717	\$4,779	\$5,717	\$4,779
	\$10,496	\$10,496	\$10,496	\$10,496
	\$12,649	\$12,649	\$12,649	\$12,649
	4,097	4,097	4,097	4,097
	\$16,746	\$16,746	\$16,746	\$16,746

CITY OF ST. ANTHONY, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 HRA TIF DEBT SERVICE FUND
 For The Year Ended December 31, 2016
 With Comparative Totals For The Year Ended December 31, 2015

Exhibit 4

	2015B G.O. Tax Increment	2014B G.O. Tax Increment	HRA TIF Debt Service Fund Totals
	Refunding Bonds	Refunding Bonds	2016
			2015
Revenues:			
Investment income	\$86	\$111	\$63
Total revenues	86	111	63
Expenditures:			
Debt service:			
Principal	245,000	170,000	245,000
Interest and other	58,733	97,325	336,268
Paying agent fees	292	292	4,634
Professional service	7,438	-	7,438
Bond issuance costs	-	-	84,152
Total expenditures	311,463	267,617	679,080
Revenues over (under) expenditures	(311,377)	(267,506)	(669,991)
Other financing sources (uses):			
Refunding bonds issued	-	-	4,310,000
Premium on debt issued	-	-	110,659
Payment to refunded bond escrow agent	-	-	(4,332,935)
Transfers in	310,233	263,825	587,200
Total other financing sources (uses)	310,233	263,825	674,924
Net change in fund balance	(1,144)	(3,681)	4,933
Fund balance - January 1	6,861	8,460	15,321
Fund balance - December 31	\$5,717	\$4,779	\$10,496
			\$15,321

CITY OF ST. ANTHONY, MINNESOTA
 BALANCE SHEET
 HRA TIF IMPROVEMENTS FUND
 December 31, 2016
 With Comparative Totals For December 31, 2015

Exhibit 5

Assets	Tax Increment Financing Districts			Eliminations	HRA TIF Improvements Total	
	Chandler Place	Apache (Wal-Mart)	Apache (Cub Foods)		2016	2015
Cash and investments	\$77,880	\$1,271,569	\$499,707	\$ -	\$1,849,156	\$1,360,351
Interfund loan receivable	646,850	-	722,566	(1,369,416)	-	-
Property taxes receivable:						
Delinquent	-	48,470	-	-	48,470	69,656
Due from county	-	20,134	-	-	20,134	4,138
Total assets	\$724,730	\$1,340,173	\$1,222,273	(\$1,369,416)	\$1,917,760	\$1,434,145
Liabilities, Deferred Inflows of Resources, and Fund Balance						
Liabilities:						
Accounts payable	\$ -	\$603,724	\$ -	\$ -	\$603,724	\$233,057
Interfund loans payable	-	2,328,742	-	(1,369,416)	959,326	959,326
Total liabilities	0	2,932,466	0	(1,369,416)	1,563,050	1,192,383
Deferred inflows of resources:						
Unavailable revenue	-	48,470	-	-	48,470	69,656
Total deferred inflows of resources	0	48,470	0	0	48,470	69,656
Fund balance (deficit):						
Restricted	724,730	-	1,222,273	-	1,947,003	1,885,568
Unassigned	-	(1,640,763)	-	-	(1,640,763)	(1,713,462)
Total fund balance (deficit)	724,730	(1,640,763)	1,222,273	0	306,240	172,106
Total liabilities, deferred inflows of resources, and fund balance (deficit)	\$724,730	\$1,340,173	\$1,222,273	(\$1,369,416)	\$1,917,760	\$1,434,145

CITY OF ST. ANTHONY, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 HRA TIF IMPROVEMENTS FUND
 For The Year Ended December 31, 2016
 With Comparative Totals For The Year Ended December 31, 2015

Exhibit 6

	Tax Increment Financing Districts			HRA TIF Improvements Totals	
	Chandler Place	Apache (Wal-Mart)	Apache (Cub Foods)	2016	2015
Revenues:					
Tax increment collections	\$ -	\$ 1,476,275	\$ -	\$ 1,476,275	\$ 1,106,582
Investment income	26,685	8,808	35,946	71,439	66,122
Total revenues	26,685	1,485,083	35,946	1,547,714	1,172,704
Expenditures:					
General government:					
Other	-	15,812	-	15,812	15,559
Housing and redevelopment	557	-	639	1,196	1,392
Debt service:					
Interest	-	93,150	-	93,150	93,149
Construction/acquisition costs	-	101,725	-	101,725	-
Developer incentives	-	627,639	-	627,639	475,886
Total expenditures	557	838,326	639	839,522	585,986
Revenues over expenditures	26,128	646,757	35,307	708,192	586,718
Other financing sources (uses):					
Transfers out	-	(574,058)	-	(574,058)	(587,200)
Net change in fund balance	26,128	72,699	35,307	134,134	(482)
Fund balance - January 1	698,602	(1,713,462)	1,186,966	172,106	172,588
Fund balance (deficit) - December 31	\$724,730	(\$1,640,763)	\$1,222,273	\$306,240	\$172,106

CITY OF ST. ANTHONY, MINNESOTA
 BALANCE SHEET
 STREET IMPROVEMENT PROJECT FUND
 December 31, 2016
 With Comparative Totals For The Year Ended December 31, 2015

Exhibit 7

	2014 Street Improvement Fund	2015 Street Improvement Fund	2016 Street Improvement Fund	2017 Street Improvement Fund	Total Street Improvement Project Fund	
					2016	2015
Assets						
Cash and investments	\$2,167	\$194,544	\$1,036,276	\$ -	\$1,232,987	\$367,197
Due from other governmental units	-	-	392,228	-	392,228	144,803
Prepays	-	-	20,000	-	20,000	-
Total assets	\$2,167	\$194,544	\$1,448,504	\$0	\$1,645,215	\$512,000
Liabilities, Deferred Inflows of Resources, and Fund Balance						
Liabilities:						
Accounts payable	\$ -	\$1,162	\$12,436	\$63,902	\$77,500	\$216,806
Contracts payable	-	44,333	303,020	-	347,353	153,565
Interfund payable	-	-	-	94,602	94,602	414,064
Total liabilities	0	45,495	315,456	158,504	519,455	784,435
Fund balance (deficit):						
Nonspendable	-	-	20,000	-	20,000	-
Assigned	2,167	149,049	1,113,048	(158,504)	1,105,760	(272,435)
Unassigned	-	-	-	-	-	(272,435)
Total fund balance (deficit)	2,167	149,049	1,133,048	(158,504)	1,125,760	(272,435)
Total liabilities, deferred inflows of resources, and fund balance (deficit)	\$2,167	\$194,544	\$1,448,504	\$0	\$1,645,215	\$512,000

CITY OF ST. ANTHONY, MINNESOTA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION
WATER/SEWER/WATER PLANT ENTERPRISE FUND
 For The Year Ended December 31, 2016
 With Comparative Totals For The Year Ended December 31, 2015

Exhibit 8

	Operations			Totals
	Water	Sewer	2015	
Operating revenues:				
Charges for services	\$917,927	\$1,005,329	\$1,923,256	\$1,844,850
Connection charges	7,650	7,650	15,300	9,130
Total operating revenues	925,577	1,012,979	1,938,556	1,853,980
Operating expenses:				
Personal services	514,680	298,247	812,927	785,143
Supplies	65,393	9,349	74,742	65,062
Contracted services and other	80,339	18,527	98,866	156,947
Treatment charges (MCEs)	-	576,237	576,237	593,381
Other	127,257	28,389	155,646	168,714
Depreciation	246,037	86,362	332,399	308,359
Total operating expenses	1,033,706	1,017,111	2,050,817	2,077,606
Operating income (loss)	(\$108,129)	(\$4,132)	(112,261)	(223,626)
Nonoperating revenues (expenses):				
Investment income		23,907	23,907	82,393
Interest expense		(17,688)	(17,688)	(19,984)
Fees and cost of issuance		(1,292)	(1,292)	(742)
Refunds and reimbursements		50	50	45,655
Army settlement		130,932	130,932	-
Gain on sale of assets		1,350	1,350	-
Miscellaneous income		8,750	8,750	16,391
Total nonoperating revenues (expenses)		146,009	146,009	123,713
Income (loss) before capital contributions and transfers		33,748	33,748	(99,913)
Capital contributions and transfers:				
Capital contributions		819,779	819,779	677,200
Transfers out		(2,711,836)	(2,711,836)	(185,564)
Total capital contributions and transfers		(1,892,057)	(1,892,057)	491,636
Change in net position		(1,858,309)	(1,858,309)	391,723
Net position - January 1		9,884,913	9,884,913	9,493,190
Net position - December 31		\$8,026,604	\$8,026,604	\$9,884,913

CITY OF ST. ANTHONY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
STREET IMPROVEMENT PROJECT FUND
 For The Year Ended December 31, 2016
 With Comparative Totals For The Year Ended December 31, 2015

Exhibit 8

	Total Street Improvement Project Fund			
	2014 Street Improvement Fund	2015 Street Improvement Fund	2016 Street Improvement Fund	2017 Street Improvement Fund
Revenues:				
Intergovernmental	\$ -	(\$11,585)	\$214,020	\$ -
Special assessments	-	31,125	31,125	-
Investment income	-	4,025	1,830	-
Refunds and reimbursement	-	(7,560)	1,094,828	-
Total revenues	0	(7,560)	1,341,803	0
Expenditures:				
Debt services:				
Issuance costs	-	-	79,844	-
Construction/acquisition costs	285	118,866	2,527,296	158,504
Total expenditures	285	118,866	2,607,140	158,504
Revenues over (under) expenditures	(285)	(126,426)	(1,265,337)	(158,504)
Other financing sources (uses):				
Bonds issued	-	2,879,262	-	2,536,018
Premium on debt issued	-	69,485	-	78,034
Transfers in	-	-	-	100,000
Transfers out	-	-	-	(191,319)
Total other financing sources (uses)	0	2,948,747	0	2,948,747
Net change in fund balance	(285)	(126,426)	1,683,410	(158,504)
Fund balance (deficit) - January 1	2,452	275,475	(550,362)	-
Fund balance (deficit) - December 31	\$2,167	\$149,049	\$1,133,048	(\$158,504)

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

Table 1

	Fiscal Year										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:											
Net invested in capital assets	\$9,108,004	\$12,640,902	\$13,372,903	\$12,367,934	\$14,098,233	\$15,334,754	\$15,182,974	\$16,217,013	\$14,953,582	\$16,604,121	\$10,024,670
Restricted for:											
Debt service	6,541,771	3,328,881	2,327,517	6,782,289	4,372,871	4,263,706	4,741,115	3,347,895	5,717,140	6,147,172	6,282,913
Redevelopment activity					34,320	16,281	21,521	21,528	23,471	19,283	25,634
Public safety	42,994	53,908	63,701	60,985	(1,339,821)	(6,338,682)	(5,566,910)	(5,239,277)	(9,513,189)	(10,391,885)	1,886,115
Unrestricted	2,287,779	(383,292)	90,615	(3,478,013)							
Total governmental activities net position	\$17,980,548	\$15,540,399	\$15,854,736	\$15,733,195	\$17,165,603	\$13,256,059	\$14,378,700	\$14,347,159	\$11,181,004	\$6,391,102	\$18,219,332
Business-type activities:											
Net invested in capital assets	\$1,822,792	\$2,703,188	\$4,745,674	\$5,017,685	\$4,915,905	\$4,767,233	\$4,523,383	\$5,605,845	\$6,036,192	\$12,143,158	\$14,011,168
Restricted for:											
Debt service	120,000	120,000	120,000	120,000	120,000						
Unrestricted	1,973,533	1,183,416	1,042,856	730,653	615,994	5,642,649	5,814,241	5,965,067	5,570,360	5,649,685	3,171,781
Total business-type activities net position	\$3,916,325	\$4,006,604	\$5,908,530	\$5,868,338	\$5,651,899	\$10,409,882	\$10,337,624	\$11,570,912	\$11,606,552	\$17,792,843	\$17,182,949
Primary government:											
Net invested in capital assets	\$10,930,796	\$15,344,090	\$18,118,577	\$17,385,619	\$19,014,138	\$20,101,987	\$19,706,357	\$21,822,858	\$20,989,774	\$22,747,279	\$24,035,838
Restricted for:											
Debt service	6,661,771	3,348,881	2,447,517	6,902,289	4,492,871	4,263,706	4,741,115	3,347,895	5,717,140	6,147,172	6,282,913
Redevelopment activity					34,320	16,281	21,521	21,528	23,471	19,283	25,634
Public safety	42,994	53,908	63,701	60,985	(1,339,821)	(6,338,682)	(5,566,910)	(5,239,277)	(9,513,189)	(10,391,885)	1,886,115
Unrestricted	4,260,312	800,124	1,133,471	(2,747,360)	(723,827)	(716,033)	247,331	725,790	(3,942,829)	(4,742,200)	5,057,896
Total primary government net position	\$21,896,873	\$19,547,003	\$21,763,266	\$21,601,533	\$22,817,502	\$23,665,941	\$24,716,324	\$25,918,071	\$22,787,556	\$24,183,945	\$35,402,281

Note: GASB 65 was implemented in 2013. Net position was restated for 2012 to reflect the expensing of bond issuance costs in the year of issuance.

Net position for years prior to 2012 was not restated.

Note: GASB 68 was implemented in 2015. Net position was restated for 2014 to reflect the reporting of net pension liability and pension related deferred outflows of resources. Net position for years prior to 2014 was not restated.

Note: The City closed the Stormwater Improvement Capital Project Fund during 2015 and transferred the majority of the net position to the Stormwater Utility Fund.

CITY OF ST. ANTHONY, MINNESOTA
CHANGES IN NET POSITION
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

Table 2
Page 1 of 2

	Fiscal Year										
	2006	2007	2008	2009	2010	2011 ⁽¹⁾	2012	2013 ⁽²⁾	2014	2015	2016
Expenses											
Governmental activities:											
General government	\$1,115,231	\$1,111,240	\$1,231,302	\$1,160,932	\$1,310,199	\$1,052,821	\$1,307,007	\$1,029,147	\$1,116,100	\$1,342,360	\$1,319,451
Public safety	2,461,222	2,359,360	2,656,975	2,937,528	2,898,043	2,971,316	2,971,275	4,488,023	4,644,185	4,757,637	7,053,595
Public works	1,400,951	6,266,350	1,436,309	1,839,163	1,841,083	1,834,066	2,671,918	2,565,860	2,711,291	2,741,411	4,134,783
Parks and recreation	806,512	450,549	416,881	424,590	440,858	457,822	377,689	569,254	608,966	592,892	472,456
Services to other cities	649,625	911,419	940,807	1,026,842	1,016,479	1,039,009	1,039,504	-	-	596,444	793,834
Housing and redevelopment	2,967,835	173,098	536,068	2,534,700	654,145	671,934	649,104	565,303	575,738	845,856	794,584
Interest on long-term debt	1,096,390	1,411,926	1,497,107	1,407,527	1,290,844	1,302,681	1,197,073	1,217,646	1,044,635	-	-
Total governmental activities expenses	10,497,766	12,683,942	8,715,449	11,331,282	9,451,651	9,329,649	10,213,570	10,435,233	10,700,915	10,876,600	14,568,683
Business-type activities:											
Liquor	5,429,222	5,740,169	5,969,076	6,156,097	6,300,985	6,537,271	6,618,975	6,479,809	5,879,240	5,728,876	5,676,892
Water	899,686	775,828	794,433	843,723	826,352	874,099	901,732	859,112	845,396	869,446	1,083,240
Water Filtration and Purification	-	-	-	-	-	132,981	114,337	124,505	239,074	185,964	-
Sewer	736,967	785,491	860,918	932,979	956,635	944,097	1,041,085	1,019,421	1,069,876	1,051,261	1,048,937
Stormwater	-	-	-	-	-	-	-	-	-	-	191,655
Total business-type activities expenses	7,065,875	7,301,488	7,624,427	7,932,799	8,143,972	8,488,448	8,676,129	8,482,847	8,033,586	7,835,547	8,000,724
Total primary government expenses	\$17,563,641	\$19,985,430	\$16,339,876	\$19,264,081	\$17,595,623	\$17,818,097	\$18,889,699	\$18,918,080	\$18,734,501	\$18,712,147	\$22,569,407
Program revenues											
Governmental activities:											
Charges for services:											
Services to other cities	\$747,675	\$1,039,000	\$1,096,200	\$1,156,500	\$1,157,190	\$1,180,334	\$1,192,138	\$-	\$-	\$-	\$-
Other activities	999,142	876,425	841,448	972,456	817,062	803,397	1,067,084	2,506,369	2,374,306	2,414,912	2,212,526
Operating grants and contributions	684,819	609,886	522,542	456,357	475,411	454,841	447,554	585,950	499,538	499,126	10,969,360
Capital grants and contributions	974,678	755,930	1,684,417	1,659,382	992,511	839,137	1,566,565	780,072	1,070,975	1,367,745	1,643,911
Total governmental activities program revenues	3,406,314	3,281,241	4,144,607	4,244,695	3,442,174	3,277,709	4,273,341	3,872,391	3,944,819	4,281,783	14,825,797
Business-type activities:											
Charges for services:											
Liquor	5,814,838	6,187,185	6,359,731	6,611,975	6,826,901	6,995,923	7,139,381	6,908,143	6,078,039	5,893,916	5,822,783
Water	778,979	841,611	812,371	806,987	785,642	798,240	957,824	933,051	879,007	900,412	925,577
Water filtration and purification	-	-	-	-	-	-	-	-	-	-	-
Sewer	776,886	850,260	803,350	776,330	789,872	779,513	877,794	947,632	921,242	953,568	1,012,979
Stormwater	-	-	-	-	-	-	-	-	-	-	192,748
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-	130,932
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-	1,166,747
Total business-type activities program revenues	7,370,703	7,879,056	7,975,452	8,195,292	8,402,415	8,573,676	8,974,999	8,788,826	7,878,288	7,793,551	9,251,766
Total primary government program revenues	\$10,777,017	\$11,160,297	\$12,120,059	\$12,439,987	\$11,844,589	\$11,851,385	\$13,248,340	\$12,661,217	\$11,823,107	\$12,075,334	\$24,077,563

CITY OF ST. ANTHONY, MINNESOTA
CHANGES IN NET POSITION
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	Fiscal Year			
	2006	2007	2008	2009
Net (expense) revenue:				
Governmental activities	(\$7,091,452)	(\$9,402,701)	(\$4,570,842)	(\$7,086,587)
Business-type activities	304,828	577,568	351,025	262,493
Total primary government net (expense) revenue	(6,786,624)	(8,825,133)	(4,219,817)	(6,824,094)
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	\$3,668,503	\$3,968,436	\$4,118,365	\$4,442,708
Tax increment collections	851,309	1,477,929	1,753,559	1,952,704
Grants and contributions	94,470	159,741	88,291	20,918
Unrestricted investment earnings	514,440	698,345	403,426	208,761
Other	96,837	77,745	36,365	16,103
Gain on sale of capital assets	8,730	-	-	3,981
Transfers	485,000	580,356	(1,514,827)	319,871
Total governmental activities	5,719,289	6,962,552	4,885,179	6,965,046
Business-type activities:				
Unrestricted investment earnings	78,638	74,764	18,985	6,833
Other	12,490	18,303	17,089	10,353
Transfers	(485,000)	(580,356)	1,514,827	(319,871)
Total business-type activities	(393,872)	(487,289)	1,550,901	(302,685)
Total primary government	\$5,325,417	\$6,475,263	\$6,436,080	\$6,662,361
Change in net position:				
Governmental activities	(\$1,372,163)	(\$2,440,149)	\$314,337	(\$121,541)
Business-type activities	(89,044)	90,279	1,901,926	(40,192)
Total primary government	(\$1,461,207)	(\$2,349,870)	\$2,216,263	(\$161,733)

⁽¹⁾ In 2011 the Water Filtration and Purification fund was reclassified to the Water and Sewer Proprietary Fund.
⁽²⁾ In 2013, services to other cities were reclassified to public safety expense.

Note: GASB 65 was implemented in 2013. Governmental activity expenses were restated for 2012 to reflect the expensing of bond issuance costs in the year of issuance. Expenses for years prior to 2012 were not restated.

Note: GASB 66 was implemented for 2015. Expenses for years prior to 2015 were not restated.

Note: The City closed the Stormwater Improvement Capital Project Fund during 2015 and transferred the majority of the net position to the Stormwater Utility Fund.

Note: The City closed the Water Filtration and Purification Fund during 2016 and transferred the majority of the net position to governmental activities.

	Fiscal Year						
	2010	2011	2012	2013	2014	2015	2016
Governmental activities	(\$6,009,477)	(\$6,051,940)	(\$5,940,229)	(\$6,562,842)	(\$6,756,096)	(\$6,594,817)	\$257,114
Business-type activities	258,443	85,228	298,870	305,979	(155,298)	(41,996)	1,251,042
Total primary government net (expense) revenue	(5,751,034)	(5,966,712)	(5,641,359)	(6,256,863)	(6,911,394)	(6,636,813)	1,508,156
General revenues and other changes in net position:							
Governmental activities:							
Taxes:							
Property taxes	\$4,750,440	\$4,872,840	\$5,408,188	\$5,703,707	\$6,030,558	\$5,893,900	\$6,160,156
Tax increment collections	1,807,388	1,746,766	1,335,674	1,405,872	1,131,896	1,121,627	1,455,090
Grants and contributions	22,827	24,673	10,639	26,384	461,964	516,015	530,110
Unrestricted investment earnings	224,693	6,803	55,206	25,914	189,441	146,023	254,396
Other	61,866	148,500	208,525	389,785	104,113	172,913	1,207,375
Gain on sale of capital assets	-	-	46,195	-	33,204	7,653	7,151
Transfers	478,000	595,200	610,000	(809,238)	(17,982)	(6,053,216)	1,956,838
Total governmental activities	7,345,214	7,394,782	7,674,427	6,742,424	7,933,194	1,804,915	11,571,116
Business-type activities:							
Unrestricted investment earnings	(336)	52,659	122,833	51,593	111,512	86,407	31,097
Other	3,454	3,976	17,569	66,478	61,444	88,664	64,805
Transfers	(478,000)	(595,200)	(610,000)	809,238	17,982	6,053,216	(1,956,838)
Total business-type activities	(474,882)	(538,565)	(469,598)	927,309	190,938	6,228,287	(1,860,936)
Total primary government	\$6,870,332	\$6,856,217	\$7,204,829	\$7,669,733	\$8,124,132	\$8,033,202	\$9,710,180
Change in net position:							
Governmental activities	\$1,335,737	\$1,342,842	\$1,734,198	\$179,582	\$1,177,098	(\$4,789,902)	\$1,828,230
Business-type activities	(216,439)	(453,337)	(170,728)	1,233,288	35,640	6,186,291	(609,894)
Total primary government	\$1,119,298	\$889,505	\$1,563,470	\$1,412,870	\$1,212,738	\$1,396,389	\$1,218,336

CITY OF ST. ANTHONY, MINNESOTA
FUND BALANCES - GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Table 3

	Fiscal Year						
	2010	2011	2012	2013	2014	2015	2016
General Fund:							
Reserved	\$57,430	-	-	-	-	-	-
Unreserved	1,567,270	-	-	-	-	-	-
Nonspendable	-	55,271	68,481	74,049	91,136	107,412	115,482
Unassigned	-	1,647,566	1,906,856	2,074,490	2,384,345	2,338,600	2,204,185
Total general fund	\$1,624,700	\$1,702,837	\$1,975,337	\$2,148,539	\$2,475,481	\$2,446,012	\$2,319,667
All other governmental funds:							
Reserved	\$4,625,111	-	-	-	-	-	-
Unreserved, reported in:							
Special revenue funds	5,212,683	-	-	-	-	-	-
Capital projects funds	243,408	-	-	-	-	-	-
Nonspendable	-	132	129	49	1,631	2,157	57,188
Restricted	-	6,868,120	8,594,337	2,002,737	7,627,714	6,491,789	6,907,253
Committed	-	210,953	222,184	33,015	78,180	94,107	105,503
Assigned	-	763,667	1,344,529	1,253,470	1,318,583	578,258	13,148,229
Unassigned	-	(1,240,578)	(1,473,482)	(175,561)	(2,407,745)	(2,062,163)	(1,693,729)
Total all other governmental funds	\$10,081,202	\$6,602,294	\$8,687,697	\$3,113,710	\$8,618,363	\$5,104,148	\$18,524,444

Note:
 The City implemented GASB Statement No. 54 for the fiscal year ended December 31, 2011, resulting in significant reclassification of the components of fund balances.

CITY OF ST. ANTHONY, MINNESOTA
TAX CAPACITY VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

Table 5

Payable Year	Residential Property	Commercial/Industrial Property	All Other	Total Tax Capacity	Adjustments to Tax Capacity *	Adjusted Tax Capacity Value	Total Direct Tax Rate	Estimated Market Value	Tax Capacity as a Percent of EMV
2007	\$7,466,195	\$2,317,446	\$75,570	\$9,859,211	(\$1,315,126)	\$8,544,085	46.42%	\$838,117,800	1.18%
2008	7,894,132	2,575,759	64,903	10,534,794	(1,374,734)	9,190,060	46.90%	893,542,800	1.18%
2009	7,537,190	2,684,972	67,599	10,289,761	(1,260,607)	9,029,154	51.61%	869,823,300	1.18%
2010	7,194,714	2,546,141	64,834	9,805,689	(1,106,369)	8,699,320	55.66%	828,631,600	1.18%
2011	6,734,706	2,398,897	71,265	9,204,868	(909,287)	8,295,581	59.89%	778,761,500	1.18%
2012	6,225,942	2,273,812	73,491	8,573,245	(846,346)	7,726,899	68.85%	761,934,600	1.13%
2013	5,860,660	2,139,288	83,509	8,083,457	(802,123)	7,281,334	75.46%	721,227,600	1.12%
2014	5,863,304	2,146,080	78,927	8,088,311	(765,126)	7,323,185	77.16%	720,018,700	1.12%
2015	6,286,042	2,172,970	85,325	8,564,337	(607,841)	7,956,496	72.93%	760,404,500	1.12%
2016	7,352,669	2,105,556	94,478	9,552,703	(695,828)	8,856,875	67.64%	860,925,700	1.11%

Source: Official Statements for the City of St. Anthony, (Hennepin and Ramsey Counties Combined)

* Includes tax increment tax capacity and net fiscal disparities impact.

CITY OF ST. ANTHONY, MINNESOTA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
 Last Ten Fiscal Years

Table 6

Fiscal Year	City Direct Rate	Overlapping Rates*			Total
		School District	Other Districts	Hennepin County	
2007	46.42%	18.58%	13.38%	39.11%	117.49%
2008	46.90%	19.73%	13.81%	38.57%	119.01%
2009	51.61%	32.04%	13.35%	40.41%	137.41%
2010	55.66%	32.72%	17.37%	42.06%	147.81%
2011	59.89%	36.48%	11.14%	45.84%	153.34%
2012	68.85%	38.32%	12.04%	48.23%	167.44%
2013	75.46%	38.87%	12.70%	49.46%	176.49%
2014	77.16%	33.09%	13.22%	49.96%	173.43%
2015	72.93%	29.95%	12.23%	46.40%	161.51%
2016	67.64%	33.13%	11.63%	45.36%	157.76%

Source: Official Statements for the City of St. Anthony (Hennepin County)

*Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners; for example, although the county property tax rates apply to all City property owners, other District rates apply only to the approximately one-third of City property owners whose property is located within that District's geographic boundaries.

CITY OF ST. ANTHONY, MINNESOTA
 PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Nine Years Ago

Table 7

Taxpayer	2016		2007	
	Tax Capacity Value	Percentage of Total City Capacity Value	Tax Capacity Value	Rank
Inland Silver Lake Village LLC	\$662,312	1 6.93%	\$852,478	1 9.31%
St. Anthony Leased Housing Assoc.	383,167	2 4.01%	396,250	2 4.33%
Autumn Woods Partners LP/ Autumn Woods II LLC	215,713	3 2.26%	205,800	3 2.25%
Equinox Properties LLC	189,060	4 1.98%	205,485	4 2.24%
St. Anthony Shopping Center	128,730	5 1.35%	98,252	7 1.07%
Autumn Woods III LLC	98,988	6 1.04%	-	- 0.00%
Chandler Place LP	93,750	7 0.98%	82,229	10 0.90%
Carvelle Apartments (Mortenson)	82,706	8 0.87%	82,808	9 0.90%
St. Anthony Nursing Home LP	78,289	9 0.82%	-	- 0.00%
Xcel Energy	64,068	10 0.67%	84,058	8 0.92%
Northern Gopher Enterprises, Inc.	-	- 0.00%	107,360	6 1.17%
Silver Lake Homes I LLC	-	- 0.00%	125,960	5 1.38%
Total	\$1,996,783	20.91%	\$2,240,780	24.47%
Total All Property	\$9,552,703		\$9,160,060	

CITY OF ST. ANTHONY, MINNESOTA
 PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

Table 8

Fiscal Year Ended December 31,	Taxes Levied For The Fiscal Year	Collected Within The Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$4,123,032	\$4,079,891	98.95%	\$36,905	\$4,116,796	99.85%
2008	4,169,941 ⁽¹⁾	4,088,462	98.05%	30,820	4,119,282	98.79%
2009	4,465,113 ⁽¹⁾	4,352,222	97.47%	60,313	4,412,535	98.82%
2010	4,642,067 ⁽¹⁾	4,566,162	98.36%	56,690	4,622,852	99.59%
2011	4,761,665 ⁽¹⁾	4,710,258	98.92%	40,250	4,750,508	99.77%
2012	5,223,089	5,157,341	98.74%	34,832	5,192,173	99.41%
2013	5,426,789	5,345,759	98.51%	35,263	5,381,022	99.16%
2014	5,633,007	5,564,141	98.78%	(5,805)	5,558,336	98.67%
2015	5,831,737	5,726,236	98.19%	14,242	5,740,479	98.44%
2016	6,050,812	5,974,249	98.73%	Not Available	Not Available	

⁽¹⁾ Net of Market Value Homestead Credit which was subject to State unallocments or other reductions.

Sources: St. Anthony Finance Department

CITY OF ST. ANTHONY, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities							Total Governmental Activities
	G.O. Improvement and Refunding Bonds	G.O. Reconstruction Bonds	Tax Incremental Bonds	Lease Revenue Bonds	G.O. Revenue Bonds	Other G.O. Bonds	Fannie Mae Loan	
2007	\$12,675,000	\$ -	\$10,605,000	\$4,955,000	\$1,055,000	\$1,055,000	\$2,500,000	\$32,845,000
2008	11,105,000	1,910,000	10,375,000	4,755,000	945,000	860,000	2,500,000	32,450,000
2009	14,310,000	1,910,000	10,055,000	4,550,000	825,000	2,390,000	2,050,000	36,090,000
2010	13,450,000	1,810,000	9,710,000	4,335,000	695,000	1,960,000	1,250,000	33,210,000
2011	16,645,000	1,710,000	9,345,000	4,110,000	565,000	1,850,000	-	34,225,000
2012	18,935,000	1,605,000	8,960,000	3,995,000	430,000	1,665,000	-	35,590,000
2013	17,605,000	1,500,000	8,545,000	3,700,000	295,000	1,475,000	-	33,120,000
2014	16,910,000	2,695,000	7,920,000	3,415,000	150,000	1,285,000	-	32,375,000
2015	18,010,000	1,305,000	7,865,000	3,125,000	-	1,090,000	-	31,395,000
2016	19,280,000	1,170,000	7,450,000	2,825,000	-	950,000	-	31,675,000

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

Source: St. Anthony Finance Department
 *See Table 13 for Population data.

Table 9

Fiscal Year	Business-Type Activities			Water/ Sewer Bonds Per Customer	Total Primary Government	Percentage of Personal Income	Per Capita*
	Water/ Sewer Bonds	Liquor Revenue Bonds	Total Business-Type Activities				
2007	\$1,975,000	\$350,000	\$2,325,000	\$859	\$35,170,000	Not Available	3,864
2008	1,895,000	270,000	2,165,000	824	34,615,000	Not Available	3,846
2009	1,815,000	185,000	2,000,000	789	38,090,000	12.20%	4,239
2010	1,730,000	95,000	1,825,000	752	35,035,000	11.75%	4,037
2011	1,640,000	-	1,640,000	713	35,865,000	11.03%	4,107
2012	1,545,000	-	1,545,000	672	37,135,000	11.07%	4,228
2013	1,440,000	-	1,440,000	626	34,560,000	10.14%	3,889
2014	1,330,000	-	1,330,000	578	33,705,000	10.05%	3,760
2015	1,215,000	-	1,215,000	528	32,610,000	9.41%	3,515
2016	1,100,000	-	1,100,000	478	32,775,000	Not Available	Not Available

CITY OF ST. ANTHONY, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 As of December 31, 2016

Table 10

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes: ⁽¹⁾			
School Districts:			
ISD No. 282	\$19,640,000	53.8576%	\$10,577,631
Countries:			
Hennepin	720,595,000	0.3878%	2,794,219
Ramsey	182,245,000	0.3023%	550,873
Other:			
Metropolitan Council	153,680,000	0.1788%	274,742
Three Rivers Park District	59,500,000	0.5414%	321,023
Subtotal - overlapping debt			14,518,488
City direct debt ⁽²⁾			31,675,000
Total direct and overlapping debt			\$46,193,488

Sources: ⁽¹⁾ Official Statements for City of St. Anthony
⁽²⁾ St. Anthony Finance Department

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

*For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

CITY OF ST. ANTHONY, MINNESOTA
LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2016

Market value			
Debt limit (3% of market value)			
Debt applicable to limit:			
General obligation bonds			
Less: Amount set aside for repayment of general obligation debt			
Total net debt applicable to limit			
Legal debt margin			
	2007*	2008	2009
Debt limit	\$ 17,870,856	\$ 26,094,699	\$ 24,778,098
Total net debt applicable to limit	4,099,637	5,741,849	5,410,204
Legal debt margin	\$ 13,771,219	\$ 20,352,850	\$ 19,367,894
Total net debt applicable to the limit as a percentage of debt limit	22.94%	22.00%	21.83%

Source: Market Value - Hennepin County and Ramsey County, Minnesota Assessor's Offices

*Debt limit was 2% of market value.

CITY OF ST. ANTHONY, MINNESOTA
 PLEDGED REVENUE COVERAGE
 Last Ten Fiscal Years

Fiscal Year	Net Sales (Gross Profit)	Less Operating Expenses	Liquor Revenue Bonds			Coverage
			Net Available Revenue	Principal	Interest	
2007	\$1,475,679	\$985,377	\$490,302	\$75,000	\$24,438	493%
2008	1,475,173	964,663	510,510	80,000	20,125	510%
2009	1,543,854	982,863	560,991	85,000	15,525	558%
2010	1,594,829	1,032,636	562,193	90,000	10,638	559%
2011	1,654,205	1,077,832	576,373	95,000	5,463	574%
2012	1,736,060	1,127,368	608,692	-	-	N/A
2013	1,626,398	1,198,064	428,334	-	-	N/A
2014	1,373,473	1,098,109	275,364	-	-	N/A
2015	1,321,028	1,071,756	249,272	-	-	N/A
2016	1,354,717	1,082,308	272,409	-	-	N/A

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

Table 12
 Page 1 of 2

Utility Service Charges	Less Operating Expenses	Net Available Revenue	Water and Sewer Revenue Bonds			Coverage
			Principal	Debt Service	Interest	
\$1,691,871	\$1,480,228	\$211,643	\$75,000	\$78,750	\$78,750	138%
1,615,721	1,367,564	248,157	80,000	77,236	77,236	158%
1,583,317	1,464,759	118,558	80,000	75,056	75,056	76%
1,575,514	1,452,765	122,749	85,000	71,093	71,093	79%
1,577,823	1,492,891	84,932	90,000	68,064	68,064	54%
1,836,635	1,621,559	215,076	95,000	66,123	66,123	133%
1,883,034	1,577,518	305,516	1,545,000	48,458	48,458	19%
1,800,249	1,603,359	196,890	110,000	26,783	26,783	144%
1,853,980	1,584,133	269,847	115,000	25,450	25,450	192%
1,938,556	1,718,418	220,138	115,000	23,150	23,150	159%

Table 12
Page 2 of 2

Special Assessment Collections	Improvement Bonds			Tax Increment Bonds			Coverage
	Principal	Debt Service	Interest	Increment Collections	Debt Service	Interest	
\$441,327	\$675,000	\$480,360		\$1,469,532	\$180,000	\$384,296	260%
385,197	1,570,000	495,649		1,682,549	230,000	538,369	219%
506,262	760,000	430,947		1,903,840	320,000	526,949	225%
398,895	2,235,000	499,506		1,911,678	345,000	512,504	223%
517,678	2,405,000	532,400		1,708,873	365,000	496,588	198%
427,467	3,735,000	555,220		1,364,881	385,000	479,132	158%
587,191	3,695,000	717,234		1,398,000	415,000	459,830	160%
491,988	3,350,000	590,257		1,117,824	4,290,000	445,969	24%
621,931	3,355,000	585,636		1,106,582	4,365,000	336,268	24%
570,549	2,070,000	540,465		1,476,275	415,000	156,058	259%

CITY OF ST. ANTHONY, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Table 13

Fiscal Year	Population ⁽¹⁾	Personal Income ⁽²⁾	Per Capita Personal Income ⁽¹⁾	Unemployment Rate ⁽³⁾
2007	8,500		Not Available	4.10%
2008	8,437			4.90%
2009	8,514	295,699,734	34,731	7.30%
2010	8,226	282,682,377	34,365	7.00%
2011	8,333	310,183,426	37,224	6.10%
2012	8,417	321,483,107	38,195	5.20%
2013	8,516	326,729,114	38,367	4.60%
2014	8,965	322,264,855	35,947	3.70%
2015	9,277	333,684,413	35,969	3.30%
2016		Not Available		3.30%

Sources:

- ⁽¹⁾ Metropolitan Council Estimates for St. Anthony - for both Ramsey County & Hennepin County.
- ⁽²⁾ Personal Income calculated from Per Capita Personal Income and Population.
- ⁽³⁾ Minnesota Department of Employment and Economic Development - Annual Average Unemployment Rate for Hennepin County

CITY OF ST. ANTHONY, MINNESOTA
 PRINCIPAL EMPLOYERS
 Current Year and Nine Years Ago

Table 14

Employer	2016		2007	
	Employees	Rank	Employees	Rank
ISD No. 282 (St. Anthony - New Brighton)	396	1	255	2
St. Anthony Health Center/Chandler Place	270	2	267	1
Cub Foods	250	3	185	4
City of St. Anthony	132	4	131	5
I Care Cab	120	5	-	-
B&F Fastener Supply	100	6	-	-
St. Charles Borromeo Parish	92	7	65	7
North Memorial - Silver Lake Clinic	81	8	-	-
Marshall Manufacturing	60	9	-	-
Happy's Potato Chip Company	50	10	55	8
Wal-Mart	-	-	245	3
Francis A. Gross Golf Course	-	-	50	9
Industrial Custom Products	-	-	100	6
Applebee's	-	-	40	10
Total	1,551		1,393	

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

Function/Program	Full-Time Equivalent Employees as of December 31,			
	2007	2008	2009	2010
General government:				
Administration	3.00	3.00	3.00	3.00
Finance	4.50	4.75	4.75	4.75
Police:				
Officers	22.00	23.00	23.00	23.00
Support staff	2.00	2.50	2.50	2.50
Community service officer	1.00	1.00	1.00	1.00
Volunteers (non-paid)	12.00	12.00	12.00	12.00
Fire:				
Firefighters	7.00	7.00	7.00	7.00
Volunteers (paid on call)	3.00	3.00	3.00	3.00
Public works:				
Administration	2.00	2.00	2.00	2.00
Street	6.00	6.00	6.00	6.00
Park	3.00	3.00	3.00	3.00
Water/Sewer	2.00	2.00	2.00	2.00
Mechanic	1.00	1.00	1.00	1.00
Seasonal*	2.25	2.00	2.00	2.00
Liquor operations:				
Off-sale:				
Full-time	5.00	5.00	5.00	5.00
Market Place - part-time	5.25	5.25	5.25	6.00
Silver Lake Village - part-time	5.25	5.25	5.25	6.00
Total	86.25	87.75	87.75	89.25

Source: City of St. Anthony

CITY OF ST. ANTHONY, MINNESOTA
OPERATING INDICATORS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Function/Program	Fiscal Year			
	2007	2008	2009	2010
Police: *				
Moving violation	2,357	2,137	2,008	2,305
Non-moving violations	627	494	351	397
DWI	26	61	59	49
Traffic arrests	831	815	770	600
Gross and misdemeanor arrests	158	203	193	129
Felony arrests	45	44	32	29
Warrant arrests	29	32	32	28
Fire:				
Emergency responses	976	1,055	996	1,203
Medical responses	696	768	718	895
Fires	40	39	32	34
Inspections	78	81	92	97
Building inspection:				
Permits issued	255	262	283	315
Other public works:				
Street reconstruction/resurfacing (miles)	2	2	1	1
Potholes filled (tons)	35	20	80	22
Water:				
New connections	16	10	-	7
Water mains breaks	32	8	9	11
Average daily consumption (thousands of gallons)	990	902	885	806
Peak daily consumption (thousands of gallons)	2,500	2,157	2,295	1,396

* Police statistics are for St. Anthony only

Source: City of St. Anthony

Table 15

Function/Program	Full-Time Equivalent Employees as of December 31,				
	2011	2012	2013	2014	2015
	3.00	2.00	2.00	2.00	2.50
	4.50	4.25	4.25	4.25	4.00
	23.00	23.00	23.00	23.00	23.00
	2.50	2.50	2.50	2.50	2.50
	1.00	1.00	1.00	1.00	1.00
	12.00	12.00	12.00	12.00	12.00
	7.00	7.00	7.00	7.00	7.00
	3.00	3.00	3.00	3.00	3.00
	2.00	2.00	2.00	2.00	2.00
	5.00	6.00	6.00	6.00	6.00
	3.00	3.00	3.00	3.00	3.00
	2.00	2.00	2.00	2.00	2.00
	1.00	1.00	1.00	1.00	1.00
	2.00	2.00	2.00	2.00	2.00
	5.00	5.00	5.00	5.00	5.00
	6.00	6.00	6.00	6.00	4.50
	6.00	6.00	6.00	6.00	4.50
88.00	87.75	87.75	87.75	85.00	84.50

CITY OF ST. ANTHONY, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Table 16

Function/Program	Fiscal Year										
	2011	2012	2013	2014	2015	2016	2007	2008	2009	2010	
Police:											
Stations	1,848	1,851	2,068	2,017	2,213	1,488	1	1	1	1	1
Fleet units	210	200	396	321	197	192	12	12	12	12	13
Fire stations:	44	39	34	39	23	15	1	1	1	1	1
Fleet units	673	578	679	633	661	469	7	7	7	8	8
Other public works:	145	164	244	130	77	50					
City streets (miles)	46	37	67	53	44	51	24.7	24.7	24.7	24.7	24.7
Sidewalks (miles)	28	20	23	25	24	13	9.6	9.6	10.2	10.2	11.1
Parks and recreation:											
Acreage	1,221	1,267	1,409	1,363	1,425	1,534	40	40	40	40	40
Playgrounds	894	933	1,016	1,012	1,062	1,113	4	4	4	4	4
Baseball/softball diamonds	35	40	26	26	26	14	7	7	7	7	7
Soccer/football fields	121	116	88	256	238	173	2	2	2	2	2
Community centers							1	1	1	1	1
Skate park	336	272	303	288	533	342	1	1	1	1	1
Splash pads							1	1	1	1	1
Tennis courts	2	1	1	1	2	1	1	1	1	1	1
Seasonal ice rinks	100	84	39	34	66	23	2	2	2	2	2
Liquor operations:							3	3	3	3	3
Out of sale locations							2	2	2	2	2
Water:											
Water mains (miles)	1	39	122	28	7	1	24.7	24.7	24.7	24.7	24.7
Fire hydrants	10	10	7	8	8	2	287	287	287	287	287
Storage capacity (thousands of gallons)	821	884	822	763	770	715	2,250	2,250	2,250	2,250	2,250
Wells	1,586	1,879	1,724	1,635	1,571	1,153	3	3	3	3	3
Wastewater:											
Sanitary sewers (miles)							24.7	24.7	24.7	24.7	24.7
Lift stations							2	2	2	2	2
Stormwater:											
Stormwater reuse							0	0	0	0	0
Stormwater treatment systems							0	0	0	0	0
Stormwater retention ponds							5	5	5	5	5
Storm sewers (miles)							15.0	15.0	15.0	15.0	15.0

Source: City of St. Anthony

Table 17

		Fiscal Year					
		2011	2012	2013	2014	2015	2016
1	1	1	1	1	1	1	1
13	14	14	14	14	14	14	14
1	1	1	1	1	1	1	1
8	8	8	8	8	8	8	8
24.7	24.7	24.7	24.7	24.7	24.7	24.7	24.7
11.1	11.1	11.1	11.1	11.1	11.1	11.1	11.6
40	40	40	40	40	40	40	40
4	4	4	4	4	4	4	4
7	7	7	7	7	7	7	7
2	2	2	2	2	2	2	2
1	1	1	1	1	1	1	1
1	1	1	1	1	1	1	1
2	2	2	2	2	2	2	2
2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3
2	2	2	2	2	2	2	2
24.7	24.7	24.7	24.7	24.7	24.7	24.7	24.7
287	287	287	287	287	287	287	288
2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250
3	3	3	3	3	3	3	3
24.7	24.7	24.7	24.7	24.7	24.7	24.7	24.7
2	2	2	2	2	2	2	2
1	1	1	1	1	1	1	1
0	0	1	1	1	2	2	2
5	5	5	6	6	6	6	6
15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0

FORM OF LEGAL OPINION

(See following page)



City of St. Anthony
St. Anthony, Minnesota

[Purchaser]

Re: \$2,705,000 General Obligation Improvement Bonds, Series 2018A
City of St. Anthony, Hennepin and Ramsey Counties, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by the City of St. Anthony, Hennepin and Ramsey Counties, Minnesota (the “City”), of its General Obligation Improvement Bonds, Series 2018A dated, as originally issued, as of May [], 2018, in the total principal amount of \$2,705,000 (the “Bonds”), we have examined certified copies of certain proceedings taken, and certain affidavits and certificates furnished, by the City in the authorization, sale and issuance of the Bonds, including the form of the Bonds. As to questions of fact material to our opinion we have assumed the authenticity of and relied upon the proceedings, affidavits and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits and certificates, and based upon laws, regulations, rulings and decisions in effect on the date hereof, it is our opinion that:

1. The Bonds are valid and binding general obligations of the City enforceable in accordance with their terms.
2. The principal of and interest on the Bonds are payable from special assessments which the City has levied or agreed to levy on the property specially benefited by the improvements financed by the issuance of the Bonds and ad valorem taxes levied on all taxable property in the City, and, to any extent not so paid, from additional ad valorem taxes required by law to be levied on all taxable property in the City without limitation of rate or amount.
3. Interest on the Bonds (a) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code.
4. Interest on the Bonds (a) excludable from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes and (b) is not an item of tax preference for purposes of the Minnesota alternative minimum tax imposed on individuals, trusts, and estates.

5. The City has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code, and financial institutions described in Section 265(b)(5) of the Code may treat the Bonds for purposes of Sections 265(b)(2) and 291(e)(1)(B) of the Code as if they were acquired on August 7, 1986.

The opinions expressed in paragraphs 1 and 2 above are subject, as to enforceability, to the effect of any state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors’ rights and the application of equitable principles, whether considered at law or in equity.

The opinions expressed in paragraphs 3, 4, and 5 above are subject to the condition of the City’s compliance with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon may be, and continue to be, excluded from gross income for federal income tax purposes and that the Bonds may be, and continue to be, qualified tax-exempt obligations. The City has covenanted to comply with these continuing requirements. Its failure to do so could result in the inclusion of interest on the Bonds in federal gross income and in Minnesota taxable net income, retroactive to the date of issuance of the Bonds. Except as stated herein, we express no opinion regarding federal, state, or other tax consequences to the owner of the Bonds. We note, however, that, (a) notwithstanding the opinion expressed in paragraph (3) above, interest on the Bonds is included in adjusted current earnings for purposes of the federal alternative minimum tax imposed on corporations with respect to taxable years beginning before January 1, 2018, and (b) notwithstanding the opinion expressed in paragraph (4) above, interest on the Bonds is included in net income of corporations and financial institutions for purposes of the Minnesota franchise tax.

We have not been asked, and have not undertaken, to review the accuracy, completeness or sufficiency of any offering materials relating to the Bonds, and accordingly, we express no opinion with respect thereto.

Dated this ____ day of May, 2018.

Very truly yours,

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

**FORM OF CONTINUING DISCLOSURE COVENANTS
(EXCERPTS FROM SALE RESOLUTION)**

(See following page)

CONTINUING DISCLOSURE

Continuing Disclosure. (a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the City hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the Outstanding Bonds. The City is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the City fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any Outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The City will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the City, the following information at the following times:

- (1) on or before 12 months after the end of each fiscal year of the City, commencing with the fiscal year ending December 31, 2017, the following financial information and operating data in respect of the City (the Disclosure Information):
 - (A) the audited financial statements of the City for such fiscal year, prepared in accordance with generally accepted accounting principles in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the City, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the City; and

- (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under headings: Current Property Valuations; Direct Debt; Tax Levies and Collections; Population Trend and Employment/Unemployment Data, which information may be unaudited.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the City shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the City shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been filed with the SEC or have been made available to the public on the Internet Web site of the Municipal Securities Rulemaking Board (MSRB). The City shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the City have materially changed or been discontinued, such Disclosure Information need no longer be provided if the City includes in the Disclosure Information a statement to such effect, provided, however, if such operations have been replaced by other City operations in respect of which data is not included in the Disclosure Information and the City determines that certain specified data regarding such replacement operations would be described in paragraph (2) hereof, then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the City shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

- (2) In a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events:
 - (A) Principal and interest payment delinquencies;
 - (B) Non-payment related defaults, if material;
 - (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (E) Substitution of credit or liquidity providers, or their failure to perform;
 - (F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (G) Modifications to rights of security holders, if material;
 - (H) Bond calls, if material, and tender offers;
 - (I) Defeasances;

- (J) Release, substitution, or sale of property securing repayment of the securities, if material;
- (K) Rating changes;
- (L) Bankruptcy, insolvency, receivership or similar event of the City;
- (M) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (N) Appointment of a successor or additional paying agent or the change of name of a paying agent, if material.

As used herein, for those events that must be reported if material, an event is “material” if it is an event as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, an event is also “material” if it is an event that would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (3) In a timely manner, notice of the occurrence of any of the following events or conditions:
 - (A) the failure of the City to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
 - (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the City under subsection (d)(2);
 - (C) the termination of the obligations of the City under this section pursuant to subsection (d);
 - (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and

(E) any change in the fiscal year of the City.

(c) Manner of Disclosure.

- (1) The City agrees to make available to the MSRB, in an electronic format as prescribed by the MSRB from time to time, the information described in subsection (b).
- (2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

- (1) The covenants of the City in this section shall remain in effect so long as any Bonds are Outstanding. Notwithstanding the preceding sentence, however, the obligations of the City under this section shall terminate and be without further effect as of any date on which the City delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the City to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.
- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the City from time to time, without notice to (except as provided in paragraph (c)(3) hereof) or the consent of the Owners of any Bonds, by a resolution of this Council filed in the office of the recording officer of the City accompanied by an opinion of Bond Counsel, who may rely on certificates of the City and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the City or the type of operations conducted by the City, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the City agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

- (3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

APPENDIX E

TERMS OF PROPOSAL

\$2,705,000* GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2018A CITY OF ST. ANTHONY, MINNESOTA

Proposals for the purchase of \$2,705,000* General Obligation Improvement Bonds, Series 2018A (the "Bonds") of the City of St. Anthony, Minnesota (the "City") will be received at the offices of Ehlers & Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Municipal Advisors to the City, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on April 24, 2018, at which time they will be opened, read and tabulated. The proposals will be presented to the City Council for consideration for award by resolution at a meeting to be held at 7:00 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the City will be accepted unless all proposals are rejected.

PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429 and 475, by the City, for the purpose of financing various public improvements within the City. The Bonds will be general obligations of the City for which its full faith, credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated May 15, 2018, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2020	\$165,000	2025	\$170,000	2030	\$190,000
2021	165,000	2026	175,000	2031	190,000
2022	165,000	2027	180,000	2032	195,000
2023	170,000	2028	180,000	2033	200,000
2024	170,000	2029	185,000	2034	205,000

ADJUSTMENT OPTION

* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2019, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2020 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%).** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

PAYING AGENT

The City has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after February 1, 2027 shall be subject to optional redemption prior to maturity on February 1, 2026 and on any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

DELIVERY

On or about May 15, 2018, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion in substantially the form attached hereto as Appendix B will be furnished by Dorsey & Whitney LLP, Minneapolis, Minnesota, bond counsel to the City.

SUBMISSION OF PROPOSALS

Proposals must not be for less than \$2,672,540 plus accrued interest on the principal sum of \$2,705,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Facsimile submission to Ehlers, Facsimile Number (651) 697-8555; or
- 3) Electronically via **PARITY** in accordance with this Terms of Proposal until 10:00 A.M. Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact Ehlers or I-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

Proposals must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of proposals. Each proposal must be unconditional except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$54,100 shall be made by the winning bidder by wire transfer of funds to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138**. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the proposal is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the proposal is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No proposal can be withdrawn after the time set for receiving proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The City reserves the right to reject any and all proposals and to waive any informality in any proposal.

BOND INSURANCE

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the City will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. All actions to be taken by the City under this Terms of Proposal to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(I) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) The City shall disseminate this Terms of Proposal to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive proposals from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Terms of Proposal.

Any proposal submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, as specified in this proposal.

(c) If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the Underwriter. In such event, any proposal submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the Underwriter on its proposal form to determine the issue price for the Bonds. On its proposal form, each Underwriter must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the Underwriter selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the proposal submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the City when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The City acknowledges that in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding

the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(e) If all of the requirements of a "competitive sale" are not satisfied and the Underwriter selects the 10% test, the Underwriter agrees to promptly report to the City, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Bonds or until all of the Bonds of a certain maturity have been sold.

(f) By submitting a proposal, each bidder confirms that (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if an for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

(g) Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Terms of Proposal. Further, for purposes of this Terms of Proposal:

- (I) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Bonds are awarded by the City to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the proposal opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the proposal acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and proposal forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the City Council

City of St. Anthony, Minnesota

PROPOSAL FORM

**The City Council
City of St. Anthony, Minnesota**

April 24, 2018

RE: \$2,705,000* General Obligation Improvement Bonds, Series 2018A
DATED: May 15, 2018

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$2,672,540) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____	% due	2020	_____	% due	2025	_____	% due	2030
_____	% due	2021	_____	% due	2026	_____	% due	2031
_____	% due	2022	_____	% due	2027	_____	% due	2032
_____	% due	2023	_____	% due	2028	_____	% due	2033
_____	% due	2024	_____	% due	2029	_____	% due	2034

* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2020 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

We enclose our Deposit in the amount of \$54,100, to be held by you pending delivery and payment. Alternatively, if we are the winning bidder, we will wire our Deposit to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138**. Such Deposit shall be received by Ehlers & Associates no later than two hours after the proposal opening time. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. If our proposal is not accepted, said deposit shall be promptly returned to us. If the Deposit is wired to such escrow account, we agree to the conditions and duties of Ehlers & Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about May 15, 2018.

This proposal is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for this Issue.

We have received and reviewed the Official Statement and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the City with the reoffering price of the Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an Underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: NO: .

If the competitive sale requirements are not met, we elect to use the (circle one): 10% test / hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: _____ By: _____

Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from May 15, 2018 of the above proposal is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the City Council of the City of St. Anthony, Minnesota, on April 24, 2018.

By: _____ By: _____
Title: _____ Title: _____