

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

OF THE

CITY OF CRYSTAL,
MINNESOTA

For the Year Ended

December 31, 2020

Prepared by
City of Crystal Finance Department

AEM Financial Solutions, Finance Director

**City of Crystal
Table of Contents**

	Page
Introductory Section	
Elected Officials and Administration	1
Organizational Chart	2
Letter of Transmittal	3
Certificate of Achievement for Excellence in Financial Reporting	9
Financial Section	
Independent Auditor's Report	11
Management's Discussion and Analysis	15
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	30
Statement of Activities	31
Fund Financial Statements	
Balance Sheet – Governmental Funds	32
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds	35
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds	39
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	40
Statement of Net Position – Proprietary Funds	42
Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds	44
Statement of Cash Flows – Proprietary Funds	46
Statement of Fiduciary Net Position	48
Statement of Changes in Fiduciary Net Position	48
Notes to Financial Statements	49
Required Supplementary Information	
Schedule of Changes in Total OPEB Liability and Related Ratios	92
Schedule of Employer Contributions – OPEB	93
Schedule of City's Proportionate Share of Net Pension Liability – General Employees Retirement Fund	94
Schedule of City's Proportionate Share of Net Pension Liability – Public Employees Police and Fire Retirement Fund	94
Schedule of City Contributions – General Employees Retirement Fund	95
Schedule of City Contributions – Public Employees Police and Fire Retirement Fund	95
Notes to Required Supplementary Information	97

**City of Crystal
Table of Contents**

	Page
Supplementary Information	
Nonmajor Governmental Funds	105
Combining and Individual Fund Financial Statements and Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds	106
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	110
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – TIF Districts - Special Revenue	114
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – EDA - Special Revenue	115
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Street Reconstruction - Capital Projects	116
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Park Improvement - Capital Projects	117
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Police Equipment Revolving - Capital Projects	118
Combining Statement of Net Position - Internal Service Funds	119
Combining Statement of Revenues, Expenditures, and Changes in Net Position – Internal Service Funds	120
Combining Statement of Cash Flows – Internal Service Funds	121
Statistical Section (Unaudited)	Table
Net Position by Component	1 126
Change in Net Position	2 128
Fund Balances of Governmental Funds	3 132
Changes in Fund Balances of Governmental Funds	4 134
Taxable and Estimated Market Values of Taxable Property	5 136
Property Tax Rates – Direct and Overlapping Governments	6 137
Principal Property Taxpayers	7 138
Property Tax Levies and Collations	8 139
Legal Debt Margin Information	9 140
Ratios of Outstanding Debt by Type	10 142
Ratios of General Bonded Debt Outstanding	11 143
Direct and Overlapping Governmental Activities Debt	12 144
Demographic and Economic Statistics	13 145
Principal Employers	14 146
Full-Time City Government Employees by Function	15 147
Operating Indicators by Function	16 148
Capital Asset Statistics by Function	17 150



CITY of CRYSTAL

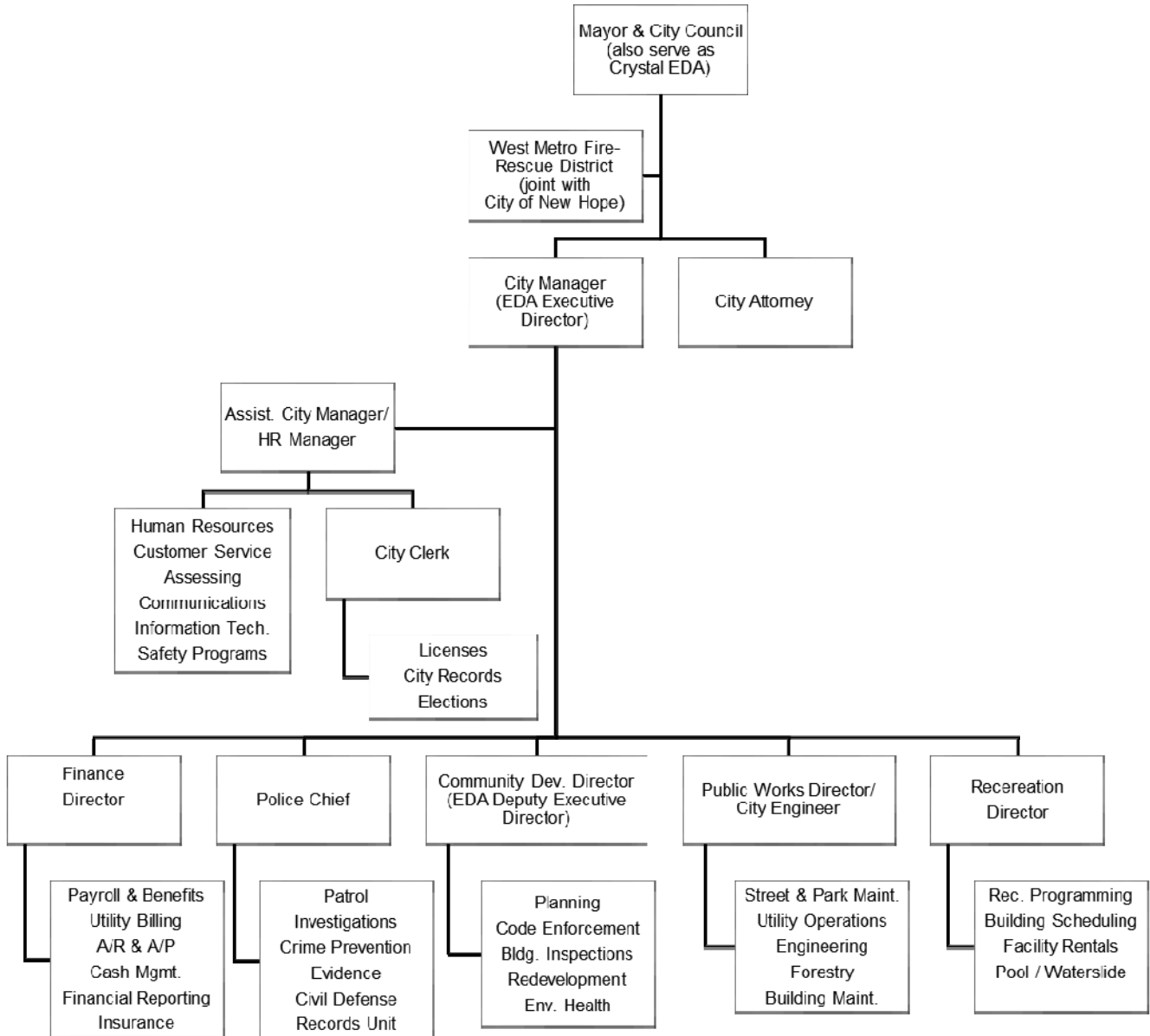
**City of Crystal
Elected Officials and Administration
December 31, 2020**

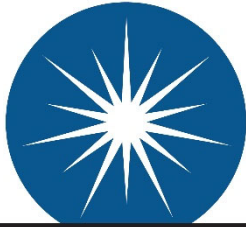
<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Jim Adams	Mayor	December 31, 2020
Nancy LaRoche	Council Member (Section I - Wards 1 and 2)	December 31, 2020
Therese Kiser	Council Member (Ward 1)	December 31, 2022
Brendan Banks	Council Member (Ward 2)	December 31, 2022
Olga Parsons	Council Member (Section II - Wards 3 and 4)	December 31, 2022
John Budziszewski	Council Member (Ward 3)	December 31, 2020
Julie Deshler	Council Member (Ward 4)	December 31, 2020
<u>Administration</u>	<u>Position</u>	
Anne Norris	City Manager	Appointed
AEM Financial Solutions	City Finance Director	Appointed
Christina Serres	City Clerk	Appointed
Kennedy and Graven, Chartered	City Attorney	Appointed
Chestnut Cambronne PA	City Prosecutor	Appointed



CITY of CRYSTAL

City of Crystal Organizational Chart December 31, 2020





CITY of CRYSTAL

4141 Douglas Drive North • Crystal, Minnesota 55422-1609

Tel: (763) 531-1000 • Fax: (763) 531-1188 • www.crystalmn.gov

June 7, 2021

To the Crystal City Council and Citizens of the City of Crystal

The Comprehensive Annual Financial Report of the City of Crystal, Minnesota, for the fiscal year ended December 31, 2020, is hereby submitted. The report was prepared in accordance with accounting principles generally accepted in the United States of America and audited in accordance with U.S. generally accepted auditing standards. The report meets the requirements of the Office of the State Auditor and the City of Crystal Charter.

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

The City's financial statements have been audited by Bergan KDV, Ltd., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report.

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

Profile of Government

The City, incorporated in 1960, is a northwestern suburb of the Minneapolis/St. Paul metropolitan area, lying adjacent to the City of Minneapolis. The City lies wholly within Hennepin County and encompasses an area of 5.8 square miles and serves a population of approximately 23,000 residents. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. While it also is empowered by state statute to extend its corporate limits by annexation, the City is a completely developed community and is bordered on all sides by other incorporated communities.

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

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

Fire protection services are provided by a joint venture with the West Metro Fire-Rescue District, and water services are provided by a joint venture with the Golden Valley, Crystal, and New Hope Joint Water Commission. Additional information on these joint ventures can be found in the notes to the financial statements.

Housing and redevelopment activities are provided through a legally separate Economic Development Authority (EDA). Its governing board is comprised of the City council members and the City has operational responsibility of the EDA, meaning it manages the EDA's activities in essentially the same manner in which it manages its own programs and departments. Therefore, it has been included as an integral part of the City's financial statements.

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

FACTORS AFFECTING ECONOMIC CONDITION

Local Economy

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

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

The City experienced its most rapid population growth from 1950 to 1970, when the population grew from 5,700 to its peak of 30,925. Population declined after 1970, as families matured and children left home. According to the 2010 Census, Crystal's population was 22,151. The most recent estimate from the Metropolitan Council is that Crystal's population is 23,262.

The City saw significant increases in the market value of commercial/industrial and residential property until 2008. The City's taxable market value decreased 4.2% from 2008 to 2009, 7.6% from 2009 to 2010, 10.1% from 2010 to 2011, 13.3% from 2011 to 2012, 12.1% from 2012 to 2013, and 0.1% from 2013 to 2014. Most of the 2011 to 2012 change can be attributed to a change the State of Minnesota made in the way taxable values are calculated. The City's taxable market value increased 13.9% from 2014 to 2015, 14.45% from 2015 to 2016, 11.76% from 2016 to 2017, 8.49% from 2017 to 2018, and 6.13% from 2019 to 2020. Table 5 in the Statistical Section provides additional information on property values.

Because Crystal is fully developed, redevelopment of blighted or underutilized sites is generally necessary to increase the community's tax base. The City investigates redevelopment options as they arise.

In 2020, six new single-family homes were built on lots previously sold by the City or its EDA. Going into 2021, the City has one lot available for a 4-unit building and one lot available for a single-family home, and private owners have two lots for sale. It is anticipated that these lots will be sold and built upon in 2021-2022.

New homes not only increase the City's assessed valuation, but they also serve as a confidence signal for other homeowners in the neighborhood to make improvements to their existing houses. To that end, the City provides financial incentives and assistance for home improvements. Homeowners up to 110% of area median income are eligible for a grant of 20% of the project cost. The City also provides an interest rate buy-down for MHFA Community Fix-Up Fund loans.

The overall goal of these efforts is to improve the condition, quality, and desirability of the housing stock to enhance Crystal's reputation as a desirable yet affordable place to buy a home.

Long-term Financial Planning

Capital budgeting for the replacement of buildings, streets, parks, and vehicles is a major financial challenge. The City has an ongoing street fund designed to rebuild streets, along with utilities as needed, add new curb/gutter/sidewalk, and add storm sewer.

FACTORS AFFECTING ECONOMIC CONDITION (CONTINUED)

Long-term Financial Planning (Continued)

The Building Fund is an Internal Service fund created for the purpose of accumulating a reserve for the eventual major remodeling or replacement of the City Hall/Police Station, Fire Stations 1 and 2, Streets/Parks and Utility buildings, and the Community Center. Construction of a new public works facility was completed in 2015 and other major building projects will be needed over the next fifteen years. A new police station will be under construction in 2021 and 2022.

Relevant Financial Policies

It is the City's policy to maintain a fund balance in its General Fund of at least 45% of the next year's operating budget. This is needed for cash flow purposes. Property taxes and local government aid (LGA) from the State of Minnesota were 79.7% of the General Fund's revenue in 2020. The City operates on a calendar year, but half of the property taxes and LGA are received in July and the other half in December.

Major Initiatives

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Crystal for its comprehensive annual financial report for the fiscal year ended December 31, 2019.

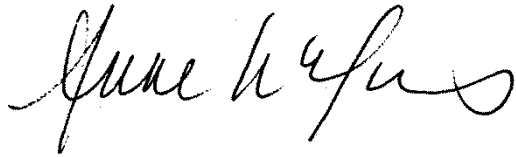
In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Acknowledgements

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Anne L. Norris". The signature is fluid and cursive, with a large initial "A" and a long, sweeping tail.

Anne L. Norris
City Manager



CITY of CRYSTAL



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Crystal
Minnesota**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO



CITY of CRYSTAL

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crystal, Minnesota, as of and for the year ended December 31, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the West Metro Fire-Rescue District nor the Golden Valley, Crystal, New Hope Joint Water Commission, joint ventures of the City which are disclosed in the notes to the City's financial statements, and in which the City reports an equity interest of \$1,131,737 and \$4,858,486, respectively. The financial statements of the District and Commission were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to the amounts disclosed for the District and Commission, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Auditor's Responsibility (Continued)

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

Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crystal, Minnesota, as of December 31, 2020, and the respective changes in financial position and where applicable, cash flows, thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

Other Matters (Continued)

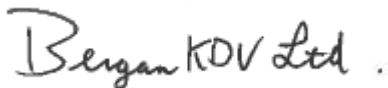
Other Information (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2021, on our consideration of the City of Crystal's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Crystal's internal control over financial reporting and compliance.



Minneapolis, Minnesota
June 7, 2021



CITY of CRYSTAL

City of Crystal Management's Discussion and Analysis

As management of the City of Crystal (the City), we have provided readers of the City's financial statements with this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, located previously in this report.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$119,688,202. Of this amount, \$35,494,921 is considered unrestricted net position and may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net position increased by \$2,371,864. Governmental activities experienced a \$253,732 increase in net position from operations while business-type activities experienced a \$2,118,132 increase in net position from operations.

At the end of the fiscal year, total fund balance for the General Fund was \$8,357,650, or 53.50% of total General Fund expenditures and transfers out.

The City's total long-term debt (excluding net pension liability and net OPEB obligation) decreased by \$3,022,952 during the fiscal year. The City's net OPEB obligation decreased by \$691,037.

Overview of the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

City of Crystal Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

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

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

Fund Financial Statements

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Debt Service, and Street Reconstruction funds, all of which are considered to be major funds. Data from the other six governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

**City of Crystal
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Governmental Funds (Continued)

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

Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sanitary sewer, storm drainage, streetlights, and recycling operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance, fleet, information technology, and city buildings activities. Because this activity predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

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

Fiduciary Funds

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

Notes to Financial Statements

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

Other Information

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

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

**City of Crystal
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

The City has 58.59% of its total net position invested in capital assets (including land, buildings and structures, improvements other than buildings, machinery and equipment, office equipment and furnishings, software, vehicles and trailers, and infrastructure), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional 11.75% of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of 29.66% represents unrestricted net position that may be used to meet the government's ongoing obligations to citizens and creditors.

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

A summary of the City's net position follows:

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 48,620,326	\$ 52,010,431	\$ 8,584,471	\$ 8,585,181	\$ 57,204,797	\$ 60,595,612
Equity interest in joint venture	1,131,737	1,276,450	4,858,486	4,621,447	5,990,223	5,897,897
Capital assets	61,217,485	62,204,131	21,760,477	19,815,262	82,977,962	82,019,393
Total assets	110,969,548	115,491,012	\$ 35,203,434	33,021,890	\$ 146,172,982	148,512,902
Deferred Outflows of Resources	2,570,834	3,418,110	68,884	56,147	2,639,718	3,474,257
Long-Term liabilities						
outstanding	22,363,512	24,909,778	809,749	903,213	23,173,261	25,812,991
Other liabilities	905,119	1,683,396	489,777	309,258	1,394,896	1,992,654
Total liabilities	23,268,631	26,593,174	1,299,526	1,212,471	24,568,157	27,805,645
Deferred Inflows of Resources	4,418,310	6,716,239	138,031	148,937	4,556,341	6,865,176
Net Position						
Net investment						
in capital assets	48,365,123	46,233,147	21,760,477	19,815,262	70,125,600	66,048,409
Restricted	14,067,681	17,072,361	-	-	14,067,681	17,072,361
Unrestricted	23,420,637	22,294,201	12,074,284	11,901,367	35,494,921	34,195,568
Total net position	<u>\$ 85,853,441</u>	<u>\$ 85,599,709</u>	<u>33,834,761</u>	<u>\$ 31,716,629</u>	<u>\$ 119,688,202</u>	<u>\$ 117,316,338</u>

**City of Crystal
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Net Position (Continued)

A summary of the City's changes in net position and revenues and expenses for 2020 and 2019 follows:

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues -						
Charges for services	\$ 1,192,432	\$ 2,218,671	\$ 8,935,363	\$ 7,918,273	\$ 10,127,795	\$ 10,136,944
Operating grants and contributions	887,111	761,960	240,825	2,560,212	1,127,936	3,322,172
Capital grants and contributions	1,763,000	2,146,495	105,750	-	1,868,750	2,146,495
General revenues -						
Property taxes	12,699,857	11,619,642			12,699,857	11,619,642
Intergovernmental	3,555,089	2,025,682	-	-	3,555,089	2,025,682
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	1,532,594	1,128,143	255,079	148,899	1,787,673	1,277,042
Total revenues	<u>21,630,083</u>	<u>19,900,593</u>	<u>9,537,017</u>	<u>10,627,384</u>	<u>31,167,100</u>	<u>30,527,977</u>
Expenses						
General government	2,622,345	4,523,764	-	-	2,622,345	4,523,764
Public safety	8,533,972	7,585,509	-	-	8,533,972	7,585,509
Public works	5,675,261	4,479,566	-	-	5,675,261	4,479,566
Parks and recreation	3,126,917	3,093,691	-	-	3,126,917	3,093,691
Community development	1,552,016	1,398,666	-	-	1,552,016	1,398,666
Interest on long-term debt	340,097	462,218	-	-	340,097	462,218
Water	-	-	3,362,825	3,094,824	3,362,825	3,094,824
Sanitary sewer	-	-	2,317,049	2,164,837	2,317,049	2,164,837
Storm drainage	-	-	725,016	1,539,162	725,016	1,539,162
Street lights	-	-	194,991	151,732	194,991	151,732
Recycling	-	-	344,747	334,947	344,747	334,947
Total Expenses	<u>21,850,608</u>	<u>21,543,414</u>	<u>6,944,628</u>	<u>7,285,502</u>	<u>28,795,236</u>	<u>28,828,916</u>
Change In Net Position						
Before transfers	(220,525)	(1,642,821)	2,592,389	3,341,882	2,371,864	1,699,061
Transfers	474,257	4,154,441	(474,257)	(4,154,441)	-	-
Change In Net Position	253,732	2,511,620	2,118,132	(812,559)	2,371,864	1,699,061
Net Position - beginning of year	85,599,709	83,088,089	31,716,629	32,529,188	117,316,338	115,617,277
Net Position - end of year	<u>\$85,853,441</u>	<u>\$85,599,709</u>	<u>\$33,834,761</u>	<u>\$ 31,716,629</u>	<u>\$ 119,688,202</u>	<u>\$ 117,316,338</u>

**City of Crystal
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities

Governmental activities increased the City's governmental-type net position by \$253,732, or 0.30%, accounting for 6.68% of the total increase in the City's net position.

Business-type Activities

Business-type activities increased the City's business-type net position by \$2,118,132, or 6.68%, accounting for 89.30% of the total increase in the City's net position.

Key elements of the net increase include:

- Rate increases –

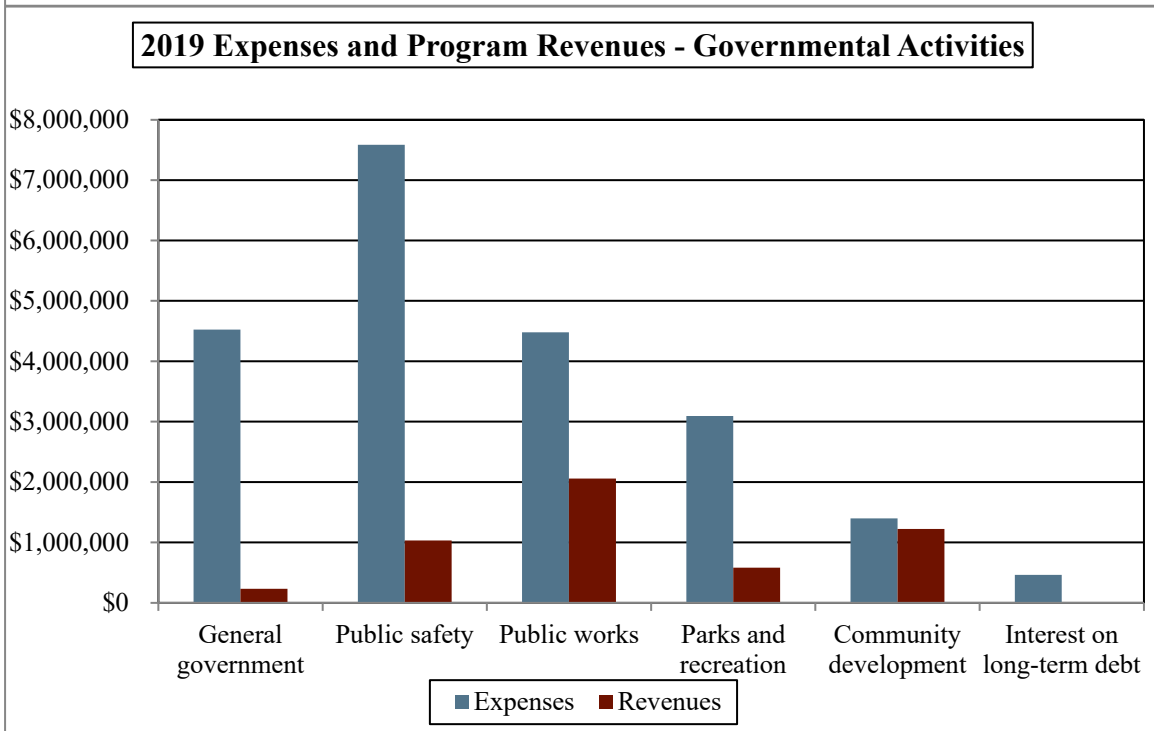
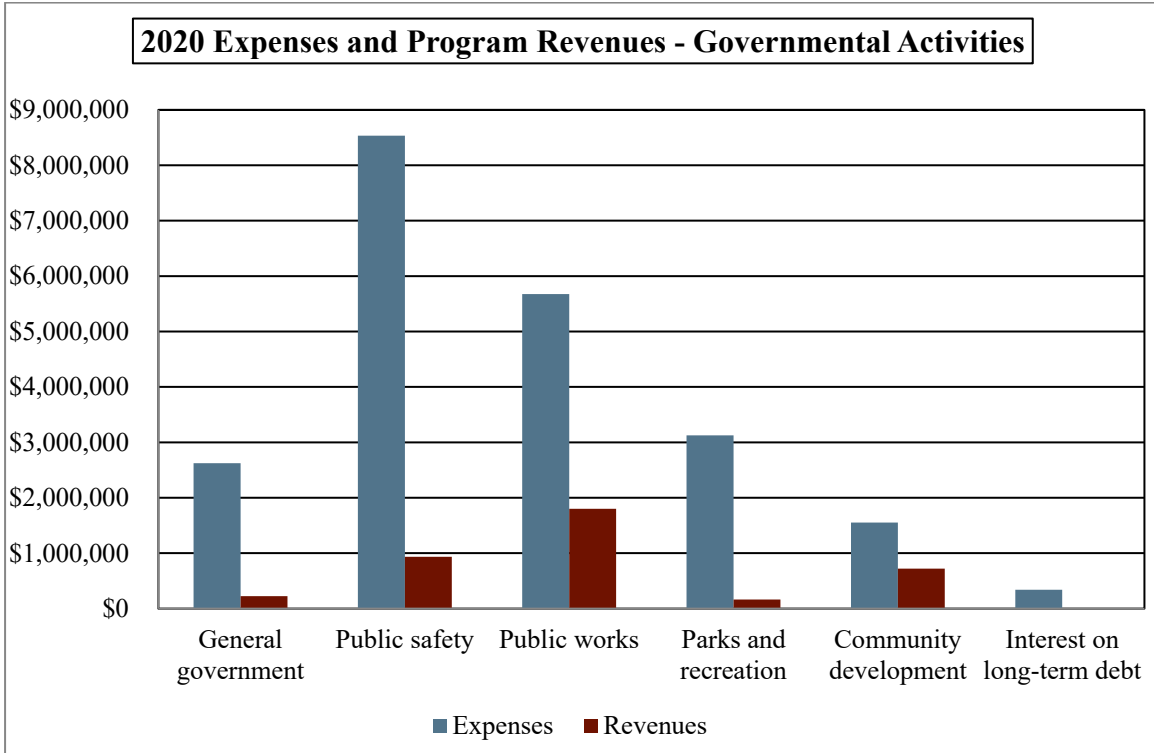
The City Council approved a rate increase of 12.01% for the sanitary sewer utility, which increased rates charged on average from \$47.33 per quarter for residential properties in 2019 to \$53.01 per quarter in 2020.

The City Council approved a rate increase of 5.22% for the storm drainage utility, which increased rates charged from \$19.15 per quarter for residential properties in 2019 to \$20.15 per quarter in 2020. In addition, the storm drainage utility rate per residential equivalency factor (per acre) for commercial users increased by 5.22%, this increased the quarterly factor from \$95.75 in 2019 to \$100.75 in 2020.

**City of Crystal
Management's Discussion and Analysis**

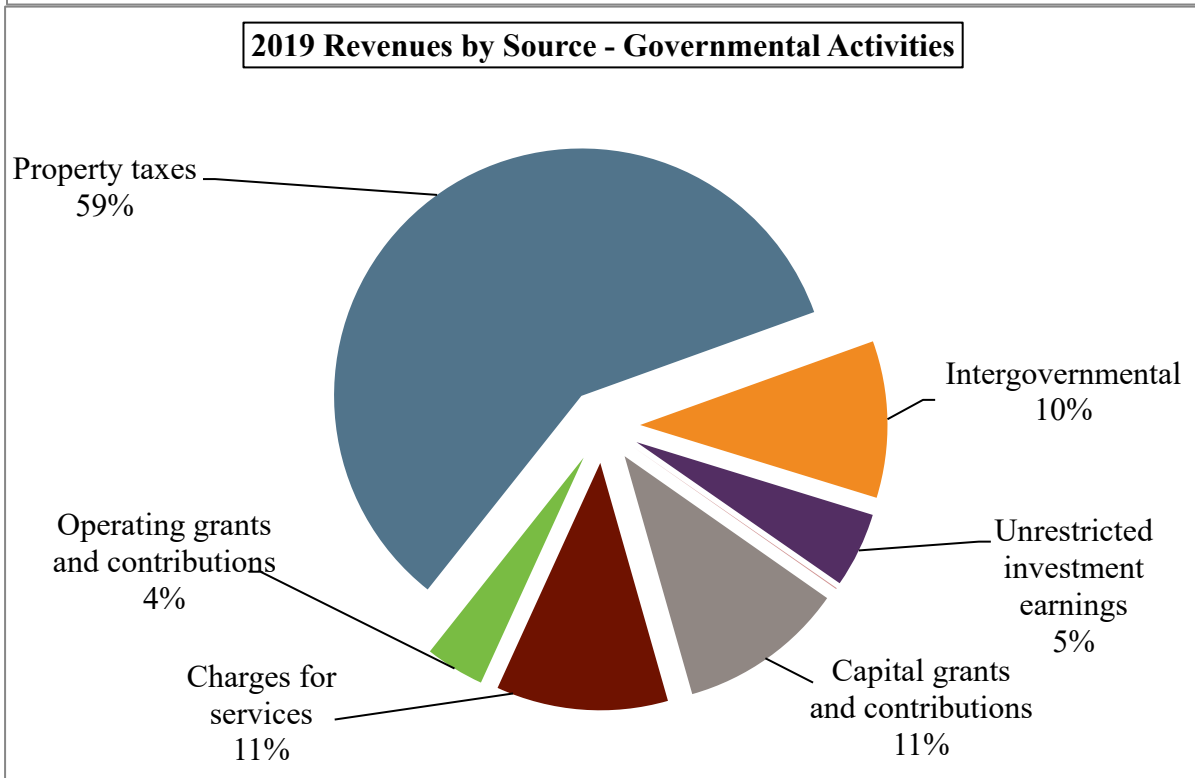
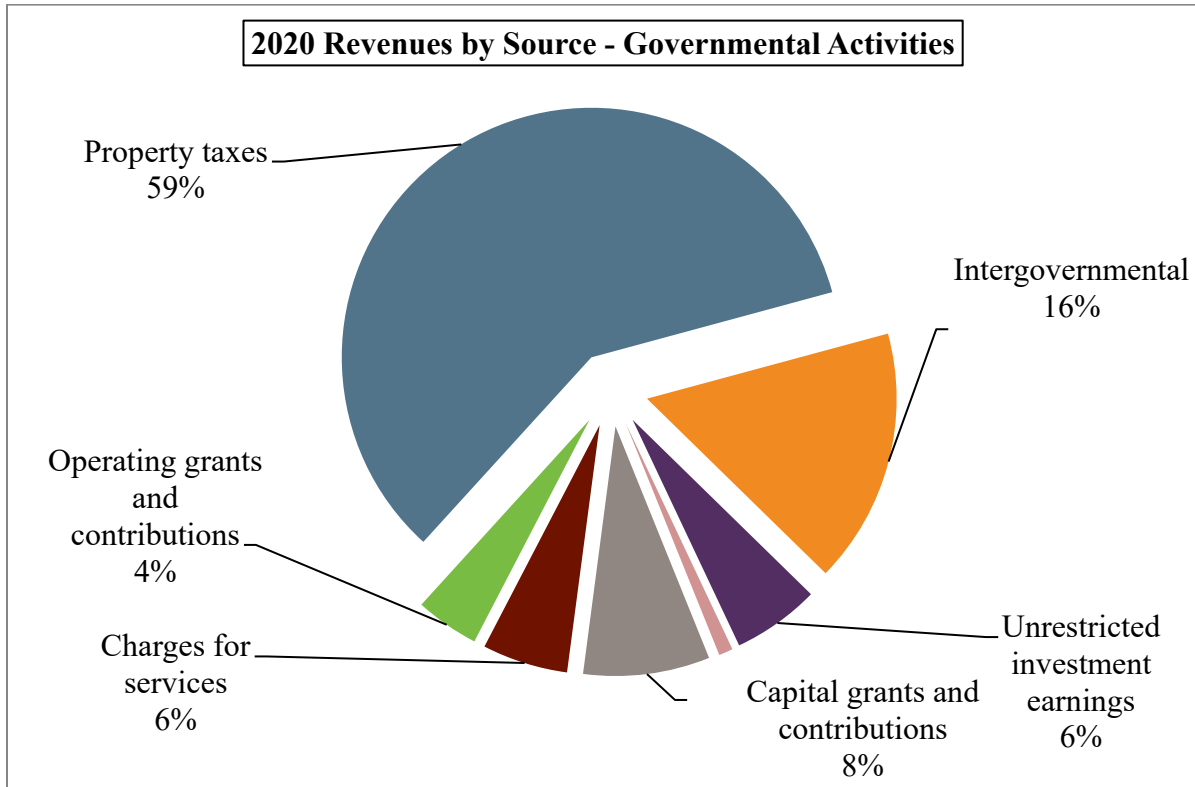
EXPENSES AND PROGRAM REVENUES

Governmental Activities



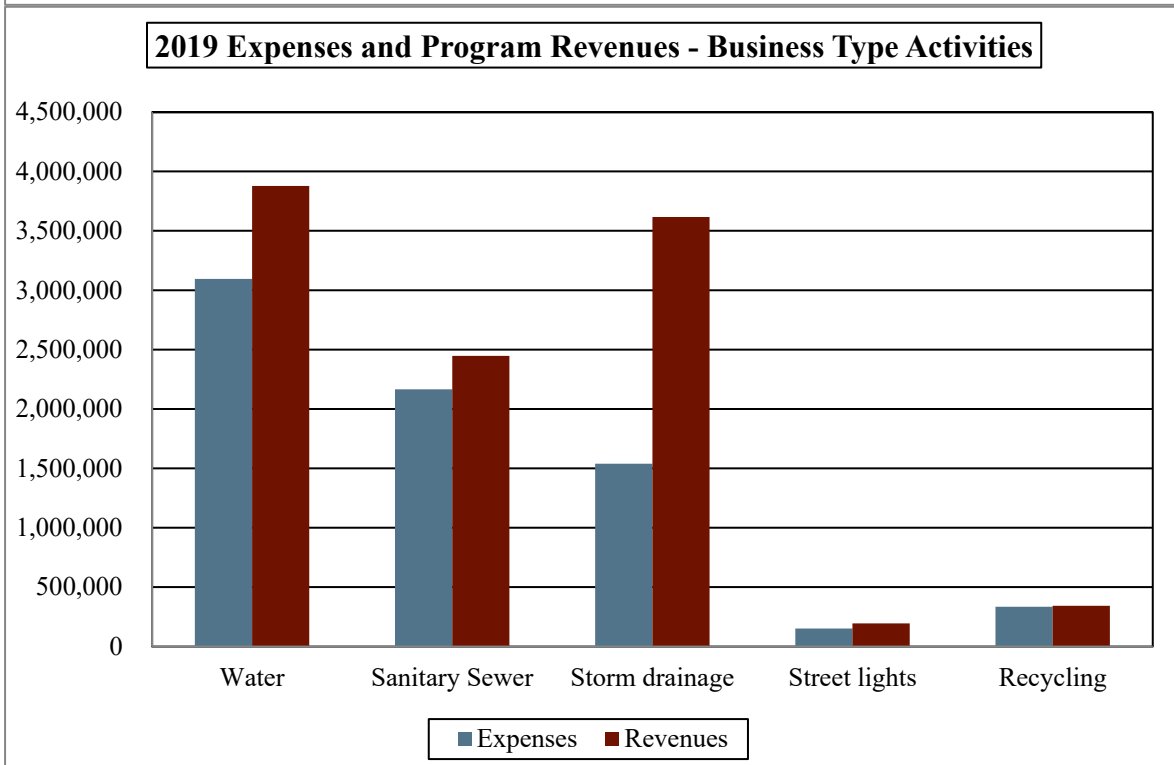
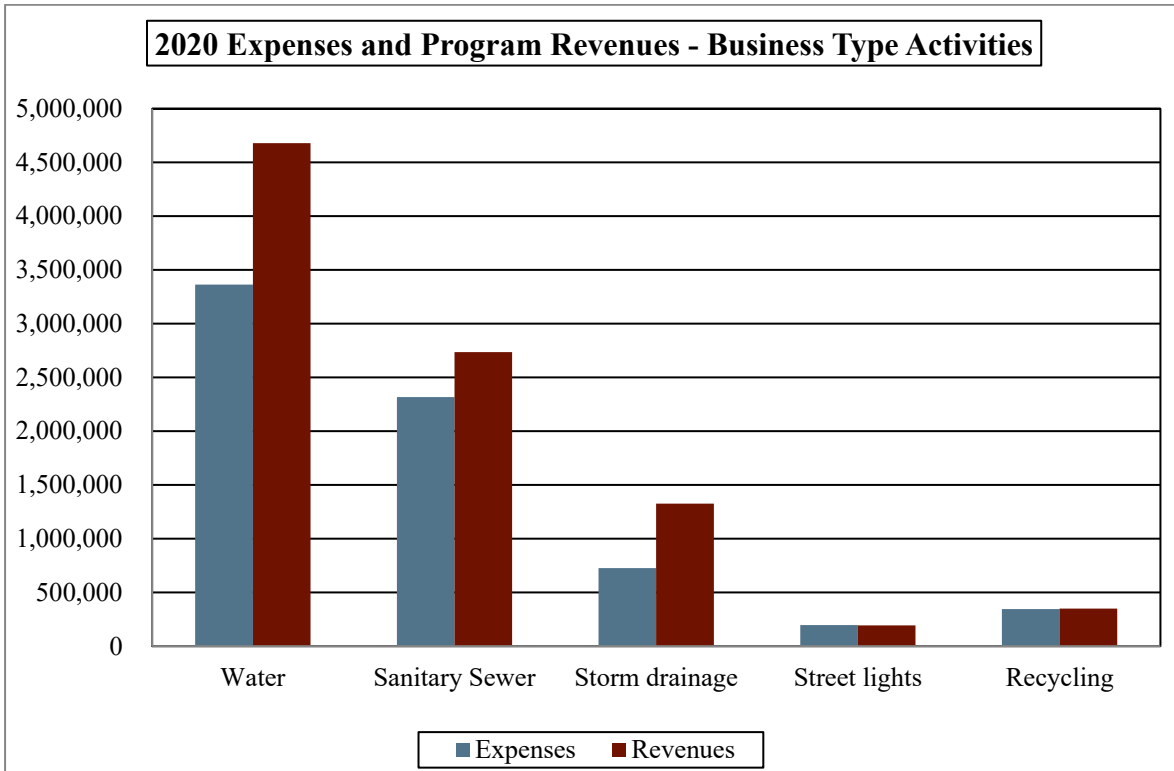
**City of Crystal
Management's Discussion and Analysis**

REVENUES BY SOURCE



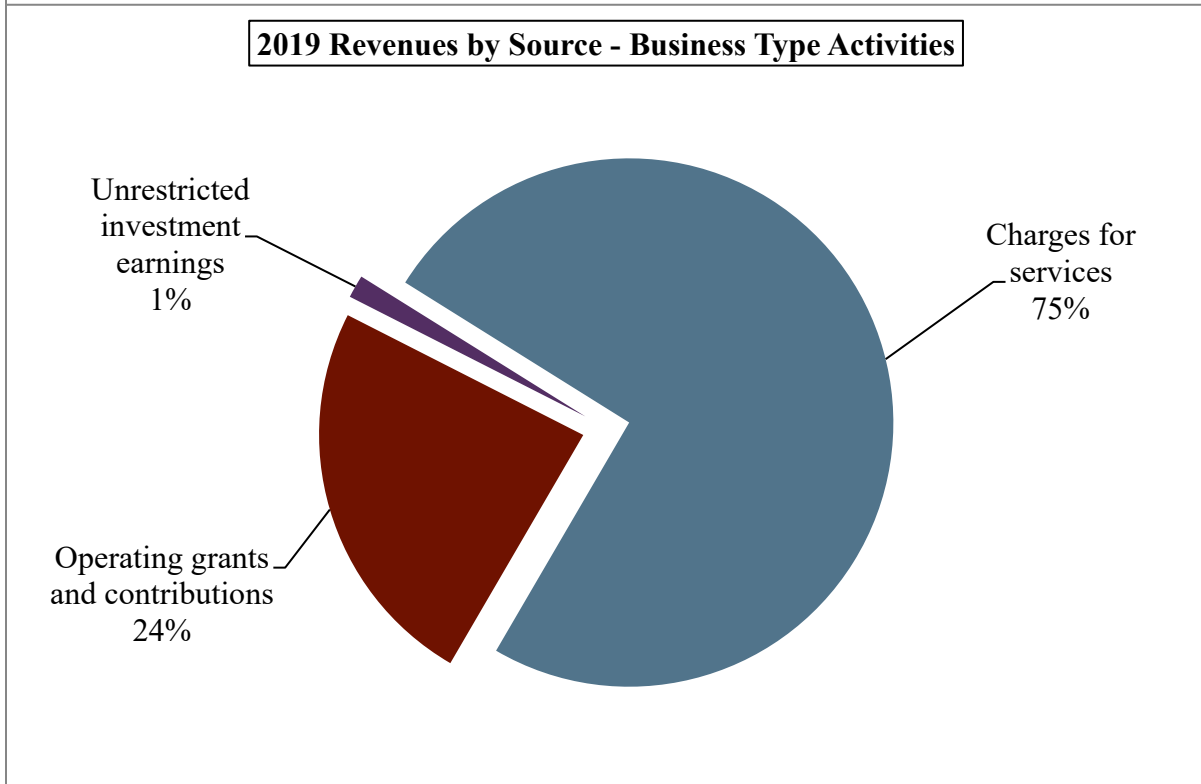
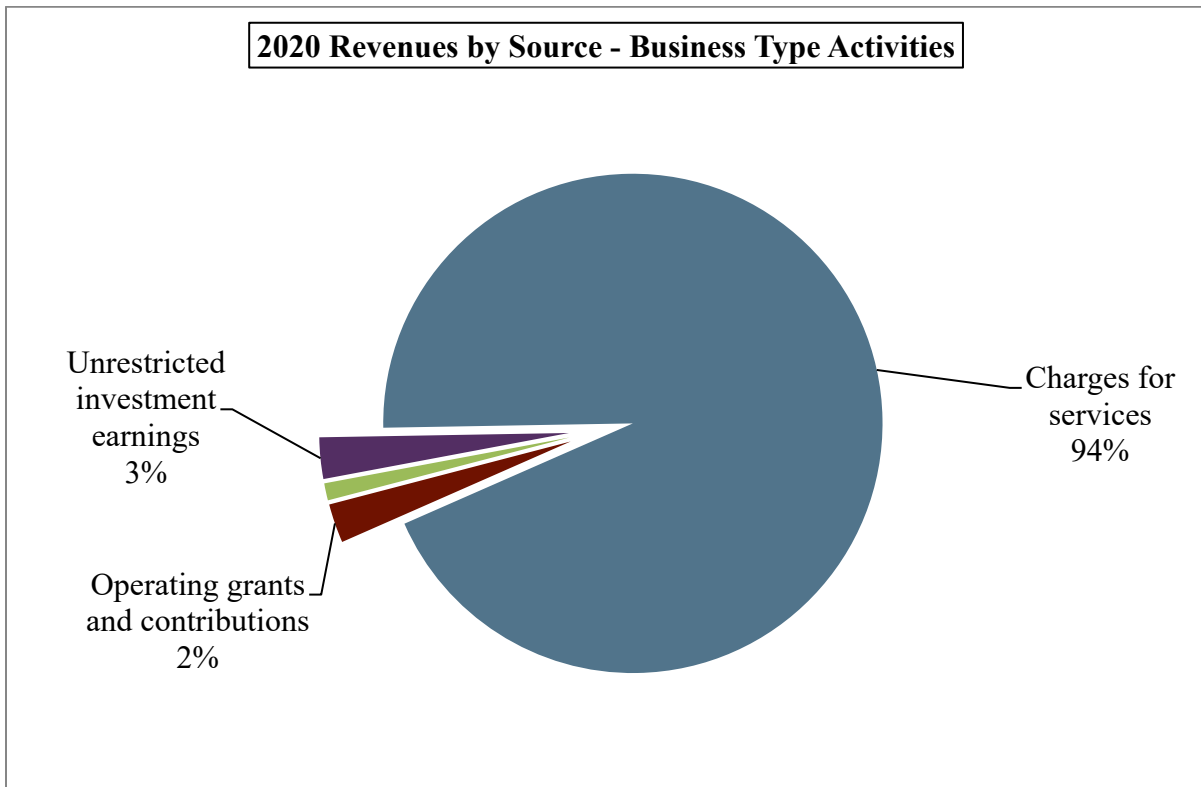
**City of Crystal
Management's Discussion and Analysis**

EXPENSES AND PROGRAM REVENUES



City of Crystal
Management's Discussion and Analysis

REVENUES BY SOURCE



City of Crystal Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$27,671,236, a decrease of \$8,055,126 compared to the prior year.

Approximately 26.76% of the total amount (\$7,405,222) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance has been classified as nonspendable (\$26,398), restricted (\$5,618,412), committed (\$14,546,590), and assigned (\$74,614).

The General Fund is the main operating fund of the City. At the end of the fiscal year total fund balance was \$8,357,650. Unassigned fund balance was \$7,405,222, \$926,030 was committed for compensated absences, and \$26,398 was reported as nonspendable to offset inventory and prepaid expenses. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 53.50% of total General Fund expenditures and transfers out. The total fund balance is slightly more than the balance called for by the City's fund balance policy. Fund balance provides working capital to support operations until the first current-year tax settlement is received in June and July.

There was an increase of \$1,361,214 in the fund balance of the General Fund during the current fiscal year. Total revenues were \$886,540 higher than the final budget. Intergovernmental revenues were higher than budget, while charges for services, fines and forfeitures, licenses and permits, and special assessments were lower than the final budget. Actual expenditures were \$474,465 lower than the final budget. This is largely due to recreation facilities and programs being shut down during the pandemic.

The EDA Fund recorded a decrease of \$5,393 in its fund balance during the current fiscal year. The fund balance of \$2,438,443 was committed for economic development projects.

The Debt Service Fund has a total fund balance of \$4,506,534, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current fiscal year was \$1,574,438. For additional transaction details, refer to the Long-Term Debt section located later in this Management's Discussion and Analysis, or to Note 6 in the notes to the financial statements.

The Street Reconstruction Fund recorded an increase of \$24,262 in its fund balance during the current fiscal year. All of the fund balance of \$6,803,180 is committed.

Proprietary Funds

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

Unrestricted net position in the City's enterprise funds totaled \$12,074,284 at the end of the fiscal year. The water, sewer, storm drainage, streetlights, and recycling utility funds reported increases in net position from operations of \$1,183,962, \$290,714, \$630,320, \$13,122 and \$14, respectively.

**City of Crystal
Management's Discussion and Analysis**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Budget Highlights

The City's General fund budget was amended by \$1,317,154 during the year. Revenues provided a positive budget variance while expenditures provided a negative budget variance. Total revenues were \$886,540 higher than the final budget. Special assessments, licenses, permits and inspections, charges for sales and/or services, fines and forfeitures, and miscellaneous revenues were lower than budget, while intergovernmental revenue was higher than budget. Actual expenditures were \$474,465 lower than the final budget. General government and public safety expenses were higher than budget, but public works, recreation, and community development expenses were lower than budget.

Capital Assets

The City's net capital assets for its governmental and business-type activities as of December 31, 2020, are \$82,977,963. This balance represents a net increase of \$958,570 from the prior year. Additional details of capital asset activity for the year can be found in Note 5 in the notes to the financial statements.

Long-term Debt

The City's total long-term debt decreased by \$3,022,952, or 17.90%, during the fiscal year. Normal required annual payments were made on bonds payable and compensated absences.

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

The City's sound financial management and strong financial position, as evidenced by favorable reserves, has earned the City an Aa2 rating from Moody's Investors Service on its G.O. debt. Moody's Investors

State statutes limit the amount of G.O. debt a governmental entity may issue to 3% of total taxable market value. The current debt limitation for the City is \$62,635,000. The City currently has no outstanding G.O. debt.

Economic Factors and Next Year's Budgets and Rates

Economic factors affect the preparation of annual budgets. The following factors were considered in preparing the City's budget for the 2020 fiscal year:

- The 2020 budget includes a 9.03% tax levy increase. This will be supplemented by increases in other revenues to cover an inflationary increase of 3.77% the operating budget.
- In 2018, the City completed a utility rate study that produced a modified rate structure. Changes to fixed fees for sewer charges being based on water consumption, increases in the tiered water fees and an increase in storm water fees will result in varying increases to residential and commercial users.

**City of Crystal
Management's Discussion and Analysis**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Requests for Information

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

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



CITY of CRYSTAL

BASIC FINANCIAL STATEMENTS

City of Crystal
Statement of Net Position
December 31, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments (including cash equivalents)	\$ 36,872,441	\$ 5,759,336	\$ 42,631,777
Cash with fiscal agent	65,795	-	65,795
Accrued interest	74,525	-	74,525
Accounts receivable	182,549	1,648,874	1,831,423
Delinquent taxes receivable	235,521	-	235,521
Special assessments receivable	10,640,067	373,399	11,013,466
Due from other governments	214,030	739,031	953,061
Inventory	9,012	40,967	49,979
Prepaid items	17,386	22,864	40,250
Land held for resale	309,000	-	309,000
Equity interest in joint venture	1,131,737	4,858,486	5,990,223
Capital assets (net of accumulated depreciation, where applicable)			
Land	6,860,536	759,062	7,619,598
Buildings and structures	10,667,608	-	10,667,608
Improvements other than buildings	2,957,452	191,813	3,149,265
Machinery and equipment	3,188,405	1,032,727	4,221,132
Office equipment and furnishings	364,075	-	364,075
Software	13,532	27,482	41,014
Vehicles and trailers	1,622,896	-	1,622,896
Infrastructure	34,590,959	17,463,484	52,054,443
Construction in progress	952,022	2,285,909	3,237,931
Total assets	<u>110,969,548</u>	<u>35,203,434</u>	<u>146,172,982</u>
Deferred Outflows of Resources			
Pension-related deferred outflows of resources	2,294,038	39,661	2,333,699
OPEB-related deferred outflows of resources	276,796	29,223	306,019
Total deferred outflows of resources	<u>2,570,834</u>	<u>68,884</u>	<u>2,639,718</u>
Liabilities			
Accounts and other current liabilities	706,273	489,777	1,196,050
Interest payable	127,339	-	127,339
Unearned revenue	71,507	-	71,507
Noncurrent liabilities			
Due within one year	1,829,170	53,070	1,882,240
Due in more than one year	11,949,222	34,675	11,983,897
Net pension liability, due in more than one year	6,969,795	551,466	7,521,261
Total OPEB liability, due in more than one year	1,615,325	170,538	1,785,863
Total liabilities	<u>23,268,631</u>	<u>1,299,526</u>	<u>24,568,157</u>
Deferred Inflows of Resources			
State aid related deferred inflows of resources	950,079	-	950,079
Pension-related deferred inflows of resources	2,530,257	39,004	2,569,261
OPEB-related deferred inflows of resources	937,974	99,027	1,037,001
Total deferred inflows of resources	<u>4,418,310</u>	<u>138,031</u>	<u>4,556,341</u>
Net Position			
Net investment in capital assets	48,365,123	21,760,477	70,125,600
Restricted for			
TIF projects	1,038,382	-	1,038,382
Debt service	12,955,803	-	12,955,803
Special projects	73,496	-	73,496
Unrestricted	23,420,637	12,074,284	35,494,921
Total net position	<u>\$ 85,853,441</u>	<u>\$ 33,834,761</u>	<u>\$ 119,688,202</u>

City of Crystal
Statement of Activities
Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 2,622,345	\$ 181,700	\$ 7,538	\$ 35,103	\$ (2,398,004)	\$ -	\$ (2,398,004)
Public safety	8,533,972	204,252	728,642	-	(7,601,078)	-	(7,601,078)
Public works	5,675,261	-	141,400	1,660,390	(3,873,471)	-	(3,873,471)
Recreation	3,126,917	154,555	9,531	-	(2,962,831)	-	(2,962,831)
Community development	1,552,016	651,925	-	67,507	(832,584)	-	(832,584)
Interest on long-term debt	340,097	-	-	-	(340,097)	-	(340,097)
Total governmental activities	<u>21,850,608</u>	<u>1,192,432</u>	<u>887,111</u>	<u>1,763,000</u>	<u>(18,008,065)</u>	<u>-</u>	<u>(18,008,065)</u>
Business-type activities							
Water	3,362,825	4,442,177	237,039	-	-	1,316,391	1,316,391
Sanitary sewer	2,317,049	2,679,871	3,502	52,250	-	418,574	418,574
Storm drainage	725,016	1,271,999	284	53,500	-	600,767	600,767
Street lights	194,991	193,029	-	-	-	(1,962)	(1,962)
Recycling	344,747	348,287	-	-	-	3,540	3,540
Total business-type activities	<u>6,944,628</u>	<u>8,935,363</u>	<u>240,825</u>	<u>105,750</u>	<u>-</u>	<u>2,337,310</u>	<u>2,337,310</u>
Total primary government	<u>\$ 28,795,236</u>	<u>\$ 10,127,795</u>	<u>\$ 1,127,936</u>	<u>\$ 1,868,750</u>	<u>(18,008,065)</u>	<u>2,337,310</u>	<u>(15,670,755)</u>
General revenues							
Property taxes					12,699,857	-	12,699,857
Unrestricted state aids					3,555,089	-	3,555,089
Unrestricted investment earnings					1,217,350	255,079	1,472,429
Other general revenue					196,167	-	196,167
Gain on sale of capital assets					119,077	-	119,077
Transfers					474,257	(474,257)	-
Total general revenues and transfers					<u>18,261,797</u>	<u>(219,178)</u>	<u>18,042,619</u>
Change in net position					253,732	2,118,132	2,371,864
Net position - beginning					85,599,709	31,716,629	117,316,338
Net position - ending					<u>\$ 85,853,441</u>	<u>\$ 33,834,761</u>	<u>\$ 119,688,202</u>

City of Crystal
Balance Sheet - Governmental Funds
December 31, 2020

	General Fund	Debt Service	Street Reconstruction - Capital Projects
Assets			
Cash and investments	\$ 8,638,151	\$ 4,492,080	\$ 7,761,272
Temporarily restricted cash	65,795	-	-
Taxes receivable	213,972	5,974	6,337
Special assessments receivable	54,819	8,585,408	1,919,840
Accounts receivable	51,102	-	-
Accrued interest	74,525	-	-
Due from other governments	22,484	-	3,119
Inventories	9,012	-	-
Prepaid items	17,386	-	-
Land held for resale	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 9,147,246</u>	<u>\$ 13,083,462</u>	<u>\$ 9,690,568</u>
Liabilities			
Accounts payable	\$ 98,246	\$ 320	\$ 629
Due to other governments	56,639	-	-
Salaries and benefits payable	314,705	-	-
Deposits payable	65,795	-	-
Contracts payable	-	-	14,758
Unearned revenue	71,507	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>606,892</u>	<u>320</u>	<u>15,387</u>
Deferred Inflows of Resources			
State aid related deferred inflows of resources	-	-	950,079
Unavailable revenue - property taxes	128,078	-	6,337
Unavailable revenue - special assessments	54,626	8,576,608	1,915,585
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>182,704</u>	<u>8,576,608</u>	<u>2,872,001</u>
Fund Balances			
Nonspendable	26,398	-	-
Restricted	-	4,506,534	-
Committed	926,030	-	6,803,180
Assigned	-	-	-
Unassigned	7,405,222	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>8,357,650</u>	<u>4,506,534</u>	<u>6,803,180</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 9,147,246</u>	<u>\$ 13,083,462</u>	<u>\$ 9,690,568</u>

Other Governmental Funds	Total Governmental Funds
\$ 7,559,705	\$ 28,451,208
-	65,795
9,238	235,521
80,000	10,640,067
-	51,102
-	74,525
188,427	214,030
-	9,012
-	17,386
309,000	309,000
<u>\$ 8,146,370</u>	<u>\$ 40,067,646</u>
\$ 41,906	\$ 141,101
2,831	59,470
8,523	323,228
-	65,795
-	14,758
-	71,507
<u>53,260</u>	<u>675,859</u>
-	950,079
9,238	143,653
80,000	10,626,819
<u>89,238</u>	<u>11,720,551</u>
-	26,398
1,111,878	5,618,412
6,817,380	14,546,590
74,614	74,614
-	7,405,222
<u>8,003,872</u>	<u>27,671,236</u>
<u>\$ 8,146,370</u>	<u>\$ 40,067,646</u>



CITY of CRYSTAL

City of Crystal
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2020

Total fund balances - governmental funds \$ 27,671,236

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.

Cost of capital assets	91,362,494
Less accumulated depreciation	(45,511,872)

Certain revenues are include in net position but are excluded from fund balances until they are available to liquidate liabilities of the current period. Unavailable revenue relating to:

Property taxes	143,653
Special assessments	10,626,819

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

Bond principal payable	(12,470,000)
Premium on debt	(397,312)
Discount on debt	14,950
Interest payable	(127,339)
Compensated absences payable	(926,030)

Governmental funds do not report long-term amounts relating to OPEB. Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.

Deferred inflows of resources related to OPEB	(937,974)
Deferred outflows of resources related to OPEB	276,796
Total OPEB liability	(1,615,325)

Governmental funds do not report long-term amounts relating to pensions and OPEB. Deferred ourflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.

Deferred inflows of resources related to pensions	(2,530,257)
Deferred outflows of resources related to pensions	2,294,038
Net pension liability	(6,969,795)

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Self-Insurance Internal Service Fund are included in governmental activities in the Statement of Net Position.

23,817,622

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

Equity interest in joint venture - West Metro Fire-Rescue District	1,131,737
--	-----------

Total net position - governmental activities	\$ 85,853,441
--	---------------

City of Crystal
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2020

	General Fund	Debt Service	Street Reconstruction - Capital Projects
Revenues			
Property taxes	\$ 11,407,848	\$ -	\$ 110,144
Special assessments	47,400	1,792,690	600,322
Licenses and permits	676,382	-	-
Intergovernmental	3,637,704	-	1,013,257
Charges for services	332,551	-	-
Fine and forfeitures	183,499	-	-
Interest	190,136	125,727	319,054
Miscellaneous	33,942	-	28,933
Total revenues	<u>16,509,462</u>	<u>1,918,417</u>	<u>2,071,710</u>
Expenditures			
Current			
General government	2,244,492	-	-
Public safety	8,263,068	-	-
Public works	1,549,456	-	-
Recreation	2,895,125	-	-
Economic development	670,574	-	-
Debt service			
Principal	-	3,090,000	-
Interest and other charges	-	402,855	-
Capital outlay	-	-	2,047,448
Total expenditures	<u>15,622,715</u>	<u>3,492,855</u>	<u>2,047,448</u>
Excess of revenues over (under) expenditures	886,747	(1,574,438)	24,262
Other Financing Sources (Uses)			
Proceeds from sale of capital asset	210	-	-
Transfers in	474,257	-	-
Total other financing sources (uses)	<u>474,467</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,361,214	(1,574,438)	24,262
Fund Balances			
Beginning of year, as previously stated	6,996,436	6,080,972	6,778,918
Change in accounting principle (See Note 16)	-	-	-
Beginning of year, as restated	<u>6,996,436</u>	<u>6,080,972</u>	<u>6,778,918</u>
End of year	<u>\$ 8,357,650</u>	<u>\$ 4,506,534</u>	<u>\$ 6,803,180</u>

Other Governmental Funds	Total Governmental Funds
\$ 1,142,833	\$ 12,660,825
20,107	2,460,519
-	676,382
252,386	4,903,347
-	332,551
12,740	196,239
295,251	930,168
44,685	107,560
<u>1,768,002</u>	<u>22,267,591</u>
2,346	2,246,838
61,340	8,324,408
-	1,549,456
18,757	2,913,882
633,039	1,303,613
260,275	3,350,275
22,707	425,562
1,092,380	3,139,828
<u>2,090,844</u>	<u>23,253,862</u>
(322,842)	(986,271)
27,030	27,240
-	474,257
<u>27,030</u>	<u>501,497</u>
(295,812)	(484,774)
15,870,036	35,726,362
<u>(7,570,352)</u>	<u>(7,570,352)</u>
8,299,684	28,156,010
<u>\$ 8,003,872</u>	<u>\$ 27,671,236</u>



CITY of CRYSTAL

City of Crystal
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to
the Statement of Activities - Governmental Funds
Year Ended December 31, 2020

Net change in fund balances - governmental funds \$ (484,774)

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlays	1,686,597
Depreciation expense	(2,992,805)

Revenues relating to delinquent taxes, special assessments, and notes receivable are included in the change in net position but are excluded from the net change in fund balances until they are available to liquidate liabilities of the current period.

(1,796,397)

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

Bond principal payments and adjustments	3,090,000
---	-----------

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

Amortization of bond premium	37,624
Amortization of bond discount	(9,002)
Accrued interest payable	56,843
Compensated absences	(124,527)
OPEB expense	(24,561)

Pension costs in governmental funds are recognized when employer contributions are made. On the Statement of Activities pension costs are recognized on the accrual basis. The difference between actual employer contributions and accrual basis pension costs is reflected in pension expense.

Pension expense	267,442
-----------------	---------

An internal service fund is used by management to charge the costs of insurance to individual funds. The change in net position of the Self-Insurance Internal Service Fund is included in governmental activities in the Statement of Net Position.

692,005

Net income (loss) from equity interests is included in the change in net position but is excluded from the change in fund balances.

(144,713)

Change in net position - governmental activities

\$ 253,732

City of Crystal
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 10,218,522	\$ 11,535,676	\$ 11,407,848	\$ (127,828)
Special assessments	70,500	70,500	47,400	(23,100)
Licenses and permits	853,810	853,810	676,382	(177,428)
Intergovernmental	1,787,339	1,787,339	3,637,704	1,850,365
Charges for services	890,052	890,052	332,551	(557,501)
Fine and forfeitures	307,000	307,000	183,499	(123,501)
Interest	94,512	94,512	190,136	95,624
Miscellaneous revenues	84,033	84,033	33,942	(50,091)
Total revenues	<u>14,305,768</u>	<u>15,622,922</u>	<u>16,509,462</u>	<u>886,540</u>
Expenditures				
General government				
Mayor and council	136,320	144,113	105,316	(38,797)
Administration	1,070,325	1,119,035	1,149,758	30,723
Human resources	56,613	61,317	51,416	(9,901)
Assessing	322,691	346,575	371,927	25,352
Legal	59,000	60,720	51,544	(9,176)
Elections	128,096	132,604	84,212	(48,392)
Finance	351,148	375,375	426,295	50,920
City buildings	-	-	4,024	4,024
Total general government	<u>2,124,193</u>	<u>2,239,739</u>	<u>2,244,492</u>	<u>4,753</u>
Public safety				
Police	6,164,559	6,591,560	6,531,589	(59,971)
Fire	1,508,437	1,602,982	1,731,479	128,497
Total public safety	<u>7,672,996</u>	<u>8,194,542</u>	<u>8,263,068</u>	<u>68,526</u>
Public works				
Engineering	441,633	458,533	451,476	(7,057)
Street maintenance	1,019,316	1,158,693	1,097,980	(60,713)
Total public works	<u>1,460,949</u>	<u>1,617,226</u>	<u>1,549,456</u>	<u>(67,770)</u>
Recreation				
Park maintenance	1,010,514	1,156,534	1,153,329	(3,205)
Forestry	90,800	93,734	58,798	(34,936)
Recreation	1,022,571	1,061,146	915,453	(145,693)
Community center	426,755	656,792	645,698	(11,094)
Waterslide/swimming pool	283,878	355,744	121,847	(233,897)
Total recreation	<u>2,834,518</u>	<u>3,323,950</u>	<u>2,895,125</u>	<u>(428,825)</u>

City of Crystal
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Final Budget - Positive (Negative)
	Original	Final		
Expenditures (Continued)				
Community development				
Planning and code enforcement	\$ 687,370	\$ 721,723	\$ 670,574	\$ (51,149)
Total expenditures	<u>14,780,026</u>	<u>16,097,180</u>	<u>15,622,715</u>	<u>(474,465)</u>
Excess of revenues over (under) expenditures	(474,258)	(474,258)	886,747	1,361,005
Other Financing Sources				
Proceeds from sale of capital asset	-	-	210	210
Transfers in	474,258	474,258	474,257	(1)
Total other financing sources	<u>474,258</u>	<u>474,258</u>	<u>474,467</u>	<u>209</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	1,361,214	<u>\$ 1,361,214</u>
Fund Balance				
Beginning of year			<u>6,996,436</u>	
End of year			<u>\$ 8,357,650</u>	

City of Crystal
Statement of Net Position - Proprietary Funds
December 31, 2020

	Water	Sewer	Storm Drainage	Streetlights
Assets				
Current assets				
Cash and investments (including cash equivalents)	\$ 1,537,557	\$ 1,160,442	\$ 2,149,587	\$ 776,217
Special assessment receivable	365,039	8,360	-	-
Accounts receivable	820,301	504,239	241,203	35,542
Due from other funds	-	30,000	-	30,000
Due from other governments	739,031	-	-	-
Inventories	30,964	7,875	2,128	-
Prepaid expenses	22,084	520	260	-
Total current assets	<u>3,514,976</u>	<u>1,711,436</u>	<u>2,393,178</u>	<u>841,759</u>
Noncurrent assets				
Equity interest in joint venture	4,858,486	-	-	-
Advance to other funds	-	90,000	-	90,000
Capital assets				
Land	42,200	-	716,862	-
Infrastructure	3,603,173	9,761,490	16,495,561	634,133
Buildings	-	-	-	-
Improvements other than buildings	-	-	187,246	16,861
Office equipment and furnishings	-	-	-	-
Software	29,445	-	-	-
Machinery and equipment	1,918,002	294,858	11,805	-
Vehicles	-	-	-	-
Construction in progress	556,873	1,054,682	674,354	-
Total capital assets	<u>6,149,693</u>	<u>11,111,030</u>	<u>18,085,828</u>	<u>650,994</u>
Less accumulated depreciation	<u>(2,750,131)</u>	<u>(4,743,994)</u>	<u>(6,381,463)</u>	<u>(361,480)</u>
Net capital assets	<u>3,399,562</u>	<u>6,367,036</u>	<u>11,704,365</u>	<u>289,514</u>
Total noncurrent assets	<u>8,258,048</u>	<u>6,457,036</u>	<u>11,704,365</u>	<u>379,514</u>
Deferred Outflows of Resources				
Pension-related deferred outflows	15,945	15,812	7,904	-
OPEB-related deferred outflows	11,714	11,673	5,836	-
Total deferred outflows of resources	<u>27,659</u>	<u>27,485</u>	<u>13,740</u>	<u>-</u>
Liabilities				
Current liabilities				
Accounts payable	18,204	24,847	23,091	9,200
Contracts payable	21,844	43,471	13,041	-
Salaries and benefits payable	10,866	10,566	5,283	-
Deposits payable	-	-	-	-
Due to other funds	60,000	-	-	-
Due to other governments	307,327	55	28	-
Current compensated absences	21,228	21,228	10,614	-
Total current liabilities	<u>439,469</u>	<u>100,167</u>	<u>52,057</u>	<u>9,200</u>
Noncurrent liabilities				
Compensated absences	13,870	13,870	6,935	-
Advances from other funds	180,000	-	-	-
Net pension liability	221,707	219,854	109,905	-
Total OPEB liability	<u>68,357</u>	<u>68,121</u>	<u>34,060</u>	<u>-</u>
Total noncurrent liabilities	<u>483,934</u>	<u>301,845</u>	<u>150,900</u>	<u>-</u>
Deferred Inflows of Resources				
Pension-related deferred inflows	15,681	15,550	7,773	-
OPEB-related deferred inflows	39,693	39,556	19,778	-
Total deferred inflows of resources	<u>55,374</u>	<u>55,106</u>	<u>27,551</u>	<u>-</u>
Net Position				
Net investment in capital assets	3,399,562	6,367,036	11,704,365	289,514
Unrestricted	<u>7,422,344</u>	<u>1,371,803</u>	<u>2,176,410</u>	<u>922,559</u>
Total net position	<u>\$ 10,821,906</u>	<u>\$ 7,738,839</u>	<u>\$ 13,880,775</u>	<u>\$ 1,212,073</u>

See notes to financial statements.

Recycling Utility	Totals	Governmental Activities - Internal Service Funds
\$ 135,533	\$ 5,759,336	\$ 8,421,233
-	373,399	-
47,589	1,648,874	131,447
-	60,000	-
-	739,031	-
-	40,967	-
-	22,864	-
<u>183,122</u>	<u>8,644,471</u>	<u>8,552,680</u>
-	4,858,486	-
-	180,000	-
-	759,062	-
-	30,494,357	-
-	-	18,730,476
-	204,107	342,750
-	-	608,395
-	29,445	165,658
-	2,224,665	5,065,033
-	-	3,088,102
-	2,285,909	637,264
-	35,997,545	28,637,678
-	(14,237,068)	(13,270,815)
-	21,760,477	15,366,863
-	26,798,963	15,366,863
-	39,661	-
-	29,223	-
-	68,884	-
1,954	77,296	100,799
-	78,356	-
-	26,715	-
-	-	-
-	60,000	-
-	307,410	1,122
-	53,070	-
<u>1,954</u>	<u>602,847</u>	<u>101,921</u>
-	34,675	-
-	180,000	-
-	551,466	-
-	170,538	-
-	936,679	-
-	39,004	-
-	99,027	-
-	138,031	-
-	21,760,477	15,366,863
<u>181,168</u>	<u>12,074,284</u>	<u>8,450,759</u>
<u>\$ 181,168</u>	<u>\$ 33,834,761</u>	<u>\$ 23,817,622</u>

City of Crystal
Statement of Revenues, Expenses, and Changes
in Net Position - Proprietary Funds
Year Ended December 31, 2020

	Water	Sewer	Storm Drainage
Operating revenues			
Charges for services	\$ 4,174,579	\$ 2,679,871	\$ 1,271,999
Other charges	267,598	3,502	284
Miscellaneous	-	-	-
Total operating revenues	<u>4,442,177</u>	<u>2,683,373</u>	<u>1,272,283</u>
Operating expenses			
Personal services	355,378	346,458	173,520
Other services	245,435	134,913	182,948
Supplies	99,373	56,798	23,295
Water purchases	2,498,950	-	-
Sewage disposal charges	-	1,645,537	-
Electric service	-	-	-
Recycling charges	-	-	-
Depreciation	157,689	133,343	345,253
Equipment	-	-	-
Total operating expenses	<u>3,356,825</u>	<u>2,317,049</u>	<u>725,016</u>
Operating income (loss)	1,085,352	366,324	547,267
Nonoperating revenues (expenses)			
Investment income	65,998	70,567	82,948
Interest expense	(6,000)	-	-
Special assessments	-	52,250	-
Grants and contributions	-	-	53,500
Gain on sale of capital assets	-	-	-
Net income (loss) from joint venture	237,039	-	-
Total nonoperating revenue (expenses)	<u>297,037</u>	<u>122,817</u>	<u>136,448</u>
Income before capital contributions and transfers	1,382,389	489,141	683,715
Transfers out	<u>(198,427)</u>	<u>(198,427)</u>	<u>(53,395)</u>
Change in net position	1,183,962	290,714	630,320
Net position - beginning, as previously stated	9,637,944	7,448,125	13,250,455
Change in accounting principle (See Note 16)	-	-	-
Net position - beginning, as restated	<u>9,637,944</u>	<u>7,448,125</u>	<u>13,250,455</u>
End of year	<u>\$ 10,821,906</u>	<u>\$ 7,738,839</u>	<u>\$ 13,880,775</u>

Streetlights	Recycling Utility	Totals	Governmental Activities - Internal Service Funds
\$ 193,029	\$ 348,287	\$ 8,667,765	\$ 1,762,307
-	-	271,384	-
-	-	-	195,874
<u>193,029</u>	<u>348,287</u>	<u>8,939,149</u>	<u>1,958,181</u>
-	-	875,356	-
4,601	114	568,011	704,834
35,300	-	214,766	17,253
-	-	2,498,950	-
-	-	1,645,537	-
122,734	-	122,734	-
-	344,633	344,633	-
32,356	-	668,641	1,283,009
-	-	-	196,851
<u>194,991</u>	<u>344,747</u>	<u>6,938,628</u>	<u>2,201,947</u>
(1,962)	3,540	2,000,521	(243,766)
30,168	5,398	255,079	287,182
-	-	(6,000)	-
-	-	52,250	-
-	-	53,500	556,756
-	-	-	91,837
-	-	237,039	-
<u>30,168</u>	<u>5,398</u>	<u>591,868</u>	<u>935,775</u>
28,206	8,938	2,592,389	692,009
<u>(15,084)</u>	<u>(8,924)</u>	<u>(474,257)</u>	<u>-</u>
13,122	14	2,118,132	692,009
1,198,951	181,154	31,716,629	507,964
-	-	-	22,617,649
<u>1,198,951</u>	<u>181,154</u>	<u>31,716,629</u>	<u>23,125,613</u>
<u>\$ 1,212,073</u>	<u>\$ 181,168</u>	<u>\$ 33,834,761</u>	<u>\$ 23,817,622</u>

City of Crystal
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2020

	Water	Sewer	Storm Drainage	Street Lights
Cash Flows - Operating Activities				
Receipts from customers	\$ 3,623,424	\$ 2,671,477	\$ 2,395,664	\$ 192,080
Interfund services provided and used	-	-	-	-
Payments to suppliers	(2,644,949)	(1,817,136)	(181,850)	(163,942)
Payments to employees	(405,374)	(386,049)	(193,323)	-
Miscellaneous revenue	-	-	-	-
Net cash flows - operating activities	<u>573,101</u>	<u>468,292</u>	<u>2,020,491</u>	<u>28,138</u>
Cash Flows - Noncapital Financing Activities				
Transfer to other funds	<u>(198,427)</u>	<u>(198,427)</u>	<u>(53,395)</u>	<u>(15,084)</u>
Cash Flows - Capital and Related Financing Activities				
Change in advance to other funds	-	30,000	-	30,000
Change in due to other funds	(60,000)	-	-	-
Change in assessments receivable	18,593	43,890	-	-
Interest paid on debt	(6,000)	-	-	-
Proceeds from disposal of capital assets	-	-	-	-
Grants and contributions	-	-	53,500	-
Acquisition of capital assets	(565,914)	(1,156,879)	(811,677)	(1,030)
Net cash flows - capital and related financing activities	<u>(613,321)</u>	<u>(1,082,989)</u>	<u>(758,177)</u>	<u>28,970</u>
Cash Flows - Investing Activities				
Interest and dividends received	<u>65,998</u>	<u>70,567</u>	<u>82,948</u>	<u>30,168</u>
Net change in cash and cash equivalents	(172,649)	(742,557)	1,291,867	72,192
Cash and cash equivalents, January 1	<u>1,710,206</u>	<u>1,902,999</u>	<u>857,720</u>	<u>704,025</u>
Cash and cash equivalents, December 31	<u>\$ 1,537,557</u>	<u>\$ 1,160,442</u>	<u>\$ 2,149,587</u>	<u>\$ 776,217</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities				
Operating income (loss)	<u>\$ 1,085,352</u>	<u>\$ 366,324</u>	<u>\$ 547,267</u>	<u>\$ (1,962)</u>
Adjustments to reconcile operating income (loss) to net cash flows - operating activities				
Depreciation expense	157,689	133,343	345,253	32,356
Accounts receivable	(80,957)	(11,896)	(11,775)	(949)
Due from other governments	(737,796)	-	1,135,156	-
Prepaid items	136,364	-	2,500	-
Inventory	2,249	5,777	2,617	-
Accounts payable	(14,429)	14,332	19,274	(1,307)
Due to other governmental units	76,425	3	2	-
Salaries payable	3,250	2,978	1,489	-
Deposits payable	(1,800)	-	-	-
OPEB	(7,189)	(5,870)	(2,933)	-
Pension related activity	(34,514)	(25,156)	(12,588)	-
Compensated absences payable	(11,543)	(11,543)	(5,771)	-
Total adjustments	<u>(512,251)</u>	<u>101,968</u>	<u>1,473,224</u>	<u>30,100</u>
Net cash flows - operating activities	<u>\$ 573,101</u>	<u>\$ 468,292</u>	<u>\$ 2,020,491</u>	<u>\$ 28,138</u>
Noncash Capital and Related Financing Activities				
Net income (loss) from joint venture	<u>\$ 237,039</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

Recycling Utility	Totals	Internal Service Funds
\$ 355,236	\$ 9,237,881	\$ -
-	-	1,762,307
(342,801)	(5,150,678)	(1,238,378)
-	(984,746)	-
-	-	106,462
<u>12,435</u>	<u>3,102,457</u>	<u>630,391</u>
<u>(8,924)</u>	<u>(474,257)</u>	<u>-</u>
-	60,000	-
-	(60,000)	-
-	62,483	-
-	(6,000)	-
-	-	91,837
-	53,500	556,756
-	(2,535,500)	(1,602,575)
<u>-</u>	<u>(2,425,517)</u>	<u>(953,982)</u>
<u>5,398</u>	<u>255,079</u>	<u>287,182</u>
8,909	457,762	(36,409)
<u>126,624</u>	<u>5,301,574</u>	<u>8,457,642</u>
<u>\$ 135,533</u>	<u>\$ 5,759,336</u>	<u>\$ 8,421,233</u>
<u>\$ 3,540</u>	<u>\$ 2,000,521</u>	<u>\$ (243,766)</u>
-	668,641	1,283,009
6,949	(98,628)	(89,412)
-	397,360	-
-	138,864	1,295
-	10,643	-
1,946	19,816	(273,118)
-	76,430	(47,617)
-	7,717	-
-	(1,800)	-
-	(15,992)	-
-	(72,258)	-
-	(28,857)	-
<u>8,895</u>	<u>1,101,936</u>	<u>874,157</u>
<u>\$ 12,435</u>	<u>\$ 3,102,457</u>	<u>\$ 630,391</u>
<u>\$ -</u>	<u>\$ 237,039</u>	<u>\$ -</u>

**City of Crystal
Statement of Fiduciary Net Position
December 31, 2020**

	<u>Hennepin Recycling Group Custodial Fund</u>
Assets	
Cash and investments (including cash equivalents)	\$ 509,263
Due from other governments	19,218
Total assets	<u>\$ 528,481</u>
Liabilities	
Accounts payable	\$ 104,899
Due to other governments	75,080
Total liabilities	<u>\$ 179,979</u>
Net Position	
Held in trust	<u>\$ 348,502</u>

**Statement of Changes Fiduciary Net Position
Year Ended December 31, 2020**

	<u>Hennepin Recycling Group Custodial Fund</u>
Additions	
Charges for services	\$ 951,902
Investment income	27,438
Intergovernmental	109,303
Refunds and reimbursements	1,120
Other income	34
Total additions	<u>1,089,797</u>
Deductions	
Recycling services	\$ 1,466,386
Administrative and grant services	19,687
Other contract and professional services	81,240
Office supplies	14,607
Rentals	19,451
Total deductions	<u>1,601,371</u>
Change in net position	(511,574)
Net Position	
Beginning of year	<u>860,076</u>
End of year	<u>\$ 348,502</u>

City of Crystal
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Crystal (the City) operates under the Home Rule Charter form of government in accordance with applicable State of *Minnesota Statutes*. The charter prescribes a Council-Manager form of organization. The governing body consists of a seven-member City Council elected at large to serve four-year staggered terms.

The accompanying financial statements present the activities of the government. Certain organizations have been defined in accordance with GASB Statement No. 14 and are presented in this report as follows:

1. Blended Component Units

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

The Economic Development Authority (EDA), in and for the City, was created by the City to provide housing and redevelopment assistance through the administration of various programs. It levies taxes to provide funds for redevelopment in the City.

Although the EDA is legally separate from the City, it is reported as if it were part of the primary government. Its governing board is comprised of the City Council members and the City has operational responsibility of the EDA, meaning it manages the EDA's activities in essentially the same manner in which it manages its own programs and departments. The EDA is reported as a special revenue fund. It does not issue a separate set of financial statements.

2. Joint Ventures

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

3. Jointly Governed Organizations

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. 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 charges for sales and/or services and fees.

City of Crystal
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions restricted to meeting the operational requirements of a particular function, and 3) capital grants and contributions restricted to meeting the capital requirements of a particular function, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, charges between the City's enterprise funds and other functions (i.e. interfund services provided and used) are not eliminated, as that would distort the direct costs and program revenues reported in those functions. Depreciation expense is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately under governmental activities on the Statement of Activities.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

For this purpose, the City considers revenues to be available if they are collected within 60 days after year-end. Major revenues susceptible to accrual include property taxes, special assessments, intergovernmental revenues, charges for services, and investment earnings. Major revenues not susceptible to accrual include licenses, permits, inspection fees, and miscellaneous revenues. Such revenues are recorded only as received because they are not measurable until collected. Issuance of bonds and proceeds from sale of property and equipment are reported as other financing sources.

City of Crystal
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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

The Custodial Fund is presented in the fiduciary fund financial statements. Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the City, this fund is not incorporated into the government-wide statements. This fund uses the economic resources measurement focus and the accrual basis of accounting.

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

Description of Funds:

The government reports the following major governmental funds:

General Fund – This is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service – This fund accounts for resources accumulated, and payments made, for principal and interest on long-term general obligation debt and tax increment revenue notes of governmental funds.

Street Reconstruction – Capital Projects – This fund is used to account for ongoing street reconstruction projects in the City. The City has been divided into a total of sixteen reconstruction phases.

The government reports the following major proprietary funds:

Water Fund – This fund accounts for the provision of water to residents and customers of the City. The cities of Crystal, Golden Valley, and New Hope established a joint water commission in 1963 to provide for the creation and maintenance of a joint water supply, storage, and distribution system through which water purchased from the City of Minneapolis can be supplied to the population of the member cities.

City of Crystal
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Description of Funds: (Continued)

The government reports the following major proprietary funds: (Continued)

Sanitary Sewer Fund – This fund accounts for the collection and pumping of sanitary sewage through a system of sewer lines and lift stations. Sewage is treated by Metropolitan Council Environmental Services (MCES).

Storm Drainage Fund – This fund accounts for the operation, maintenance, and improvement of the City's storm drainage system.

Streetlights Fund – This fund accounts for the operation, maintenance, and improvement of the City's street lights.

Recycling Fund – This fund accounts for the provision of recycling services to residents and customers of the City. Recycling services are provided by Hennepin Recycling Group (HRG).

Additionally, the government reports the following fund types:

Internal Service Funds are used to account, on a cost-reimbursement basis, for the financing of uninsured risks of loss (self-insurance), fleet, information technology, and City buildings. Related services are provided to other departments of the City.

The Fiduciary Fund accounts for the collection, recycling, and disposal of solid waste activities of Hennepin Recycling Group (HRG), a jointly-governed organization in which the City participates.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1. Deposits and Investments

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

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

Certain investments for the City are reported at fair value as disclosed in Note 2. 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. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

City of Crystal
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

1. Deposits and Investments (Continued)

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

2. Temporarily Restricted Cash

A portion of Cash is reported as temporarily restricted in an amount equal to the balance reported in Deposits Payable of the General Fund. The amount represents funds collected as surety on site improvements in progress within the City. Once site improvements have been satisfactorily completed in accordance with terms of individual agreements, individual amounts will be released.

3. Receivables

All utility and miscellaneous accounts receivable are reported gross. Since most uncollectible accounts are able to be certified to Hennepin County for collection with property taxes, no allowance for uncollectible accounts has been provided.

4. Property Taxes

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

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

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

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

City of Crystal
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

5. Special Assessments

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

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

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

6. Inventories

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

7. Prepaid Items

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

8. Land Held for Resale

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

9. Interfund Receivables and Payables

Activities between funds that are representative of lending and borrowing arrangements are referred to at year-end as advances to/from other funds. The current and noncurrent portions are reported on the Statement of Fund Net Position for the proprietary funds.

All other outstanding balances between funds are reported as due to/from other funds.

City of Crystal
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

10. Capital Assets

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

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

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

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

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

Classification	Years
Buildings and structures	5-50
Improvements other than buildings	5-40
Machinery and equipment	5-30
Office equipment and furnishings	5-20
Software	5
Vehicles and trailers	3-12
Infrastructure	
Utility systems	25-75
Traffic and transportation systems	10-30
Park systems	15-20

City of Crystal
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

11. Fund Balance Classifications

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

- **Nonspendable Fund Balance** – These are resources that cannot be spent because they are either not readily convertible to cash or are legally or contractually required to be maintained intact. Examples include money held in escrow, prepaid amounts, land held for resale, and long-term loans or notes receivable.
- **Restricted Fund Balance** – These are resources whose spending is constrained externally by creditors or by laws and regulations of another government. Examples include grants, intergovernmental revenues, and resources in debt service funds that include a legally enforceable requirement that those resources be spent only for specific purposes.
- **Committed Fund Balance** – These are resources that can only be used for specific purposes established by the City Council. Establishment of these specific purposes must be done by a resolution adopted by the City Council and may only be changed or removed by a resolution adopted by the City Council.
- **Assigned Fund Balance** – These are resources that the City intends to be used for specific purposes but are neither restricted nor committed. Assigned fund balances are established by a motion of the City Council. The City Council may also delegate this authority to the City Manager, who may act upon recommendation of the Finance Director.
- **Unassigned Fund Balance** – These are resources that are available for any purpose of the fund. Amounts identified as cash flow resources are classified as unassigned. Only the General Fund may have a positive unassigned fund balance. A deficit fund balance in any fund must be classified as an unassigned fund balance.

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

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 – July and December. As such, it is the City's goal to begin each fiscal year with sufficient cash flow reserves to fund operations between each semi-annual receipt of property taxes.

City of Crystal
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liability, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

11. Fund Balance Classifications (Continued)

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

12. Compensated Absences

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

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

13. Long-Term Obligations

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

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

14. Deferred Outflows 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 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 that time. The City has one item that qualifies for reporting in this category. The City presents deferred outflows of resources on the Statement of Net Position for deferred outflows of resources related to pensions and OPEB for various estimate differences that will be amortized and recognized over future years.

City of Crystal
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

15. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City has three items that qualify for reporting in this category: 1) The City presents deferred inflows of resources on the Governmental Fund Balance Sheet as unavailable revenue. The governmental funds report unavailable revenues from two sources, including property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. 2) The City presents deferred inflows of resources on the Statement of Net Position for pension and OPEB-related deferred inflows of resources. Pension and OPEB related deferred inflows of resources result from various estimate differences that will be amortized and recognized over future years. 3) At the fund level and government-wide level, grants received for subsequent years are presented as deferred inflows of resources as time requirements have not been met.

16. 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 of Minnesota (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

17. Statement of Cash Flows

For purpose of the Statement of Cash Flows, the City considers all highly liquid debt instruments with an original maturity from the time of purchase by the City of three months or less to be cash equivalents. The proprietary fund's equity in the government-wide cash and investment management pool is considered to be cash equivalents.

18. Budgets and Budgetary Accounting

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

- Prior to each September 15, the City Manager submits to the City Council proposed operating budgets for the fiscal year commencing the following January. The operating budgets include proposed expenditures and the means of financing them.

City of Crystal
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

18. Budgets and Budgetary Accounting

- In November, the County mails individual property tax notices to residents showing the taxes that would result from the proposed budgets of all taxing units within the City.
- Prior to proposed budgets being approved, public hearings are conducted to obtain taxpayer comments.
- In December, final budgets are legally enacted by the City Council through passage of a resolution.
- During the budget year, the City Council must authorize any transfer of budgeted amounts between departments within the General Fund. City management may authorize a transfer of budgeted amounts within individual departments without obtaining approval from the City Council.
- Supplemental appropriations during the year may only be made by the City Council. These amounts must be financed by funds from the contingency reserve set up in the General Fund or by additional revenues.
- All budget amounts lapse at the end of the year to the extent they have not been expended.
- Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The City budgets for its General Fund, EDA Special Revenue Fund, TIF Special Revenue Fund, and the following capital projects funds, Street Reconstruction, Police Equipment Revolving, and Park Improvement. The budgets are adopted on a modified accrual basis.
- Budgetary control is maintained at the department level for the General Fund and at the fund level for all other funds that adopt annual budgets. City management must request approval from the City Council before exceeding budget at the applicable level.

19. Net Position

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

**City of Crystal
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

20. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

In accordance with *Minnesota Statutes*, the City maintains deposits at national or state banks within the state, as authorized by the City Council. The following is considered to be the most significant risk associated with deposits:

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

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

At year-end, the City's carrying amount of deposits was \$2,019,696 and the bank balance was \$2,397,379. All of the bank balance was covered by FDIC insurance or collateralized by pledged collateral held in the City's name at Wells Fargo.

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

City of Crystal
Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

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

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

As of December 31, 2020, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities			
		Less than One Year	1-5 Years	6-10 Years	Greater than 10 Years
Brokered certificates of deposit	\$ 31,351,372	\$ 3,287,051	\$ 23,311,422	\$ 4,752,899	\$ -
State and local government bonds	426,321	426,321	-	-	-
Money market accounts	9,407,477	9,407,477	-	-	-
Total	\$ 41,185,170	\$ 13,120,849	\$ 23,311,422	\$ -	\$ -

Interest Rate Risk: This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City's investment policy states that "the City will minimize Interest Rate Risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations."

City of Crystal
Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This risk is addressed by confining investments to those securities specifically authorized by state statute and the City's investment policy. As of December 31, 2020, the City's investments in U.S. Agencies were rated AA+ by Standard and Poor's. The City's investments in G.O. state and local government bonds were rated AAA by Standard and Poor's. The City's investments in certificates of deposit were covered by FDIC insurance.

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

Concentration of Credit Risk: This is the risk associated with investing a significant portion of the City's investments (considered to be 5% or more) in the securities of a single issuer. The City's investment policy does not limit investments in any one issuer.

The City has the following recurring fair value measurements as of December 31, 2020:

- \$31,777,694 of investments are valued using a matrix pricing model (Level 2 inputs)

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

Cash on hand	\$ 1,969
Carrying amount of deposits	2,019,696
Carrying amount of investments	41,185,170
Total	\$ 43,206,835
Statement of Net Position	
Cash and investments	\$ 42,631,777
Cash with fiscal agent	65,795
Statement of Fiduciary Net Position	
Cash and investments	509,263
Total deposits and investments	\$ 43,206,835

City of Crystal
Notes to Financial Statements

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Advances to/from Other Funds

Balances as of December 31, 2020, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
Sanitary Sewer	Water	\$ 300,000	\$ 120,000	\$ 30,000
Street Lights	Water	300,000	120,000	30,000
Total		<u>\$ 600,000</u>	<u>\$ 240,000</u>	<u>\$ 60,000</u>

Amounts payable to the Sanitary Sewer and Street Lights funds relate to loans made to help pay for the City's share of three new emergency water supply wells. The wells will be owned by the Joint Water Commission (refer to Note 13). The City's share of the total cost will be approximately \$1,200,000. The Water Fund has sufficient resources to pay for half of the project and the interfund loans will provide cash for the balance. Interest at the rate of 2% will be paid on the loans over a ten-year period, from 2015-2024. To provide the Water Fund with revenue to replenish its cash reserves and repay the loans, a charge for service of \$0.21/thousand gallons of water used has been approved and implemented.

NOTE 4 – INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2020, are as follows:

<u>Transfers Out</u>	<u>Transfers In General</u>
Water	\$ 198,427
Sanitary sewer	198,427
Storm drainage	53,395
Streetlights	15,084
Recycling	8,924
Total	<u>\$ 474,257</u>

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) assist with capital needs, and 3) create and close funds.

City of Crystal
Notes to Financial Statements

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 6,860,536	\$ -	\$ -	\$ 6,860,536
Construction in progress	2,826,671	1,622,017	(3,496,666)	952,022
Total capital assets not being depreciated	<u>9,687,207</u>	<u>1,622,017</u>	<u>(3,496,666)</u>	<u>7,812,558</u>
Capital assets being depreciated				
Buildings and structures	19,627,235	270,267	-	19,897,502
Improvements other than buildings	6,828,801	60,319	-	6,889,120
Machinery and equipment	6,530,560	500,441	(9,560)	7,021,441
Office equipment and furnishings	1,015,534	21,886	-	1,037,420
Software	312,937	-	-	312,937
Vehicles and trailers	3,447,040	778,966	(304,138)	3,921,868
Traffic and transportation systems	68,680,639	101,037	-	68,781,676
Park systems	894,749	3,430,901	-	4,325,650
Total capital assets being depreciated	<u>107,337,495</u>	<u>5,163,817</u>	<u>(313,698)</u>	<u>112,187,614</u>
Less accumulated depreciation for				
Buildings and structures	(8,640,799)	(589,095)	-	(9,229,894)
Improvements other than buildings	(3,709,012)	(222,656)	-	(3,931,668)
Machinery and equipment	(3,373,668)	(468,928)	9,560	(3,833,036)
Office equipment and furnishings	(582,855)	(90,490)	-	(673,345)
Software	(274,597)	(24,809)	-	(299,406)
Vehicles and trailers	(2,304,859)	(298,250)	304,138	(2,298,971)
Traffic and transportation systems	(35,785,960)	(2,481,703)	-	(38,267,663)
Park systems	(148,821)	(99,883)	-	(248,704)
Total accumulated depreciation	<u>(54,820,571)</u>	<u>(4,275,814)</u>	<u>313,698</u>	<u>(58,782,687)</u>
Total capital assets being depreciated, net	<u>52,516,924</u>	<u>888,003</u>	<u>-</u>	<u>53,404,927</u>
Governmental activities capital position, net	<u>\$ 62,204,131</u>	<u>\$ 2,510,020</u>	<u>\$ (3,496,666)</u>	<u>\$ 61,217,485</u>

City of Crystal
Notes to Financial Statements

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 759,062	\$ -	\$ -	\$ 759,062
Improvements other than buildings	187,246	-	-	187,246
Construction in progress	1,984,029	2,534,504	(2,232,624)	2,285,909
Total capital assets not being depreciated	<u>2,930,337</u>	<u>2,534,504</u>	<u>(2,232,624)</u>	<u>3,232,217</u>
Capital assets being depreciated				
Buildings and structures	-	-	-	-
Improvements other than buildings	16,861	-	-	16,861
Machinery and equipment	2,174,757	49,908	-	2,224,665
Software	-	29,445	-	29,445
Vehicles and trailers	-	-	-	-
Utility systems	26,898,233	2,225,973	-	29,124,206
Traffic and transportation systems	1,363,501	6,650	-	1,370,151
Total capital assets being depreciated	<u>30,453,352</u>	<u>2,311,976</u>	<u>-</u>	<u>32,765,328</u>
Less accumulated depreciation for				
Buildings and structures	-	-	-	-
Improvements other than buildings	(11,451)	(843)	-	(12,294)
Machinery and equipment	(1,087,082)	(104,856)	-	(1,191,938)
Software	-	(1,963)	-	(1,963)
Vehicles and trailers	-	-	-	-
Utility systems	(12,152,221)	(529,466)	-	(12,681,687)
Traffic and transportation systems	(317,673)	(31,513)	-	(349,186)
Total accumulated depreciation	<u>(13,568,427)</u>	<u>(668,641)</u>	<u>-</u>	<u>(14,237,068)</u>
Total capital assets being depreciated, net	<u>16,884,925</u>	<u>1,643,335</u>	<u>-</u>	<u>18,528,260</u>
Business-type activities capital assets, net	<u>\$ 19,815,262</u>	<u>\$ 4,177,839</u>	<u>\$ (2,232,624)</u>	<u>\$ 21,760,477</u>

City of Crystal
Notes to Financial Statements

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the various functions of the City as follows:

Governmental activities		
General government	\$	265,907
Public safety		560,665
Public works		2,627,261
Parks and recreation		770,879
Community development		<u>51,102</u>
Total depreciation expense - governmental activities	<u>\$</u>	<u>4,275,814</u>
Business-type activities		
Water	\$	157,689
Sanitary sewer		133,343
Storm drainage		345,253
Street light		<u>32,356</u>
Total depreciation expense - business-type activities	<u>\$</u>	<u>668,641</u>

NOTE 6 – LONG-TERM DEBT

A. General Obligation Bonds

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

B. Components of Long-Term Liabilities

	Issue Date	Interest Rates	Original Issue	Final Maturity	Balance End of Year
Governmental activities					
Special Assessment Bonds					
G.O. Improvement Bonds, Series 2009A	08/01/09	2.00%-4.50%	\$ 3,360,000	02/01/25	\$ 485,000
G.O. Improvement Bonds, Series 2011A	08/01/11	0.50%-3.55%	1,705,000	02/01/27	685,000
G.O. Improvement Bonds, Series 2012A	08/01/12	1.50%-2.13%	2,635,000	02/01/28	1,250,000
G.O. Improvement Bonds, Series 2013A	08/01/13	2.00%-3.50%	3,235,000	02/01/29	1,825,000
G.O. Improvement Bonds, Series 2015A	08/01/15	2.50%-3.00%	2,550,000	02/01/31	1,755,000
G.O. Improvement Bonds, Series 2016A	08/25/16	2.00%-2.50%	3,330,000	02/01/32	2,550,000
G.O. Improvement Bonds, Series 2017A	09/14/17	2.00%-3.00%	4,665,000	02/01/33	<u>3,920,000</u>
Total governmental activities					<u>\$ 12,470,000</u>

City of Crystal
Notes to Financial Statements

NOTE 6 – LONG-TERM DEBT (CONTINUED)

C. Changes in Long-Term Liabilities

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

Long-term liability activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Retirements and Other Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
G.O. Special Assessment Bonds with Government Commitment					
Improvement Bonds - 2008A	\$ 625,000	\$ -	\$ (625,000)	\$ -	\$ -
Improvement Bonds - 2009A	1,675,000	-	(1,190,000)	485,000	165,000
Improvement Bonds - 2011A	795,000	-	(110,000)	685,000	110,000
Improvement Bonds - 2012A	1,430,000	-	(180,000)	1,250,000	170,000
Improvement Bonds - 2013A	2,050,000	-	(225,000)	1,825,000	220,000
Improvement Bonds - 2015A	1,940,000	-	(185,000)	1,755,000	180,000
Improvement Bonds - 2016A	2,795,000	-	(245,000)	2,550,000	240,000
Improvement Bonds - 2017A	4,250,000	-	(330,000)	3,920,000	325,000
	<u>15,560,000</u>	-	<u>(3,090,000)</u>	<u>12,470,000</u>	<u>1,410,000</u>
Bond premiums	434,936	-	(37,624)	397,312	-
Bond discounts	(23,952)	-	9,002	(14,950)	-
Subtotal	<u>15,970,984</u>	-	<u>(3,118,622)</u>	<u>12,852,362</u>	<u>1,410,000</u>
Total bonds payable	15,970,984	-	(3,118,622)	12,852,362	1,410,000
Compensated absences payable	<u>801,503</u>	<u>792,459</u>	<u>(667,932)</u>	<u>926,030</u>	<u>419,170</u>
Governmental activity long-term liabilities	<u>\$ 16,772,487</u>	<u>\$ 792,459</u>	<u>\$ (3,786,554)</u>	<u>\$ 13,778,392</u>	<u>\$ 1,829,170</u>
Business-type activities					
Compensated absences payable	<u>\$ 116,602</u>	<u>\$ 58,887</u>	<u>\$ (87,744)</u>	<u>\$ 87,745</u>	<u>\$ 53,070</u>

**City of Crystal
Notes to Financial Statements**

NOTE 6 – LONG-TERM DEBT (CONTINUED)

D. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term liabilities:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>G.O. Improvement Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,410,000	\$ 320,786
2022	1,370,000	285,234
2023	1,350,000	248,214
2024	1,165,000	213,971
2025	1,150,000	182,765
2026-2030	4,655,000	484,538
2031-2033	1,370,000	49,588
Total	<u>\$ 12,470,000</u>	<u>\$ 1,785,096</u>

Total delinquent special assessments receivable for all funds for the years ending December 31, 2020 and 2019, were \$383,349 and \$332,331, respectively.

Compensated absences are liquidated by the General, EDA, Water, Sanitary Sewer, or Storm Drainage funds, depending upon where employees' time is assigned.

NOTE 7 – TAX INCREMENT FINANCING REVENUE NOTES

The City has entered into a private redevelopment agreement regarding certain tax increment properties. Reimbursements for this agreement is in the form of tax increment revenue notes. This note provides for the payment of principal, equal to the project redevelopment costs, plus interest at various rates. Payments on the note will be made at the lesser of the note payment or the actual net tax increment received (or a reduced percentage received in certain cases), as stated in the agreement. Payments are first applied to accrued interest and then to principal balances. The note is cancelled at the end of the agreement term whether or not they have been repaid in full. The outstanding principal balance as of December 31, 2020, is as follows:

	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Tax Increment Revenue Note 2014	2016-2026	5.00 %	\$ 233,408

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

City of Crystal
Notes to Financial Statements

NOTE 8 – CONDUIT DEBT OBLIGATIONS

From time to time the City has issued revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans.

Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issue. Neither the City or the State, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2020, there were four debt issues outstanding. The aggregate original issue amounts and principal balances outstanding as of December 31, 2020, are as follows:

Name of Issue	Year	Original Issue	Principal Balance
LOGIS Government Facilities Revenue Bonds	2006	\$ 6,000,000	\$ 2,462,984
Crystal Leased Housing Multi Family Housing	2014	<u>14,300,000</u>	<u>13,500,000</u>
		<u>\$ 20,300,000</u>	<u>\$ 15,962,984</u>

NOTE 9 – PENSION PLANS

The City participates in various pension plans, total pension expense for the year ended December 31, 2020, was \$638,241. The components of pension expense are noted in the following plan summaries.

The General Fund, Water Fund, Sewer Fund, and Storm Drainage Fund typically liquidate the liability related to pensions.

Public Employees' Retirement Association

A. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by 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.

General Employees Retirement Plan

All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

City of Crystal
Notes to Financial Statements

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

A. Plan Description (Continued)

Public Employees Police and Fire Plan

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

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any 5 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 Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for a Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years 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.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

City of Crystal
Notes to Financial Statements

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

Police and Fire Plan Benefits

Benefits for the Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after 10 years up to 100% after 20 years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase was fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.5% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2020, were \$350,479. The City's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 11.3% of pay to 11.8% and employer rates increased from 16.95% to 17.7% on January 1, 2020. The City's contributions to the Police and Fire Fund for the year ended December 31, 2020, were \$562,542. The City's contributions were equal to the required contributions as set by state statute.

City of Crystal
Notes to Financial Statements

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2020, the City reported a liability of \$3,819,106 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a 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 \$117,652. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0637%, at the end of the measurement period and 0.0633% for the beginning of the period.

City's proportionate share of the net pension liability	\$ 3,819,106
State of Minnesota's proportionate share of the net pension liability associated with the City	117,652
Total	\$ 3,936,758

For the year ended December 31, 2020, the City recognized pension expense of \$87,870 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$10,239 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

City of Crystal
Notes to Financial Statements

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

At December 31, 2020, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 34,624	\$ 14,449
Changes in actuarial assumptions	-	141,742
Net collective difference between projected and actual investment earnings	48,222	-
Changes in proportion	16,587	113,921
Contributions paid to PERA subsequent to the measurement date	175,240	-
Total	\$ 274,673	\$ 270,112

The \$175,240 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, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2021	\$ (328,429)
2022	(12,624)
2023	78,103
2024	92,271
Total	\$ (170,679)

City of Crystal
Notes to Financial Statements

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs

At December 31, 2020, the City reported a liability of \$3,702,155 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the City's proportionate share was 0.2828% at the end of the measurement period and 0.2804% for the beginning of the period.

The State of Minnesota also contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9 million in fire state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state aid was paid on October 1, 2019. Thereafter, by October 1 of each year, the State will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in fire state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

As a result, the State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the City recognized pension expense of \$548,152 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized \$27,011 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$4.5 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in fire state aid. The City also recognized \$87,797 for the year ended December 31, 2020, as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

City of Crystal
Notes to Financial Statements

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

At December 31, 2020, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 160,330	\$ 152,103
Changes in actuarial assumptions	1,073,392	2,147,046
Net collective difference between projected and actual investment earnings	148,490	-
Changes in proportion	395,544	-
Contributions paid to PERA subsequent to the measurement date	281,271	-
Total	\$ 2,059,027	\$ 2,299,149

Police and Fire Fund Pension Costs (Continued)

The \$281,271 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2021	\$ (135,100)
2022	(783,593)
2023	207,414
2024	183,004
2025	6,882
Total	\$ (521,393)

**City of Crystal
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50 %	Per year
Active member payroll growth	3.25	Per year
Investment rate of return	7.50	

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan and, 1.0% per year for the Police and Fire Plan.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020, actuarial valuation. The most recent four-year experience study for Police and Fire Plan was completed in 2020. The recommended assumptions for that plan was adopted by the Board and will be effective with the July 1, 2021, actual valuation if approved by the Legislature.

The following changes in actuarial assumptions occurred in 2020:

General Employees Fund

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changes as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.

**City of Crystal
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

General Employees Fund (Continued)

Changes in Actuarial Assumptions: (Continued)

- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023, and 0.0% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected</u>
Domestic stocks	35.5 %	5.10 %
International stocks	17.5	5.30
Bonds (fixed income)	20.0	0.75
Alternative assets (private markets)	25.0	5.90
Cash	2.0	0.00
	<hr/>	
Total	<u>100 %</u>	

**City of Crystal
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. 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 <u>(6.5%)</u>	Discount Rate <u>(7.5%)</u>	1% Increase in Discount Rate <u>(8.5%)</u>
City's proportionate share of the General Employees Fund net pension liability	\$ 6,120,702	\$ 3,819,106	\$ 1,920,474
	1% Decrease in Discount Rate <u>(6.5%)</u>	Discount Rate <u>(7.5%)</u>	1% Increase in Discount Rate <u>(8.5%)</u>
City's proportionate share of the Police and Fire Fund net pension liability	\$ 7,404,205	\$ 3,702,155	\$ 639,357

H. 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.

Public Employees Defined Contribution Plan (Defined Contribution Plan)

Certain employee types of the of the City of Crystal, which include council members, are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

City of Crystal
Notes to Financial Statements

NOTE 9 – PENSION PLANS (CONTINUED)

G. Pension Plan Fiduciary Net Position (Continued)

Public Employees Defined Contribution Plan (Defined Contribution Plan) (Continued)

The defined contribution plan consists of individual accounts paying a lump-sum benefit. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses; therefore, there is no future liability to the City. *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 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% (.25%) of the assets in each member's account annually.

Pension expense for the year is equal to the contributions made. Total contributions made by the City during fiscal year 2020 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 2,219	\$ 2,219	5%	5%	5%

NOTE 10 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The City provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical coverage. Medical coverage is administered by BlueCross BlueShield. It is the City's policy to periodically review its medical coverage and to obtain requests for proposals in order to provide the most favorable benefits and premiums for City employees and retirees.

B. Benefits Provided

Employees who apply for early retirement shall remain eligible to receive certain health insurance benefits until the end of the year in which the employee becomes Medicare eligible. The City will pay the single person premium for qualifying employees up until they reach age 65 or become eligible for Medicare coverage.

City of Crystal
Notes to Financial Statements

NOTE 10 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

C. Contributions

Retirees contribute to the health care plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with the health care plan provider. The required contributions are based on projected pay-as-you-go financing requirements. For the year 2020, the City contributed \$64,991 to the plan.

D. Members

As of January 1, 2020, the following were covered by the benefit terms:

Total employees without coverage	12
Employees with coverage	98
	98
Total	110

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Discount Rate	2.12%
Salary increases including inflation	Based on the PERA Plan in which the employee is a participant.
Healthcare cost trend increases	7.67% for FY2020, gradually decreasing over ten years to an ultimate rate of 5.0% in FY2028 and later years.
Mortality assumption	Mortality rates were based on RP-2014 mortality tables with projected mortality improvements based on scale MP-2018, and other adjustments

The actuarial assumptions used in the January 1, 2020, valuation were based on the results of an actuarial experience study for the period January 1, 2019 – December 31, 2019.

F. Total OPEB Liability

The City's total OPEB liability of \$1,785,874 was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

City of Crystal
Notes to Financial Statements

NOTE 10 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

F. Total OPEB Liability (Continued)

Changes in the total OPEB liability are as follows:

	<u>Total OPEB Liability</u>
Balances at January 1, 2020	<u>\$ 2,476,900</u>
Changes for the year	
Service cost	87,322
Interest	103,548
Differences between expected and actual economic experience	(1,025,507)
Changes of assumptions	208,602
Benefit payments	<u>(64,991)</u>
Net changes	<u>(691,026)</u>
Balances at December 31, 2020	<u><u>\$ 1,785,874</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.74% in 2019 to 2.12% in 2020.

G. OPEB Liability Sensitivity

The following presents the City's total OPEB liability calculated using the discount rate of 4.09% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

Total OPEB Liability/(Asset)		
1% decrease (1.12%)	Current (2.12%)	1% increase (3.12%)
\$ 1,628,389	\$ 1,785,874	\$ 1,961,562

City of Crystal
Notes to Financial Statements

NOTE 10 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. OPEB Liability Sensitivity (Continued)

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower and 1% higher than the current healthcare cost trend rates.

Total OPEB Liability/(Asset)		
1% decrease (6.67% decreasing to 4.0%)	Current (7.67% decreasing to 5.0%)	1% increase (8.67% decreasing to 6.0%)
\$ 2,027,146	\$ 1,785,874	\$ 1,582,738

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

For the year ended December 31, 2020, the City recognized OPEB expense of \$25,075. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources as shown below.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ -	\$ 912,552
Changes in actuarial assumptions	241,055	124,455
Contributions made subsequent to the measurement date	64,966	-
Total	\$ 306,021	\$ 1,037,007

The \$64,966 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources will be recognized in OPEB expense as follows:

2021	\$ (98,872)
2022	(98,872)
2023	(98,872)
2024	(98,872)
2025	(98,872)
Thereafter	(301,592)
Total	\$ (795,952)

City of Crystal
Notes to Financial Statements

NOTE 11 – FUND BALANCES

A. Classifications

A summary of governmental fund balance classifications at December 31, 2020, is as follows:

	Major Funds				Total
	General Fund	Debt Service	Capital Project Fund Street Reconstruction	Other Funds	
Fund balances					
Nonspendable					
Inventory	\$ 9,012	\$ -	\$ -	\$ -	\$ 9,012
Prepaid expenses	17,386	-	-	-	17,386
Total nonspendable	26,398	-	-	-	26,398
Restricted					
Housing and Redevelopment Assistance	-	-	-	1,038,382	1,038,382
Debt service	-	4,506,534	-	-	4,506,534
DWI-related enforcement, Training, and education	-	-	-	73,496	73,496
Total restricted	-	4,506,534	-	1,111,878	5,618,412
Committed					
Compensated absences	926,030	-	-	-	926,030
Housing and redevelopment Assistance	-	-	-	2,438,443	2,438,443
Capital outlay - street reconstruction	-	-	6,803,180	-	6,803,180
Capital outlay - police equipment	-	-	-	2,766,889	2,766,889
Capital outlay - cable TV equipment	-	-	-	238,385	238,385
Capital outlay - park improvement	-	-	-	1,373,663	1,373,663
Total committed	926,030	-	6,803,180	6,817,380	14,546,590
Assigned					
Police Department purposes	-	-	-	74,614	74,614
Unassigned	7,405,222	-	-	-	7,405,222
Total fund balances	\$ 8,357,650	\$ 4,506,534	\$ 6,803,180	\$ 8,003,872	\$ 27,671,236

City of Crystal
Notes to Financial Statements

NOTE 12 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As such, the City participates in the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool currently operating as a common risk management and insurance program for cities that are parties to a joint powers agreement.

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

The City's Self-Insurance Fund (an Internal Service Fund) is used to account for and finance its uninsured risks of loss. The Self-Insurance Fund provides coverage for up to a maximum of \$25,000 for each general liability or property damage claim, up to \$75,000 per year. The City purchases commercial insurance for claims in excess of coverage provided by this fund, as well as for all other risks of loss. Settled claims exceeded commercial coverage in 2020. There were no significant reductions in insurance coverage during 2020.

All funds of the City contribute to the Self-Insurance Fund based on estimates of the amounts needed to pay prior and current year claims. The claims liability of \$291,425 is included in accounts payable of the Self-Insurance Fund at December 31, 2020. The liability amount is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported when information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The estimate of the liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses, regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

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

Changes in claims liability for 2020 and 2019 are as follows:

Year	Claims Liability Beginning of Year	Current Year Claims and Changes in Estimates	Payments on Claims	Claims Liability End of Year
2019	\$ 23,500	\$ 290,339	\$ 22,414	\$ 291,425
2020	291,425	(251,223)	19,528	20,674

City of Crystal
Notes to Financial Statements

NOTE 13 – JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

A. Joint Ventures

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

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

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

The City's equity interest and its share of the net income (loss) of the JWC are reported in the City's Water Fund (an Enterprise Fund). The City's equity interest in the JWC at December 31, 2020, is \$4,858,486.

Due to concurrent timing of the City's fiscal year end and audit of the JWC, the City reports its equity interest in the JWC with a one-year lag. The following financial information is from the JWC's audited financial statements for the year ended December 31, 2019:

Total assets	\$ 18,170,639
Total liabilities	<u>567,652</u>
Net position	
Net investment in capital assets	10,902,498
Restricted for capital improvements	4,027,733
Restricted for emergency water supply	1,700,000
Unrestricted	<u>972,756</u>
Total net position	<u>\$ 17,602,987</u>
Total program expenses	\$ 7,328,133
Total program revenues	<u>7,921,496</u>
Net program revenue	593,363
Total general revenues	<u>269,854</u>
Change in net position	863,217
Net position	
Beginning of year	<u>16,739,770</u>
End of year	<u>\$ 17,602,987</u>

City of Crystal
Notes to Financial Statements

**NOTE 13 – JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS
(CONTINUED)**

A. Joint Ventures (Continued)

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

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

2. West Metro Fire-Rescue District

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

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

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

The City's equity interest and its share of the net income (loss) of the District are reported only in the government-wide financial statements. It is not reported in the General Fund because the equity interest represents equity primarily in capital assets vs. financial resources. The City's equity interest in the District at December 31, 2019, is \$1,131,737.

Due to concurrent timing of the City's fiscal year end and audit of the District, the City reports its equity interest in the District with a one-year lag. The following financial information is from the District's audited financial statements for the year ended December 31, 2019:

Total assets and deferred outflows of resources	\$ 4,839,218
Total liabilities and deferred inflows of resources	<u>3,208,316</u>
Net position	
Net investment in capital assets	1,520,808
Restricted for donor-approved purposes	36,300
Unrestricted	<u>73,794</u>
Total net position	<u>\$ 1,630,902</u>
Total program expenses	\$ 2,884,624
Total program revenues	<u>2,577,768</u>
Net program expense	(306,856)
Total general revenues	<u>16,259</u>
Change in net position	(290,597)
Net position	
Beginning of year	<u>1,921,499</u>
End of year	<u>\$ 1,630,902</u>

City of Crystal
Notes to Financial Statements

NOTE 13 – JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS
(CONTINUED)

A. Joint Ventures (Continued)

2. West Metro Fire-Rescue District (Continued)

The activities of the District will continue to be funded entirely by the cities of Crystal and New Hope, with each city contributing its proportionate share of the annual operating budget in monthly installments. According to a formula in the agreement, the City's share of the District's operating budget is 49.8%.

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

B. Jointly Governed Organizations

1. Local Government Information Systems Association (LOGIS)

The City is a member of LOGIS, a consortium of Minnesota government entities that provides computerized data processing and support services to its members. LOGIS is legally separate from the City, the City does not appoint a voting majority of the Board, and it is fiscally independent of the City. The amount paid to LOGIS for services received in 2020 was \$698,020 which was allocated to various funds based on application usage.

2. LOGIS Insurance Group

This group provides cooperative purchasing of health and life insurance benefits for over 40 government entities. Payments for this group are made by the City to HealthPartners and are directed to LOGIS Insurance Group.

3. Pets Under Police Security (PUPS)

The City is party to a joint powers agreement, together with five other cities, which created an organization to provide for the efficient and economical impoundment of animals in a jointly owned and operated facility. The amount paid to PUPS for services received in 2020 was \$18,128.

4. Bassett Creek Watershed Management Commission (BCWMC)

The City is party to a joint powers agreement, together with eight other cities, the purpose of which is to provide for cooperative planning, usage, and improvement of the Bassett Creek watershed. The amount paid to BCWMC in 2020 was \$29,062.

5. Shingle Creek Watershed Management Commission (SCWMC)

The City is party to a joint powers agreement, together with eight other cities, which was created to protect and manage the water resources of the Shingle Creek watershed. The amount paid to SCWMC in 2020 was \$28,839.

City of Crystal
Notes to Financial Statements

**NOTE 13 – JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS
(CONTINUED)**

B. Jointly Governed Organizations (Continued)

6. Hennepin Recycling Group (HRG)

The City is party to a joint powers agreement, together with the cities of Brooklyn Center and New Hope, which established HRG. HRG was created to provide for the efficient and economical collection, recycling, and disposal of solid waste within the cities. HRG contracts for collection and recycling activities and the participating cities are billed for services provided to its residents. The amount paid to HRG for services received in 2020 was \$344,633.

Accounting services for HRG were provided by the City, which has reported the financial accounts of HRG in an Agency Fund in these financial statements.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

A. Commitments

The City has in process various multi-year construction projects which were not completed in the current fiscal year. As of December 31, 2020, outstanding commitments for these multi-year projects total approximately \$28,561,614.

B. Contingencies

During the course of normal operations, the City may be subject to claims or other litigation. It is the opinion of the City's attorney that resolution of these matters, if any at December 31, 2020, will not have a material adverse effect on the financial condition of the City.

On March 13, 2020, a national emergency was declared for the COVID-19 outbreak in the United States of America. This event affects the economy and financial markets. The extent of the impact on the City may be both direct and indirect and will vary based on the duration of the outbreak and various other factors. An estimate of the financial effect on the City's financial statements at December 31, 2020, cannot be determined at this time.

NOTE 15 – FACILITY USE AGREEMENT

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

City of Crystal
Notes to Financial Statements

NOTE 16 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2020, the City established proprietary internal service funds for activity related to fleet, information technology, and City buildings. These adjustments affected beginning fund balance of nonmajor governmental funds in the amount of (\$7,570,352). The adjustments affected beginning net position for internal service funds in the amount of \$22,617,649.

NOTE 17 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending December 31, 2022.



CITY of CRYSTAL

REQUIRED SUPPLEMENTARY INFORMATION

City of Crystal
Schedule of Changes in Total OPEB Liability
and Related Ratios

	December 31, 2018	December 31, 2019	December 31, 2020
Total OPEB Liability			
Service cost	\$ 105,872	\$ 116,648	\$ 87,322
Interest	89,846	89,084	103,548
Differences between expected and actual experience	-	-	(1,025,507)
Changes of assumptions	84,810	(161,829)	208,602
Benefit payments	(77,076)	(79,989)	(64,991)
Net change in total OPEB liability	<u>203,452</u>	<u>(36,086)</u>	<u>(691,026)</u>
Beginning of year	<u>2,309,534</u>	<u>2,512,986</u>	<u>2,476,900</u>
End of year	<u>\$ 2,512,986</u>	<u>\$ 2,476,900</u>	<u>\$ 1,785,874</u>
Covered payroll	\$ 6,600,000	\$ 6,800,000	\$ 7,300,000
Total OPEB liability as a percentage of covered-employee payroll	38.1%	36.4%	24.5%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

City of Crystal
Schedule of Employer Contributions - OPEB

	December 31, 2018	December 31, 2019	December 31, 2020
Actuarially determined contribution	\$ 77,076	\$ 79,989	\$ 64,991
Contributions in relation to the actuarially determined contribution	<u>77,076</u>	<u>79,989</u>	<u>64,991</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 6,600,000</u>	<u>\$ 6,800,000</u>	<u>\$ 7,300,000</u>
Contributions as a percentage of covered-employee payroll	1.17%	1.18%	0.89%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

City of Crystal
Schedule of City's Proportionate Share
of Net Pension Liability
General Employees Retirement Fund
Last Ten Years

For Fiscal Year Ended June 30,	City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.0637%	\$ 3,819,106	\$ 117,652	\$ 3,936,758	\$ 4,539,680	84.13%	79.06%
2019	0.0633%	3,499,715	108,829	3,608,544	4,481,387	78.09%	80.23%
2018	0.0643%	3,567,100	116,991	3,684,091	4,321,093	82.55%	79.53%
2017	0.0697%	4,449,602	55,982	4,505,584	4,492,840	89.04%	75.90%
2016	0.0687%	5,578,099	72,855	5,650,954	4,260,733	130.92%	68.91%
2015	0.0694%	3,396,668	-	3,396,668	4,010,187	84.70%	78.19%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Schedule of City's Proportionate Share
of Net Pension Liability
Public Employees Police and Fire Retirement Fund
Last Ten Years

For Fiscal Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.2828%	\$ 3,702,155	\$ 87,797	\$ 3,789,952	\$ 3,123,429	118.53%	87.19%
2019	0.2804%	2,947,287	-	2,947,287	2,892,478	101.89%	89.26%
2018	0.2707%	2,861,020	-	2,861,020	2,852,679	100.29%	88.84%
2017	0.2600%	3,486,909	-	3,486,909	2,664,136	130.88%	85.43%
2016	0.2430%	9,730,143	-	9,730,143	2,343,136	415.26%	63.88%
2015	0.2400%	2,726,962	-	2,726,962	2,136,679	127.63%	86.61%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**City of Crystal
Schedule of City Contributions -
General Employees Retirement Fund
Last Ten Years**

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 350,479	\$ 350,479	\$ -	\$ 4,673,053	7.50%
2019	343,159	343,159	-	4,575,453	7.50%
2018	330,498	330,498	-	4,406,640	7.50%
2017	318,656	318,656	-	4,248,747	7.50%
2016	323,436	323,436	-	4,312,480	7.50%
2015	315,859	315,859	-	4,211,453	7.50%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**Schedule of City Contributions -
Public Employees Police and Fire Retirement Fund
Last Ten Years**

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 562,542	\$ 562,542	\$ -	\$ 3,178,203	17.70%
2019	531,629	531,629	-	3,136,454	16.95%
2018	465,078	465,078	-	2,870,852	16.20%
2017	447,205	447,205	-	2,760,525	16.20%
2016	398,040	398,040	-	2,457,037	16.20%
2015	367,112	367,112	-	2,266,123	16.20%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.



CITY of CRYSTAL

City of Crystal
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023, and 0.0% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

City of Crystal
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND (CONTINUED)

2018 Changes Continued)

Changes in Plan Provisions

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

2017 Changes

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

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

2016 Changes

Changes in Actuarial Assumptions

- The assumed 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, the inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

City of Crystal
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND (CONTINUED)

2015 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

Changes in Plan Provisions

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

City of Crystal
Notes to Required Supplementary Information

POLICE AND FIRE FUND

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2017 Changes

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.

City of Crystal
Notes to Required Supplementary Information

POLICE AND FIRE FUND (CONTINUED)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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 single discount rate changed from 7.90% to 5.60%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2037 and 2.5% per year thereafter.

Changes in Plan Provisions

- The post-retirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.5%, to a fixed rate of 2.5%.

City of Crystal
Notes to Required Supplementary Information

POST EMPLOYMENT HEALTH CARE PLAN

2020 Changes

Changes in Actuarial Assumptions

- The discount rate decreased from 2.74% in 2019 to 2.12% in 2020.

2019 Changes

Changes in Actuarial Assumptions

- The discount rate decreased from 4.09% in 2018 to 2.74% in 2019.

2018 Changes

Changes in Actuarial Assumptions

- The discount rate increased from 3.44% in 2017 to 4.09% in 2018.

SUPPLEMENTARY INFORMATION



CITY of CRYSTAL

City of Crystal
Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

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

TIF Districts

This fund accounts for activities of the City's tax increment financing (TIF) districts. The main financing sources include tax increment revenue, interest, and transfers from other funds.

Special Projects

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

EDA

This blended component unit is used to account for the City's housing and redevelopment activities. Significant revenue sources include property taxes, intergovernmental revenues, and charges for services.

CAPITAL PROJECTS FUNDS

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

Cable TV Equipment

This fund is used to accumulate funds to pay for equipment and expenses related to TV broadcast of city council meetings. The main financing sources include grants and interest.

Park Improvement

This fund is used to accumulate funds to pay for park improvements. The main financing sources include property taxes and interest.

Police Equipment Revolving

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

City of Crystal
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2020

	Special Revenue			
	TIF Districts Special Revenue	Special Projects	EDA	Total
Assets				
Cash and investments	\$ 1,049,041	\$ 148,919	\$ 2,159,000	\$ 3,356,960
Taxes receivable	-	-	7,281	7,281
Special assessments receivable	-	-	80,000	80,000
Due from other governments	-	355	-	355
Land held for resale	-	-	309,000	309,000
Total assets	<u>\$ 1,049,041</u>	<u>\$ 149,274</u>	<u>\$ 2,555,281</u>	<u>\$ 3,753,596</u>
Liabilities				
Accounts payable	\$ 9,721	\$ 1,164	\$ 19,141	\$ 30,026
Due to other governments	938	-	1,893	2,831
Salaries and benefits payable	-	-	8,523	8,523
Total liabilities	<u>10,659</u>	<u>1,164</u>	<u>29,557</u>	<u>41,380</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	-	7,281	7,281
Unavailable revenue - special assessments	-	-	80,000	80,000
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>87,281</u>	<u>87,281</u>
Fund Balances				
Restricted	1,038,382	73,496	-	1,111,878
Committed	-	-	2,438,443	2,438,443
Assigned	-	74,614	-	74,614
Total fund balances	<u>1,038,382</u>	<u>148,110</u>	<u>2,438,443</u>	<u>3,624,935</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 1,049,041</u>	<u>\$ 149,274</u>	<u>\$ 2,555,281</u>	<u>\$ 3,753,596</u>

Capital Projects

Cable TV Equipment	Park Improvement	Police Equipment Revolving	Fleet	Information Technology	City Buildings
\$ 238,405	\$ 1,185,687	\$ 2,778,653	\$ -	\$ -	\$ -
-	1,957	-	-	-	-
-	-	-	-	-	-
-	188,072	-	-	-	-
-	-	-	-	-	-
<u>\$ 238,405</u>	<u>\$ 1,375,716</u>	<u>\$ 2,778,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 20	\$ 96	\$ 11,764	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>20</u>	<u>96</u>	<u>11,764</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	1,957	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>1,957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
238,385	1,373,663	2,766,889	-	-	-
-	-	-	-	-	-
<u>238,385</u>	<u>1,373,663</u>	<u>2,766,889</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 238,405</u>	<u>\$ 1,375,716</u>	<u>\$ 2,778,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



CITY of CRYSTAL

**City of Crystal
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2020**

	<u>Capital Projects</u>	
	<u>Total</u>	<u>Total Governmental Funds</u>
Assets		
Cash and investments	\$ 4,202,745	\$ 7,559,705
Taxes receivable	1,957	9,238
Special assessments receivable	-	80,000
Due from other governments	188,072	188,427
Land held for resale	-	309,000
Total assets	<u>\$ 4,392,774</u>	<u>\$ 8,146,370</u>
Liabilities		
Accounts payable	\$ 11,880	\$ 41,906
Due to other governments	-	2,831
Salaries and benefits payable	-	8,523
Total liabilities	<u>11,880</u>	<u>53,260</u>
Deferred Inflows of Resources		
Unavailable revenue - property taxes	1,957	9,238
Unavailable revenue - special assessments	-	80,000
Total deferred inflows of resources	<u>1,957</u>	<u>89,238</u>
Fund Balances		
Restricted	-	1,111,878
Committed	4,378,937	6,817,380
Assigned	-	74,614
Total fund balances	<u>4,378,937</u>	<u>8,003,872</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 4,392,774</u>	<u>\$ 8,146,370</u>

City of Crystal
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2020

	Special Revenue			
	TIF Districts Special Revenue	Special Projects	EDA	Total
Revenues				
Property taxes	\$ 344,822	\$ -	\$ 283,935	\$ 628,757
Special assessments	-	-	20,107	20,107
Intergovernmental	-	14,327	-	14,327
Fine and forfeitures	-	12,740	-	12,740
Miscellaneous				
Interest	39,551	-	79,686	119,237
Other	-	30,253	-	30,253
Total revenues	<u>384,373</u>	<u>57,320</u>	<u>383,728</u>	<u>825,421</u>
Expenditures				
Current				
General government	-	2,037	-	2,037
Public safety	-	58,606	-	58,606
Recreation	-	2,874	-	2,874
Economic development	243,918	-	389,121	633,039
Debt service				
Principal	260,275	-	-	260,275
Interest and other charges	22,707	-	-	22,707
Capital outlay	-	3,990	-	3,990
Total expenditures	<u>526,900</u>	<u>67,507</u>	<u>389,121</u>	<u>983,528</u>
Excess of revenues over (under) expenditures	(142,527)	(10,187)	(5,393)	(158,107)
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	-	-
Net change in fund balances	(142,527)	(10,187)	(5,393)	(158,107)
Fund Balances				
Beginning of year, as previously stated	1,180,909	158,297	2,443,836	3,783,042
Change in accounting principle (See Note 16)	-	-	-	-
Beginning of year, as restated	<u>1,180,909</u>	<u>158,297</u>	<u>2,443,836</u>	<u>3,783,042</u>
End of year	<u>\$ 1,038,382</u>	<u>\$ 148,110</u>	<u>\$ 2,438,443</u>	<u>\$ 3,624,935</u>

Capital Projects

Cable TV Equipment	Park Improvement	Police Equipment Revolving	Fleet	Information Technology	City Buildings
\$ -	\$ 359,138	\$ 154,938	\$ -	\$ -	\$ -
-	-	-	-	-	-
35,103	200,617	2,339	-	-	-
-	-	-	-	-	-
8,228	57,118	110,668	-	-	-
-	14,432	-	-	-	-
<u>43,331</u>	<u>631,305</u>	<u>267,945</u>	<u>-</u>	<u>-</u>	<u>-</u>
309	-	-	-	-	-
-	-	2,734	-	-	-
-	15,883	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	647,590	440,800	-	-	-
<u>309</u>	<u>663,473</u>	<u>443,534</u>	<u>-</u>	<u>-</u>	<u>-</u>
43,022	(32,168)	(175,589)	-	-	-
-	-	27,030	-	-	-
<u>43,022</u>	<u>(32,168)</u>	<u>(148,559)</u>	<u>-</u>	<u>-</u>	<u>-</u>
195,363	1,405,831	2,915,448	2,850,100	564,839	4,155,413
-	-	-	(2,850,100)	(564,839)	(4,155,413)
<u>195,363</u>	<u>1,405,831</u>	<u>2,915,448</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 238,385</u>	<u>\$ 1,373,663</u>	<u>\$ 2,766,889</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



CITY of CRYSTAL

City of Crystal
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2020

	<u>Capital Projects</u>	<u>Total Other Governmental Funds</u>
	<u>Total</u>	
Revenues		
Property taxes	\$ 514,076	\$ 1,142,833
Special assessments	-	20,107
Intergovernmental	238,059	252,386
Fine and forfeitures	-	12,740
Miscellaneous	-	-
Interest	176,014	295,251
Other	14,432	44,685
Total revenues	<u>942,581</u>	<u>1,768,002</u>
Expenditures		
Current		
General government	309	2,346
Public safety	2,734	61,340
Recreation	15,883	18,757
Economic development	-	633,039
Debt service		
Principal	-	260,275
Interest and other charges	-	22,707
Capital outlay	1,088,390	1,092,380
Total expenditures	<u>1,107,316</u>	<u>2,090,844</u>
Excess of revenues over (under) expenditures	(164,735)	(322,842)
Other Financing Sources (Uses)		
Proceeds from sale of capital asset	27,030	27,030
Net change in fund balances	(137,705)	(295,812)
Fund Balances		
Beginning of year, as previously stated	12,086,994	15,870,036
Change in accounting principle (See Note 16)	(7,570,352)	(7,570,352)
Beginning of year, as restated	<u>4,516,642</u>	<u>8,299,684</u>
End of year	<u>\$ 4,378,937</u>	<u>\$ 8,003,872</u>

City of Crystal
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
TIF Districts - Special Revenue
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 205,000	\$ 205,000	\$ 344,822	\$ 139,822
Interest	12,000	12,000	39,551	27,551
Total revenues	<u>217,000</u>	<u>217,000</u>	<u>384,373</u>	<u>167,373</u>
Expenditures				
Current				
Community development	224,575	224,575	243,918	19,343
Debt service				
Principal	-	-	260,275	260,275
Interest and other charges	-	-	22,707	22,707
Total expenditures	<u>224,575</u>	<u>224,575</u>	<u>526,900</u>	<u>302,325</u>
Net change in fund balances	<u>\$ (7,575)</u>	<u>\$ (7,575)</u>	(142,527)	<u>\$ (134,952)</u>
Fund Balance				
Beginning of year			<u>1,180,909</u>	
End of year			<u>\$ 1,038,382</u>	

City of Crystal
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - EDA - Special Revenue
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 282,744	\$ 282,744	\$ 283,935	\$ 1,191
Special assessments	-	-	20,107	20,107
Charges for services	12,000	12,000	-	(12,000)
Investment income	28,000	28,000	79,686	51,686
Total revenues	<u>322,744</u>	<u>322,744</u>	<u>383,728</u>	<u>60,984</u>
Expenditures				
Current				
Community development	<u>411,303</u>	<u>411,303</u>	<u>389,121</u>	<u>(22,182)</u>
Net change in fund balances	<u>\$ (88,559)</u>	<u>\$ (88,559)</u>	<u>(5,393)</u>	<u>\$ 83,166</u>
Fund Balances				
Beginning of year			<u>2,443,836</u>	
End of year			<u>\$ 2,438,443</u>	

City of Crystal
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Street Reconstruction - Capital Projects
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 110,144	\$ 110,144	\$ 110,144	\$ -
Special assessments	-	-	600,322	600,322
Intergovernmental	230,000	230,000	1,013,257	783,257
Investment income	76,235	76,235	319,054	242,819
Miscellaneous revenues	-	-	28,933	28,933
Total revenues	416,379	416,379	2,071,710	1,655,331
Expenditures				
Public works - capital outlay	806,350	806,350	2,047,448	1,241,098
Net change in fund balances	\$ (389,971)	\$ (389,971)	24,262	\$ 414,233
Fund Balance				
Beginning of year			6,778,918	
End of year			\$ 6,803,180	

City of Crystal
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Park Improvement - Capital Projects
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 358,914	\$ 358,914	\$ 359,138	\$ 224
Intergovernmental	-	-	200,617	200,617
Interest	7,626	7,626	57,118	49,492
Miscellaneous revenues	24,000	24,000	14,432	(9,568)
Total revenues	<u>390,540</u>	<u>390,540</u>	<u>631,305</u>	<u>240,765</u>
Expenditures				
Current				
Park and recreation	-	-	15,883	15,883
Capital outlay				
Park and recreation	535,000	535,000	647,590	112,590
Total expenditures	<u>535,000</u>	<u>535,000</u>	<u>663,473</u>	<u>128,473</u>
Net change in fund balances	<u>\$ (144,460)</u>	<u>\$ (144,460)</u>	(32,168)	<u>\$ 112,292</u>
Fund Balance				
Beginning of year			<u>1,405,831</u>	
End of year			<u>\$ 1,373,663</u>	

City of Crystal
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Police Equipment Revolving - Capital Projects
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 154,938	\$ 154,938	\$ 154,938	\$ -
Intergovernmental	-	-	2,339	2,339
Interest	28,894	28,894	110,668	81,774
Miscellaneous revenues	15,000	15,000	-	(15,000)
Total revenues	<u>198,832</u>	<u>198,832</u>	<u>267,945</u>	<u>69,113</u>
Expenditures				
Current				
Public safety	-	-	2,734	2,734
Capital outlay	235,700	235,700	440,800	205,100
Total expenditures	<u>235,700</u>	<u>235,700</u>	<u>443,534</u>	<u>207,834</u>
Excess of revenues under expenditures	(36,868)	(36,868)	(175,589)	(138,721)
Other Financing Sources				
Proceeds from sale of capital asset	-	-	27,030	27,030
Net change in fund balances	<u>\$ (36,868)</u>	<u>\$ (36,868)</u>	(148,559)	<u>\$ (111,691)</u>
Fund Balance				
Beginning of year			<u>2,915,448</u>	
End of year			<u>\$ 2,766,889</u>	

City of Crystal
Combining Statement of Net Position - Internal Service Funds
December 31, 2020

	<u>Self Insurance</u>	<u>Fleet</u>	<u>Information Technology</u>	<u>City Buildings</u>	<u>Totals</u>
Assets					
Current assets					
Cash and investments (including cash equivalents)	\$ 604,584	\$ 2,542,989	\$ 538,420	\$ 4,735,240	\$ 8,421,233
Accounts Receivable	131,447	-	-	-	131,447
Total Current Assets	<u>736,031</u>	<u>2,542,989</u>	<u>538,420</u>	<u>4,735,240</u>	<u>8,552,680</u>
Noncurrent assets					
Capital assets					
Software	-	9,428	156,230	-	165,658
Buildings	-	120,000	-	18,610,476	18,730,476
Improvements other than buildings	-	170,274	112,157	60,319	342,750
Machinery and equipment	-	4,557,527	442,726	64,780	5,065,033
Office equipment and furnishings	-	-	608,395	-	608,395
Vehicles	-	3,088,102	-	-	3,088,102
Construction In Progress	-	-	-	637,264	637,264
Total capital assets	<u>-</u>	<u>7,945,331</u>	<u>1,319,508</u>	<u>19,372,839</u>	<u>28,637,678</u>
Less accumulated depreciation	-	(3,985,062)	(1,009,176)	(8,276,577)	(13,270,815)
Net capital assets	<u>-</u>	<u>3,960,269</u>	<u>310,332</u>	<u>11,096,262</u>	<u>15,366,863</u>
Liabilities					
Accounts payable	20,714	234	17,002	62,849	100,799
Due to other governments	-	-	1,122	-	1,122
Total current liabilities	<u>20,714</u>	<u>234</u>	<u>18,124</u>	<u>62,849</u>	<u>101,921</u>
Net Position					
Net investment in capital assets	-	3,960,269	310,332	11,096,262	15,366,863
Unrestricted	715,317	2,542,755	520,296	4,672,391	8,450,759
Total net position	<u>715,317</u>	<u>6,503,024</u>	<u>830,628</u>	<u>15,768,653</u>	<u>23,817,622</u>

City of Crystal
Combining Statement of Revenues, Expenses, and Changes
in Net Position - Internal Service Funds
For the Year Ended December 31, 2020

	Self Insurance	Fleet	Information Technology	City Buildings	Totals
Operating revenues					
Charges for Services	\$ -	\$ 85,680	\$ 604,332	\$ 1,072,295	\$ 1,762,307
Miscellaneous	184,420	-	-	11,454	195,874
Total operating revenues	<u>184,420</u>	<u>85,680</u>	<u>604,332</u>	<u>1,083,749</u>	<u>1,958,181</u>
Operating expenses					
Other services	473	3,435	497,502	203,424	704,834
Supplies	-	258	-	16,995	17,253
Depreciation	-	622,886	104,266	555,857	1,283,009
Equipment	-	3,540	132,655	60,656	196,851
Total operating expenses	<u>473</u>	<u>630,119</u>	<u>734,423</u>	<u>836,932</u>	<u>2,201,947</u>
Operating income (loss)	183,947	(544,439)	(130,091)	246,817	(243,766)
Nonoperating revenues (expenses)					
Investment income	23,406	88,158	19,885	155,733	287,182
Gain on sale of capital assets	-	89,293	-	2,544	91,837
Operating grants and contributions	-	-	-	556,756	556,756
Total nonoperating revenue (expenses)	<u>23,406</u>	<u>177,451</u>	<u>19,885</u>	<u>715,033</u>	<u>935,775</u>
Change in net assets	207,353	(366,988)	(110,206)	961,850	692,009
Net position - beginning, as previously stated	507,964	-	-	-	507,964
Change in accounting principle (See Note 16)	-	6,870,012	940,834	14,806,803	22,617,649
Net position - beginning, as restated	<u>507,964</u>	<u>6,870,012</u>	<u>940,834</u>	<u>14,806,803</u>	<u>23,125,613</u>
Net position - ending	<u>\$ 715,317</u>	<u>\$ 6,503,024</u>	<u>\$ 830,628</u>	<u>\$ 15,768,653</u>	<u>\$ 23,817,622</u>

City of Crystal
Combining Statement of Cash Flows - Internal Service Funds
Year Ended December 31, 2020

	Self Insurance	Fleet	Information Technology	City Buildings	Totals
Cash Flows - Operating Activities					
Interfund services provided and used	\$ -	\$ 85,680	\$ 604,332	\$ 1,072,295	\$ 1,762,307
Payments to suppliers	(273,287)	(7,156)	(671,401)	(286,534)	(1,238,378)
Miscellaneous revenue	95,008	-	-	11,454	106,462
Net cash flows - operating activities	<u>(178,279)</u>	<u>78,524</u>	<u>(67,069)</u>	<u>797,215</u>	<u>630,391</u>
Cash Flows - Capital and Related Financing Activities					
Proceeds from disposal of capital assets	-	89,293	-	2,544	91,837
Grants and contributions	-	-	-	556,756	556,756
Acquisition of capital assets	-	(563,243)	(38,603)	(1,000,729)	(1,602,575)
Net cash flows - capital and related financing activities	<u>-</u>	<u>(473,950)</u>	<u>(38,603)</u>	<u>(441,429)</u>	<u>(953,982)</u>
Cash Flows - Investing Activities					
Interest and dividends received	23,406	88,158	19,885	155,733	287,182
Net change in cash and cash equivalents	(154,873)	(307,268)	(85,787)	511,519	(36,409)
Cash and cash equivalents, January 1	759,457	2,850,257	624,207	4,223,721	8,457,642
Cash and cash equivalents, December 31	<u>\$ 604,584</u>	<u>\$ 2,542,989</u>	<u>\$ 538,420</u>	<u>\$ 4,735,240</u>	<u>\$ 8,421,233</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities					
Operating income (loss)	\$ 183,947	\$ (544,439)	\$ (130,091)	\$ 246,817	\$ (243,766)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities					
Depreciation expense	-	622,886	104,266	555,857	1,283,009
Accounts receivable	(89,412)	-	-	-	(89,412)
Prepaid items	-	-	1,295	-	1,295
Accounts payable	(272,814)	77	5,078	(5,459)	(273,118)
Due to other governmental units	-	-	(47,617)	-	(47,617)
Total adjustments	<u>(362,226)</u>	<u>622,963</u>	<u>63,022</u>	<u>550,398</u>	<u>874,157</u>
Net cash flows - operating activities	<u>\$ (178,279)</u>	<u>\$ 78,524</u>	<u>\$ (67,069)</u>	<u>\$ 797,215</u>	<u>\$ 630,391</u>



CITY of CRYSTAL

STATISTICAL SECTION



CITY of CRYSTAL

City of Crystal Statistical Section (Unaudited)

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

Financial Trends

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

- Table 1 – Net Position by Component
- Table 2 – Changes in Net Position
- Table 3 – Fund Balances of Governmental Funds
- Table 4 – Changes in Fund Balances of Governmental Funds

Revenue Capacity

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

- Table 5 – Taxable and Estimated Market Values of Taxable Property
- Table 6 – Property Tax Rates – Direct and Overlapping Governments
- Table 7 – Principal Property Taxpayers
- Table 8 – Property Tax Levies and Collations

Debt Capacity

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

- Table 9 – Legal Debt Margin Information
- Table 10 – Ratios of Outstanding Debt by Type
- Table 11 – Ratios of General Bonded Debt Outstanding
- Table 12 – Direct and Overlapping Governmental Activities Debt

Demographic and Economic Information

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

- Table 13 – Demographic and Economic Statistics
- Table 14 – Principal Employers
- Table 15 – Full-Time City Government Employees by Function
- Table 16 – Operating Indicators by Function
- Table 17 – Capital Asset Statistics by Function

City of Crystal
Net Position By Component
(Accrual Basis of Accounting)
Last Ten Fiscal Years
(unaudited)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental Activities				
Net investment in capital assets	\$ 25,896,999	\$ 26,574,766	\$ 28,944,085	\$ 34,052,606
Restricted	13,618,934	14,772,670	17,707,336	16,360,362
Unrestricted	<u>43,259,125</u>	<u>43,950,199</u>	<u>43,687,744</u>	<u>39,694,502</u>
Total governmental activities net position	<u>\$ 82,775,058</u>	<u>\$ 85,297,635</u>	<u>\$ 90,339,165</u>	<u>\$ 90,107,470</u>
Business-Type Activities				
Net investment in capital assets	\$ 12,763,559	\$ 13,921,133	\$ 15,655,823	\$ 15,448,191
Unrestricted	<u>11,319,800</u>	<u>10,416,828</u>	<u>10,114,825</u>	<u>9,397,654</u>
Total business-type activities net position	<u>\$ 24,083,359</u>	<u>\$ 24,337,961</u>	<u>\$ 25,770,648</u>	<u>\$ 24,845,845</u>
Primary Government				
Net investment in capital assets	\$ 38,660,558	\$ 40,495,899	\$ 44,599,908	\$ 49,500,797
Restricted	13,618,934	14,772,670	17,707,336	16,360,362
Unrestricted	<u>54,578,925</u>	<u>54,367,027</u>	<u>53,802,569</u>	<u>49,092,156</u>
Total primary government net position	<u>\$ 106,858,417</u>	<u>\$ 109,635,596</u>	<u>\$ 116,109,813</u>	<u>\$ 114,953,315</u>

Table 1

2015	2016	2017	2018	2019	2020
\$ 39,903,269	\$ 40,421,924	\$ 40,534,551	\$ 41,195,367	\$ 46,233,147	\$ 48,365,123
18,102,105	18,580,900	20,099,040	18,671,275	17,072,361	14,067,681
25,901,804	25,370,751	24,388,020	23,516,447	22,294,201	23,420,637
<u>\$ 83,907,178</u>	<u>\$ 84,373,575</u>	<u>\$ 85,021,611</u>	<u>\$ 83,383,089</u>	<u>\$ 85,599,709</u>	<u>\$ 85,853,441</u>
\$ 19,057,632	\$ 19,889,415	\$ 22,283,455	\$ 21,693,069	\$ 19,815,262	\$ 21,760,477
7,484,722	8,575,762	9,572,606	10,836,119	11,901,367	12,074,284
<u>\$ 26,542,354</u>	<u>\$ 28,465,177</u>	<u>\$ 31,856,061</u>	<u>\$ 32,529,188</u>	<u>\$ 31,716,629</u>	<u>\$ 33,834,761</u>
\$ 58,960,901	\$ 60,311,339	\$ 62,818,006	\$ 62,888,436	\$ 66,048,409	\$ 70,125,600
18,102,105	18,580,900	20,099,040	18,671,275	17,072,361	14,067,681
33,386,526	33,946,513	33,960,626	34,352,566	34,195,568	35,494,921
<u>\$ 110,449,532</u>	<u>\$ 112,838,752</u>	<u>\$ 116,877,672</u>	<u>\$ 115,912,277</u>	<u>\$ 117,316,338</u>	<u>\$ 119,688,202</u>

City of Crystal
Changes in Net Position
(Accrual Basis of Accounting)
Last Ten Fiscal Years
(unaudited)

	2011	2012	2013	2014
Expenses				
Governmental activities				
General government	\$ 2,084,038	\$ 1,992,060	\$ 2,091,395	\$ 2,767,171
Public safety	6,247,082	5,605,172	5,900,593	6,085,801
Public works	3,997,978	4,345,225	2,655,529	5,034,894
Parks and recreation	2,475,881	2,110,078	2,548,785	2,622,407
Community development	2,168,725	2,180,213	1,570,132	1,358,486
Interest on long-term debt	503,301	498,884	586,388	529,448
Total governmental activities expenses	<u>17,477,005</u>	<u>16,731,632</u>	<u>15,352,822</u>	<u>18,398,207</u>
Business-type activities				
Water	\$ 2,930,591	\$ 3,094,744	\$ 3,092,654	\$ 3,928,301
Sanitary sewer	1,928,975	1,874,699	1,927,664	1,931,725
Storm drainage	600,371	782,897	760,372	662,419
Street lights	186,991	173,308	309,396	169,664
Recycling	331,918	329,106	329,131	324,105
Total business-type activities expenses	<u>5,978,846</u>	<u>6,254,754</u>	<u>6,419,217</u>	<u>7,016,214</u>
Total primary government expenses	<u>\$ 23,455,851</u>	<u>\$ 22,986,386</u>	<u>\$ 21,772,039</u>	<u>\$ 25,414,421</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 278,336	\$ 240,501	\$ 256,133	\$ 354,802
Public safety	357,536	389,769	429,740	438,328
Public works	0	-	9	303
Parks and recreation	437,259	463,259	500,561	465,769
Community development	668,666	665,503	902,000	1,739,829
Operating grants and contributions	1,140,876	1,164,000	667,622	595,463
Capital grants and contributions	5,750,178	6,008,708	6,877,723	2,613,480
Total governmental activities program revenues	<u>8,632,851</u>	<u>8,931,740</u>	<u>9,633,788</u>	<u>6,207,974</u>
Business-type activities				
Charges for services				
Water	2,549,324	2,790,363	2,637,830	2,601,186
Sanitary sewer	1,913,165	1,919,725	1,939,539	2,020,522
Storm drainage	653,009	676,265	717,005	760,884
Street lights	162,722	162,119	169,015	181,720
Recycling	334,654	335,214	334,162	334,101
Operating grants and contributions	375,631	336,103	414,534	388,648
Capital grants and contributions	938,060	1,695	1,319,522	11,612
Total business-type activities program revenues	<u>6,926,565</u>	<u>6,221,484</u>	<u>7,531,607</u>	<u>6,298,673</u>
Total primary government program revenues	<u>\$ 15,559,416</u>	<u>\$ 15,153,224</u>	<u>\$ 17,165,395</u>	<u>\$ 12,506,647</u>

Table 2

2015	2016	2017	2018	2019	2020
\$ 2,646,651	\$ 3,226,278	\$ 2,964,731	\$ 3,435,708	\$ 4,523,764	\$2,622,345
6,438,462	7,685,700	7,546,777	7,250,306	7,585,509	8,533,972
5,132,260	6,511,486	4,224,253	4,285,522	4,479,566	5,675,261
2,816,220	2,759,211	3,128,275	3,299,792	3,093,691	3,126,917
1,287,427	1,174,426	1,616,752	1,159,700	1,398,666	1,552,016
555,121	563,308	541,919	518,975	462,218	340,097
<u>18,876,141</u>	<u>21,920,409</u>	<u>20,022,707</u>	<u>19,950,003</u>	<u>21,543,414</u>	<u>21,850,608</u>
\$ 4,131,931	\$ 3,047,910	\$ 2,970,228	\$ 3,105,611	\$ 3,094,824	\$ 3,362,825
1,995,561	2,169,072	2,144,581	2,486,143	2,164,837	2,317,049
883,284	903,884	809,169	759,180	1,539,162	725,016
151,305	155,056	174,479	152,301	151,732	194,991
324,393	324,496	324,853	335,310	334,947	344,747
<u>7,486,474</u>	<u>6,600,418</u>	<u>6,423,310</u>	<u>6,838,545</u>	<u>7,285,502</u>	<u>6,944,628</u>
<u>\$ 26,362,615</u>	<u>\$ 28,520,827</u>	<u>\$ 26,446,017</u>	<u>\$ 26,788,548</u>	<u>\$ 28,828,916</u>	<u>\$ 28,795,236</u>
\$ 228,357	\$ 320,899	\$ 279,603	\$ 243,710	\$ 177,914	\$ 181,700
412,016	411,592	380,498	346,501	318,706	204,252
0	-	-	-	-	-
483,741	515,056	513,457	541,486	552,388	154,555
761,469	767,755	796,152	1,255,396	1,169,663	651,925
634,881	728,449	659,450	699,638	761,960	887,111
5,533,872	7,393,250	7,473,350	2,337,789	2,146,495	1,763,000
<u>8,054,336</u>	<u>10,137,001</u>	<u>10,102,510</u>	<u>5,424,520</u>	<u>5,127,126</u>	<u>3,842,543</u>
2,962,818	3,076,263	3,138,317	3,265,849	3,707,733	4,442,177
2,079,431	2,193,599	2,300,866	2,578,065	2,446,851	2,679,871
809,067	867,598	1,058,549	1,174,131	1,226,403	1,271,999
186,125	191,261	195,122	195,324	194,950	193,029
334,493	334,926	340,250	340,410	342,336	348,287
1,669,332	1,859,532	680,740	547,760	2,560,212	240,825
-	-	-	-	-	105,750
<u>8,041,266</u>	<u>8,523,179</u>	<u>7,713,844</u>	<u>8,101,539</u>	<u>10,478,485</u>	<u>9,281,938</u>
<u>\$ 16,095,602</u>	<u>\$ 18,660,180</u>	<u>\$ 17,816,354</u>	<u>\$ 13,526,059</u>	<u>\$ 15,605,611</u>	<u>\$ 13,124,481</u>

City of Crystal
Changes in Net Position
(Accrual Basis of Accounting)
Last Ten Fiscal Years
(unaudited)

	2011	2012	2013	2014
Net (Expense) Revenue				
Governmental activities	\$ (7,799,892)	\$ (5,719,034)	\$ (12,190,233)	\$ (10,821,805)
Business-type activities	(33,270)	1,112,390	(717,541)	554,792
	<u>\$ (7,833,162)</u>	<u>\$ (4,606,644)</u>	<u>\$ (12,907,774)</u>	<u>\$ (10,267,013)</u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Property taxes	\$ 9,318,013	\$ 9,710,807	\$ 9,561,519	\$ 9,621,212
Grants and contributions not restricted to specific programs	1,618,291	1,478,220	1,472,223	1,664,043
Unrestricted investment earnings	1,036,201	540,883	96,678	350,648
Gain on disposition of capital assets	38,413	45,139	47,080	48,900
Transfers	140,203	(177,580)	(252,756)	273,735
Total governmental activities	<u>12,151,121</u>	<u>11,597,469</u>	<u>10,924,744</u>	<u>11,958,538</u>
Business-type activities				
Unrestricted investment earnings	240,213	108,888	16,241	66,473
Gain on disposition of capital assets	22,000	1,404	51,300	0
Transfers	(140,203)	177,580	252,756	(273,735)
Total business-type activities	<u>122,010</u>	<u>287,872</u>	<u>320,297</u>	<u>(207,262)</u>
	<u>\$ 12,273,131</u>	<u>\$ 11,885,341</u>	<u>\$ 11,245,041</u>	<u>\$ 11,751,276</u>
Change in Net Position				
Governmental activities	\$ 4,351,229	\$ 5,878,435	\$ (1,265,489)	\$ 1,136,733
Business-type activities	88,740	1,400,262	(397,244)	347,530
	<u>\$ 4,439,969</u>	<u>\$ 7,278,697</u>	<u>\$ (1,662,733)</u>	<u>\$ 1,484,263</u>

(Continued)
Table 2

2015	2016	2017	2018	2019	2020
\$ (11,783,408)	\$ (9,920,197)	\$ (14,525,483)	\$ (16,416,288)	\$ (16,416,288)	\$ (18,008,065)
1,922,761	1,290,534	1,262,994	3,192,983	3,192,983	2,337,310
<u>\$ (9,860,647)</u>	<u>\$ (8,629,663)</u>	<u>\$ (13,262,489)</u>	<u>\$ (13,223,305)</u>	<u>\$ (13,223,305)</u>	<u>\$ (15,670,755)</u>
\$ 9,670,252	\$ 9,955,391	\$ 10,469,019	\$ 11,193,252	11,619,642	12,699,857
1,701,220	1,712,591	1,753,898	1,850,588	2,038,452	3,751,256
303,263	445,296	302,344	542,106	969,103	1,217,350
27,706	82,795	91,114	231,971	146,270	119,077
(1,577,880)	53,732	(2,048,142)	502,049	4,154,441	474,257
<u>10,124,561</u>	<u>12,249,805</u>	<u>10,568,233</u>	<u>14,319,966</u>	<u>18,927,908</u>	<u>18,261,797</u>
53,517	47,353	42,244	98,002	148,899	255,079
12,500	6,441	9,964	-	-	-
1,577,880	(53,732)	2,048,142	(502,049)	(4,154,441)	(474,257)
<u>1,643,897</u>	<u>62</u>	<u>2,100,350</u>	<u>(404,047)</u>	<u>(4,005,542)</u>	<u>(219,178)</u>
<u>\$ 11,768,458</u>	<u>\$ 12,249,867</u>	<u>\$ 12,668,583</u>	<u>\$ 13,915,919</u>	<u>\$ 14,922,366</u>	<u>\$ 18,042,619</u>
\$ (1,658,847)	\$ 2,329,608	\$ (3,957,250)	\$ (2,096,322)	\$ 2,511,620	\$ 253,732
3,566,658	1,290,596	3,363,344	2,788,936	(812,559)	2,118,132
<u>\$ 1,907,811</u>	<u>\$ 3,620,204</u>	<u>\$ (593,906)</u>	<u>\$ 692,614</u>	<u>\$ 1,699,061</u>	<u>\$ 2,371,864</u>

City of Crystal
Fund Balances of Governmental Funds
(Modified Accrual Basis of Accounting)
Last Ten Fiscal Years
(unaudited)

	2011	2012	2013	2014
General Fund				
Nonspendable				
Inventory	\$ -	\$ -	\$ -	\$ -
Prepaid items	-	-	-	-
Committed				
Compensated absences	869,801	882,942	840,514	801,697
Unassigned	<u>6,645,169</u>	<u>6,514,525</u>	<u>6,862,599</u>	<u>6,594,097</u>
Total general fund	<u>\$ 7,514,970</u>	<u>\$ 7,397,467</u>	<u>\$ 7,703,113</u>	<u>\$ 7,395,794</u>
All Other Governmental Funds				
Nonspendable				
Prepaid items	\$ -	\$ -	\$ 78,455	\$ -
Restricted				
Housing and redevelopment assistance	2,468,311	1,595,856	1,593,243	1,655,414
Murl revolving fund	29,775	32,852	35,651	39,519
Debt service	3,831,273	4,405,942	5,440,681	5,528,971
10% lawful gambling contribution	6,323	3,795	1,945	445
DWI-related enforcement, training and education	38,188	41,723	59,357	55,399
Committed				
Housing and redevelopment assistance	3,541,003	3,754,395	3,914,649	3,974,329
Capital outlay - city wide	8,607,284	8,848,629	8,647,926	8,632,632
Capital outlay - replace and renovation of city bldgs.	9,645,755	10,308,963	10,286,268	6,964,198
Capital outlay - street reconstruction	4,028,317	2,463,377	2,261,153	2,347,934
Capital outlay - police equipment	3,184,679	3,191,297	3,138,748	3,122,050
Capital outlay - cable TV equipment	-	-	-	-
Capital outlay - fire equipment	629,063	636,661	637,970	643,352
Capital outlay - street maintenance	1,908,638	1,872,925	1,854,710	1,251,683
Capital outlay - fleet	-	-	-	-
Capital outlay - information technology	-	-	-	-
Capital outlay - park improvement	-	-	-	-
Assigned				
Police department purposes	7,138	32,058	18,531	14,873
Park and recreation department purposes	33,275	25,805	26,718	24,686
Other purposes	12,275	12,371	11,855	8,060
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 37,971,297</u>	<u>\$ 37,226,649</u>	<u>\$ 38,007,860</u>	<u>\$ 34,263,545</u>

Note: The City implemented GASB Statement No. 54 in 2011.

Table 3

2015	2016	2017	2018	2019	2020
\$ 27,488	\$ 15,519	\$ 19,169	\$ 23,941	\$ 71,541	\$ 9,012
-	-	-	-	-	17,386
782,627	817,760	753,962	774,914	801,503	926,030
6,382,810	6,220,496	6,119,325	6,181,591	6,123,392	7,405,222
<u>\$ 7,192,925</u>	<u>\$ 7,053,775</u>	<u>\$ 6,892,456</u>	<u>\$ 6,980,446</u>	<u>\$ 6,996,436</u>	<u>\$ 8,357,650</u>
\$ 8,450	\$ -	\$ -	\$ -	\$ -	\$ -
1,703,927	1,783,870	1,768,695	1,327,159	1,180,909	1,038,382
-	-	-	-	-	-
6,437,512	5,750,342	5,312,296	6,079,365	6,080,972	4,506,534
-	-	-	-	-	-
40,626	32,375	27,824	58,991	86,870	73,496
4,247,836	4,215,316	3,846,024	3,931,334	2,443,836	2,438,443
8,498,360	8,357,889	8,211,949	399,581	-	-
-	105,509	644,615	3,338,128	4,155,413	-
2,074,645	2,132,454	2,718,992	5,672,092	6,778,918	6,803,180
3,126,443	3,108,331	2,870,691	2,812,125	2,915,448	2,766,889
35,487	72,531	111,450	152,917	195,363	238,385
648,635	585,905	212,683	1,932,904	-	-
1,420,778	1,590,262	1,696,974	-	-	-
-	-	-	2,790,279	2,850,100	-
-	-	-	466,596	564,839	-
-	-	-	-	1,405,831	1,373,663
22,453	40,631	40,631	40,631	71,427	74,614
23,684	20,729	20,729	20,729	-	-
9,042	7,755	12,564	12,564	-	-
(626,968)	-	-	-	-	-
<u>\$ 27,670,910</u>	<u>\$ 27,803,899</u>	<u>\$ 27,496,117</u>	<u>\$ 29,035,395</u>	<u>\$ 28,729,926</u>	<u>\$ 19,313,586</u>

City of Crystal
Changes in Fund Balances of Governmental Funds
(Modified Accrual Basis of Accounting)
Last Ten Fiscal Years
(unaudited)

	2011	2012	2013	2014
Revenues				
Property taxes	\$ 9,323,325	\$ 9,714,591	\$ 9,641,513	\$ 9,621,688
Special assessments	2,718,038	3,540,032	3,467,243	2,873,099
Licenses, permits and inspections	674,693	670,162	843,741	924,967
Intergovernmental	3,944,380	2,508,451	3,046,762	2,930,382
Charges for sales and/or services	759,262	826,023	899,525	1,718,581
Administrative services provided to other funds	294,594	278,835	291,368	-
Fines and forfeitures	353,125	316,496	397,759	405,546
Interest	801,534	669,524	473,660	331,758
Net increase (decrease) in fair value of investments	206,953	(142,882)	(379,426)	9,442
Miscellaneous	379,636	450,274	502,878	111,496
Total revenues	19,455,540	18,831,506	19,185,023	18,926,959
Expenditures				
General government	1,898,990	2,030,717	2,158,164	2,198,872
Public safety	5,992,955	5,429,833	5,679,203	5,692,868
Public works	1,450,552	1,315,019	1,311,719	2,246,292
Parks and recreation	1,955,070	1,978,397	2,029,179	2,081,162
Community development	1,382,770	1,408,056	1,464,562	1,252,952
Capital outlay	4,528,799	7,052,365	7,327,877	7,209,039
Debt service -				
Principal	1,810,083	1,500,682	1,358,811	2,275,042
Interest and other fees	529,299	538,947	564,181	554,063
Total expenditures	19,548,518	21,254,016	21,893,696	23,510,290
Excess (Deficiency) of Revenues Over (Under) Expenditures	(92,978)	(2,422,510)	(2,708,673)	(4,583,331)
Other Financing Sources (Uses)				
Issuance of bonds	1,705,000	2,635,000	3,630,000	-
Issuance of refunding bonds	-	-	-	-
Issuance of notes payable	-	-	-	-
Refunded bonds redeemed	-	-	-	-
Premium on bonds issued	-	70,531	58,626	-
Proceeds from sale of property and equipment	41,314	56,169	57,310	82,547
Discount on bonds issued	(17,391)	-	-	-
Transfers in	1,646,572	2,865,486	895,350	2,347,933
Transfers out	(1,506,369)	(2,791,827)	(845,756)	(1,898,783)
Total other financing sources (uses)	1,869,126	2,835,359	3,795,530	531,697
Net Change in Fund Balances	\$ 1,776,148	\$ 412,849	\$ 1,086,857	\$ (4,051,634)
Debt service as a percentage of noncapital expenditures	<u>16%</u>	<u>14%</u>	<u>13%</u>	<u>17%</u>

Table 4

	2015	2016	2017	2018	2019	2020
\$	9,664,690	\$ 9,966,978	\$ 10,569,176	\$ 11,231,206	\$ 11,600,365	\$ 12,660,825
	3,328,989	3,950,081	4,468,266	3,452,454	2,746,810	2,460,519
	808,695	773,479	785,451	740,192	835,712	676,382
	3,175,821	3,062,273	3,133,642	3,641,377	3,964,052	4,903,347
	932,081	913,329	859,087	935,558	886,368	332,551
	-	-	-	-	-	-
	355,566	322,009	359,917	251,732	296,200	196,239
	291,400	245,865	259,657	511,542	949,195	930,168
	4,825	59,015	-	-	-	-
	409,295	1,046,909	354,302	595,766	406,221	107,560
	<u>18,971,362</u>	<u>20,339,938</u>	<u>20,789,498</u>	<u>21,359,827</u>	<u>21,684,923</u>	<u>22,267,591</u>
	2,289,245	2,517,924	2,639,028	2,580,042	2,479,514	2,246,838
	5,841,029	6,143,480	6,589,235	7,028,892	7,412,980	8,324,408
	1,327,418	2,077,476	1,455,074	1,391,736	1,411,680	1,549,456
	2,229,890	2,240,202	2,379,532	2,546,771	2,792,663	2,913,882
	1,197,652	1,108,920	1,279,318	1,548,967	1,112,371	1,303,613
	14,022,519	7,124,563	9,829,622	3,255,645	4,651,350	3,139,828
	1,379,264	2,481,027	1,968,341	1,587,269	1,915,357	3,350,275
	536,202	591,516	551,467	548,573	508,618	425,562
	<u>28,823,219</u>	<u>24,285,108</u>	<u>26,691,617</u>	<u>20,487,895</u>	<u>22,284,533</u>	<u>23,253,862</u>
	(9,851,857)	(3,945,170)	(5,902,119)	871,932	(599,610)	(986,271)
	2,550,000	3,330,000	4,665,000	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	92,777	99,664	273,843	-	-	-
	33,224	122,359	91,114	253,287	146,270	27,240
	-	-	-	-	-	-
	931,436	673,132	1,944,997	10,580,478	2,015,785	474,257
	(551,084)	(286,146)	(1,541,936)	(10,078,429)	(1,556,924)	-
	<u>3,056,353</u>	<u>3,939,009</u>	<u>5,433,018</u>	<u>755,336</u>	<u>605,131</u>	<u>501,497</u>
\$	<u>(6,795,504)</u>	<u>(6,161)</u>	<u>(469,101)</u>	<u>1,627,268</u>	<u>5,521</u>	<u>(484,774)</u>
	<u>13%</u>	<u>18%</u>	<u>15%</u>	<u>12%</u>	<u>14%</u>	<u>18%</u>

City of Crystal
Taxable and Estimated Market Values of Taxable Property
Last Ten Fiscal Years
(unaudited)

Table 5

Fiscal Year	Real Property			Personal Property	Total Taxable Market Value	Total Direct Tax Rate	Estimated Actual Market Value	Total Taxable Market Value as a Percent of Estimated Actual Market Value
	Residential	Apartments	Commercial Industrial					
2011	\$1,214,915,800	\$ 101,790,000	\$ 162,932,900	\$ 11,554,800	\$1,491,193,500	48.764	\$1,496,063,900	99.67 %
2012	1,019,240,647	100,691,000	161,022,000	11,783,600	1,292,737,247	52.929	1,457,765,100	88.86
2013	864,841,494	100,076,440	159,257,200	12,586,700	1,136,761,834	57.630	1,311,691,400	86.66
2014	864,287,852	101,813,000	156,849,300	12,661,700	1,135,611,852	56.015	1,440,635,800	78.83
2015	1,020,212,713	104,420,800	155,744,300	13,315,900	1,293,693,713	50.498	1,484,886,100	87.12
2016	1,153,327,871	154,241,560	159,609,700	13,517,900	1,480,697,031	53.207	1,620,984,300	91.35
2017	1,280,234,014	167,116,280	174,031,700	13,922,200	1,635,304,194	50.360	1,767,035,000	92.55
2018	1,405,036,164	178,406,933	180,514,900	15,766,500	1,779,724,497	50.416	1,782,801,500	99.83
2019	1,542,818,000	208,112,000	200,365,100	15,983,900	1,967,279,000	48.771	1,919,021,800	102.51
2020	1,618,265,550	227,997,580	225,005,300	16,559,700	2,087,828,130	46.785	2,122,999,500	98.34

Source: Hennepin County

**City of Crystal
Property Tax Rates -
Direct and Overlapping Governments
Last Ten Fiscal Years
(unaudited)**

Table 6

Fiscal Year	City Direct Tax Rates			Total City Direct Tax Rate	Robbinsdale ISD #281	Hennepin County	Special Districts *	Total Tax Capacity Tax Rate	Crystal Debt Service Market Value Rate	Robbinsdale ISD #281 Market Value Rate	Total Overlapping Tax Rate
	Basic Rate	HRA	G.O. Debt Service								
2011	44.529	1.418	2.817	48.764	34.387	45.840	9.172	138.163	0.014	0.231	138.408
2012	48.219	1.588	3.122	52.929	32.810	48.231	9.523	143.493	0.015	0.276	143.784
2013	52.520	1.480	3.630	57.630	32.347	49.461	10.089	149.527	0.016	0.297	149.840
2014	51.268	1.241	3.506	56.015	34.777	49.959	10.561	151.312	0.016	0.303	151.631
2015	49.100	1.398	0.000	50.498	33.226	46.398	9.785	139.907	0.015	0.285	140.207
2016	51.831	1.376	0.000	53.207	33.833	45.356	9.530	141.926	0.014	0.282	142.222
2017	48.949	1.411	0.000	50.360	31.612	44.087	9.319	135.378	0.013	0.250	135.641
2018	49.168	1.248	0.000	50.416	31.957	42.808	8.973	134.154	0.000	0.234	134.388
2019	47.553	1.218	0.000	48.771	29.909	41.861	8.550	129.091	0.000	0.266	129.357
2020	46.785	1.070	0.000	47.855	26.447	41.084	8.219	123.605	0.000	0.250	123.855

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

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

Source: Hennepin County

**City of Crystal
Principal Property Taxpayers
Current Year and Nine Years Ago
(unaudited)**

Table 7

Taxpayer	Type of Property	2020			2011		
		Tax Capacity *	Rank	Percentage of Total Tax Capacity	Tax Capacity *	Rank	Percentage of Total Tax Capacity
Crystal Shopping Center Assoc.	Shopping Center	\$ 553,290	1	2.66 %	\$ 389,250	1	2.01 %
Crystal Village Apartments, LLC	Apartments	294,238	2	1.41	218,739	3	1.13
Cedarwood Investors LLC	Apartments	239,225	3	1.15	N/A		
Crystal Gallery Developers	Shopping Center	219,050	4	1.05	132,250	6	0.68
Smith-Sturm Investment Co.	Apartments	218,875	5	1.05	130,888	7	0.68
Crystal Medical Building, LLC	Office/clinic	191,250	6	0.92	N/A		
Minnesota Senior Living LLC-0005	Apartments	186,438	7	0.89	N/A		
Target Corporation	Department Store	159,250	8	0.76	188,250	4	0.97
SuperValu, Inc.	Grocery Store	155,330	9	0.75	161,250	5	0.83
Crystal Leased HSG Assoc.	Housing	154,865	10	0.74	N/A		
Lanel Financial Group	Apartments				362,301	2	1.87
Winpark One Two, LLC	Industrial				126,250	8	0.65
Bass Lake Road Retail Assoc, LLP	Office/Warehouse				109,770	9	0.57
Industries Equities Group, LLC	Apartments				99,250	10	0.51
		<u>\$ 2,371,811</u>		<u>11.38 %</u>	<u>\$ 1,918,198</u>		<u>9.90 %</u>
	Total City of Crystal Tax Capacity	<u>\$ 20,835,941</u>			<u>\$ 19,379,600</u>		

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

Source: Hennepin County

City of Crystal
Property Tax Levies and Collections
Last Ten Fiscal Years
(unaudited)

Table 8

Fiscal Year	Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as a % of Tax Levy	Outstanding Delinquent Taxes	Delinquent Taxes as a % of Tax Levy
2011	\$ 8,900,044	\$ 8,780,526	98.66	\$ 119,518	\$ 8,900,044	100.00 %	\$ -	0.00 %
2012	9,258,402	9,139,252	98.71	119,150	9,258,402	100.00	-	0.00
2013	9,159,895	9,090,927	99.25	68,968	9,159,895	100.00	-	0.00
2014	9,217,153	9,144,399	99.21	72,754	9,217,153	100.00	-	0.00
2015	9,288,837	9,217,089	99.23	65,983	9,283,072	99.91	5,765	0.09
2016	9,954,054	9,871,608	99.17	79,990	9,951,598	99.96	2,456	0.04
2017	10,606,338	10,538,868	99.36	59,692	10,598,560	99.88	7,778	0.12
2018	11,172,069	11,093,852	99.30	63,214	11,157,066	99.80	15,003	0.20
2019	11,343,132	11,272,127	99.37	47,044	11,319,171	99.50	23,961	0.50
2020	12,367,416	12,257,756	99.11	-	12,278,726	100.00	88,690	0.00

Source: City of Crystal Finance Department records

City of Crystal
Legal Debt Margin Information
Last Ten Fiscal Years
(unaudited)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Taxable market value - amounts expressed in thousands	<u>\$ 1,292,737</u>	<u>\$ 1,136,761</u>	<u>\$ 1,135,611</u>	<u>\$ 1,293,694</u>
Debt limit (3% of taxable market value)	\$ 38,782,000	\$ 34,103,000	\$ 34,068,000	\$ 38,811,000
Less debt applicable to debt limit				
Total bonded debt	12,282,995	13,518,886	15,926,532	13,740,062
Deductions -				
Tax increment bonds	-	-	-	-
Special assessment bonds	<u>9,880,000</u>	<u>11,770,000</u>	<u>14,191,612</u>	<u>12,559,803</u>
	<u>9,880,000</u>	<u>11,770,000</u>	<u>14,191,612</u>	<u>12,559,803</u>
Total debt applicable to debt limit	<u>2,402,995</u>	<u>1,748,886</u>	<u>1,734,920</u>	<u>1,180,259</u>
Legal debt margin	<u>\$ 36,379,005</u>	<u>\$ 32,354,114</u>	<u>\$ 32,333,080</u>	<u>\$ 37,630,741</u>
Total debt applicable to the debt limit as a percentage of the debt limit	<u>6.2%</u>	<u>5.1%</u>	<u>5.1%</u>	<u>3.0%</u>

Source: City of Crystal Finance Department records

Table 9

2015	2016	2017	2018	2019	2020
<u>\$ 1,339,237</u>	<u>\$ 1,482,067</u>	<u>\$ 1,637,892</u>	<u>\$ 1,637,892</u>	<u>\$ 1,967,279</u>	<u>\$ 2,087,828</u>
\$ 40,177,000	\$ 44,462,000	\$ 49,137,000	\$ 49,137,000	\$ 59,018,000	\$ 62,635,000
15,099,795	15,900,940	19,068,514	17,700,339	15,970,984	12,882,262
-	-	-	-	-	-
<u>14,083,544</u>	<u>15,050,000</u>	<u>18,600,000</u>	<u>17,260,000</u>	<u>15,560,000</u>	<u>12,470,000</u>
<u>14,083,544</u>	<u>15,050,000</u>	<u>18,600,000</u>	<u>17,260,000</u>	<u>15,560,000</u>	<u>12,470,000</u>
<u>1,016,251</u>	<u>850,940</u>	<u>468,514</u>	<u>440,339</u>	<u>410,984</u>	<u>412,262</u>
<u>\$ 39,160,749</u>	<u>\$ 43,611,060</u>	<u>\$ 48,668,486</u>	<u>\$ 48,696,661</u>	<u>\$ 58,607,016</u>	<u>\$ 62,222,738</u>
<u>2.5%</u>	<u>1.9%</u>	<u>1.0%</u>	<u>0.9%</u>	<u>0.7%</u>	<u>0.7%</u>

City of Crystal
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(unaudited)

Table 10

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Taxable Market Value	Percentage of Personal Income	Per Capita
	G.O. Bonds	G.O. Tax Increment Bonds	G.O. Special Assessment Bonds	G.O. Notes Payable				
2011	\$ 2,402,995	\$ -	\$ 9,880,000	\$ 46,100	\$ 12,329,095	0.83 %	0.97 %	\$ 556
2012	1,741,221	-	11,768,751	35,081	13,545,053	1.05	1.03	604
2013	1,734,920	-	14,191,612	-	15,926,532	1.40	1.16	703
2014	1,180,259	-	12,559,803	-	13,740,062	1.21	0.96	612
2015	1,016,251	-	14,083,544	-	15,099,795	1.17	1.01	661
2016	850,940	-	15,281,867	-	16,132,807	1.09	1.05	706
2017	-	-	19,068,514	-	19,068,514	1.17	1.17	832
2018	-	-	17,700,339	-	17,700,339	0.99	1.07	760
2019	-	-	15,970,984	-	15,970,984	0.81	0.87	649
2020	-	-	12,852,362	-	12,852,362	0.62	0.72	553

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

City of Crystal
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(unaudited)

Table 11

Fiscal Year	G.O. Bonds	Less Amount Restricted for Debt Service	Total	Percentage of Taxable Market Value of Property	Per Capita
2011	\$ 2,402,995	\$ 282,456	\$ 2,120,539	0.14	95.66
2012	1,741,221	291,284	1,449,937	0.11	64.68
2013	1,734,920	294,217	1,440,703	0.13	63.62
2014	1,180,259	455,740	724,519	0.06	32.29
2015	1,016,251	456,775	559,476	0.04	24.48
2016	-	298,069	(298,069)	0.04	-13.04
2017	-	-	-	0.00	0.00
2018	-	-	-	0.00	0.00
2019	-	-	-	0.00	0.00
2020	-	-	-	0.00	0.00

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

Sources: The amount of G.O. bonds is from Table 9 - Legal Debt Margin Information
The amount Restricted for Debt Service is the sum of fund balances for applicable issues
Property value data is from Table 5 - Taxable and Estimated Market Values Of Taxable Property
Population data is from Table 13 - Demographic and Economic Statistics

City of Crystal
Direct and Overlapping Governmental Activities Debt
As of December 31, 2020
(unaudited)

Table 12

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable To Government *</u>	<u>Amount Applicable To Government</u>
Direct -			
City of Crystal	\$ 12,852,362	100.00 %	\$ 12,852,362
Overlapping -			
Robbinsdale ISD #281	172,139,921	19.39	33,274,647
Hennepin County	998,790,298	1.07	10,487,298
Hennepin Suburban Park District	42,954,642	1.51	648,615
Hennepin Regional RR Authority	93,859,422	1.07	985,524
Metropolitan Council / Transit	103,225,628	0.55	547,096
	<u>1,410,969,911</u>		<u>45,943,180</u>
 Total	 <u>\$ 1,423,822,273</u>		 <u>\$ 58,795,542</u>

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

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

Source: City of Crystal Finance Department records and Hennepin County

**City of Crystal
Demographic and Economic Statistics
Last Ten Fiscal Years
(unaudited)**

Table 13

Fiscal Year	Population	Per Capita Personal Income	Total City Personal Income	District-Wide School Enrollment	Unemployment Rate
2011	22,168	\$ 57,476	\$1,274,127,968	11,734	8.2 %
2012	22,417	58,898	1,320,316,466	11,720	5.9
2013	22,645	60,601	1,372,309,645	11,827	5.2
2014	22,436	63,901	1,433,682,836	11,821	4.3
2015	22,852	65,231	1,490,658,812	12,690	3.7
2016	22,855	67,427	1,541,044,085	12,630	3.7
2017	22,929	71,067	1,629,495,243	12,011	3.4
2018	23,287	74,698	1,739,492,326	11,957	2.8
2019	24,591	76,552	1,882,490,232	12,553	3.4
2020	23,262	76,552	1,780,752,624	12,397	5.5

Sources: Population - U.S. Census Bureau for census years and estimates by Metropolitan Council for non-census years.

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

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

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

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

**City of Crystal
Principal Employers
Current Year and Nine Years Ago
(unaudited)**

Table 14

Employer	2020			2011		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Volunteers of America - Crystal Care Center	200	1	1.67 %	218	1	5.65 %
Target	185	2	1.55	182	2	4.72
Cub Foods	156	3	1.31	173	3	4.48
City of Crystal	101	4	0.84	101	4	2.62
Kilmer Electric Co., Inc.	96	5	0.80			
Buffalo Wild Wings	65	6	0.54	60	9	1.55
Almsted's Crystal Super Value	60	7	0.50	70	7	1.81
McDonald's	44	8	0.37			
Minnesota Grinding	40	9	0.33			
Perkins	37	10	0.31	46	10	1.19
RFG Distributing				100	5	2.59
Kilmer Electric Co., Inc.				70	6	1.81
Metropolitan Transportation Network Inc.				65	8	1.68
	984		8.22 %	1,085		28.10 %
Estimated total employment			11,953			3,859

Sources: Principal employers are a result of telephone surveys of employers by Baker Tilly US, LLP., in conjunction with city bond sales from 2017.

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

City of Crystal
Full-Time City Government Employees By Function
Last Ten Fiscal Years
(unaudited)

Table 15

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2019
General Government	11	11	11	11	11	11	9	9	9	11
Public Safety										
Police										
Officers	30	30	28	27	30	30	33	33	34	34
Civilians	8	6	6	5	4	4	5	5	6	8
Public Works										
Engineering	3	3	3	3	3	3	3	3	3	3
Maintenance	7	8	8	8	8	8	8	8	11	11
Parks and Recreation										
Park maintenance	6	6	6	6	6	6	6	6	7	7
Recreation	5	5	5	5	5	6	5	5	4	8
Community Development	7	6	6	7	7	6	7	7	7	7
Utilities										
Water/Sanitary Sewer/Storm Drainage	9	8	9	9	9	10	10	10	10	9
	<u>86</u>	<u>83</u>	<u>82</u>	<u>81</u>	<u>83</u>	<u>84</u>	<u>86</u>	<u>86</u>	<u>91</u>	<u>98</u>

Source: City of Crystal Finance Department records

**City of Crystal
Operating Indicators By Function
Last Ten Fiscal Years
(unaudited)**

Function	2011	2012	2013	2014	2015	2016
General Government						
Administration						
Employee recruitments	16	19	19	22	26	17
Licenses issued	1,057	1,159	1,262	1,333	1,294	1,323
Public Safety						
Police						
Calls for service	32,464	31,878	31,624	34,362	31,077	30,860
Citations issued	6,199	6,133	6,622	6,230	5,798	5,771
Criminal cases investigated	1,261	1,771	1,123	1,172	1,208	1,372
Total arrests	1,184	1,226	925	767	859	926
Animal control incidents	501	471	469	447	457	509
Dog licenses issued	315	287	219	258	298	278
Fire (West Metro Fire-Rescue District)						
Calls for service	1,641	1,349	1,448	1,663	1,514	1,573
Inspections, plan reviews and consultations	899	734	747	808	824	746
Public Works						
Miles of streets sealcoated	12	6	5	*	*	*
Miles of streets reconstructed	4	6	6	0	5	5
Phase of 16-phase street project	Phase 11	Phase 12	Phase 13		Phase 14	Phase 15
Parks and Recreation						
Recreation program participants	9,301	9,132	10,600	13,847	12,149	11,082
No. of teams in team sports	195	221	212	212	216	249
No. of participants in special events	4,647	4,142	3,897	5,425	4,542	5,382
No. of rental groups	208	185	229	218	201	**
No. of facility rentals	**	**	**	**	**	711
Community Center permits	600	657	684	680	671	862
Pool attendance	33,220	31,127	30,009	28,042	28,092	26,769
Community Development						
Permit inspections	2,331	2,350	2,868	2,779	2,771	2,430
Code enforcement incidents	1,378	1,319	1,332	1,482	1,539	1,514
Rental housing - no. of licensed units	2,457	2,575	2,788	2,859	2,548	2,915
Point of sale inspections/re-inspections	424	385	468	442	404	13
Planning Commission applications	18	8	16	12	6	12
Utilities						
Water system						
Average residential consumption (million gallons / day)	1.33 Mg/d	1.46 Mg/d	1.34 Mg/d	1.26 Mg/d	1.22 Mg/d	1.20 Mg/d

* The sealcoat program was phased out after 2013. Mill and overlay will be used going forward.

** Effective 2016, it was determined that number of facility rentals was a better measure of reporting than number of rental groups. Only indicator will be presented on a prospective basis.

*** The point of sale program was phased out in 2015-2016.

Source: Various city departments

Table 16

2017	2018	2019	2020
20	15	23	9
954	840	850	807
27,296	32,863	30,216	26,568
4,710	4,465	2,588	2,940
1,362	1,525	217	217
826	906	756	711
391	303	245	295
223	195	2	0
1,922	1,856	840	781
880	691	428	675
0	0	0	0
5	0	0	0
Phase 16			
11,623	13,615	19,277	2,465
228	246	232	162
4,690	6,292	5,039	400
**	**	**	**
1,022	970	755	296
957	776	884	677
27,098	30,350	26,631	0
2,835	2,704	3,262	3,034
1,405	1,317	1,583	1,294
2,831	2,715	2,702	2,736
13	***	***	***
11	13	8	6
1.60 Mg/d	1.40 Mg/d	1.40 Mg/d	1.21 Mg/d

y that

City of Crystal
Capital Asset Statistics By Function
Last Ten Fiscal Years
(unaudited)

Function	2011	2012	2013	2014	2015	2016
Public Safety						
Police						
Number of stations	1	1	1	1	1	1
Public Works						
Street maintenance						
Miles of city street	92	91	91	91	91	90
Parks and Recreation						
Recreation						
Number of park acres	244	253	253	253	253	263
Number of parks	28	28	28	28	28	27
Number of parks with playground apparatus	20	20	20	20	20	19
Number of tennis courts	13	12	12	12	12	7
Number of supervised ice skating rinks						
Hockey	4	4	4	4	4	4
General use	3	3	3	3	3	3
Number of baseball fields						
General use	2	2	2	2	2	2
Grogan Park (Little League) Fields	3	3	3	3	3	3
Number of softball fields						
Reservable	7	7	7	7	7	7
Non-reservable (neighborhood park backstop)	16	16	15	15	10	7
Number of full-size soccer fields	2	2	2	2	2	2
Number of skateboard parks	1	1	1	1	1	1
Community Center						
Number of centers	1	1	1	1	1	1
Waterslide / swimming pool						
Number of facilities	1	1	1	1	1	1
Utilities						
Water system						
Miles of water main (owned by city)	90	90	90	90	90	90
Number of service connections	7,888	7,803	7,812	7,817	7,830	7,841
Number of fire hydrants	819	820	821	821	823	823
Sewer system						
Miles of sanitary sewer	87	87	87	87	87	87
Number of service connections	7,911	7,821	7,827	7,837	7,845	7,855
Number of lift stations	7	7	7	7	7	7
Storm drainage system						
Miles of storm sewer	64	66	74	76	76	77
Number of lift stations	1	1	1	1	1	1

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

Source: Various city departments

Table 17

2017	2018	2019	2020
1	1	1	1
90	90	88	91
263	261	261	261
27	26	26	26
19	19	19	19
7	7	7	6
3	3	3	4
2	2	2	4
2	2	2	2
3	3	3	3
7	5	5	5
7	7	7	4
2	2	1	1
1	1	1	1
1	1	1	1
1	1	1	1
93	93	93	93
7,841	7,849	7,856	8,010
797	797	859	798
87	87	87	87
7,855	7,863	7,863	8,129
7	7	7	6
65	65	65	66
1	1	1	1