

Net (Expense) Revenue and Changes in Net Position				
Capital Grants and Contributions	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	EDA
\$ 562,713	\$ (559,318)	\$ -	\$ (559,318)	
-	(913,599)	-	(913,599)	
-	(1,378,129)	-	(1,378,129)	
-	(505,059)	-	(505,059)	
-	(14,524)	-	(14,524)	
562,713	(3,370,629)	-	(3,370,629)	
-	-	(208,603)	(208,603)	
-	-	8,734	8,734	
-	-	(60,132)	(60,132)	
-	-	15,688	15,688	
-	-	(9,224)	(9,224)	
-	-	(253,537)	(253,537)	
\$ 562,713	(3,370,629)	(253,537)	(3,624,166)	
\$ -				(206,330)
	1,282,907	-	1,282,907	39,192
	-	-	-	71,579
	22,498	-	22,498	-
	64,824	-	64,824	-
	2,487,120	-	2,487,120	-
	15,476	7,747	23,223	1,661
	16,375	-	16,375	-
	(282,657)	319,330	36,673	(36,673)
	3,606,543	327,077	3,933,620	75,759
	235,914	73,540	309,454	(130,571)
	11,875,592	7,421,205	19,296,797	2,758,560
\$ 12,111,506	\$ 7,494,745	\$ 19,606,251	\$ 2,627,989	

CITY OF MOUNTAIN IRON, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	General Fund	Debt Service Fund	City Projects Capital Projects Fund	Other Governmental Fund - Charitable Gambling Special Revenue Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,085,618	\$ 734,426	\$ 38,455	\$ 5,818	\$ 1,864,317
Investments	908,426	598,565	-	-	1,506,991
Taxes receivable	35,006	-	-	-	35,006
Special assessments receivable	22,387	252,166	-	-	274,553
Grants receivable	-	-	247,560	-	247,560
Due from other funds	956,085	-	-	-	956,085
Due from component unit	11,186	-	-	-	11,186
Due from other governments	207,589	-	-	-	207,589
TOTAL ASSETS	\$ 3,226,297	\$ 1,585,157	\$ 286,015	\$ 5,818	\$ 5,103,287
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 161,712	\$ -	\$ 1,858	\$ -	\$ 163,570
Salaries payable	44,900	-	-	-	44,900
Due to other funds	-	-	503,607	-	503,607
Due to component unit	164,439	-	-	-	164,439
Customer deposits	7,752	-	-	-	7,752
Unearned revenue	-	-	17,460	-	17,460
TOTAL LIABILITIES	378,803	-	522,925	-	901,728
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	28,645	-	-	-	28,645
Unavailable revenue - special assessments	22,387	252,166	-	-	274,553
DEFERRED INFLOWS OF RESOURCES	51,032	252,166	-	-	303,198
FUND BALANCES					
Restricted	-	1,332,991	-	-	1,332,991
Assigned	2,796,462	-	-	5,818	2,802,280
Unassigned	-	-	(236,910)	-	(236,910)
TOTAL FUND BALANCES	2,796,462	1,332,991	(236,910)	5,818	3,898,361
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,226,297	\$ 1,585,157	\$ 286,015	\$ 5,818	\$ 5,103,287

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

CITY OF MOUNTAIN IRON, MINNESOTA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION

December 31, 2017

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

TOTAL FUND BALANCES, GOVERNMENTAL FUNDS		\$ 3,898,361
Net pension asset used in governmental activities is not a current financial resource and, therefore, is not reported in the governmental funds.		151,061
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		11,365,204
Deferred inflows of resources in governmental funds are susceptible to full accrual on the government-wide statements.		303,198
Interest payable on long-term debt is susceptible to full accrual on the government-wide statements.		(5,821)
Long-term liabilities, including bonds and notes payable, other post employment benefits, severance payable and net pension liability, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(3,584,821)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows of resources related to pensions	240,660	
Deferred inflows of resources related to pensions	(256,336)	
		(15,676)
NET POSITION OF GOVERNMENTAL ACTIVITIES		\$ 12,111,506

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

CITY OF MOUNTAIN IRON, MINNESOTA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2017**

	General Fund	Debt Service Fund	City Projects Capital Projects Fund	Other Governmental Fund - Charitable Gambling Special Revenue Fund	Total Governmental Funds
REVENUES					
Taxes	\$ 1,376,489	\$ -	\$ -	\$ -	\$ 1,376,489
Special assessments	2,947	62,218	-	-	65,165
Licenses and permits	14,009	-	-	-	14,009
Intergovernmental	2,487,117	-	451,546	-	2,938,663
Charges for services	195,470	-	73,892	-	269,362
Fines	12,855	-	-	-	12,855
Gifts and contributions	-	-	-	2,311	2,311
Investment earnings	8,935	6,459	77	5	15,476
TOTAL REVENUES	<u>4,097,822</u>	<u>68,677</u>	<u>525,515</u>	<u>2,316</u>	<u>4,694,330</u>
EXPENDITURES					
Current					
General government	1,149,630	-	129,132	3,675	1,282,437
Public safety	701,314	-	177,641	-	878,955
Streets	883,836	-	11,799	-	895,635
Culture and recreation	488,251	-	12,637	-	500,888
Debt Service					
Principal	-	70,000	-	-	70,000
Interest and other charges	-	11,987	-	-	11,987
Capital Outlay					
General government	-	-	155,723	-	155,723
Public safety	-	-	24,876	-	24,876
Streets	-	-	664,435	-	664,435
Culture and recreation	-	-	38,728	-	38,728
TOTAL EXPENDITURES	<u>3,223,031</u>	<u>81,987</u>	<u>1,214,971</u>	<u>3,675</u>	<u>4,523,664</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>874,791</u>	<u>(13,310)</u>	<u>(689,456)</u>	<u>(1,359)</u>	<u>170,666</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	309,000	369,540	-	678,540
Transfers out	(634,540)	-	-	-	(634,540)
Sale of capital assets	3,375	-	-	-	3,375
TOTAL OTHER FINANCING SOURCES (USES)	<u>(631,165)</u>	<u>309,000</u>	<u>369,540</u>	<u>-</u>	<u>47,375</u>
NET CHANGE IN FUND BALANCES	243,626	295,690	(319,916)	(1,359)	218,041
FUND BALANCES - JANUARY 1	<u>2,552,836</u>	<u>1,037,301</u>	<u>83,006</u>	<u>7,177</u>	<u>3,680,320</u>
FUND BALANCES - DECEMBER 31	<u>\$ 2,796,462</u>	<u>\$ 1,332,991</u>	<u>\$ (236,910)</u>	<u>\$ 5,818</u>	<u>\$ 3,898,361</u>

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

CITY OF MOUNTAIN IRON, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 218,041
Governmental funds report outlays for capital assets as expenditures; however, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Expenditures for capital assets	904,606	
Less current year depreciation	<u>(614,118)</u>	
Net capital assets		290,488
Capital assets were contributed to the Enterprise Funds		(363,330)
A capital asset contribution was received from Mountain Iron Economic Development Authority.		36,673
Some revenues reported in the statement of activities do not require the use of current financial resources and therefore are not reported as revenues in governmental funds.		
Change in unavailable revenue - delinquent property taxes	(6,259)	
Change in unavailable revenue - special assessments	<u>71,335</u>	
Net change		65,076
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		70,000
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.		
Change in accrued interest payable on long-term debt	(2,535)	
Change in severance payable	(16,269)	
Change in other postemployment benefits payable	(41,855)	
Change in net pension liability, change in net pension asset, and related deferred inflows and outflows	<u>(20,375)</u>	
Net change		<u>(81,034)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		\$ <u>235,914</u>

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

CITY OF MOUNTAIN IRON, MINNESOTA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017

	Business-type Activities - Enterprise Funds					
	Electric Utility Enterprise Fund	Water Treatment Enterprise Fund	Wastewater Treatment Enterprise Fund	Refuse Removal and Recycling Enterprise Fund	Mountain Manor Apartments Enterprise Fund	Totals
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 100	\$ 88,585	\$ -	\$ 373,434	\$ 16,499	\$ 478,618
Investments	3,487	110,321	460,763	84,587	-	659,158
Accounts receivable	382,273	53,455	60,992	75,016	839	572,575
Grants receivable	-	-	243,376	-	-	243,376
Inventories	289,600	117,451	-	-	-	407,051
Prepaid items	-	-	-	-	829	829
TOTAL CURRENT ASSETS	675,460	369,812	765,131	533,037	18,167	2,361,607
NONCURRENT ASSETS						
Restricted cash and cash equivalents						
Reserve account	-	-	-	-	130,039	130,039
Escrow deposits	-	-	-	-	19,215	19,215
Tenant security deposits	-	-	-	-	4,174	4,174
Total restricted cash and cash equivalents	-	-	-	-	153,428	153,428
Capital assets						
Land	18,034	-	-	-	8,336	26,370
Construction in progress	81,280	23,565	-	-	-	104,845
Land improvements	18,600	-	-	-	-	18,600
Buildings	741,987	2,190,764	2,718,281	12,761	1,682,353	7,346,146
Infrastructure	584,353	4,360,895	5,221,788	-	-	10,467,036
Machinery and equipment	-	60,271	309,080	-	340,106	709,457
Licensed vehicles	366,090	-	20,546	573,891	-	960,527
Less accumulated depreciation	(1,138,304)	(3,497,151)	(4,672,175)	(416,427)	(1,491,697)	(11,215,754)
Total capital assets (net of accumulated depreciation)	972,040	3,138,344	3,597,520	170,225	539,098	8,417,227
TOTAL NONCURRENT ASSETS	972,040	3,138,344	3,597,520	170,225	692,526	8,570,655
TOTAL ASSETS	1,647,500	3,508,156	4,362,651	703,262	710,693	10,932,262
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	54,695	14,585	25,524	29,171	-	123,975
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	225,678	3,843	6,959	11,567	18,378	266,425
Salaries payable	7,155	-	1,277	2,586	-	11,018
Accrued interest payable	-	983	2,930	-	773	4,686
Due to other funds	270,636	-	181,842	-	-	452,478
Customer deposits payable	77,146	1,696	-	-	3,431	82,273
Bonds and notes payable - current	-	55,000	29,000	-	14,873	98,873
TOTAL CURRENT LIABILITIES	580,615	61,522	222,008	14,153	37,455	915,753
NONCURRENT LIABILITIES						
Bonds and notes payable	-	240,000	362,000	-	518,849	1,120,849
Other postemployment benefit obligation	417,749	106,866	204,017	213,732	-	942,364
Severance payable	14,123	-	-	-	-	14,123
PERA net pension liability	198,221	52,859	92,503	105,718	-	449,301
TOTAL NONCURRENT LIABILITIES	630,093	399,725	658,520	319,450	518,849	2,526,637
TOTAL LIABILITIES	1,210,708	461,247	880,528	333,603	556,304	3,442,390
DEFERRED INFLOWS OF RESOURCES						
Related to pensions	52,545	14,012	24,521	28,024	-	119,102
NET POSITION						
Net investment in capital assets	972,040	2,843,344	3,206,520	170,225	5,376	7,197,505
Restricted for other purposes	-	-	-	-	153,428	153,428
Unrestricted	(533,098)	204,138	276,606	200,581	(4,415)	143,812
TOTAL NET POSITION	\$ 438,942	\$ 3,047,482	\$ 3,483,126	\$ 370,806	\$ 154,389	\$ 7,494,745

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

CITY OF MOUNTAIN IRON, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2017

Business-type Activities - Enterprise Funds

	Electric Utility Enterprise Fund	Water Treatment Enterprise Fund	Wastewater Treatment Enterprise Fund	Refuse Removal and Recycling Enterprise Fund	Mountain Manor Apartments Enterprise Fund	Totals
REVENUES						
Charges for sales and services	\$ 2,468,993	\$ 360,686	\$ 440,804	\$ 504,210	\$ 225,435	\$ 4,000,128
OPERATING EXPENSES						
Cost of sales	1,871,325	-	-	-	-	1,871,325
Salaries	306,870	67,609	79,032	121,201	26,300	601,012
Employee benefits	292,781	72,168	82,852	111,680	3,668	563,149
Contract services	-	-	26,268	-	26,389	52,657
Insurance	13,369	4,688	8,201	4,777	10,591	41,626
Miscellaneous	85,505	20,168	25,898	20,475	4,495	156,541
Real estate taxes	-	-	-	-	9,984	9,984
Repairs and maintenance	37,536	22,316	21,000	17,951	40,729	139,532
Solid waste management and tipping fees	-	-	-	145,036	-	145,036
Supplies	17,756	13,520	20,401	20,874	14,451	87,002
Telephone	8,294	30	1,949	879	1,434	12,586
Utilities	-	35,178	73,723	-	23,480	132,381
Depreciation	50,812	102,478	152,437	45,687	62,476	413,890
TOTAL OPERATING EXPENSES	2,684,248	338,155	491,761	488,560	223,997	4,226,721
OPERATING INCOME (LOSS)	(215,255)	22,531	(50,957)	15,650	1,438	(226,593)
NONOPERATING REVENUES (EXPENSES)						
MPCA grant	-	-	294,912	-	-	294,912
Investment income	686	1,376	3,756	1,731	198	7,747
Miscellaneous income	6,652	19	34	38	456	7,199
Interest expense	-	(13,816)	(9,209)	-	(10,196)	(33,221)
Decommission Nichols Pond	-	-	(294,912)	-	-	(294,912)
Loss on disposal of capital assets	-	-	-	-	(922)	(922)
TOTAL NONOPERATING REVENUES (EXPENSES)	7,338	(12,421)	(5,419)	1,769	(10,464)	(19,197)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(207,917)	10,110	(56,376)	17,419	(9,026)	(245,790)
Capital contributions	-	101,652	261,678	-	-	363,330
Transfers out	(16,000)	(28,000)	-	-	-	(44,000)
CHANGE IN NET POSITION	(223,917)	83,762	205,302	17,419	(9,026)	73,540
TOTAL NET POSITION - JANUARY 1	662,859	2,963,720	3,277,824	353,387	163,415	7,421,205
TOTAL NET POSITION - DECEMBER 31	\$ 438,942	\$ 3,047,482	\$ 3,483,126	\$ 370,806	\$ 154,389	\$ 7,494,745

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

CITY OF MOUNTAIN IRON, MINNESOTA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds					Totals
	Electric Utility Enterprise Fund	Water Treatment Enterprise Fund	Wastewater Treatment Enterprise Fund	Refuse Removal and Recycling Enterprise Fund	Mountain Manor Apartments Enterprise Fund	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 2,476,313	\$ 360,639	\$ 486,815	\$ 502,153	\$ 228,653	\$ 4,054,573
Cash paid to suppliers	(2,361,736)	(165,009)	(273,840)	(322,505)	(133,933)	(3,257,023)
Cash paid to employees	(315,144)	(62,916)	(99,059)	(111,670)	(26,300)	(615,089)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(200,567)</u>	<u>132,714</u>	<u>113,916</u>	<u>67,978</u>	<u>68,420</u>	<u>182,461</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers out to other funds	(16,000)	(28,000)	-	-	-	(44,000)
Decommission Nichols Pond	-	-	(294,912)	-	-	(294,912)
MPCA grant	-	-	51,535	-	-	51,535
Miscellaneous income	6,652	20	34	38	456	7,200
Advances to other funds	-	(38,463)	-	-	-	(38,463)
Advances from other funds	226,576	-	181,842	-	-	408,418
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>217,228</u>	<u>(66,443)</u>	<u>(61,501)</u>	<u>38</u>	<u>456</u>	<u>89,778</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase or construction of capital assets	(152,760)	(29,188)	-	-	(11,524)	(193,472)
Principal paid on long-term debt	-	(55,000)	(28,000)	-	(18,346)	(101,346)
Interest paid on long-term debt	-	(14,000)	(9,419)	-	(10,360)	(33,779)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(152,760)</u>	<u>(98,188)</u>	<u>(37,419)</u>	<u>-</u>	<u>(40,230)</u>	<u>(328,597)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sales and maturities of investments	135,413	81,410	-	293	-	217,116
Purchase of investments	-	-	(45,960)	-	-	(45,960)
Interest and dividends received	686	1,376	3,756	1,731	198	7,747
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>136,099</u>	<u>82,786</u>	<u>(42,204)</u>	<u>2,024</u>	<u>198</u>	<u>178,903</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	50,869	(27,208)	70,040	28,844	122,545
CASH AND CASH EQUIVALENTS, JANUARY 1 (including \$137,257 in restricted accounts)	<u>100</u>	<u>37,716</u>	<u>27,208</u>	<u>303,394</u>	<u>141,083</u>	<u>509,501</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31 (including \$153,428 in restricted accounts)	<u>\$ 100</u>	<u>\$ 88,585</u>	<u>\$ -</u>	<u>\$ 373,434</u>	<u>\$ 169,927</u>	<u>\$ 632,046</u>

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

CITY OF MOUNTAIN IRON, MINNESOTA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds					Totals
	Electric Utility Enterprise Fund	Water Treatment Enterprise Fund	Wastewater Treatment Enterprise Fund	Refuse Removal and Recycling Enterprise Fund	Mountain Manor Apartments Enterprise Fund	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ (285,213)	\$ 3,948	\$ (50,957)	\$ 15,650	\$ 1,438	\$ (315,134)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	50,812	102,478	152,437	45,687	62,476	413,890
Other postemployment benefit obligation	9,835	2,516	4,803	5,032	-	22,186
Net pension liability, deferred outflows and deferred inflows related to pensions	8,159	2,177	3,809	4,351	-	18,496
Changes in assets and liabilities						
(Increase) decrease in:						
Accounts receivable	7,657	(97)	46,011	(2,057)	3,119	54,633
Inventories	26,460	21,620	-	-	-	48,080
Prepaid items	-	-	-	-	341	341
Increase (decrease) in:						
Accounts payable	8,328	22	(13,548)	(833)	947	(5,084)
Salaries payable	(11,901)	-	(7,938)	148	-	(19,691)
Customer deposits	(337)	50	-	-	99	(188)
Severance payable	(14,367)	-	(20,701)	-	-	(35,068)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (200,567)	\$ 132,714	\$ 113,916	\$ 67,978	\$ 68,420	\$ 182,461
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Contributions of capital assets from primary government	\$ -	\$ 101,652	\$ 261,678	\$ -	\$ -	\$ 363,330
Capital assets reclassified from inventory	15,190	-	-	-	-	15,190
NET NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	\$ 15,190	\$ 101,652	\$ 261,678	\$ -	\$ -	\$ 378,520

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

NOTES TO FINANCIAL STATEMENTS

CITY OF MOUNTAIN IRON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies and practices are discussed in subsequent sections of this Note.

A. Financial Reporting Entity

The City of Mountain Iron, Minnesota, a political subdivision of the State of Minnesota, is a statutory city, governed by an elected city council which consists of one mayor and four councilors.

The City complies with GAAP and includes all component units for which the City appointed a voting majority of the organization's board; and the City is either able to impose its will on the organization or a financial benefit or burden relationship exists. As a result of applying these component unit criteria, the Mountain Iron Housing and Redevelopment Authority (HRA) is considered a component unit and is presented in the City's financial statements as a blended component unit; meaning it is reported as if it were a part of the City. The Mountain Iron Economic Development Authority (EDA) is considered a component unit of the City and operates as a separate legal entity, and meets the component unit criteria to be discretely presented in the City's government-wide financial statements. Each component unit prepares separate financial statements, which can be obtained by contacting the City Administrator's office, 8586 Enterprise Drive South, Mountain Iron, Minnesota 55768.

Blended Component Unit

The HRA was created in 1974 by the City to assume primary responsibility for housing and redevelopment services in the local area. In 1980 and 1981, the HRA entered into two promissory notes with Rural Development (a division of the United States Department of Agriculture) for the construction of a 39-unit non-profit housing development, Mountain Manor Apartments (the Project), located in the City of Mountain Iron, Minnesota. The Project has a rental agreement with Rural Development for interest credit and rental assistance; and, is regulated by Rural Development as to rent charges and operating methods. The HRA governing board consists of City Council members.

Discretely Presented Component Unit

The EDA was created in 2004 to assume primary responsibility for development activities within the City. The EDA entered into a State loan for the construction of a manufacturing facility. The EDA accounts for the building lease revenues from the manufacturing facility and revolving loan funds. The EDA governing board is appointed by the City Council.

B. Basic Financial Statements

Government-wide 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 activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues,

CITY OF MOUNTAIN IRON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

The description of the funds included in this report are as follows:

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following governmental funds:

Major Governmental Funds:

The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

The Debt Service Fund is used to account for and report financial resources that are restricted to expenditure for principal and interest.

The City Projects Capital Projects Fund is used to account for and report financial resources that are committed to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Nonmajor Governmental Funds:

The Charitable Gambling Special Revenue Fund is used to account for and report the proceeds from lawful gambling contributions.

CITY OF MOUNTAIN IRON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included on the statement of net position. The City has presented the following proprietary funds:

Major Proprietary Funds:

The Electric Utility Enterprise Fund is used to account for the revenues generated from the charges for electric services to the residential and commercial users of the City.

The Water Treatment Enterprise Fund is used to account for revenues generated from the charges for water services to the residential and commercial users of the City.

The Wastewater Treatment Enterprise Fund is used to account for revenues generated from the charges for wastewater treatment services provided to the residential and commercial users of the City.

The Refuse Removal and Recycling Enterprise Fund is used to account for revenues generated from the charges for refuse removal and recycling services provided to the residential and commercial users of the City.

The Mountain Manor Apartments Enterprise Fund is used to account for the revenues generated from rent charges to tenants.

C. Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred. Property taxes are generally recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized when all requirements imposed by the provider have been met.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. Depreciation expense can be specifically identified by program and is included in the direct expenses of each program.

CITY OF MOUNTAIN IRON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become 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. The City considers property taxes as available if they are collected within 60 days after year end. Grant revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within one year. Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements incurred in advance of the year in which the item or service is to be used and debt service expenditures, as well as expenditures related to severance payable and claims and judgments, are recorded only when payment is due.

Property taxes, special assessments, and loan repayments are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

D. Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents are defined as cash on hand, demand deposits and short-term investments purchased with a maturity of three months or less.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balances

- 1) Cash balances for all funds of the City are maintained on a combined basis and invested to the extent possible, in allowable short-term investments. All investments are stated at fair value.
- 2) Receivables from and payables to external parties are reported separately and are not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

CITY OF MOUNTAIN IRON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 3) The enterprise funds report accounts receivable net of uncollectible accounts. The allowance amounts of \$1,500 in the water treatment enterprise fund, \$2,500 in the wastewater treatment enterprise fund; \$5,000 in the refuse removal and recycling enterprise fund, and \$15,000 in the electric enterprise fund were estimated using an average of prior years' accounts written off.
- 4) The City has no significant inventories in the general fund and records supplies and materials as expenditures when purchased. Enterprise funds' inventories are valued at cost, on a first-in, first-out (FIFO) basis, and the cost of these inventories are recorded as expenditures when consumed rather than when purchased.
- 5) Restricted assets are cash and cash equivalents whose use is limited by legal requirements. Restricted assets are reported only in the government-wide and proprietary fund financial statements.
- 6) Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Outstanding balances between funds are reported as "due to/from other funds".

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

- 7) Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.
- 8) Capital assets, which include land, construction in progress, land improvements, buildings, infrastructure, machinery and equipment, and licensed vehicles, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, proprietary fund financial statements, and the component unit.

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. General infrastructure assets acquired prior to January 1, 2004 are not reported in the basic financial statements. The City maintains a threshold level of \$5,000 or more for capitalizing machinery and equipment and \$10,000 or more for capitalizing land, land improvements, buildings, infrastructure and vehicles. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives. When assets are no longer needed by the City, such assets are either disposed of if it is determined there is no value, or sold for an immaterial amount. Useful lives vary from 20 to 50 years for land improvements and buildings, 20 years for infrastructure, and 5 to 30 years for machinery, equipment and vehicles. Capital assets not being depreciated include land and construction in progress.

CITY OF MOUNTAIN IRON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 9) Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item in this category related to pensions. See notes 16 and 17 for details.
- 10) Government-wide financial statements report unearned revenue in connection with resources that have been received, but not yet earned. Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period and resources that have been received, but not yet earned.

Delinquent property taxes receivable, less any delinquent taxes that are to be received within 60 days, are recorded as deferred inflows of resources in the fund financial statements because they are not available to finance the current year operations of the City. Deferred inflows of resources reported in the debt service fund represents special assessments receivable.

- 11) In the government-wide financial statements and proprietary fund-type 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. Debt premiums and discounts are netted against debt payable and debt issuance costs are recognized as an outflow of resources in the period incurred. On the government-wide and proprietary fund type statement of activities, unamortized debt premiums and discounts are deferred and amortized over the life of the debt. The governmental fund financial statements report debt premiums and discounts as other financing sources and uses, separately from the face amount of the debt issued. Debt issuance costs are reported as debt service expenditures. The long-term liabilities consists primarily of general obligation bonds payable, revenue bonds, a general obligation revenue note, State loan, notes payable, severance payable, other postemployment benefit obligation, and net pension liability.
- 12) For purposes of measuring the net pension liability/asset, deferred outflows/inflows of resources, and pension expenses, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- 13) Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. One item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources; property taxes, which are reported in the general fund and special assessments, which are reported in the debt service fund. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second type of deferred inflows of resources is related to pensions. See Notes 16 and 17 for details.

CITY OF MOUNTAIN IRON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 14) 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. Net investment in capital assets 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 is reported as restricted in the government-wide financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

In the fund financial statements, proprietary fund equity is classified the same as in the government-wide financial statements. Fund balances of the governmental funds represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Fund balances of the governmental funds are classified as follows:

Nonspendable—amounts that cannot be spent either because they are in nonspendable form, such as inventory and prepaid items, or because they are legally or contractually required to be maintained intact.

Restricted—amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed—amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

Assigned—amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The City Council or an individual or committee authorized by the City Council may assign amounts for specific purposes.

Unassigned—all other spendable amounts. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions. The preparation of financial statements 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

CITY OF MOUNTAIN IRON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Revenues and Expenditures

- 1) The property tax calendar in Minnesota follows the calendar year. Property tax levies are certified to the County Auditor in December of each year for collection from taxpayers in May and October of the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over taxable property. Property taxes become a lien on the property the following January 1. The County generally remits taxes to the City at periodic intervals as they are collected. A portion of property taxes levied is paid by the State of Minnesota through various tax credits, which are included in revenue from state sources in the financial statements.

Federal, state, and other revenues are reported under the legal and contractual requirements of the individual programs and are classified into essentially two types of revenues. In one, monies must be expended for the specific purpose before any amounts will be paid to the City; therefore, revenues are recognized based on expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure, and the resources are recorded as revenue at the time of receipt or earlier if they are available.

- 2) City employees earn vacation and sick leave based on years of service and union and employment contracts. Vacation time must be used annually. A liability for unused vacation is recognized in the government-wide and fund financial statements. A percentage of accumulated unused sick leave will be paid as severance pay upon retirement and is accrued in the government-wide financial statements and proprietary fund statements.

G. 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Fund Deficits

The following fund had a deficit fund balance at December 31, 2017:

	Deficit
City Projects Capital Projects Fund	<u>\$ 236,910</u>

The deficit occurred because expenditures exceeded revenues and transfers. The City plans to eliminate the deficit through transfers.

CITY OF MOUNTAIN IRON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's funds are combined (pooled) and invested to the extent available in various investments authorized by Minnesota statutes. This pool functions essentially as a demand account for all participating funds. Each fund's portion of this pool is displayed on the financial statements as "cash and cash equivalents", "investments" and "temporarily restricted cash and cash equivalents". Several funds hold cash separate from the cash pool.

"Cash and cash equivalents", "investments" and "temporarily restricted cash and cash equivalents" recorded are comprised of:

	Primary Government	Component Unit EDA
Petty cash	\$ 500	\$ -
Cash	2,495,863	102,802
Investments	2,166,149	-
Total	<u>\$ 4,662,512</u>	<u>\$ 102,802</u>
Statement of Net Position		
Cash and cash equivalents	\$ 2,342,935	\$ 102,802
Investments	2,166,149	-
Temporarily restricted cash and cash equivalents	153,428	-
Total	<u>\$ 4,662,512</u>	<u>\$ 102,802</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of the failure of a depository financial institution, the City will not be able to recover its deposits. The City has a formal deposit policy for custodial credit risk, which requires the City to obtain collateral for all uninsured amounts of deposit.

The City maintains deposits at financial institutions authorized by the City Council. Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds. State statutes authorize the types of securities which may be pledged as collateral and require that those securities be held in safekeeping by the City or in a financial institution other than that furnishing the collateral. At year-end, the carrying amount of the City's deposits was \$2,342,435; the bank balance was \$2,611,253. At year-end, the City's bank balances were entirely insured or collateralized with Federal Home Loan Bank letters of credit and securities held by the pledging financial institution's agent in the City's name. At year-end, the carrying amount of the Mountain Iron EDA's deposits, which includes cash, was \$102,802; the bank balance was \$102,802. At year-end, the Mountain Iron EDA's bank balances were entirely insured.

Investments

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or securities that are in the possession of an outside party. The City has a formal investment policy for custodial credit risk,

CITY OF MOUNTAIN IRON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS December 31, 2017

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

which permits brokers to hold City investments only to the extent of SIPC coverage. Securities purchased for the City that exceed SIPC coverage shall be transferred to the City's custodian.

Credit Risk and Concentration of Credit Risk

The City has a formal investment policy for credit risk or concentration of credit risk. State statutes authorize the City to invest in qualified repurchase agreements, obligations of the U.S. government, obligations of the State of Minnesota or its municipalities, shares of certain investment companies, banker's acceptance notes, commercial paper and guaranteed investment contracts. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The City places no limit on the amount the City may invest in any one issuer and, as of December 31, 2017, had no investments in any issuer (other than U.S. government or U.S. government guaranteed obligations) that exceeded five percent of total investments.

The City has invested \$192,452 in Federal National Mortgage Association Bonds. At December 31, 2017, the bonds were rated as AAA by Moody's and AA+ by S & P. The City has \$1,475,040 invested in certificates of deposit at Morgan Stanley, and \$198,314 invested in certificates of deposit and \$300,343 invested in money market funds at Northland Securities. Money market funds are not rated as to credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of investments will adversely affect the fair value of the investment. The City has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Fair Value of Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The three levels of the fair value hierarchy are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs (other than quoted prices included within Level 1) that are observable for the asset or liability – either directly or indirectly.
- Level 3: Unobservable inputs – market data are not available and are developed using the best information available about the assumptions that market participants would use when pricing an asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The City's investment of \$192,624 in Federal National Mortgage Association Bonds at December 31, 2017 is categorized as Level 1.

CITY OF MOUNTAIN IRON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS December 31, 2017

NOTE 4 - LOANS RECEIVABLE

The Mountain Iron EDA is involved in economic development projects. Several businesses were issued revolving loans. The unpaid principal balance at December 31, 2017 was \$104,147 and is recorded as loans receivable in the Mountain Iron EDA general fund.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 409,300	\$ -	\$ -	\$ -	\$ 409,300
Construction in progress	1,998,371	680,972	-	(1,370,039)	1,309,304
Total capital assets not being depreciated	2,407,671	680,972	-	(1,370,039)	1,718,604
Capital assets, being depreciated:					
Land improvements	1,105,955	-	-	374,367	1,480,322
Buildings	3,679,824	-	-	25,322	3,705,146
Infrastructure	10,227,334	-	-	643,693	10,871,027
Machinery and equipment	1,313,229	7,277	-	-	1,320,506
Licensed vehicles	2,104,229	216,357	(85,500)	-	2,235,086
Total capital assets, being depreciated	18,430,571	223,634	(85,500)	1,043,382	19,612,087
Less accumulated depreciation for:					
Land improvements	(483,829)	(50,942)	-	-	(534,771)
Buildings	(1,288,593)	(79,686)	-	-	(1,368,279)
Infrastructure	(5,138,597)	(343,950)	-	-	(5,482,547)
Machinery and equipment	(664,351)	(72,293)	-	-	(736,644)
Licensed vehicles	(1,861,499)	(67,247)	85,500	-	(1,843,246)
Total accumulated depreciation	(9,436,869)	(614,118)	85,500	-	(9,965,487)
Total capital assets, being depreciated, net	8,993,702	(390,484)	-	1,043,382	9,646,600
Governmental activities capital assets, net	\$ 11,401,373	\$ 290,488	\$ -	\$ (326,657)	\$ 11,365,204
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 26,370	\$ -	\$ -	\$ -	\$ 26,370
Construction in progress	23,565	81,280	-	-	104,845
Total capital assets, being depreciated	49,935	81,280	-	-	131,215
Capital assets, being depreciated:					
Land improvements	18,600	-	-	-	18,600
Buildings	7,346,146	-	-	-	7,346,146
Infrastructure	10,003,038	100,668	-	363,330	10,467,036
Machinery and equipment	701,104	11,524	(3,171)	-	709,457
Licensed vehicles	960,527	-	-	-	960,527
Total capital assets, being depreciated	19,029,415	112,192	(3,171)	363,330	19,501,766
Less accumulated depreciation for:					
Land improvements	(1,513)	(930)	-	-	(2,443)
Buildings	(3,836,391)	(174,867)	-	-	(4,011,258)
Infrastructure	(5,637,196)	(172,622)	-	-	(5,809,818)
Machinery and equipment	(623,958)	(14,237)	2,249	-	(635,946)
Licensed vehicles	(705,055)	(51,234)	-	-	(756,289)
Total accumulated depreciation	(10,804,113)	(413,890)	2,249	-	(11,215,754)
Total capital assets, being depreciated, net	8,225,302	(301,698)	(922)	363,330	8,286,012
Business-type activities capital assets, net	\$ 8,275,237	\$ (220,418)	\$ (922)	\$ 363,330	\$ 8,417,227