

City of Ramsey
Agenda
City Council Work Session
Tuesday June 14, 2011
5:15 pm
Lake Itasca Room 7550 Sunwood Drive NW

0. Review Future Topics/Calendar
1. **Call to Order**
2. **Topics for Discussion**
 1. Discussion Regarding 2011 Contract Negotiations with LELS Sergeants - *Portions of this discussion may be closed to the public*
 2. Consider Lease Terms for Dennis Sharp for Properties at 6701 and 6745 Highway 10
 3. Discuss Appointing a Representative to the Governance Group - Connect Anoka County Broadband
 4. Discuss Lease Agreement for 6811 Hwy 10 by TMBC, LLC dba Crystal Pierz Marine
 5. 2010 Comprehensive Annual Financial Report (CAFR) and Management Report
 6. Discuss Selection of Towing Vendor for the City of Ramsey
 7. Discussion Regarding the Policy for Appointing Board and Commission Members
 8. Lower Rum River Water Management Organization Administrative Services
3. **Future Topics for Discussion - *See Attached Calendar***
4. **Mayor/Council/Staff Input**
5. **Adjournment**

CC Work Session

0.

Meeting Date: 06/14/2011

By: Jo Thieling, Administrative Services

Title:

Review Future Topics/Calendar

Background:

Attached is the list of future topics for Council review.

Funding Source:

N/A

Council Action:

Review future topics/calendar.

Attachments

Future Topics/Calendar

Form Review

Inbox

Kurt Ulrich

Reviewed By

Jo Thieling

Date

06/09/2011 02:41 PM

Form Started By: Jo Thieling

Started On: 06/09/2011 02:40 PM

Final Approval Date: 06/09/2011

**Work Session Calendar
2011**

Month	Date	Topics for Discussion
June	28	<ul style="list-style-type: none"> • Review City Land Inventory Data (TG/Patrick) • Status Report on Strategic Planning Session (KU)
July	19	<ul style="list-style-type: none"> • 2012 Budget (DL) • Update Survey Results (BO)
Others on List – including 2011 Strategic Planning Items		<ul style="list-style-type: none"> • Look at pilot programs (e.g. volunteer programs – low maintenance) • Proactively recruit residential development and seek builders input • Review development fees and standards regarding construction • Develop TIF tracking plan with regard to fiscal disparities impact • Establish fund reserve policy • Review City-owned lands and create plan for it • Review park programming and potential reallocation of parks • Construct boat landing at River’s Bend • Build on outdoors/sportsmen’s market (e.g. stock pond/lake) • Coordinate COR marketing and City marketing • Create Master Plan 167th Avenue/Highway 47 – plan for redevelopment – Discuss after Joint Meeting between CC & EDA • Develop community center/indoor sports complex • Old Town Hall relocation • Review & revise Development Management contract and manage COR expenditures • Consider creation of a Transportation Taxing District • Seek grant funding for transportation projects and service delivery • Complete US 10/ County Road 83 interchange design – pursue funding • Establish position on TH #47 South of Bunker to Highway #10 <p><u>Public Works</u></p> <ul style="list-style-type: none"> • Review plan for US Highway #10 pedestrian overpass and connection with Municipal Center ramp • Review Dirt Road Elimination Policy (DREP) • Create opportunities for snowmobile, four-wheeler & golf cart use • Review sidewalk plowing policy

CC Work Session

2. 1.

Meeting Date: 06/14/2011

By: Colleen Lasher, Administrative Services

Title:

Discussion Regarding 2011 Contract Negotiations with LELS Sergeants - *Portions of this discussion may be closed to the public*

Background:

Per Minnesota Statutes 13D.03, staff is requesting that the City Council go into closed session to discuss a labor negotiations strategy for the City's two LELS contracts. Staff will provide information at the meeting.

Portions of this meeting may be closed to members of the public.

Funding Source:

NA

Council Action:

Based upon discussion.

Form Review

Inbox
Kurt Ulrich

Reviewed By
Kurt Ulrich

Date
06/08/2011 05:48 PM
Started On: 06/08/2011

Form Started By: Colleen Lasher

Final Approval Date: 06/08/2011

CC Work Session

2. 2.

Meeting Date: 06/14/2011

By: Diana Lund, Finance

Title:

Consider Lease Terms for Dennis Sharp for Properties at 6701 and 6745 Highway 10

Background:

The city purchased, with RALF funds, the properties at 6701 and 6745 Highway 10 in 2006. Since that date, the city has leased the cold storage portions of these properties to Dennis Sharp companies. Starting in 2008 the city required that the leases be amended to collect a base rent plus each property's pro-rata share of property taxes. Mr. Sharps current leases are through July 31, 2011.

The rents paid by Mr. Sharp the last couple of years are as such:

6701 Highway 10:

Thru July 31, 2010: \$3,266/mo

Thru July 31, 2011: \$2,983.50/mo

6745 Highway 10:

Thru July 31, 2010: \$1,886/mo

Thru July 31, 2011: \$1,820/mo

Mr. Sharp contacted the City asking for a reduction in the lease rates beginning August 1, 2011 due to his concerns over a net operating loss that he shows on his financial statement for 2010. A copy of this statement will be presented at the worksession.

Funding Source:

These properties were purchased with RALF funds and any rental revenue generated is used to cover costs of the property.

Council Action:

Mr. Sharp will be present to discuss his rental proposal.

Form Review

Inbox

Kurt Ulrich

Reviewed By

Kurt Ulrich

Date

06/08/2011 05:41 PM

Form Started By: Diana Lund

Started On: 06/08/2011 12:05 PM

Final Approval Date: 06/08/2011

CC Work Session

2.3.

Meeting Date: 06/14/2011

By: Jo Thieling, Administrative Services

Title:

Discuss Appointing a Representative to the Governance Group - Connect Anoka County Broadband

Background:

Staff received communication from David Minke, Anoka County Project Manager re appointing a representative to the Governance Group. The Cities of Andover, Blaine, Columbia Heights, Fridley, and North Metro Telecommunications Commission have each appointed a representative. Staff would like to take this opportunity to discuss appointing a representative.

Funding Source:

N/A

Council Action:

Discuss appointment of representative to the Governance Group - Connect Anoka County Broadband Update and make recommendaiton to the Council for formal action.

Form Review

Inbox

Kurt Ulrich

Reviewed By

Kurt Ulrich

Date

06/08/2011 05:32 PM

Form Started By: Jo Thieling

Started On: 06/07/2011 12:27 PM

Final Approval Date: 06/08/2011

CC Work Session

2. 4.

Meeting Date: 06/14/2011

By: Aaron Backman, Administrative Services

Title:

Discuss Lease Agreement for 6811 Hwy 10 by TMBC, LLC dba Crystal Pierz Marine

Background:

The City of Ramsey owns the L-shaped parcel of land on the north side of Highway 10 with the address of 6811 Hwy 10. It is located between Ramsey Bicycle on the west and the building leased by Crystal-Pierz Marine and Pro Power Sports on the east. The City's parcel was purchased from Pro Sporting Goods or PSG, LLC through the RALF program in August of 2009. The lot does not have a building on it and is being used solely as a parking lot and outdoor storage facility.

Crystal-Pierz Marine wishes to lease City-owned property located at 6811 Highway 10 NW in Ramsey. The same month the City purchased this property, it leased it back to PSG for \$1,600 per month. PSG, LLC leases the adjacent building to the east (See attached site map) to TAM, LLC (i.e. Pro Power Sports). TAM, LLC in turn has a sub-lease for a portion of the building to Crystal Pierz Marine. The past lease for this parcel expired 9/30/10. Neither PSG nor TAM wish to lease this lot, therefore the logical tenant is Crystal Pierz Marine. PSG provided a letter to the City on 9/22/10 indicating that the lease with PSG was ending and that it was up to the City to negotiate with the other two businesses on a new lease. No invoice was sent by the City to PSG after expiration.

Crystal Pierz would be paying the same monthly amount as PSG was paying last year--\$1,600 per month. This amount more than covers the property taxes. The Economic Development/Marketing Manager has been in negotiations with the parties involved. Crystal-Pierz Marine has expressed a willingness to accept a one-year lease of the property commencing April 1, 2011 and terminating March 31, 2012. They did not want to pay for the six-month gap. The permitted use would remain the same and the tenant would be leasing the property "as is".

Recommendation:

City Staff recommends that the City Council approve the proposed lease with TMBC, LLC dba Crystal Pierz Marine. It would be retroactive to April 1, 2011. Notwithstanding the six-month gap in rental income, the proposed lease would cover all taxes and administrative costs that the City incurs.

Funding Source:

N/A.

Council Action:

Discuss the proposed lease for 6811 Hwy 10 by TMBC, LLC dba Crystal Pierz Marine commencing 4/1/11 and ending 3/31/12, and make recommendation to the City Council for formal action.

Attachments

6811 Hwy 10 Site Map

Crystal Pierz Marine Lease

Form Review

Inbox
Kurt Ulrich

Reviewed By
Kurt Ulrich

Date
06/08/2011 05:51 PM

Form Started By: Aaron Backman

Started On: 06/08/2011 04:05 PM

Final Approval Date: 06/08/2011

3/28/2011

CRYSTAL-PIERZ MARINE LEASE SITE



LEASE

This Lease ("This Lease") is effective as of April 1, 2011, by and between The City of Ramsey, a Minnesota Municipal Corporation ("Landlord") and, TMBC, L.L.C., dba Crystal Pierz Marine, a Foreign Limited Liability Company registered in the State of Minnesota ("Tenant").

DATA SHEET

1. Premises. The land located at the following street address: 6811 Highway 10 NW, Ramsey, Minnesota 55303 and legally described as Tract A, Registered Land Survey No. 249, City of Ramsey, Anoka County, Minnesota (the "Premises").
2. Term. One year and one month plus the partial calendar month in which the Commencement Date occurs.
3. Scheduled Commencement Date. April 1, 2011
4. Scheduled Termination Date: March 31, 2012
5. Rental Rate. \$1,600.00 per month.
6. Permitted Use: Parking lot and outdoor storage facility
7. Landlord Address:
City of Ramsey
7550 Sunwood Drive N.W.
Ramsey, MN 55303
8. Tenant Address:
6781 Highway 10 NW, Suite 110
Ramsey, MN 55303

1. PREMISES:

Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, for the term and upon the conditions hereinafter provided, the Premises described in Item 1 of the Data Sheet.

2. RENTABLE AREA:

The Rentable Area of the Premises is estimated to be the area set forth in Item 1 of the Data Sheet. The actual Rentable Area of the Premises

3. LEASEHOLD IMPROVEMENTS:

Tenant is taking the premises "AS IS" and Landlord shall not be obligated to do any work in the Premises. The Tenant shall maintain the Premises as an outdoor storage facility and shall not make any structural changes or make any alteration, decoration, addition or improvement to the Premises.

4. TERM:

The term of this Lease (the "Term") shall commence upon the "Commencement Date" set forth in the term sheet above.

5. RENT:

Tenant shall pay \$1,600.00 per month as and for rent of the Premises. Tenant will pay for all of its operating costs associated with maintenance of the Premises as an outdoor storage facility and parking lot. The landlord shall pay the property taxes due on the Premises.

6. USE: Tenant will use and occupy the Premises solely as a parking lot or outdoor storage facility

7. ASSIGNMENT AND SUBLETTING:

The Tenant's interest in this Lease may not be assigned or sublet to any third party without the prior written consent of Landlord and the fencing structure enclosing the Premises.

8. MAINTENANCE:

Tenant agrees to keep and maintain the Premises in properly functioning, safe and orderly condition, will make all necessary replacements thereto, will suffer no waste or injury thereto, and will at the expiration or other termination of the Term, surrender the same with all improvements in the same order and condition in which they were on the Commencement Date

Tenant shall keep all rubbish, garbage or other refuse in proper containers and shall promptly empty same into the collection area designated from time to time by Landlord.

9. ALTERATIONS; EQUIPMENT; MOVING:

9.1 Tenant will not make or permit anyone to make any alterations, decorations, additions or improvements, structural or otherwise, in or to the Premises or the Project without the prior written consent of Landlord.

9.2 Tenant shall not install any equipment containing Hazardous Materials or any equipment which will or may necessitate any changes, replacements or additions to the Premises.

10. RIGHT OF ENTRY:

Tenant will furnish to Landlord at all times a master key to the Premises and permit Landlord, or its representative, to enter the Premises, to examine, inspect and protect the Premises, and to make such alterations, renovations, restorations and/or repairs as in the judgment of Landlord may be deemed necessary or desirable for the Premises.

11. SERVICES AND UTILITIES:

Landlord shall continue to furnish any utility service, if any, which is currently supplied to the Premises. The Tenant shall pay for the use of such utility service, if any, during the period of this Lease. The term "utility service" includes the Landlord's obligation to make quarterly payments for the storm water utility.

12. WAIVER AND INDEMNITY:

12.1 Notwithstanding anything apparently to the contrary in this Lease, Landlord and Tenant hereby release one another and their respective partners, officers and employees and property manager from any and all liability (to the other or anyone claiming through or under them by way of subrogation or otherwise) for any loss or damage covered by property insurance or coverable by a customary form of policy of the insurance, even if such loss or damage shall have been caused by the fault or negligence of the other party, or anyone for whom such party may be responsible.

12.2 Tenant agrees to indemnify, defend and hold Landlord and its officers and employees and property manager harmless from and against any claim, loss or expense arising out of injury, death or property loss or damage occurring in the Premises, except only to the extent caused by the negligent act or intentional misconduct of Landlord or its officers or employees or property manager.

13. INSURANCE:

Tenant agrees to purchase, in advance, and to carry in full force and effect general liability insurance, providing coverage on an "occurrence" rather than a "claims made" basis, which policy shall include coverage for Bodily Injury, Property Damage, Personal Injury, Contractual Liability (applying to this Lease), and Independent Contractors, in current Insurance Services Office form or other form which provides coverage at least as broad. Tenant shall maintain a combined policy limit of at least \$500,000.00 applying to Bodily Injury, Property Damage and Personal Injury, which limit may be satisfied by Tenant's basic policy, or by the basic policy in combination with umbrella or excess policies so long as the coverage is at least as

broad as that required herein. Such liability, umbrella and/or excess policies may be subject to aggregate limits so long as the aggregate limits have not at any pertinent time been reduced to less than the policy limit stated above, and provided further that any umbrella or excess policy provides coverage from the point that such aggregate limits in the basic policy become reduced or exhausted.

If the above insurance policy ceases to be available, or is available on terms so unacceptable that prudent landlords or tenants, as the case may be, generally do not carry such insurance, then in lieu of such insurance the pertinent party may carry the most comparable insurance which is available and generally carried by prudent parties.

14. DEFAULT:

14.1 Any one of the following events shall constitute an Event of Default:

(i) Tenant shall fail to pay any monthly installment of Base Rent or additional rent as herein provided, and such default shall continue for a period of five (5) days after the due date therefor;

(ii) Tenant shall violate or fail to perform any of the other conditions, covenants or agreements herein made by Tenant and such default shall continue for fifteen (15) days after notice from Landlord; provided, however, that if the nature of such default is such that Tenant can cure the default, but not within fifteen (15) days, then the Event of Default shall be suspended for a period not in excess of thirty (30) additional days so long as Tenant commences cure within fifteen (15) days and thereafter diligently and continuously prosecutes the curing of the default, and so long as continuation of the default does not create material risk to the Project or to persons using the Project;

(iii) Tenant shall file or have filed against it or any guarantor of this Lease any bankruptcy or other creditor's action, or make an assignment for the benefit of its creditors.

14.2 If an Event of Default shall have occurred and be continuing, Landlord may at its sole option by written notice to Tenant terminate this Lease. Neither the passage of time after the occurrence of the Event of Default nor exercise by Landlord of any other remedy with regard to such Event of Default shall limit Landlord's rights under this Section 14.2.

14.3 If an Event of Default shall have occurred and be continuing, whether or not Landlord elects to terminate this Lease, Landlord may enter upon and repossess the Premises (said repossession being hereinafter referred to as "Repossession") by force, summary proceedings, ejectment or otherwise, and may remove Tenant and all other persons and property therefrom.

14.4 From time to time after Repossession of the Premises, whether or not this Lease has been terminated, Landlord may, but shall not be obligated to, attempt to relet the Premises for the account of Tenant in the name of Landlord or otherwise, for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Term) and for such terms (which may include concessions or free rent) and for such uses as Landlord, in its uncontrolled discretion, may determine, and may collect and receive the rent

therefor. Any rent received shall be applied against Tenant's obligations hereunder, but Landlord shall not be responsible or liable for any failure to collect any rent due upon any such reletting.

14.5 No termination of this Lease pursuant to Section 14.2 and no Repossession of the Premises pursuant to Section 14.3 or otherwise shall relieve Tenant of its liabilities and obligations under this Lease, all of which shall survive any such termination or Repossession. In the event of any such termination or Repossession, whether or not the Premises shall have been relet, Tenant shall pay to Landlord the Base Rent and other sums and charges to be paid by Tenant up to the time of such termination or Repossession, and thereafter Tenant, until the end of what would have been the Term in the absence of such termination or Repossession, shall pay to Landlord, as and for liquidated and agreed current damages for Tenant's default, the equivalent of the amount of the Rent payable under this Lease by Tenant if this Lease were still in effect, less the net proceeds, if any, of any reletting effected pursuant to the provisions of Section 14.4 after deducting all of Landlord's expenses in connection with such reletting, including, without limitation, all repossession costs, brokerage and management commissions, operating expenses, legal expenses, attorneys' fees, alteration costs, and expenses of preparation for such reletting. Tenant shall pay such current damages to Landlord monthly on the days on which the Rent would have been payable under this Lease if this Lease were still in effect, and Landlord shall be entitled to recover the same from Tenant on each such day. At any time after such termination or Repossession, whether or not Landlord shall have collected any current damages as aforesaid, Landlord shall be entitled to recover from Tenant, and Tenant shall pay to Landlord on demand, as and for liquidated and agreed final damages for Tenant's default, an amount equal to the then present value of the excess of the Rent and other sums or charges reserved under this Lease from the day of such termination or Repossession for what would be the then unexpired term if the same had remained in effect, over the amount of rent Tenant demonstrates that Landlord could in all likelihood actually collect for the Premises for the same period, said present value to be arrived at on the basis of a discount of four percent (4%) per annum.

14.6 Landlord shall in no event be considered to be in default of Landlord's obligations hereunder until the expiration of a reasonable time after notice of default from Tenant.

15. WAIVER:

No waiver by either party of any breach of any agreement herein contained shall operate as a waiver of such agreement itself, or of any subsequent breach thereof. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly installments of rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent nor shall any endorsement or statement on any check or letter accompanying a check for payment of rent be deemed an accord and satisfaction, nor shall acceptance of rent with knowledge of breach constitute a waiver of the breach, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent, to terminate this Lease, to Repossess the Premises or to pursue any other remedy provided in this Lease. No re-entry by Landlord, and no acceptance by Landlord of keys from Tenant, shall be considered an acceptance of a surrender of the Lease.

16. COVENANT OF QUIET ENJOYMENT:

Landlord covenants that it has the right to make this Lease for the term aforesaid and covenants that if Tenant shall pay the rent and perform all of the covenants, terms and conditions of this Lease to be performed by Tenant, Tenant shall, during the Term, freely, peaceably and quietly occupy and enjoy the full possession of the Premises. The term "Landlord" as used in this Lease shall mean solely the owner of the Premises, or in the case of a sale-leaseback, the lessee of the underlying land, at the relevant time. The liability of the original Landlord and any successor Landlord under this Lease is limited to its interest in the Premises and any insurance proceeds payable to Landlord with respect to the Premises, and with respect to any liability accrued prior to a transfer, any net proceeds received by the transferor Landlord in consideration of the transfer.

17. NO REPRESENTATIONS BY LANDLORD:

Neither Landlord nor any agent or employee of Landlord has made any representations or promises with respect to the Premises except as herein expressly set forth, and no right, privileges, easements or licenses are acquired by Tenant except as herein expressly set forth. Tenant, by taking possession of the Premises, shall accept the same "as is" except as expressly provided in this Lease and such taking of possession shall be conclusive evidence that the Premises are in good and satisfactory condition at the time of such taking of possession. In addition to and without limitation of the immediately preceding sentence, Tenant agrees that it is leasing the Premises on an "AS IS", "WHERE IS" and "WITH ALL FAULTS" basis, based upon its own judgment, and hereby disclaims any reliance upon any statement or representation whatsoever made by Landlord. LANDLORD MAKES NO WARRANTY WITH RESPECT TO THE PREMISES, THE PROJECT OR ANY PART THEREOF, EXPRESS OR IMPLIED, AND LANDLORD SPECIFICALLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE AND ANY LIABILITY FOR CONSEQUENTIAL DAMAGES ARISING OUT OF THE USE OF OR THE INABILITY TO USE THE PREMISES, THE PROJECT OR ANY PART THEREOF.

18. NOTICES:

All notices or other communications hereunder shall be in writing and shall be effective if hand delivered or sent by registered or certified first-class mail, postage prepaid, or by overnight express service which maintains confirmation of delivery, (i) if to Landlord at Landlord Address set forth on Item 7 of the Data Sheet, and (ii) if to Tenant, at the Premises, unless notice of a change of address is given pursuant to the provisions of this Section. The day notice is given by mail shall be deemed to be the day following the day of mailing. If acceptance is refused, as evidenced by the records of the Postal Service or overnight delivery service, notice shall be deemed given on the date acceptance is refused.

19. ESTOPPEL CERTIFICATES:

Tenant agrees at any time and from time to time, upon not less than five (5) days prior written notice by Landlord, to execute, acknowledge and deliver to Landlord or a party designated by Landlord a statement in writing (i) certifying that this Lease is unmodified and in full force and effect, or if there have been modifications, that the Lease is in full force and effect

as modified and stating the modifications, (ii) stating the dates to which the rent and other charges hereunder have been paid by Tenant, (iii) stating whether or not Landlord is in default in the performance of any covenant, agreement or condition contained in this Lease, and, if so, specifying each such default, (iv) agreeing that Tenant and Landlord will not thereafter modify the Lease without the approval of any mortgagee identified by Landlord, and (v) agreeing that, except for any security deposit required herein, Tenant shall not prepay any rent more than thirty (30) days in advance, and (vi) such other matters relating to this Lease as may reasonably be requested. Any such statement delivered pursuant hereto may be relied upon by any owner of the Project, any prospective purchaser of the Project, any mortgagee or prospective mortgagee of the Project or of Landlord's interest, or any prospective assignee of any such mortgagee. Tenant acknowledges that failure to comply with this Section 20 on a timely basis could result in loss of a favorable sale or financing and Tenant agrees to be liable for any consequential damages resulting from Tenant's breach hereunder.

20. SURRENDER; HOLDING OVER:

Upon the expiration of this Lease or the earlier termination of Tenant's right to possession, Tenant shall immediately vacate the Premises, remove all of its property therefrom, remove any Hazardous Materials installed, used, generated, stored or disposed of by Tenant, and leave the Premises in the condition required by this Lease. Any property not removed shall be deemed abandoned, and Tenant shall be liable for all costs of removal and Tenant shall indemnify, defend and hold Landlord harmless from any cost or liability due to disposition of any property in the Premises in which a person other than Tenant has an interest. Should Tenant continue to occupy the Premises, or any part thereof, after the expiration or termination of the Term, whether with or without the consent of Landlord, such tenancy shall be from month to month and the monthly Rent set forth in the term sheet shall be payable. If Tenant's holdover is without the consent of Landlord, neither this Section nor the acceptance of any rent hereunder shall prevent Landlord from exercising any remedy to regain immediate possession of the Premises.

21. BROKERS:

Tenant warrants that it has not engaged or dealt with any broker in connection with this Lease and Tenant agrees to indemnify hold Landlord harmless from and against any claim for broker's fees or finder's fees asserted by anyone on account of any dealings with Tenant in connection with this Lease.

22. MISCELLANEOUS:

- (a) This is governed by and shall be construed according to the laws of the state in which the Premises are located.
- (b) The captions in this Lease are for convenience only and are not a part of this Lease.
- (c) Time is of the essence.
- (d) The provisions of this Lease which relate to periods subsequent to the expiration of the Term shall survive expiration.

(e) If any provision of this Lease is invalid or unenforceable to any extent, then such provision and the remainder of this Lease shall continue in effect and be enforceable to the fullest extent permitted by law.

(f) This Lease contains the entire agreement of the parties hereto with respect to the Premises and Project. This Lease may be modified only by a writing executed and delivered by both parties.

(g) Nothing contained in this Lease shall be deemed or construed to create a partnership or joint venture of or between Landlord and Tenant, or to create any other relationship between the parties other than that of landlord and tenant.

(h) This Lease shall be binding upon and inure to the benefit of the parties hereto and, subject to the restrictions and limitations herein contained, their respective heirs, successors and assigns.

(i) Rules and Regulations. Tenant shall observe and comply with the rules and regulations as Landlord may prescribe and as listed on Exhibit A attached hereto and incorporated herein.

LANDLORD:

THE CITY OF RAMSEY, A MINNESOTA
MUNICIPAL CORPORATION

By _____
Bob Ramsey, Mayor

TENANT:

TMBC, L.L.C., dba Crystal Pierz Marine, a
Foreign Limited Liability Company

By _____
Its: Chief Manager

ATTEST:

By: _____
Kurt Ulrich, City Administrator

EXHIBIT A

TO LEASE AGREEMENT

DATED JUNE 1, 2011

LEASED PROPERTY RULES AND REGULATIONS

1. Any sign, lettering, picture, notice or advertisement installed on or in any part of the Leased Property and visible from the exterior of the Leased Property, shall be installed at Tenant's sole cost and expense, and in such manner, character and style as Landlord may approve in writing. Anything herein to the contrary notwithstanding, approval as to signs shall be subject to Landlord's approval which may be withheld in Landlord's sole discretion. In the event of a violation of the foregoing by Tenant, landlord may remove the same without any liability and may charge the expense incurred by such removal to Tenant.

2. Tenant assumes full responsibility for protecting its space from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Leased Property closed and secured after normal business hours.

3. Tenant shall comply with all applicable federal, state and municipal laws, ordinances and regulations, and building rules and shall not directly or indirectly make any use of the Leased Property which may be prohibited by any of the foregoing or which may be dangerous to persons or Leased Property or may increase the cost of insurance or require additional insurance coverage.

4. The Leased Property shall not be used for cooking (as opposed to heating of food), lodging, sleeping or for any immoral or illegal purpose.

5. Unless expressly permitted by Landlord, no additional locks or similar devices shall be attached to any door or window and no keys other than those provided by Landlord shall be made for any door. If more than two keys for one lock are desired by Tenant, Landlord may provide the same upon payment by Tenant. Upon termination of this Lease or of Tenant's possession, Tenant shall surrender all keys of the Leased Property and shall explain to Landlord all combination locks on safes, cabinets and vaults.

6. The restrooms, drinking fountains and other plumbing fixtures shall not be used for any purpose other than for which they are constructed, and no sweepings, rubbish, rags, coffee grounds or other substances shall be thrown therein. All damages resulting from any misuse of the fixtures shall be borne by Tenant who, or whose employees, agents, visitors or licensees have caused same. No person shall waste water by interfering or tampering with the faucets or otherwise.

7. Tenant shall be responsible for any damage to the building or the Leased Property of its employees or others and injuries sustained by any person whomsoever resulting from the use or moving of such articles in or out of the Leased Property, and shall make all repairs and

improvements required by Landlord or governmental authorities in connection with the use or moving of such articles.

8. Wherever in these Leased Property Rules and Regulations the word "Tenant" occurs, it is understood and agreed that it shall mean Tenant's associates, employees, agents, clerks, invitees, and visitors. Wherever the word "Landlord" occurs, it is understood and agreed that it shall mean Landlord's assigns, agents, clerks, and visitors.

9. Landlord shall have the right to enter upon the Leased Property at all reasonable hours for the purpose of inspecting the same.

10. Landlord shall have the right to enter the Leased Property at hours convenient to Tenant for the purpose of exhibiting the same to prospective tenants.

11. Tenant shall be responsible for all repair and maintenance of mechanical systems and devices if any associated with the Leased Property, including, but not limited to the electrical system, and the garage door opening system.

12. Alterations of any nature to the Leased Property by Tenant costing in excess of \$3000.00 shall require written approval of Landlord. Such approval shall be at the sole discretion of Landlord. In the event of a violation of the foregoing by Tenant, Landlord may remove the same without any liability and may charge the expense incurred by such removal to Tenant.

13. Tenant and Tenant's employees, agents, visitors and licensees shall observe faithfully and comply strictly with the foregoing rules and regulations and such other and further appropriate rules and regulations as Landlord or Landlord's agent may from time to time adopt. Reasonable notice of any additional rules and regulations shall be given in such manner as Landlord may reasonably elect.

14. Landlord reserves the right at any time to rescind, alter or waive, in whole or in part, any of these Rules and Regulations when deemed necessary, desirable, or proper, in Landlord's judgment, for its best interest. Tenant reserves the right to refuse compliance with any subsequent additional rules and regulations added to those agreed to at the time of signing the Lease.

To the extent these rules are in conflict with the terms of the Lease, the terms of the Lease shall rule and govern.

CC Work Session

2. 5.

Meeting Date: 06/14/2011

By: Diana Lund, Finance

Title:

2010 Comprehensive Annual Financial Report (CAFR) and Management Report

Background:

The city's 2010 annual report has been completed. Aaron Nielson from the auditing firm of MMKR will be present to review the 2010 Comprehensive Annual Financial Report (CAFR) and Management Report.

Mr. Nielson will also be making a brief presentation of the audit report at the regularly scheduled council meeting.

The receipt of the 2010 CAFR and the request for submittal of the CAFR to the Governmental Finance Officers Association for the Certificate of Achievement in Financial Reporting has been placed on the consent agenda of tonight's meeting.

Funding Source:

Auditing services is funded under the finance department's budget.

Council Action:

Presentation of the CAFR and Management Report by the City's auditing firm - MMKR.

Attachments

2010 Comprehensive Annual Financial Report (CAFR)

2010 Audit Management Report

Form Review

Inbox

Kurt Ulrich

Form Started By: Diana Lund

Reviewed By

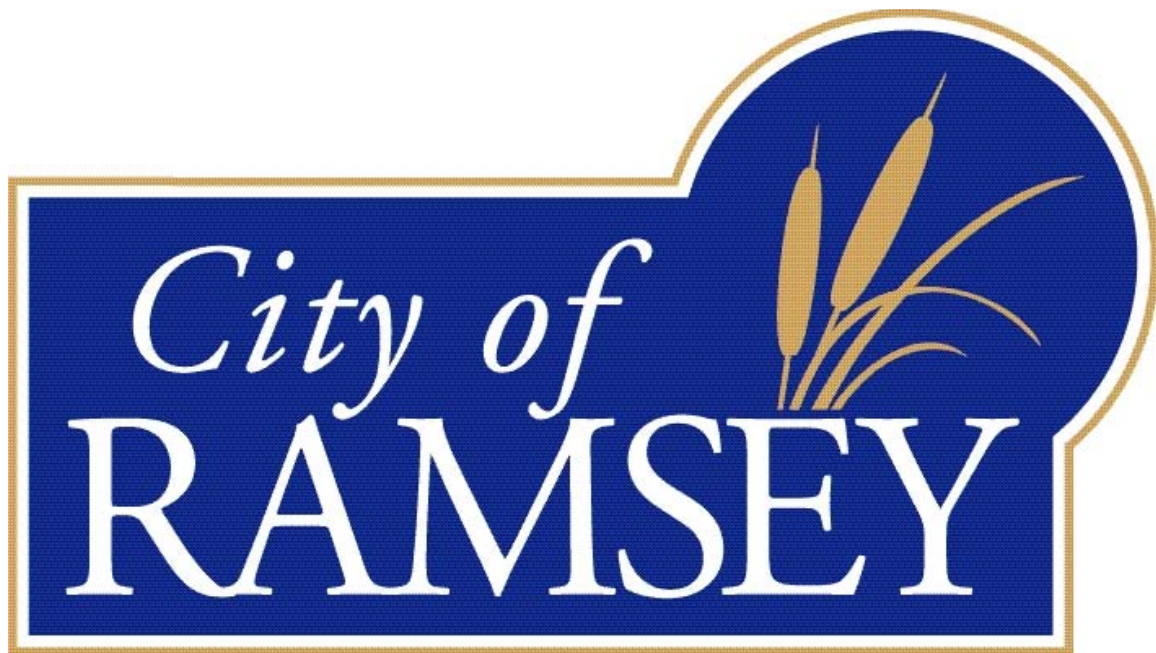
Kurt Ulrich

Date

06/08/2011 05:25 PM

Started On: 06/02/2011 07:52 AM

Final Approval Date: 06/08/2011



Minnesota

*Comprehensive
Annual Financial Report*

For the fiscal year December 31, 2010

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CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

Comprehensive Annual Financial Report
For Year Ended
December 31, 2010

Prepared by
Finance Department

Diana Lund
Finance Director

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CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

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CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

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INTRODUCTORY SECTION

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CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

City Council and Other Officials
Year Ended December 31, 2010

CITY COUNCIL

Bob Ramsey	Mayor
John Dehen	Councilmember
David Elvig	Councilmember
David Jeffrey	Councilmember
Matt Look	Councilmember
Colin McGlone	Councilmember
Jeff Wise	Councilmember

CITY OFFICIALS

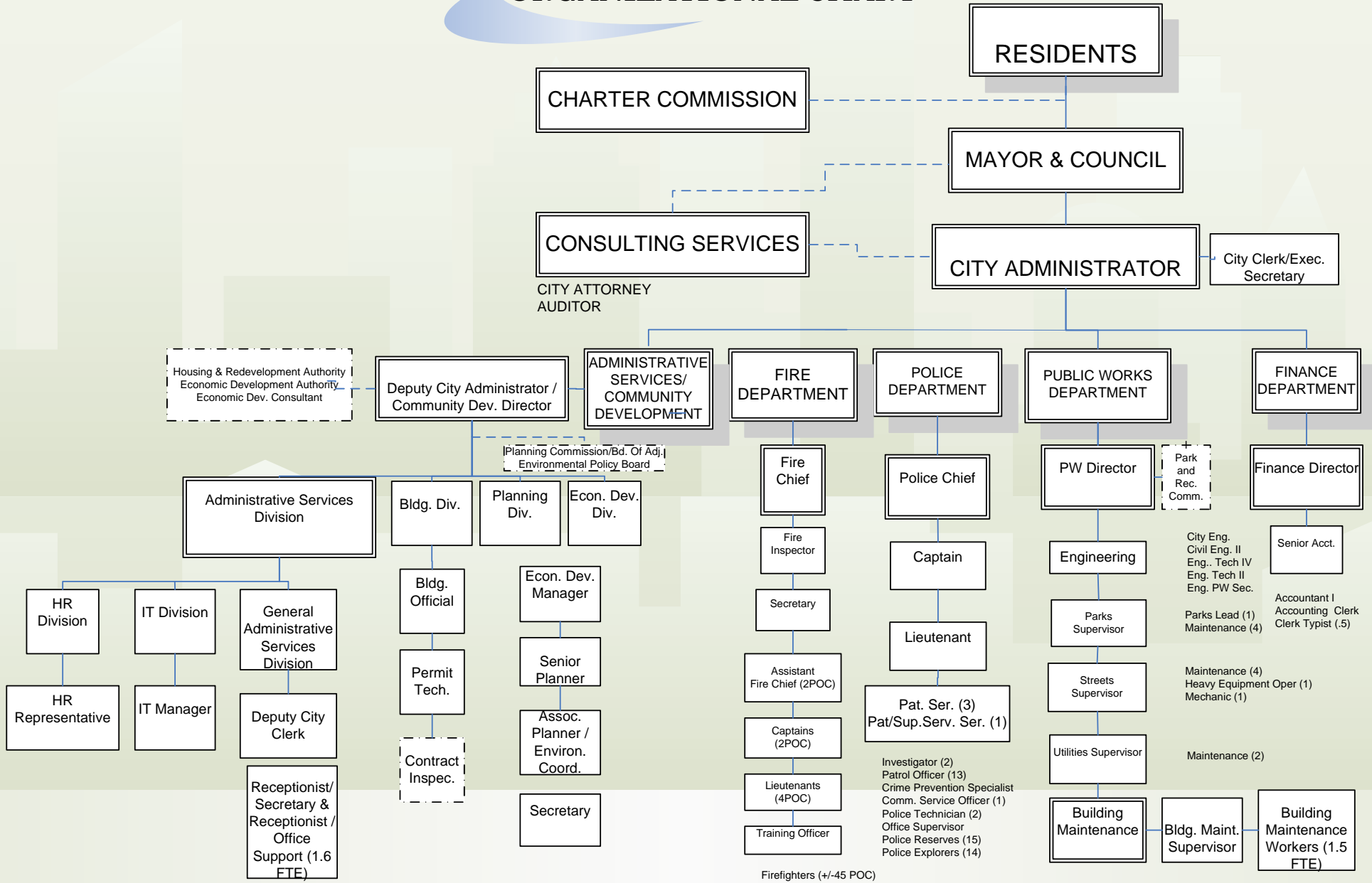
Kurt Ulrich	City Administrator
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DEPARTMENT HEADS

Dean Kapler	Fire Chief
Diana Lund	Finance Director
Heidi Nelson	Deputy City Admin/Community Development Director
Brian Olson	Principal City Engineer/Director of Public Works
James Way	Chief of Police

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CITY OF RAMSEY ORGANIZATIONAL CHART



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City of Ramsey

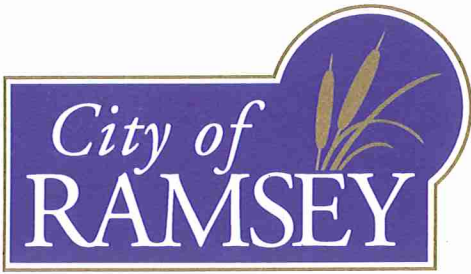
Mission Statement

The City Council, Commissions and Staff strive to provide to the citizens of Ramsey, governance which is fiscally stable and provides services at levels and in a manner desired by the citizens. Further, the City Council intends to provide leadership for a proactive organization provided for the benefit of all local constituencies.

Primary Objectives

- To provide pro-active delivery of municipal services to the citizens for a cost at or below the metropolitan median for delivery of similar services.
- To provide increased aesthetics and amenities in industrial, commercial and residential neighborhoods.
- To provide increased park and natural resource opportunities to the public.
- To provide a consistent level of service to the community in the areas of public works, public safety and general operations.
- To collaborate with other levels of government and service providers to increase the level and quality of service to the community.
- To ensure responsiveness to the public and to foster an atmosphere of communication within and outside of the organization.
- Actively promote economic development in an effort to expand the tax base and quality employment opportunities.

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7550 Sunwood Drive NW • Ramsey, Minnesota 55303
City Hall: 763-427-1410 • Fax: 763-427-5543
www.ci.ramsey.mn.us

June 14, 2011

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

The comprehensive annual financial report (CAFR) of the City of Ramsey, Minnesota (the City) for the fiscal year ended December 31, 2010 is hereby submitted. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Minnesota Statutes and the City Charter require an annual audit of all accounts, financial records, and transactions of the City by independent certified public accountants. The accompanying financial statements have been audited by the firm of Malloy, Montague, Karnowski, Radosovich & Co., P.A., Independent Certified Public Accountants. The firm is engaged by the City Council to render an opinion on the City's financial statements in accordance with accounting principles generally accepted in the United States of America, and an unqualified opinion has been issued. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE OF THE CITY

Ramsey is located in the southwestern part of Anoka County and is situated approximately 25 miles from Minneapolis. The City has 28.8 square miles within its corporate boundaries and is bordered by two major rivers, the Mississippi River along the southern border and the Rum River along the east.

Ramsey was incorporated as a city in 1974, and is organized as a Home Rule City under a City Charter originally adopted in 1984. The City Council consists of a Mayor and six Councilmembers, and is elected at large on a nonpartisan basis. Elections are held in November of each even numbered year. The terms of office are four years for the Mayor and four years for Councilmembers. The City Council is responsible for enacting ordinances, resolutions, and regulations governing the City, and appointing the City Administrator, City Attorney, and members of the various advisory boards and commissions. Because the City Council acts as the Board of Directors of the Ramsey Economic Development Authority (EDA) and the Ramsey Housing and Redevelopment Authority (HRA), these organizations are included as blended component units in these financial statements.

The City provides a variety of municipal services. These include a full-time police department, a volunteer fire department, engineering services, street and park maintenance, building inspections, planning and zoning, public improvements, general administrative services, and public water and sewer utilities in the urban service areas.

The City adopts an annual budget for the General Fund, EDA Special Revenue Fund, and HRA Special Revenue Fund. Legal level of control is at the function level. Department heads may transfer resources within a department as they see fit. Transfers between functions, however, need special approval from the City Council.

LOCAL ECONOMY

The City has an unemployment rate of 7.3% in comparison to the state average of 6.9%. Ramsey has an employed labor force of 13,112. Anoka County, in which Ramsey is located, has an employed labor force of 177,316 and unemployment rate of 7.1%.

There are approximately 6,384 single-family homes and 1,525 multifamily units located within the City. In addition, there were 60 single-family homes constructed in 2010.

The City has two major industrial parks with a combined capacity of 320 acres and 25 businesses. Currently both industrial parks are near capacity.

The City's General Fund has property taxes as the major source of revenue. Intergovernmental revenue dropped to 4%. Intergovernmental revenue includes state aids, such as Local Government Aid (LGA), Market Value Homestead Credit (MVHC), Highway Maintenance Aid, Fire Relief Aid, Police Aid, and County grants. Due to severe budget deficits in the state of Minnesota, the City has seen a total reduction of LGA since fiscal year 2003. Due to a significant budget shortfall at the state level, the City's 2010 allocation of Market Value Homestead Credit was cut in its entirety. It is highly probable that the city will be receiving \$0 in Market Value Homestead Credit from the state going forward.

LONG-TERM FINANCIAL PLANNING

The City of Ramsey prepares a five year capital improvement/capital outlay plan in an attempt to anticipate major capital expenditures in advance of the year in which they are budgeted.

The City has a policy to maintain an unreserved General Fund balance in an amount equal to 50% of the following years adopted operating budget. This policy is designed to establish a fund balance at a level which is sufficient to avoid issuing debt to meet current operating needs.

RELEVANT FINANCIAL POLICIES

The City has a comprehensive set of financial policies that provide the basic framework for the overall fiscal management of the City. The City had no unusual occurrences affecting these policies.

MAJOR INITIATIVES

Since 1990, the City has been attempting to provide improved services to a dramatically increasing number of households in a time of fiscal constraints at the state level. From the 1990 census to the 2010 projection, Ramsey's population has increased by 95%. At the same time, aids from the state of Minnesota have decreased.

In 2010, The City's Housing and Redevelopment Authority (HRA) continued its work on Ramsey's downtown development The Cor at Ramsey. The long-standing vision of the project includes a mix of office, retail, housing and civic uses that encourages walkability and is a transit-oriented gathering place for the community. In regards to transit, the city has been making great progress in making the Ramsey Northstar Station a reality. The Rail Station is a key component for the success of the projects in The Cor, thus it has been the city's top priority for transportation improvements.

In the summer of 2010, The Draw Park, located on the east side of The COR (Center of Ramsey), formerly known as RTC (Ramsey Town Center), was constructed at a cost of approximately three million dollars. The park includes a 300 seat amphitheater, significant recreational space and a wetland classroom.

CERTIFICATE OF ACHIEVEMENT

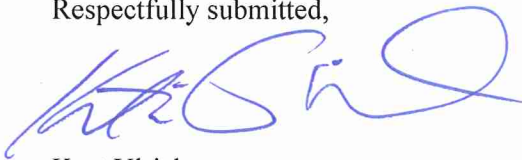
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (CAEFR) to the City for its CAFR for the year ended December 31, 2009. This was the sixteenth consecutive year the City has received this prestigious award. Also, the City had previously received the award from 1981 through 1988, after which the City did not participate in the program for several years.

The CAEFR is valid for a period of one year only. We believe our current CAFR continues to meet the CAEFR Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENT

The 2010 CAFR of the City meets the highest professional standards and was prepared in a timely and cost-effective manner. This could never have been accomplished without the excellent work of the entire Finance Department. We would like to express our appreciation to the Finance Department and all members of the City's staff who contributed to its preparation.

Respectfully submitted,



Kurt Ulrich
City Administrator



Diana Lund
Finance Director

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Ramsey
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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FINANCIAL SECTION

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PRINCIPALS

Kenneth W. Malloy, CPA
Thomas M. Montague, CPA
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA

INDEPENDENT AUDITOR'S REPORT

To the City Council and Residents
City of Ramsey, Minnesota

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 Ramsey, Minnesota (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparison for the General Fund and the major special revenue fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 1, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

(continued)

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Funding Progress, as listed 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, 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.

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 statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Malloy, Montague, Lamorelle, Radosevich, & Co., P.A.

June 1, 2011

CITY OF RAMSEY

Management's Discussion and Analysis Year Ended December 31, 2010

As management of the City of Ramsey, Minnesota (the City), we have provided readers of the City's financial statements with this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis (MD&A) 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 basic financial statements. This report also contains other information in addition to the basic financial statements themselves.

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

The Statement of Net Assets presents information on all of the City's assets and liabilities (excluding Fiduciary Funds), with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. delinquent taxes and special assessments).

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

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City are divided into three categories—Governmental Funds, Proprietary Funds, and Fiduciary Funds.

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 the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Governmental Funds (continued)

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

The fund financial statements present information for each Major Governmental Fund in separate columns. Data from the Nonmajor Governmental Funds are combined into a single, aggregated presentation. Individual Fund data for each of these Nonmajor Governmental Funds is provided in the form of combining statements elsewhere in this report. The City adopts an annual appropriated budget for the General Fund, the Economic Development Authority Special Revenue Fund and the Housing and Redevelopment Authority Special Revenue Fund. Budget-to-actual comparisons are provided in this financial report for these funds.

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 one Internal Service Fund to accumulate and allocate costs internally among the various city functions. Because the Internal Service Fund is predominantly used by governmental functions, it is included within governmental activities in the city-wide financial statements.

Fiduciary Funds – Fiduciary Funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources for 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 Basic Financial Statements – The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide post-employment benefits to its employees. Required supplementary information can be found following the notes to basic financial statements.

Combining and individual fund statements and schedules for Nonmajor Funds are presented immediately following the required supplementary information. Statistical tables are presented following these statements and schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$149,867,826 at the close of December 2010.

By far, the largest portion of the City's net assets (61 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

	Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current and other assets	\$ 41,554,388	\$ 44,218,457	\$ 22,996,688	\$ 22,069,982	\$ 64,551,076	\$ 66,288,439
Capital assets, net of depreciation	59,831,812	58,161,969	52,500,049	51,823,362	112,331,861	109,985,331
Total assets	\$ 101,386,200	\$ 102,380,426	\$ 75,496,737	\$ 73,893,344	\$ 176,882,937	\$ 176,273,770
Liabilities						
Current and other liabilities	\$ 950,154	\$ 969,035	\$ 150,929	\$ 436,972	\$ 1,101,083	\$ 1,406,007
Long-term liabilities	25,914,028	27,991,607	-	-	25,914,028	27,991,607
Total liabilities	\$ 26,864,182	\$ 28,960,642	\$ 150,929	\$ 436,972	\$ 27,015,111	\$ 29,397,614
Net Assets						
Invested in capital assets, net of related debt	\$ 38,466,812	\$ 34,736,969	\$ 52,500,049	\$ 51,823,362	\$ 90,966,861	\$ 86,560,331
Restricted	22,658,700	21,780,289	-	-	22,658,700	21,780,289
Unrestricted	13,396,506	16,902,526	22,845,759	21,633,010	36,242,265	38,535,536
Total net assets	\$ 74,522,018	\$ 73,419,784	\$ 75,345,808	\$ 73,456,372	\$ 149,867,826	\$ 146,876,156

The City's financial position is the product of many factors. For example, the determination of the City's investment in capital assets, net of related debt involves many assumptions and estimates, such as current and accumulated depreciation amounts. A conservative versus a liberal approach to depreciation estimates, as well as capitalization policies, will produce a very significant difference in the calculated amounts.

The City has taken a conservative financial approach, carefully analyzing revenues and expenditures/expenses to assure operation of a balanced budget. The ongoing management of revenue and expenditures/expenses has continued to improve the City's net assets, and has resulted in an upgraded bond rating. In November 2009, Standard and Poor's (S&P) upgraded the City's bond rating from an AA- to an AA+. This has also allowed the City to continue to provide quality public services at a tax rate that is affordable.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The following is a summary of the City's changes in net assets:

	Changes in Net Assets					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues						
Charges for services	\$ 1,839,273	\$ 1,409,107	\$ 3,986,557	\$ 3,944,612	\$ 5,825,830	\$ 5,353,719
Operating grants and contributions	326,986	614,816	49,873	59,963	376,859	674,779
Capital grants and contributions	2,828,240	2,700,471	310,040	102,512	3,138,280	2,802,983
General revenues						
Property taxes	12,144,908	13,019,854	-	-	12,144,908	13,019,854
General grants and contributions	114,692	204,752	-	-	114,692	204,752
Sale of capital assets	-	5,816	-	-	-	5,816
Investment earnings	1,283,533	1,116,588	631,042	734,353	1,914,575	1,850,941
Total revenues	18,537,632	19,071,404	4,977,512	4,841,440	23,515,144	23,912,844
Expenses						
General government	4,998,807	4,690,824	-	-	4,998,807	4,690,824
Public safety	4,153,361	4,438,324	-	-	4,153,361	4,438,324
Highways and streets	5,791,896	4,795,460	-	-	5,791,896	4,795,460
Culture and recreation	1,048,690	1,067,125	-	-	1,048,690	1,067,125
Water utility	-	-	1,295,721	1,291,952	1,295,721	1,291,952
Sewer utility	-	-	1,101,554	1,076,451	1,101,554	1,076,451
Street Light utility	-	-	158,369	148,140	158,369	148,140
Recycling utility	-	-	307,662	298,631	307,662	298,631
Storm Water utility	-	-	350,521	358,522	350,521	358,522
Interest and fiscal charges	1,316,893	1,330,224	-	-	1,316,893	1,330,224
Total expenses	17,309,647	16,321,957	3,213,827	3,173,696	20,523,474	19,495,653
Changes in net assets before transfers	1,227,985	2,749,447	1,763,685	1,667,744	2,991,670	4,417,191
Transfers	(125,751)	91,800	125,751	(91,800)	-	-
Changes in net assets	\$ 1,102,234	\$ 2,841,247	\$ 1,889,436	\$ 1,575,944	\$ 2,991,670	\$ 4,417,191

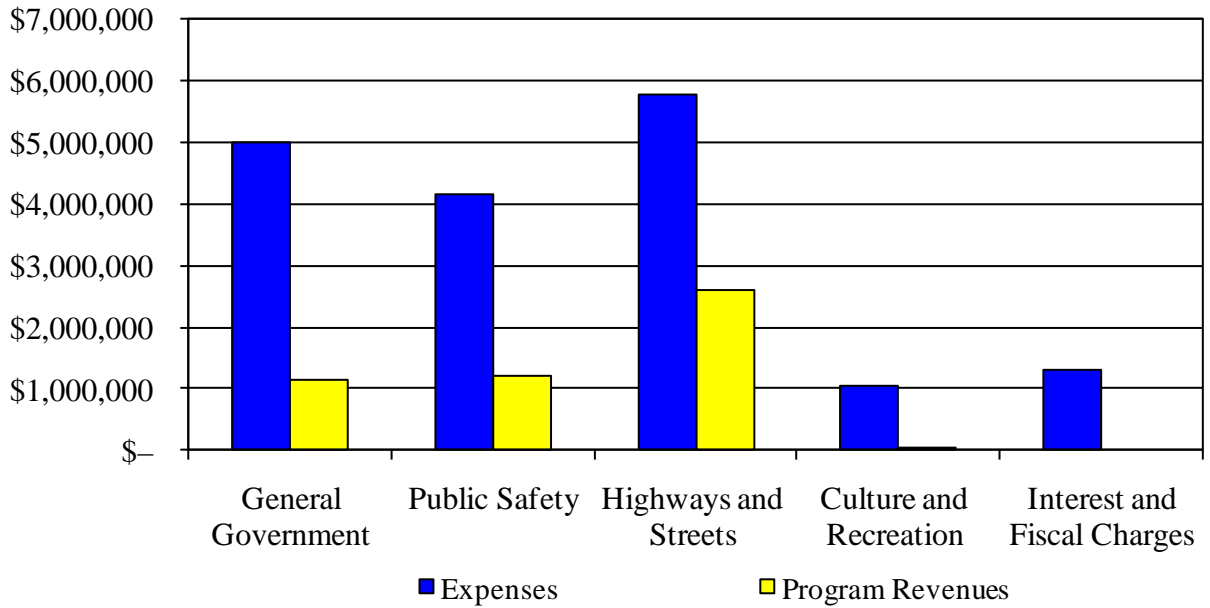
Governmental Activities – Governmental activities account for 37% growth in the City's net assets (approx. \$1.1 million). Charges for services increased by 31%, or \$430,000 due to an increase in the amount of public projects and the staff time charged to each. Property taxes decreased \$874,946 (approximately seven percent) during the year. This percentage change reflects the current economy that stills sees a large number of foreclosures and job loss. The highways and streets function experienced a \$996,436 increase (21 percent) in expenses. This increase was due to the construction of a county road in which the city contributed in the cost of construction, but does not own.

Business-Type Activities – Business-type activities, which are the City's utility operations of water, sewer, street light, recycling, and storm water, increased the City's net assets by \$1.9 million, accounting for 63% of the total growth in the City's net assets. Key elements of this increase are as follows.

- There was a 14% decrease in investment earnings due to the lower percentage of business-type activities funds contributed in respect to overall total funds contributing for the distribution of pooled interest earnings.
- Transfers had a significant change from the previous year. The increase of \$217,551 is due to a contribution in capital assets from the Governmental Funds.

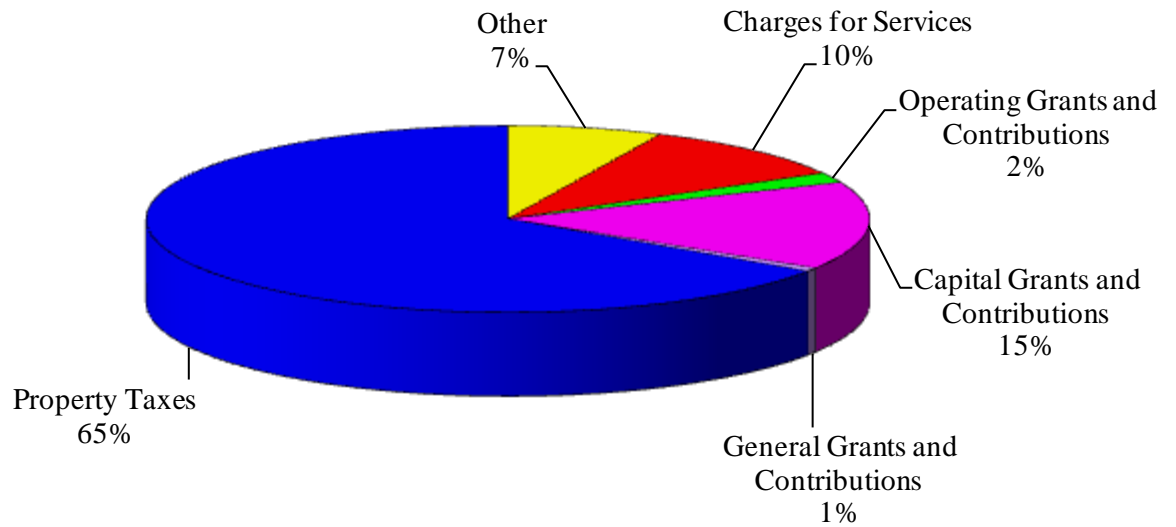
Governmental Activities – The following graphs illustrate the City’s governmental activities:

Expenses and Program Revenues – Governmental Activities



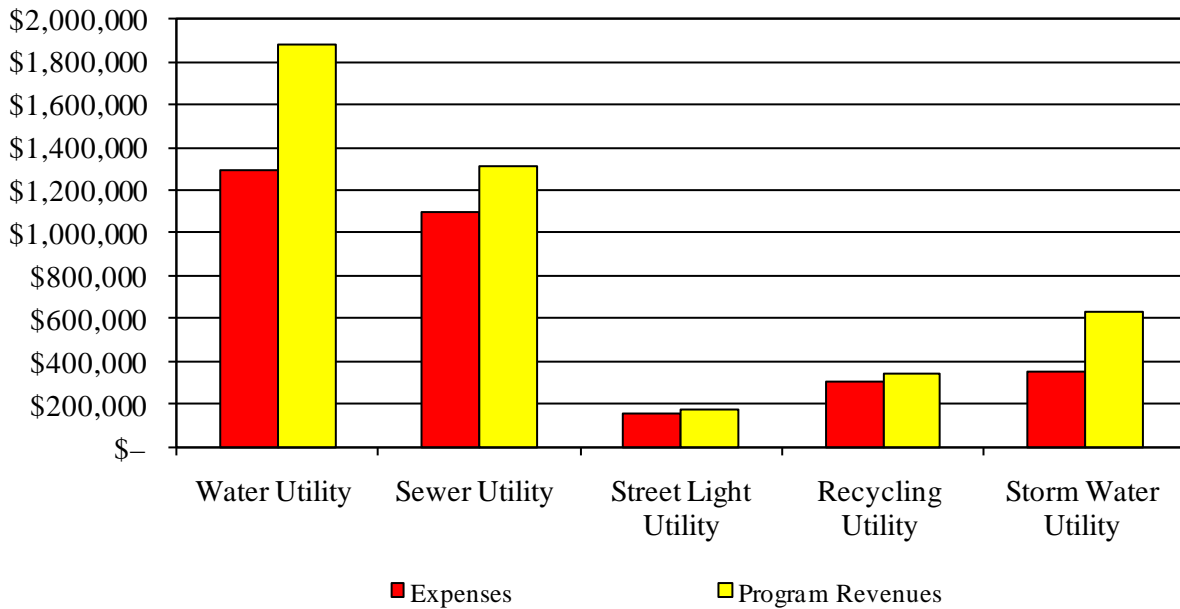
The graphs show the governmental activities and their income clearly reflect the need for property taxes to supplement the activities of the City. The trend of property taxes shows an increasing reliance on this source as the state has withdrawn their support that was previously received as local government aid and market value homestead credit.

Revenue by Source – Governmental Activities

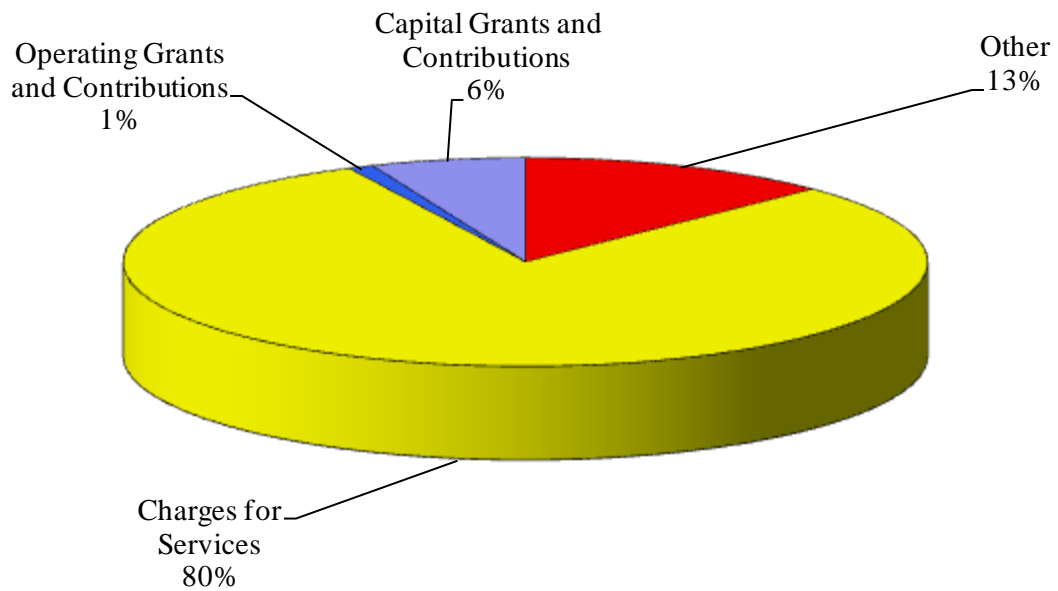


Business-Type Activities – The following graphs illustrate the City’s business-type activities:

Expenses and Program Revenues – Business-Type Activities



Revenues By Source – Business-Type Activities



The business-type activities, which represent the Utility Funds, all received revenues in excess of expenses. In the Water and Sewer Utility Funds, the trunk fees related to new developments throughout the City has decreased due to the slowdown in development. Charges for services are the main source of revenue (80%) for all Utility Funds.

Governmental Funds – At the end of the fiscal year, the City’s Governmental Funds reported combined ending fund balances of \$38,414,991, a decrease of \$2,594,704 in comparison with the prior year. The decrease was due to the construction of a park in The COR (formerly known as Ramsey Town Center) project area.

General Fund – The General Fund operating results can be summarized as follows:

	Original Budget	Final Budget	Actual	Over (Under) Budget	% Over (Under) Budget
Revenue	\$ 8,732,995	\$ 8,674,175	\$ 8,789,279	\$ 115,104	1.3%
Expenditures	9,698,041	9,086,487	9,103,519	17,032	0.2%
Excess (deficiency) of revenue over expenditures	(965,046)	(412,312)	(314,240)	98,072	
Other Financing Sources (Uses)	965,046	(637,954)	(642,954)	(5,000)	
Net change in fund balances	<u>\$ –</u>	<u>\$ (1,050,266)</u>	(957,194)	<u>\$ 93,072</u>	
Fund balances Beginning of year			<u>7,016,953</u>		
End of year			<u>\$ 6,059,759</u>		

The change in budget from the original to the final can be attributed to decisions made by city council throughout the year. To maximize savings, positions that were vacant were not refilled and a street maintenance road overlay project was delayed. The fund balance decrease of \$957,194 is largely due to the city’s change in its fund balance policy. In prior years, the General Fund retained a fund balance equivalent to 60% of the following years adopted budgeted expenditures. The city amended its policy to require 50% of the following years adopted budgeted expenditures be retained within the General Fund. Due to this policy change, a 10% reduction in fund balance amounted to approximately \$835,000. The remainder of the decrease in fund balance was due to the continued down-turn in the economy. Property taxes came in lower than originally expected.

Tax Increment Fund – This Special Revenue Fund had a year-end fund balance of \$7,903,067 which reflects a \$1,254,068 increase from 2009. The increase was due to the tax increment received that will be used for future budgeted capital projects and improvements.

Housing and Redevelopment Authority Fund – This Special Revenue Fund had a year-end fund balance of \$8,564,039. The decrease of \$134,605 is attributed to cost associated with marketing and developing The COR (formerly known as Ramsey Town Center).

Public Improvement Revolving Fund – This Capital Project Fund saw an overall increase in fund balance of \$26,433 which is attributed to the funds share of pooled interest earnings.

Landfill Fund – This Capital Project Fund showed an overall decrease in fund balance of \$347,666, which is attributed to the city covering all cost to operate the Ramsey Star Express bus service until the Rail Authority for the city is approved.

Equipment Revolving Fund – This Capital Project Fund reported a year-end fund balance of \$3,342,842. The decrease of \$266,219 in fund balance was largely attributed to a transfer out for the purchase of capital equipment.

Public Improvement Revolving The COR (formerly known as Ramsey Town Center) – This Capital Project Fund reported a fund balance of \$6,548. The decrease in fund balance represents the financing of a portion of the infrastructure costs in The COR (formerly known as Ramsey Town Center) project area.

The COR (formerly known as Ramsey Town Center) Streetscape Fund – This Capital Project Fund was created to account for all costs related to streetscape improvements in The COR project area. Streetscape improvements were completed in 2010.

Proprietary Funds – The City’s Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail. The City’s Enterprise Funds had a combined net asset balance of \$75,345,808 at December 31, 2010. The financial activities of these funds have been summarized in previous charts within this discussion.

The Enterprise Funds consist of the Water Utility Fund, Sewer Utility Fund, Street Light Utility Fund, Recycling Utility Fund, and Storm Water Utility Fund. The growth in the assets reflect the ongoing expansion and provision of services to the various service areas of the utilities.

Capital Assets – The City’s investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of December 31, 2010 are as follows:

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	6,772,024	\$ 5,604,199	868,513	\$ 868,513	\$ 7,640,537	\$ 6,472,712
Buildings and structures	25,748,276	25,621,905	2,509,688	2,509,688	28,257,964	28,131,593
Improvements other than buildings	4,077,621	3,704,005	10,837,169	10,335,587	14,914,790	14,039,592
Office equipment	691,719	691,719	–	–	691,719	691,719
Motor vehicles	3,816,420	3,747,808	–	–	3,816,420	3,747,808
Machinery and equipment	4,739,350	4,699,886	536,395	549,040	5,275,745	5,248,926
Infrastructure	22,459,019	22,766,439	–	–	22,459,019	22,766,439
Water and sewer lines	–	–	45,284,740	44,969,992	45,284,740	44,969,992
Construction in progress	3,959,865	1,734,289	3,803,277	2,729,646	7,763,142	4,463,935
	72,264,294	68,570,250	63,839,782	61,962,466	136,104,076	130,532,716
Less accumulated depreciation	12,432,482	10,408,281	11,339,733	10,139,104	23,772,215	20,547,385
Total capital assets, net of depreciation	\$ 59,831,812	\$ 58,161,969	\$ 52,500,049	\$ 51,823,362	\$ 112,331,861	\$ 109,985,331
Depreciation expense	\$ 2,155,186	\$ 2,276,358	\$ 1,213,274	\$ 1,198,172	\$ 3,368,460	\$ 3,474,530

The City’s investment in capital assets for its governmental and business-type activities as of December 31, 2010 amounts to over \$112 million (net of accumulated depreciation).

The governmental activities show an increase of approximately \$1.7 million in capital assets. This increase is attributable to the construction of The Draw Park in The COR (formerly known as Ramsey Town Center). The nearly \$700,000 increase in business-type activities is attributable to the construction of a third water tower for the City. This remains in construction in progress, with an estimated completion date in spring 2011.

Additional details of capital asset activity for the year can be found in Note 4 of the notes to basic financial statements.

Long-Term Liabilities – The Debt Service Funds account for the accumulation of resources to finance all of the City’s general obligation bonds. The revenue sources for these funds include annual tax levies and special assessments. At year-end, the total fund balance of these funds was \$2,524,951.

The following table summarizes the City's long-term liabilities:

	Governmental Activities	
	2010	2009
Bonds	\$ 24,695,000	\$ 26,570,000
Capital equipment certificates	335,000	695,000
Compensated absences	742,211	726,607
Other Post-Employment Benefits (OPEB)	141,817	70,231
Total	<u>\$ 25,914,028</u>	<u>\$ 28,061,838</u>

During the current fiscal year, The City saw a decrease of \$2.235 million in bonds and certificates as normal pay down of scheduled principle payments. The compensation absence liability increased \$15,604 due to increased longevity of employees.

State statutes limit the amount of general obligation debt a governmental entity may issue to three percent of its total assessed valuation. The current debt limitation for the City is \$65,717,394.

The City has sufficient funds on hand to make all required bond payments, and anticipates an ongoing stream of revenue to make future bond payments.

Additional details of the long-term debt activity for the year can be found in Note 5 of the notes to basic financial statements.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Ramsey is currently 7.3%, which is a decrease from a rate of 7.8% a year ago. The state of Minnesota shows an average unemployment rate of 6.9%, whereas, nationally the unemployment rate is 9.4%.
- The number of foreclosures in the City of Ramsey decreased from 350 units in 2009 to 200 in 2010. In comparison, the State of Minnesota saw an 11% increase in foreclosures from 23,129 in 2009 to 25,673 in 2010.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Ramsey's budget for the 2011 fiscal year.

During the current fiscal year, *unreserved, undesignated* fund balance in the General Fund decreased by \$833,841 to \$0. The city amended its fund balance policy in 2010 to require approximately 50% of the following years adopted budgeted expenditures be retained within the General Fund. In prior years the city's General Fund retained a fund balance equivalent to approximately 60% of the following years budgeted expenditures -10% of which was attributed to *unreserved, undesignated* fund balance. Due to this policy change, the fund balance in the General Fund was reduced by approximately \$834,000. Also, per the city's fund policy, any excess over the 50% General Fund level is transferred to designated funds. In this case, the Public Improvement Revolving Fund received the transferred funds for future project/budget needs. The City of Ramsey does not anticipate a need for an undesignated fund balance in 2011, due to conservative budgeting which resulted in an approximately 5% decrease in tax levy.

The water, sewer and storm water utility rates were increased for the 2011 budget year. The water utility, which has a tiered rate structure, will increase by an average of 5% for all customers. This rate increase is to help offset the construction costs of future capital improvements, most likely a water treatment plant. The sewer and storm utilities will increase an average of 3%. The increased rates are to not only offset current maintenance costs and depreciation, but to help finance 2011 sewer and storm utility projects.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional information should be addressed by writing to the City of Ramsey, 7550 Sunwood Drive Northwest, Ramsey, MN 55303 or by calling (763) 427-1410.

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BASIC FINANCIAL STATEMENTS

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CITY OF RAMSEY

Statement of Net Assets
December 31, 2010

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and temporary investments	\$ 31,567,279	\$ 14,289,448	\$ 45,856,727
Receivables			
Unremitted taxes	230,686	-	230,686
Delinquent taxes	583,908	-	583,908
Unremitted special assessments	5,317	-	5,317
Delinquent special assessments	39,842	22,512	62,354
Deferred special assessments	1,220,096	259,475	1,479,571
Accounts	32,996	1,126,456	1,159,452
Interest	328,213	-	328,213
Internal balances	(7,251,698)	7,251,698	-
Due from other governmental units	412,847	-	412,847
Prepays	60,789	47,099	107,888
Land held for resale	12,615,626	-	12,615,626
Restricted assets – temporarily restricted			
Cash and investments for debt service	1,708,487	-	1,708,487
Capital assets			
Land	6,772,024	868,513	7,640,537
Construction in progress	3,959,865	3,803,277	7,763,142
Buildings and structures	25,748,276	2,509,688	28,257,964
Improvements other than buildings	4,077,621	10,837,169	14,914,790
Office equipment	691,719	-	691,719
Motor vehicles	3,816,420	-	3,816,420
Machinery and equipment	4,739,350	536,395	5,275,745
Infrastructure	22,459,019	-	22,459,019
Water and sewer lines	-	45,284,740	45,284,740
Less accumulated depreciation	(12,432,482)	(11,339,733)	(23,772,215)
Total capital assets, net of depreciation	<u>59,831,812</u>	<u>52,500,049</u>	<u>112,331,861</u>
Total assets	<u>\$ 101,386,200</u>	<u>\$ 75,496,737</u>	<u>\$ 176,882,937</u>
Liabilities			
Accounts and contracts payable	\$ 565,667	\$ 93,077	\$ 658,744
Salaries and benefits payable	278,339	-	278,339
Accrued interest payable	68,901	-	68,901
Due to other governmental units	37,247	34,260	71,507
Unearned revenue	-	23,592	23,592
Long-term liabilities			
Due within one year	2,292,437	-	2,292,437
Due in more than one year	23,621,591	-	23,621,591
Total long-term liabilities	<u>25,914,028</u>	<u>-</u>	<u>25,914,028</u>
Total liabilities	26,864,182	150,929	27,015,111
Net assets			
Invested in capital assets, net of related debt	38,466,812	52,500,049	90,966,861
Restricted for			
Debt service	2,493,684	-	2,493,684
Tax increment	8,160,557	-	8,160,557
Capital improvements	566,468	-	566,468
Storm water management	331,455	-	331,455
The COR Development	8,577,153	-	8,577,153
Grants and contributions	2,529,383	-	2,529,383
Unrestricted	13,396,506	22,845,759	36,242,265
Total net assets	<u>74,522,018</u>	<u>75,345,808</u>	<u>149,867,826</u>
Total liabilities and net assets	<u>\$ 101,386,200</u>	<u>\$ 75,496,737</u>	<u>\$ 176,882,937</u>

See notes to basic financial statements

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CITY OF RAMSEY

Statement of Activities
Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 4,998,807	\$ 344,922	\$ 91,592	\$ 695,715	\$ (3,866,578)	\$ -	\$ (3,866,578)
Public safety	4,153,361	979,828	230,738	5,714	(2,937,081)	-	(2,937,081)
Highways and streets	5,791,896	487,507	3,239	2,103,620	(3,197,530)	-	(3,197,530)
Culture and recreation	1,048,690	27,016	1,417	23,191	(997,066)	-	(997,066)
Interest and fiscal charges	1,316,893	-	-	-	(1,316,893)	-	(1,316,893)
Total governmental activities	17,309,647	1,839,273	326,986	2,828,240	(12,315,148)	-	(12,315,148)
Business-type activities							
Water utility	1,295,721	1,633,461	-	245,117	-	582,857	582,857
Sewer utility	1,101,554	1,261,609	-	49,206	-	209,261	209,261
Street light utility	158,369	179,272	-	-	-	20,903	20,903
Recycling utility	307,662	294,617	49,873	-	-	36,828	36,828
Storm water utility	350,521	617,598	-	15,717	-	282,794	282,794
Total business-type activities	3,213,827	3,986,557	49,873	310,040	-	1,132,643	1,132,643
Total governmental and business-type activities	\$20,523,474	\$ 5,825,830	\$ 376,859	\$ 3,138,280	(12,315,148)	1,132,643	(11,182,505)
General revenues							
Property taxes					12,144,908	-	12,144,908
General grants and contributions					114,692	-	114,692
Investment earnings					1,283,533	631,042	1,914,575
Transfers					(125,751)	125,751	-
Total general revenues and transfers					13,417,382	756,793	14,174,175
Change in net assets					1,102,234	1,889,436	2,991,670
Net assets – beginning					73,419,784	73,456,372	146,876,156
Net assets – ending					\$74,522,018	\$75,345,808	\$149,867,826

CITY OF RAMSEY

Balance Sheet
Governmental Funds
Year Ended December 31, 2010

	Special Revenue Funds			Capital Project Fund
	General	Tax Increment	Housing and Redevelopment Authority	Public Improvement Revolving
Assets				
Cash and temporary investments	\$ 8,122,986	\$ 7,811,537	\$ 575,905	\$ 1,326,482
Cash and investments held by trustee	-	-	-	-
Receivables				
Unremitted taxes	69,832	143,947	3,879	-
Delinquent taxes	264,752	257,490	13,114	-
Unremitted special assessments	-	-	-	5,317
Delinquent special assessments	-	-	-	39,842
Deferred special assessments	-	-	-	1,220,096
Accounts	16,840	-	-	-
Interest	328,213	-	-	-
Due from other funds	-	-	-	349,290
Due from other governmental units	33,944	-	-	-
Land Held for Resale	-	-	12,615,626	-
Prepays	14,115	-	46,674	-
Advances to other funds	-	-	-	-
Total assets	\$ 8,850,682	\$ 8,212,974	\$ 13,255,198	\$ 2,941,027
Liabilities and Fund Balances				
Liabilities				
Accounts and contracts payable	\$ 86,680	\$ 37,603	\$ 9,257	\$ 2,208
Salaries and benefits payable	278,339	-	-	-
Due to other governmental units	9,412	14,814	-	-
Due to other funds	-	-	-	-
Deferred revenue	264,752	257,490	13,114	1,259,939
Advances from other funds	2,151,740	-	4,668,788	-
Total liabilities	2,790,923	309,907	4,691,159	1,262,147
Fund balances				
Reserved	14,115	-	12,662,300	-
Unreserved – designated, reported in				
General Fund	6,045,644	-	-	-
Special Revenue Funds	-	7,903,067	-	-
Debt Service Funds	-	-	-	-
Capital Project Funds	-	-	-	-
Unreserved – undesignated, reported in				
Special Revenue Funds	-	-	(4,098,261)	-
Capital Project Funds	-	-	-	1,678,880
Total fund balances	6,059,759	7,903,067	8,564,039	1,678,880
Total liabilities and fund balances	\$ 8,850,682	\$ 8,212,974	\$ 13,255,198	\$ 2,941,027

See notes to basic financial statements

Capital Project Funds (continued)					
Landfill	Equipment Revolving	Public Improvement Revolving The COR	The COR Streetscape	Nonmajor	Totals
\$ 3,244,670	\$ 3,342,842	\$ 141,906	\$ -	\$ 6,591,987	\$ 31,158,315
-	-	-	-	1,708,487	1,708,487
-	-	-	-	13,028	230,686
-	-	-	-	48,552	583,908
-	-	-	-	-	5,317
-	-	-	-	-	39,842
-	-	-	-	-	1,220,096
-	-	-	-	16,156	32,996
-	-	-	-	-	328,213
63,067	-	-	-	-	412,357
-	-	-	-	378,903	412,847
-	-	-	-	-	12,615,626
-	-	-	-	-	60,789
243,980	-	-	-	-	243,980
<u>\$ 3,551,717</u>	<u>\$ 3,342,842</u>	<u>\$ 141,906</u>	<u>\$ -</u>	<u>\$ 8,757,113</u>	<u>\$ 49,053,459</u>
\$ -	\$ -	\$ 135,358	\$ -	\$ 290,485	\$ 561,591
-	-	-	-	-	278,339
-	-	-	-	140	24,366
-	-	-	-	412,357	412,357
-	-	-	-	70,842	1,866,137
-	-	-	-	675,150	7,495,678
-	-	135,358	-	1,448,974	10,638,468
243,980	-	-	-	-	12,920,395
-	-	-	-	-	6,045,644
-	-	-	-	2,827,633	10,730,700
-	-	-	-	2,524,951	2,524,951
-	-	6,548	-	2,581,040	2,587,588
-	-	-	-	-	(4,098,261)
3,307,737	3,342,842	-	-	(625,485)	7,703,974
<u>3,551,717</u>	<u>3,342,842</u>	<u>6,548</u>	<u>-</u>	<u>7,308,139</u>	<u>38,414,991</u>
<u>\$ 3,551,717</u>	<u>\$ 3,342,842</u>	<u>\$ 141,906</u>	<u>\$ -</u>	<u>\$ 8,757,113</u>	<u>\$ 49,053,459</u>

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CITY OF RAMSEY

Reconciliation of the Balance Sheet
to the Statement of Net Assets
Governmental Funds
December 31, 2010

Total fund balances – Governmental Funds \$38,414,991

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in Governmental Funds.

Cost of capital assets	72,264,294
Less accumulated depreciation	(12,432,482)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bonds and capital equipment certificates	(25,030,000)
Compensated absences payable	(742,211)

Certain revenues (including delinquent taxes and special assessments) are included in net assets, but are excluded from fund balances until they are available to liquidate liabilities of the current period.

1,866,137

Accrued interest payable is included in net assets, but is excluded from fund balances until due and payable.

(68,901)

Net other postemployment benefit obligation reported in the statement of net assets do not require the use of current financial resources and are not reported as liabilities in governmental funds until actually due.

(141,817)

Internal Service Funds are used by management to charge the costs of employee benefits to individual funds. The assets and liabilities of the Internal Service Funds (including capital assets) are included in governmental activities in the Statement of Net Assets.

392,007

Total net assets – governmental activities

\$74,522,018

See notes to basic financial statements

CITY OF RAMSEY

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2010

	General	Special Revenue Fund		Capital Project Fund
		Tax Increment	Housing and Redevelopment Authority	Public Improvement Revolving
Revenue				
Property taxes	\$ 6,843,652	\$ 3,613,865	\$ 383,005	\$ -
Special assessments	-	-	-	492,870
Licenses and permits	412,071	-	-	-
Intergovernmental revenue	340,043	90,539	-	-
Charges for services	841,701	-	-	-
Fines and forfeits	100,199	-	-	-
Other revenue				
Investment earnings	230,635	236,404	24,421	62,965
Miscellaneous	20,978	-	5	15,821
Total revenue	8,789,279	3,940,808	407,431	571,656
Expenditures				
Current				
General government	2,414,536	391,646	547,036	-
Public safety	3,779,318	-	-	-
Highways and streets	1,708,130	-	-	393,952
Culture and recreation	817,505	-	-	-
Capital outlay	193,382	1,167,825	-	51,704
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	190,648	-	-	-
Total expenditures	9,103,519	1,559,471	547,036	445,656
Excess (deficiency) of revenue over expenditures	(314,240)	2,381,337	(139,605)	126,000
Other financing sources (uses)				
Proceeds on sale of capital assets	-	-	-	-
Transfers in	965,046	52,385	5,000	603,530
Transfers (out)	(1,608,000)	(1,179,654)	-	(703,097)
Total other financing sources (uses)	(642,954)	(1,127,269)	5,000	(99,567)
Net change in fund balances	(957,194)	1,254,068	(134,605)	26,433
Fund balances				
Beginning of year	7,016,953	6,648,999	8,698,644	1,652,447
End of year	\$ 6,059,759	\$ 7,903,067	\$ 8,564,039	\$ 1,678,880

See notes to basic financial statements

Capital Project Funds (continued)

Landfill	Equipment Revolving	Public Improvement		Nonmajor	Totals
		Revolving The COR	The COR Streetscape		
\$ -	\$ -	\$ -	\$ -	\$ 1,310,795	\$ 12,151,317
-	-	-	-	-	492,870
-	-	-	-	-	412,071
-	-	363,756	-	1,235,220	2,029,558
-	-	-	-	477,885	1,319,586
-	-	-	-	-	100,199
118,890	131,239	-	-	464,709	1,269,263
-	-	-	-	801,344	838,148
<u>118,890</u>	<u>131,239</u>	<u>363,756</u>	<u>-</u>	<u>4,289,953</u>	<u>18,613,012</u>
-	-	-	-	927,607	4,280,825
-	-	-	-	-	3,779,318
-	18,259	287,938	-	345,226	2,753,505
-	-	-	-	33	817,538
-	42,016	3,112,761	-	1,786,266	6,353,954
-	-	-	-	2,235,000	2,235,000
-	-	-	-	1,132,223	1,322,871
<u>-</u>	<u>60,275</u>	<u>3,400,699</u>	<u>-</u>	<u>6,426,355</u>	<u>21,543,011</u>
118,890	70,964	(3,036,943)	-	(2,136,402)	(2,929,999)
-	-	-	-	8,361	8,361
-	-	2,566,550	-	3,590,326	7,782,837
<u>(466,556)</u>	<u>(337,183)</u>	<u>-</u>	<u>(31,983)</u>	<u>(3,129,430)</u>	<u>(7,455,903)</u>
<u>(466,556)</u>	<u>(337,183)</u>	<u>2,566,550</u>	<u>(31,983)</u>	<u>469,257</u>	<u>335,295</u>
(347,666)	(266,219)	(470,393)	(31,983)	(1,667,145)	(2,594,704)
<u>3,899,383</u>	<u>3,609,061</u>	<u>476,941</u>	<u>31,983</u>	<u>8,975,284</u>	<u>41,009,695</u>
<u>\$ 3,551,717</u>	<u>\$ 3,342,842</u>	<u>\$ 6,548</u>	<u>\$ -</u>	<u>\$ 7,308,139</u>	<u>\$ 38,414,991</u>

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CITY OF RAMSEY

Reconciliation of the Statement of
Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended December 31, 2010

Total net change in fund balances – Governmental Funds \$ (2,594,704)

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	6,353,954
Contributed assets to other governments and enterprise funds	(2,517,322)
Disposals	(11,603)
Depreciation expense	(2,155,186)

Issuance of long-term debt provides current financial resources to governmental funds, while repayment of long-term liabilities is an expenditure in the Governmental Funds. Neither transaction, however, has any effect on net assets.

Repayment of principal on long-term debt	2,235,000
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the Governmental Funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

5,978

Certain revenues (including delinquent taxes and special assessments) are included in the change in net assets, but are excluded from the change in fund balances until they are available to liquidate liabilities of the current period.

(140,647)

Certain expenses are included in the change in net assets, but do not require the use of current funds, and are not included in the change in the fund balances.

Governmental activities – compensated absences payable	(15,604)
--	----------

Net other postemployment benefit obligation reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds until actually due.

(71,586)

Internal Service Funds are used to charge the cost of certain activities, such as insurance to Individual Funds. This amount represents the change in net assets of the Internal Service Fund, which is reported with governmental activities.

13,954

Change in net assets – governmental activities	<u>\$ 1,102,234</u>
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See notes to basic financial statements

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CITY OF RAMSEY

Statement of Revenue, Expenditures, and Changes in Fund Balances
 General Fund – Budget and Actual
 Year Ended December 31, 2010

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Property taxes	\$ 7,034,194	\$ 6,843,652	\$ 6,843,652	\$ –
Licenses and permits	400,250	412,072	412,071	(1)
Intergovernmental revenue	283,100	336,188	340,043	3,855
Charges for services	700,451	810,738	841,701	30,963
Fines and forfeits	120,000	100,199	100,199	–
Other revenue				
Investment earnings	150,000	150,000	230,635	80,635
Miscellaneous	45,000	21,326	20,978	(348)
Total revenue	<u>8,732,995</u>	<u>8,674,175</u>	<u>8,789,279</u>	<u>115,104</u>
Expenditures				
Current				
General government	2,585,993	2,407,478	2,414,536	7,058
Public safety	4,006,847	3,762,604	3,779,318	16,714
Highways and streets	1,788,009	1,701,979	1,708,130	6,151
Culture and recreation	839,695	813,692	817,505	3,813
Capital outlay	224,850	210,086	193,382	(16,704)
Debt service				
Interest and fiscal charges	<u>252,647</u>	<u>190,648</u>	<u>190,648</u>	<u>–</u>
Total expenditures	<u>9,698,041</u>	<u>9,086,487</u>	<u>9,103,519</u>	<u>17,032</u>
Excess (deficiency) of revenue over expenditures	(965,046)	(412,312)	(314,240)	98,072
Other financing sources (uses)				
Transfers in	965,046	965,046	965,046	–
Transfers (out)	<u>–</u>	<u>(1,603,000)</u>	<u>(1,608,000)</u>	<u>(5,000)</u>
Total other financing sources (uses)	<u>965,046</u>	<u>(637,954)</u>	<u>(642,954)</u>	<u>(5,000)</u>
Net change in fund balances	<u>\$ –</u>	<u>\$ (1,050,266)</u>	<u>(957,194)</u>	<u>\$ 93,072</u>
Fund balances				
Beginning of year			<u>7,016,953</u>	
End of year			<u>\$ 6,059,759</u>	

See notes to basic financial statements

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CITY OF RAMSEY

Statement of Revenue, Expenditures, and Changes in Fund Balances
Housing Redevelopment Authority – Budget and Actual
Year Ended December 31, 2010

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Property taxes	\$ 410,124	\$ 383,005	\$ 383,005	\$ -
Other revenue				
Investment earnings	5,000	5,000	24,421	19,421
Miscellaneous	-	5	5	-
Total revenue	<u>415,124</u>	<u>388,010</u>	<u>407,431</u>	<u>19,421</u>
Expenditures				
Current				
General government	<u>410,124</u>	<u>542,730</u>	<u>547,036</u>	<u>4,306</u>
Total expenditures	<u>410,124</u>	<u>542,730</u>	<u>547,036</u>	<u>4,306</u>
Excess (deficiency) of revenue over expenditures	5,000	(154,720)	(139,605)	15,115
Other financing sources (uses)				
Transfers in	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in fund balances	<u>\$ 5,000</u>	<u>\$ (149,720)</u>	(134,605)	<u>\$ 15,115</u>
Fund balances				
Beginning of year			<u>8,698,644</u>	
End of year			<u>\$ 8,564,039</u>	

See notes to basic financial statements

CITY OF RAMSEY

Statement of Net Assets
 Proprietary Funds
 December 31, 2010

Assets	Business-Type Activities – Enterprise Funds		
	Water Utility	Sewer Utility	Street Light Utility
Current assets			
Cash and temporary investments	\$ 7,171,047	\$ 4,877,391	\$ 1,183,604
Receivables			
Deferred special assessments	131,013	128,462	–
Delinquent special assessments	11,256	11,256	–
Accounts and interest	370,398	404,601	59,974
Prepays	–	47,099	–
Total current assets	<u>7,683,714</u>	<u>5,468,809</u>	<u>1,243,578</u>
Noncurrent assets			
Advances to other Funds	3,947,547	3,304,151	–
Capital assets			
Land	868,513	–	–
Construction in progress	3,547,909	–	–
Buildings and structures	2,509,688	–	–
Improvements other than buildings	–	–	680,301
Machinery and equipment	136,205	372,270	–
Water and sewer lines	24,055,534	21,229,206	–
	<u>31,117,849</u>	<u>21,601,476</u>	<u>680,301</u>
Less accumulated depreciation	5,229,596	4,462,431	283,084
Net capital assets	<u>25,888,253</u>	<u>17,139,045</u>	<u>397,217</u>
Total noncurrent assets	<u>29,835,800</u>	<u>20,443,196</u>	<u>397,217</u>
Total assets	<u>\$ 37,519,514</u>	<u>\$ 25,912,005</u>	<u>\$ 1,640,795</u>
Liabilities and Net Assets			
Current liabilities			
Accounts and contracts payable	\$ 64,026	\$ 1,313	\$ 14,765
Due to other governmental units	24,463	2,100	270
Unearned revenue	11,256	11,256	1,080
Total current liabilities	<u>99,745</u>	<u>14,669</u>	<u>16,115</u>
Net assets			
Invested in capital assets	25,888,253	17,139,045	397,217
Unrestricted	11,531,516	8,758,291	1,227,463
Total net assets	<u>37,419,769</u>	<u>25,897,336</u>	<u>1,624,680</u>
Total liabilities and net assets	<u>\$ 37,519,514</u>	<u>\$ 25,912,005</u>	<u>\$ 1,640,795</u>

See notes to basic financial statements

<u>Recycling Utility</u>	<u>Storm Water Utility</u>	<u>Totals</u>	<u>Governmental Activities Internal Service</u>
\$ 99,023	\$ 958,383	\$ 14,289,448	\$ 408,964
-	-	259,475	-
-	-	22,512	-
96,049	195,434	1,126,456	-
-	-	47,099	-
<u>195,072</u>	<u>1,153,817</u>	<u>15,744,990</u>	<u>408,964</u>
-	-	7,251,698	-
-	-	868,513	-
-	255,368	3,803,277	-
-	-	2,509,688	-
-	10,156,868	10,837,169	-
-	27,920	536,395	-
-	-	45,284,740	-
-	10,440,156	63,839,782	-
-	1,364,622	11,339,733	-
-	9,075,534	52,500,049	-
-	9,075,534	59,751,747	-
<u>\$ 195,072</u>	<u>\$ 10,229,351</u>	<u>\$ 75,496,737</u>	<u>\$ 408,964</u>
\$ 103	\$ 12,870	\$ 93,077	\$ 4,076
-	7,427	34,260	12,881
-	-	23,592	-
<u>103</u>	<u>20,297</u>	<u>150,929</u>	<u>16,957</u>
-	9,075,534	52,500,049	-
194,969	1,133,520	22,845,759	392,007
<u>194,969</u>	<u>10,209,054</u>	<u>75,345,808</u>	<u>392,007</u>
<u>\$ 195,072</u>	<u>\$ 10,229,351</u>	<u>\$ 75,496,737</u>	<u>\$ 408,964</u>

CITY OF RAMSEY

Statement of Revenue, Expenses, and Changes in Net Assets
 Proprietary Funds
 Year Ended December 31, 2010

	Business-Type Activities – Enterprise Funds		
	Water Utility	Sewer Utility	Street Light Utility
Operating revenue			
Charges for services	\$ 1,632,168	\$ 1,259,532	\$ 179,272
Sewer access surcharge	–	2,077	–
Other	1,293	–	–
Total operating revenue	<u>1,633,461</u>	<u>1,261,609</u>	<u>179,272</u>
Operating expenses			
Personal services	247,086	53,296	–
Supplies	311,168	12,655	–
Service charges			
Disposal charges	–	558,568	–
Other	197,806	38,169	127,532
Depreciation	<u>539,661</u>	<u>438,866</u>	<u>30,837</u>
Total operating expenses	<u>1,295,721</u>	<u>1,101,554</u>	<u>158,369</u>
Operating income (loss)	337,740	160,055	20,903
Nonoperating revenue			
Intergovernmental revenue	–	–	–
Investment earnings	<u>306,955</u>	<u>244,914</u>	<u>41,462</u>
Total nonoperating revenue	<u>306,955</u>	<u>244,914</u>	<u>41,462</u>
Income before contributions and transfers	644,695	404,969	62,365
Capital contributions	245,117	49,206	–
Transfers out	<u>(36,810)</u>	<u>(26,000)</u>	<u>(12,500)</u>
Change in net assets	853,002	428,175	49,865
Net assets			
Beginning of year	<u>36,566,767</u>	<u>25,469,161</u>	<u>1,574,815</u>
End of year	<u>\$ 37,419,769</u>	<u>\$ 25,897,336</u>	<u>\$ 1,624,680</u>

See notes to basic financial statements

<u>Recycling Utility</u>	<u>Storm Water Utility</u>	<u>Totals</u>	<u>Governmental Activities Internal Service</u>
\$ 294,617	\$ 617,366	\$ 3,982,955	\$ -
-	-	2,077	-
-	232	1,525	35,003
<u>294,617</u>	<u>617,598</u>	<u>3,986,557</u>	<u>35,003</u>
6,764	68,628	375,774	-
7,690	33,636	365,149	-
-	-	558,568	-
293,208	44,347	701,062	35,319
-	203,910	1,213,274	-
<u>307,662</u>	<u>350,521</u>	<u>3,213,827</u>	<u>35,319</u>
(13,045)	267,077	772,730	(316)
49,873	-	49,873	-
2,313	35,398	631,042	14,270
<u>52,186</u>	<u>35,398</u>	<u>680,915</u>	<u>14,270</u>
39,141	302,475	1,453,645	13,954
-	468,402	762,725	-
(7,000)	(244,624)	(326,934)	-
32,141	526,253	1,889,436	13,954
162,828	9,682,801	73,456,372	378,053
<u>\$ 194,969</u>	<u>\$ 10,209,054</u>	<u>\$ 75,345,808</u>	<u>\$ 392,007</u>

CITY OF RAMSEY

Statement of Cash Flows
 Proprietary Funds
 Year Ended December 31, 2010

	Business-Type Activities – Enterprise Funds		
	Water Utility	Sewer Utility	Street Light Utility
Cash flows from operating activities			
Receipts from customers and users	\$ 1,620,056	\$ 1,262,227	\$ 173,655
Receipts from interfund services provided	–	–	–
Paid to suppliers/service providers	(818,287)	(610,888)	(112,527)
Paid to employees	(247,086)	(53,296)	–
Net cash provided (used) by operating activities	<u>554,683</u>	<u>598,043</u>	<u>61,128</u>
Cash flows from capital and related financing activities			
Capital contributions	245,117	49,206	–
Acquisition of capital assets	(1,320,202)	–	(18,091)
Net cash provided (used) by capital and related financing activities	<u>(1,075,085)</u>	<u>49,206</u>	<u>(18,091)</u>
Cash flows from investing activities			
Interest received on investments	306,955	244,914	41,462
Cash flows from noncapital financing activities			
Intergovernmental revenue	–	–	–
Transfers (out)	(36,810)	(26,000)	(12,500)
Advances to other funds	54,611	(969,757)	–
Net cash provided (used) from noncapital financing activities	<u>17,801</u>	<u>(995,757)</u>	<u>(12,500)</u>
Net increase (decrease) in cash and temporary investments/cash equivalents	(195,646)	(103,594)	71,999
Cash and temporary investments/cash equivalents			
Beginning of year	<u>7,366,693</u>	<u>4,980,985</u>	<u>1,111,605</u>
End of year	<u>\$ 7,171,047</u>	<u>\$ 4,877,391</u>	<u>\$ 1,183,604</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 337,740	\$ 160,055	\$ 20,903
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	539,661	438,866	30,837
Change in assets and liabilities			
Receivables			
Deferred special assessments	(198)	(1,168)	–
Accounts	(18,513)	(3,520)	(3,007)
Prepays	–	(552)	–
Accounts payable	(314,437)	956	14,735
Unearned revenue	5,306	5,306	(2,610)
Due to other governmental units	5,124	(1,900)	270
Net cash provided (used) by operating activities	<u>\$ 554,683</u>	<u>\$ 598,043</u>	<u>\$ 61,128</u>
Noncash, investing, capital, and financing activities			
Contributions of capital assets from Governmental Funds	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>

See notes to basic financial statements

<u>Recycling Utility</u>	<u>Storm Water Utility</u>	<u>Totals</u>	<u>Governmental Activities Internal Service</u>
\$ 293,812	\$ 617,486	\$ 3,967,236	\$ -
-	-	-	35,003
(300,818)	(76,856)	(1,919,376)	(27,957)
(6,764)	(68,628)	(375,774)	-
<u>(13,770)</u>	<u>472,002</u>	<u>1,672,086</u>	<u>7,046</u>
-	15,717	310,040	-
-	(98,983)	(1,437,276)	-
<u>-</u>	<u>(83,266)</u>	<u>(1,127,236)</u>	<u>-</u>
2,313	35,398	631,042	14,270
49,873	-	49,873	-
(7,000)	(244,624)	(326,934)	-
-	-	(915,146)	-
<u>42,873</u>	<u>(244,624)</u>	<u>(1,192,207)</u>	<u>-</u>
31,416	179,510	(16,315)	21,316
<u>67,607</u>	<u>778,873</u>	<u>14,305,763</u>	<u>387,648</u>
<u>\$ 99,023</u>	<u>\$ 958,383</u>	<u>\$ 14,289,448</u>	<u>\$ 408,964</u>
\$ (13,045)	\$ 267,077	\$ 772,730	\$ (316)
-	203,910	1,213,274	-
-	-	(1,366)	-
(805)	(112)	(25,957)	-
-	-	(552)	-
80	(6,300)	(304,966)	4,076
-	-	8,002	-
<u>-</u>	<u>7,427</u>	<u>10,921</u>	<u>3,286</u>
<u>\$ (13,770)</u>	<u>\$ 472,002</u>	<u>\$ 1,672,086</u>	<u>\$ 7,046</u>
<u>\$ -</u>	<u>\$ 452,685</u>	<u>\$ 452,685</u>	<u>\$ -</u>

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CITY OF RAMSEY

Statement of Fiduciary Net Assets
December 31, 2010

	<u>Escrow Agency Fund</u>
Assets	
Cash and temporary investments	\$ 790,773
Receivables	
Accounts	44,018
Assets held for resale	<u>11,902,279</u>
Total assets	<u>\$ 12,737,070</u>
Liabilities	
Accounts payable	\$ 4,296
Deposits payable	830,495
Loans Payable to Met Council	<u>11,902,279</u>
Total liabilities	<u>\$ 12,737,070</u>

See notes to basic financial statements

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CITY OF RAMSEY

Notes to Basic Financial Statements
December 31, 2010

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The City of Ramsey, Minnesota (the City) operates under the Home Rule Charter City form of government as defined in Minnesota Statutes. Under this plan, the government of the City is run by a City Council composed of an elected Mayor and elected Councilmembers. The City Council exercises legislative authority and determines all matters of policy.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units.

B. Reporting Entity

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

1. Blended Component Unit

As a result of applying these criteria, the Ramsey Economic Development Authority (EDA) and the Ramsey Housing and Redevelopment Authority (HRA) are included as component units of the City. Financial data is reflected as separate Special Revenue Funds. The Board of Director's for the EDA consists of appointed members of the community and two council members. The board does not have voting authority. Voting authority rests with the City Council. The Board of Director's for the HRA is made up of the Ramsey City Mayor and its Councilmember's. Both of these organizations share the same governing body as the City and therefore considered blended component units of the City. (i.e. Reported as though its funds were funds of the City.)

2. Jointly Governed Organization

The City is a member of Local Governmental Information Systems (LOGIS), a consortium of Minnesota municipalities that provides data processing services and support to its members. LOGIS is a legally separate entity that is financially independent of the City. Further, the City does not appoint a voting majority of LOGIS' Board of Directors. Therefore, it has not been incorporated into the City's reporting entity. During the 2010 fiscal year, the City paid LOGIS approximately \$179,369 for services provided.

C. Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) display information about the reporting government as a whole. These statements include all of the financial activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments, that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported as general revenues.

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

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

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for Governmental, Proprietary, and Fiduciary Funds. Major individual Governmental and Enterprise Funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining Nonmajor Governmental Funds is reported in a single column in the fund financial statements. A single column is presented in the Proprietary Fund statements to report Internal Service Fund activity. Fiduciary Funds are presented in the Fiduciary Fund financial statements by fund type. Since, by definition, Fiduciary Fund assets are held for the benefit of a third party and cannot be used for activities or obligations of the City, these funds are excluded from the government-wide statements.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, transactions are recorded in the following manner:

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Other revenue is considered measurable and available only when cash is received by the City.

Major revenue that is susceptible to accrual includes property taxes, special assessments, intergovernmental revenue, charges for services, and interest earned on investments. Major revenue that is not susceptible to accrual includes licenses and permits, fees, and miscellaneous revenue. Such revenue is recorded only when received because it is not measurable until collected.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The City's Fiduciary Fund is an Agency Fund, which uses the accrual basis of accounting, but has no measurement focus.

Aggregated information for the Internal Service Funds is reported in a single column in the Proprietary Fund financial statements. Because the principal user of the internal services is the City's governmental activities, the financial statements of the Internal Service Funds are consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments have the option of following subsequent private sector guidance for their business type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private sector guidance.

Description of Funds

The City reports the following Major Governmental Funds:

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

Tax Increment Special Revenue Fund – This fund is used to account for tax increment resources received from general property taxes in the form of tax increments.

Housing and Redevelopment Authority Special Revenue Fund – This fund is used to account for revenues and expenditures associated with housing and redevelopment activities within the City.

Public Improvement Revolving Capital Project Fund – This fund is used to account for the resources to be used to finance the City's share of the annual street maintenance program.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Landfill Capital Project Fund – This fund is used to account for certain landfill-related revenue, the expenditures the City may incur in relation to the landfill, and any other expenditures for improvements providing a benefit to the entire city. The fund does not present a potential liability for landfill closure and post closure care costs as defined by GASB Statement No. 18 as the landfill is not owned by the City.

Equipment Revolving Capital Project Fund – This fund is used to account for resources to finance the replacement of city equipment, vehicles, and/or building facilities.

Public Improvement Revolving The COR Capital Project Fund – This fund is used to account for all costs associated with the construction of public improvements related to The COR (Previously known as Ramsey Town Center) Project.

The COR Streetscape Capital Project Fund – This fund is used to account for the resources to be used to finance the completion of the Streetscape located within The COR (Previously known as Ramsey Town Center (RTC)).

The City reports the following Major Proprietary Funds:

Water Utility Fund – This fund is used to account for the operation of the city-owned water system.

Sewer Utility Fund – This fund is used to account for the operation of the city-owned sewer system.

Street Light Utility Fund – This fund is used to account for the operation of city-owned streetlights within subdivisions and the priority streetlights throughout the City.

Recycling Utility Fund – This fund is used to account for the operation of the City's curbside recycling program and annual recycling days.

Storm Water Utility Fund – This fund is used to account for the operation of the city-owned storm water system repair and upkeep.

The City also reports the following fund types:

Internal Service Fund – This fund is used to account for the City's insurance refunds, dividends, and other miscellaneous insurance related revenues, and to provide for self-insuring the deductible portions of the City's insurance policies.

Agency Fund – This fund is used to account for assets held by the City in the capacity of agent. The City maintains one Agency Fund to account for deposits held for developers as security for various services. In addition it accounts for property purchased on behalf of the state and the related liability for future state highway improvements.

E. Cash and Investments

Cash balances from all funds are combined and invested to the extent available in short-term investments. Earnings from the pooled investments are allocated to the individual funds based on the average monthly cash and investment balances of the respective funds.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments (Continued)

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes, such as bond indentures held by trustee established for certain bonds. Interest earned on these investments is allocated directly to the escrow account.

The City reports investments at fair value. Securities traded on national exchanges are valued at the last reported sales price.

F. Receivables

All miscellaneous accounts receivable are presented net of an allowance for doubtful accounts. Since the City is generally able to certify delinquent amounts to the county for collection as special assessments, no allowance for uncollectible accounts has been provided on these receivables. The only receivables not expected to be fully collected within one year are property taxes and special assessments receivable.

G. Property Taxes

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

A portion of the property taxes levied is paid by the state of Minnesota through various tax credits, which is included in intergovernmental revenue in the financial statements.

The county spreads all levies over taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the City on that date. Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes are due in full on May 15. The county provides tax settlements to cities and other taxing districts several times a year. Taxes which remain unpaid at December 31 are classified as delinquent taxes receivable.

H. Special Assessments

Special assessments represent the financing for public improvements paid for by the benefiting property owners. These assessments are recorded as delinquent (levied but unremitted) or deferred (certified but not yet levied) special assessments receivable.

I. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

J. Interfund Receivables and Payables

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Land Held for Resale

Land held for resale represents various property purchased made by the City with the intent to sell in order to increase tax base or to attract new businesses. These assets are stated at the lower of cost or net realizable value.

L. Capital Assets

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

Capital assets are recorded in the government-wide and Proprietary Fund financial statements, but are not reported in the Governmental Fund financial statements. Interest incurred during the construction phase of capital assets for business-type activities is included as part of the capitalized value of the assets constructed. Capital assets are depreciated using the straight-line method over their estimated useful lives. Land and construction in progress are not depreciated. Useful lives vary from 15 to 50 years for buildings and improvements, 5 to 10 years for machinery, vehicles, and equipment, and 20 to 50 years for collection and distribution systems and other infrastructure.

M. Compensated Absences Payable

Certain city employees earn personal time off, vacation, compensation time, and sick leave at various rates based on longevity. These compensated absences are paid to an employee leaving in good standing, at their current rate of pay, with the exception of sick leave. A minimum of one third (based on longevity), is paid to the departing employee if they have completed 5 or more years of service prior to termination. Compensated absences payable are accounted for as long-term liabilities as described in the following section.

N. Long-Term Liabilities

In the government-wide and Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities. If they are material, bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the straight-line method.

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Net Assets

Net assets represent the difference between assets and liabilities in the government-wide and Proprietary Funds financial statements. Net assets invested in capital assets, net of related debt 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 assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

P. Restricted Assets

Restricted assets are cash and cash equivalents and the related interest receivable whose use is limited by legal requirements such as a bond indenture. Restricted assets are reported only in the city-wide financial statements. In the fund financial statements these assets have been reported as “cash and investments held by trustee” and the interest receivable is included within “accounts and interest receivable”.

Q. Budgets and Budgetary Accounting

Each fall the City Council adopts a General Fund budget for the following fiscal year beginning January 1. The City has established budgetary control at the function level. Budget appropriations lapse at year-end. In addition, an annual budget is legally adopted for the Economic Development Authority, a non major special revenue fund, and the Housing and Redevelopment Authority (HRA) a major special revenue fund.

Budget amounts are presented on a modified accrual basis of accounting. The City Council budget revisions had the net effect of a decrease in general fund balance of \$957,194. This decrease was the result of a city policy change in fund balance. In prior years, the General Fund retained a fund balance equivalent to 60% of the following years adopted budgeted expenditures. The city amended its policy to require 50% of the following years adopted budgeted expenditures be retained within the General Fund. Due to this policy change, a 10% reduction in fund balance amounted to approximately \$835,000. The remainder of the decrease in fund balance was due to the continued down turn in the economy. Property tax collections came in lower than anticipated.

The government’s department heads may make transfers of appropriations within a function. Transfers of appropriations between functions require the approval of the council. All the appropriations for the Housing and Redevelopment Authority are approved by their governing board. The Economic Development Authority budget is recommended by their board and final approval comes from City Council.

Expenditures exceeded appropriations in the General Fund and Housing and Redevelopment Authority Special Revenue Fund by \$17,032 and \$4,306 respectively. These variances were financed with revenues that exceeded amounts planned in the budget.

R. Statement of Cash Flows

For purposes 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 Funds’ portion in the city-wide cash and investment management pool is considered to be cash equivalent.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Self-Insurance Plan and 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; and natural disasters. The City participates in the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool for its general property and casualty, workers' compensation, and other miscellaneous insurance coverages. LMCIT operates as a common risk management and insurance program for a large number of cities in Minnesota. The City pays an annual premium to LMCIT for insurance coverage. The LMCIT agreement provides that the trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits.

The City has elected higher deductibles through LMCIT in order to keep premiums at a minimum. To supplement the commercial coverages, the City established the Self-Insurance Internal Service Fund. This fund is funded primarily through dividend paybacks from LMCIT. Expenditures from this fund consist solely of payments of those insurance related costs that are below the individual and/or commutative deductible amounts. Premiums for LMCIT policies are not paid from the Self-Insurance Internal Service Fund, but rather are budgeted and paid from the respective operating funds. The City does not retain significant uncovered risk.

The City also carries commercial insurance for certain other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There were no significant reductions in the City's insurance coverage in 2010.

T. Loans payable to Met Council

The City entered into a loan agreement with the Metropolitan (Met) Council to acquire property within the proposed right-of-way of highways designated as a part of the metropolitan highway system plan. State Highway 10, within Ramsey, is part of that highway system plan. The loans bear no interest, and are to be repaid upon the acquisition of the property by the State of Minnesota.

U. Use of Estimates

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

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 15,357,885
Investments	32,997,577
Cash on hand	<u>525</u>
Total	<u>\$ 48,355,987</u>

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

Cash and temporary investments - Statement of Net Assets	\$ 45,856,727
Restricted cash and investments for debt service - Statement of Net Assets	1,708,487
Cash and Investments - Statement of Fiduciary Net Assets	<u>790,773</u>
Total	<u>\$ 48,355,987</u>

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Deposits

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

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

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

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The 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. The City has no additional deposit policies addressing custodial credit risk.

At year-end, the carrying amount of the City’s deposits was \$15,357,885 while the balance on the bank records was \$16,617,025. At December 31, 2010, \$16,617,025 of deposits were fully covered by federal depository insurance, surety bonds, or by collateral held by the City’s agent in the City’s name.

C. Investments

The City has the following investments at year end:

Investment Type	Credit Risk		Interest Risk-Maturity Duration in Years					Total
	Rating	Agency	Less Than 1	1 to 5	6 to 10	11 to 15	>15	
U.S Treasuries	N/A	N/A	\$ -	\$ -	\$ -	\$ 13,873	\$ -	\$ 13,873
U.S Agencies	Aaa	Moody's	130,670	10,756,764	3,756,816	1,605,264	690,426	16,939,941
U.S Agencies	AAA	S&P	-	-	1,763,219	-	-	1,763,219
Municipal Bonds	A1-Aaa	Moody's	1,184,867	8,375,863	941,173	-	-	10,501,903
	AAA	S&P	300,849	1,363,143	-	-	-	1,663,992
Negotiable Certificates of Deposit	N/A	N/A	100,000	1,310,630	-	-	-	1,410,630
Investment pools								
Minnesota Municipal Money Market	N/R	N/A	648,546	-	-	-	-	648,546
First American Treasury Obligation	AAA	S&P	-	55,473	-	-	-	55,473
Total Investments								<u>\$32,997,577</u>

N/A Not Applicable

N/R Not Rated

The Minnesota Municipal Money Market Fund is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. The fair value of the position in the pool is the same as the value of the pool shares. The 4M Fund is sponsored by the League of Minnesota Cities. Investments are purchased and regulated according to Minnesota Statutes.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (continued)

Investments are subject to various risks, the following of which are considered the most significant:

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 or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy addressing this risk, but typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

Credit risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the City's investments to direct obligations or obligations guaranteed by the United States or its agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; commercial paper issued by the United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; time deposits that are fully insured by the Federal Deposit Insurance Corporation or bankers acceptances of the United States banks and Guaranteed Investment Contracts guaranteed by a United States commercial bank or domestic branch of a foreign bank, or a United States insurance company, or their Canadian subsidiary, and with a credit quality in one of the top two highest categories by a nationally recognized rating agency. The City's investment policies do not further address credit risk.

Concentration risk – This is the risk associated with investing a significant portion of the City's investment (considered 5 percent or more) in the securities of a single issuer, excluding United States guaranteed investments (such as Treasuries), investment pools and mutual funds. The City's investment policies do not limit the concentration of investments. At year end, the City's investment portfolio included 12.2% concentration in Fannie Maes, 19.4% in Freddie Mac's and 13.8% in Federal Home Loan Bank notes and 11.3% in Federal Farm Credit Banks.

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 does not have an investment policy limiting the duration of investments.

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Short-Term Interfund Receivables/Payables

Individual interfund due from and to other funds at year-end were as follows:

Receivable Fund	Payable Fund	Amount
Major Governmental Fund Public Improvement Revolving Fund Capital Project Fund	Nonmajor Governmental Fund RALF funded project Fund Capital Project Fund	\$ 348,844
Major Governmental Fund Landfill Trust Fund Capital Project Fund	Nonmajor Governmental Fund Ramsey Star Express Fund Special Revenue Fund	\$ 63,066
Major Governmental Fund Public Improvement Revolving Fund Capital Project Fund	Nonmajor Governmental Fund 2010 Street Maintenance Fund Capital Project Fund	\$ 447
		<u>\$ 412,357</u>

These internal loans were utilized for cash flow purposes.

B. Advances To and From Other Funds

Individual interfund advances to and from other funds at year-end were as follows:

Receivable Fund	Payable Fund	Amount	Purpose
Major Capital Project Fund; Landfill	General Fund	\$ 243,980	Internally finance facility loan
Major Proprietary Fund; Water Utility	General Fund	\$ 938,003	Internally finance facility loan
Major Proprietary Fund; Sewer Utility	General Fund	\$ 969,757	Internally finance facility loan
Major Proprietary Fund; Water Utility	Major Special Revenue Fund; HRA	\$ 2,334,394	Internally finance development land purchase
Major Proprietary Fund; Sewer Utility	Major Special Revenue Fund; HRA	\$ 2,334,394	Internally finance development land purchase
Major Proprietary Fund; Water	Nonmajor Capital Project Fund; Public Facilities Construction Fund	\$ 675,150	Internally finance facility loan
		<u>\$ 7,495,678</u>	

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

C. Interfund Transfers

Transfers Out	Transfers In						Total
	General	Tax Increment Special Revenue	Housing Redevelopment Authority Special Revenue	Public Improvement Revolving Capital Project	Public Improvement Revolving Projects The Cor Capital Project	Nonmajor Governmental	
General Fund	\$ -	\$ -	\$ 5,000	\$ 603,000	\$ -	\$1,000,000	\$ 1,608,000
Tax Increment Special Revenue Fund	304,655	52,385	-	-	-	822,614	1,179,654
Public Improvement Revolving Capital Projects Fund	255,047	-	-	-	-	448,050	703,097
Landfill-Capital Projects Fund	-	-	-	-	-	466,556	466,556
Equipment Revolving Capital Projects Fund	224,850	-	-	-	-	112,333	337,183
The COR Streetscape Capital Projects Fund	-	-	-	-	31,983	-	31,983
Nonmajor Governmental Funds	81,994	-	-	530	2,534,567	512,339	3,129,430
Proprietary Funds	98,500	-	-	-	-	228,434	326,934
	<u>\$ 965,046</u>	<u>\$ 52,385</u>	<u>\$ 5,000</u>	<u>\$ 603,530</u>	<u>\$ 2,566,550</u>	<u>\$3,590,326</u>	<u>\$ 7,782,837</u>

Transfers are used to move revenues from the funds in which they are collected to the funds where they are to be spent in accordance with statutory, budgetary or contractual requirements. Transfers are made in accordance with the budget or as approved by the City Council.

NOTE 4 – CAPITAL ASSETS

A. Changes in Capital Assets Used in Governmental Activities

	Balance – Beginning of Year	Additions	Adjustments	Deletions	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 5,604,199	\$ 1,167,825			\$ 6,772,024
Construction in progress	1,734,289	4,191,793	(1,513,533)	(452,684)	3,959,865
Capital assets, depreciated					
Buildings and structures	25,621,905	141,636		(15,265)	25,748,276
Improvements other than buildings	3,704,005		373,616		4,077,621
Office equipment	691,719				691,719
Motor vehicles	3,747,808	146,855		(78,243)	3,816,420
Machinery and equipment	4,699,886	88,543		(49,079)	4,739,350
Infrastructure	22,766,438	617,302	1,139,917	(2,064,638)	22,459,019
Total capital assets	<u>68,570,249</u>	<u>6,353,954</u>	<u>–</u>	<u>(2,659,909)</u>	<u>72,264,294</u>
Less accumulated depreciation on		–			
Buildings and structures	(2,790,621)	(545,512)		3,662	(3,332,471)
Improvements other than buildings	(1,152,073)	(173,793)			(1,325,866)
Office equipment	(162,141)	(37,928)			(200,069)
Motor vehicles	(1,975,868)	(293,611)		78,243	(2,191,236)
Machinery and equipment	(1,514,141)	(311,177)		49,079	(1,776,239)
Infrastructure	(2,813,436)	(793,165)			(3,606,601)
Total accumulated depreciation	<u>(10,408,280)</u>	<u>(2,155,186)</u>	<u>–</u>	<u>130,984</u>	<u>(12,432,482)</u>
Net capital assets	<u>\$ 58,161,969</u>	<u>\$ 4,198,768</u>	<u>\$ –</u>	<u>\$ (2,528,925)</u>	<u>\$ 59,831,812</u>

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

	Balance – Beginning of Year	Additions	Adjustments	Deletions	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 868,513				\$ 868,513
Construction in progress	2,729,646	1,388,379	(314,748)		3,803,277
Capital assets, depreciated					
Buildings and structures	2,509,688				2,509,688
Improvements other than buildings	10,335,587	501,582			10,837,169
Machinery and equipment	549,040			(12,645)	536,395
Water and sewer lines	44,969,992		314,748		45,284,740
Total capital assets	<u>61,962,466</u>	<u>1,889,961</u>	<u>–</u>	<u>(12,645)</u>	<u>63,839,782</u>
Less accumulated depreciation on					
Buildings and structures	(602,555)	(50,159)			(652,714)
Improvements other than buildings	(1,398,345)	(233,538)			(1,631,883)
Machinery and equipment	(147,910)	(26,113)		12,645	(161,378)
Water and sewer lines	(7,990,294)	(903,464)			(8,893,758)
Total accumulated depreciation	<u>(10,139,104)</u>	<u>(1,213,274)</u>	<u>–</u>	<u>12,645</u>	<u>(11,339,733)</u>
Net capital assets	<u>\$ 51,823,362</u>	<u>\$ 676,687</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 52,500,049</u>

NOTE 4 – CAPITAL ASSETS (CONTINUED)

C. Depreciation Expense by Function

Governmental activities	
General government	\$ 690,064
Public safety	283,060
Highways and streets	965,572
Culture and recreation	216,490
Total depreciation expense – governmental activities	<u>\$ 2,155,186</u>
Business-type activities	
Water Utility	\$ 539,661
Sewer Utility	438,866
Street Light Utility	30,837
Storm Water Utility	203,910
Total depreciation expense – business-type activities	<u>\$ 1,213,274</u>

NOTE 5 – LONG-TERM DEBT

A. Components of Long-Term Debt

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Balance – End of Year</u>
Governmental activities					
Bonds payable					
General Obligation Tax Increment Bonds					
Tax Increment Bonds, Series 2001A	\$ 1,680,000	6.05–6.75%	2/28/2001	12/15/2011	\$ 50,000
Tax Increment Bonds, Series 2006A	\$ 1,035,000	4.85–5.15%	1/1/2006	12/1/2011	200,000
Tax Increment Refunding Bonds, Series 2007B	\$ 945,000	3.72–4.00%	3/1/2007	12/15/2014	925,000
Total tax increment bonds					<u>1,175,000</u>
General Obligation Capital Improvement					
Capital Improvement Refunding Bonds, Series 2004A	\$ 1,480,000	1.80–4.00%	11/1/2004	2/1/2017	865,000
General Obligation Improvement Bonds					
Series 2005B	\$ 4,335,000	2.75–4.25%	6/1/2005	12/15/2025	3,665,000
Series 2009A	\$ 1,340,000	3.72–4.00%	11/1/2009	4/1/2019	1,200,000
Total general obligation capital improvement bonds					<u>4,865,000</u>
Lease Revenue Bonds					
Public Facility Lease Revenue Bonds, Series 2005A (EDA)	\$ 19,200,000	4.00–4.40%	6/1/2005	12/15/2027	17,790,000
Total bonds payable					<u>24,695,000</u>
Capital Equipment Certificates					
Capital Equipment Certificates of Indebtedness, Series 2007A	\$ 790,000	3.65–3.75%	3/1/2007	2/1/2012	335,000
Total capital equipment certificates					<u>335,000</u>
Compensated absences payable					742,211
OPEB					<u>141,817</u>
Total governmental activities debt					<u>\$ 25,914,028</u>

NOTE 5 – LONG-TERM DEBT (CONTINUED)

B. Descriptions of Long-Term Debt

- **Tax Increment Bonds** – These bonds are issued for redevelopment and economic development projects. The additional tax revenue resulting from increased assessed valuation of the properties is the major source of revenue used to retire the related debt.
- **Capital Improvement Refunding Bonds Series 2004A** – These bonds were issued to finance Fire Station #1 and will be repaid via ad valorem levies.
- **General Obligation Improvement Bonds** – These bonds were issued on the basis of a joint powers agreement between Anoka County and the City for regional road improvements. Anoka County makes the annual debt service payment to the City for the 2005B Series bonds. The 2009A Series bonds will be repaid with annual allotments of Municipal State Aid and interest will be subsidized 35% through the Build America bond program.
- **Lease Revenue Bonds Public Facility Lease Revenue Bonds Series 2005A (EDA)** – During June, 2005 the Economic Development Authority (EDA) issued Lease Revenue Bonds totaling \$19,200,000. A ground lease was entered into between the EDA and the City to finance the ongoing debt service obligation. These bonds were issued to finance the municipal center which includes City Hall offices as well as a Police facility.
- **Capital Equipment Certificates** – These certificates were issued to finance various capital equipment purchases and will be repaid via ad valorem levies.
- **Compensated Absences** – The liability represents vested benefits earned by Governmental Fund employees through the end of the year which will be paid or used in future periods. The General Fund is the primary fund used to liquidate this liability.
- **Other Post-Employment Benefits (OPEB) Liability** – The City implemented Governmental Accounting Standards Board (GASB) Statement No. 45, “Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions,” during the year ended December 31, 2009. OPEB refers to non-pension benefits provided after the termination of employment. Governmental entities have traditionally accounted for OPEB on a pay-as-you-go basis. The guidance in this statement rests on the assumption that OPEB should be accrued as service is provided by employees. The General Fund is the primary fund used to liquidate this liability.

C. Changes in Long-Term Debt

	Beginning of Year	Additions	Deletions	Balance – End of Year	Due Within One Year
Tax Increment Bonds	\$ 1,915,000	\$ –	\$ 740,000	\$ 1,175,000	\$ 475,000
Lease Revenue Bonds	18,500,000	–	710,000	17,790,000	750,000
Capital Improvement					
Refunding Bonds	975,000	–	110,000	865,000	115,000
G.O. Improvement Bonds	5,180,000	–	315,000	4,865,000	305,000
Capital Equipment Certificates	695,000	–	360,000	335,000	165,000
Compensated absences	726,607	452,612	437,008	742,211	482,437
OPEB	70,231	87,580	15,994	141,817	–
	<u>\$ 28,061,838</u>	<u>\$ 540,192</u>	<u>\$ 2,688,002</u>	<u>\$ 25,914,028</u>	<u>\$ 2,292,437</u>

NOTE 5 – LONG-TERM DEBT (CONTINUED)

D. Minimum Debt Payments

Minimum annual principal and interest payments required to retire bonds and certificates of indebtedness are as follows:

Year Ending December 31,	Governmental Activities			
	Bonded Debt		Capital Equipment Certificates	
	Principal	Interest	Principal	Interest
2011	\$ 1,645,000	\$ 1,033,508	\$ 165,000	\$ 9,469
2012	\$ 1,415,000	969,469	170,000	3,188
2013	1,460,000	916,515	–	–
2014	1,615,000	856,111	–	–
2015	1,350,000	790,695	–	–
2016-2020	6,965,000	3,080,650	–	–
2021-2025	7,360,000	1,624,685	–	–
2026-2027	2,885,000	192,060	–	–
	<u>\$ 24,695,000</u>	<u>\$ 9,463,694</u>	<u>\$ 335,000</u>	<u>\$ 12,658</u>

NOTE 6 – FUND BALANCE RESERVES AND DESIGNATIONS

At December 31, 2010, the City had the following reservations and designations of fund balances in its Governmental Funds:

	Reserved	Designated
General Fund		
Reserved for prepaid items	\$ 14,115	\$ –
Designated for working capital	–	4,404,152
Designated for budget carryover	–	899,281
Designated for compensated absences	–	742,211
Tax Increment Special Revenue Fund		
Designated for Tax Increment purposes	–	7,903,067
Housing Redevelopment Authority Special Revenue Fund		
Reserved for land held for resale	12,615,626	–
Reserved for prepaid items	46,674	–
Landfill Capital Project Fund		
Reserved for advances to other funds	243,980	–
Public Improvement Revolving Ramsey Town Center Capital Project Fund		
Designated for capital projects	–	6,548
Nonmajor Governmental Funds		
Special Revenue Funds		
Designated for special purpose	–	2,827,633
Debt Service Funds		
Designated for debt service	–	2,524,951
Capital Project Funds		
Designated for Mississippi Storm Drain District	–	43,976
Designated for capital projects	–	2,537,064
	<u>\$ 12,920,395</u>	<u>\$ 21,888,883</u>

NOTE 7 – INDIVIDUAL FUND DISCLOSURES

Fund Deficits

The following funds have a fund balance deficit at December 31, 2010:

RALF Funded Projects, Non Major Capital Project Fund	\$ (96,495)
Public Facilities Construction, Non Major Capital Project Fund	\$ (500,246)
2009 Ute Street, Non Major Capital Project Fund	\$ (7,223)
2009 Dysprosium, Non Major Capital Project Fund	\$ (9,586)
2010 Street Maintenance, Non Major Capital Project Fund	\$ (11,935)

The City intends to fund these deficits through future tax levies, special assessment levies, tax increments, transfers from other funds, grants, utility revenues, and various other sources.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Description

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

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

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

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

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF and PEPFF. That report may be obtained on the web at mnpera.org, by writing to PERA at Public Employees’ Retirement Association, Retirement System of Minnesota Building, 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088 or by calling (651) 296-7460 or (800) 652-9026.

B. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Coordinated Plan members were required to contribute 6.0% of their annual covered salary in 2010. PEPFF members were required to contribute 9.4% of their annual covered salary in 2010. The City is required to contribute the following percentages of annual covered payroll: 7.00% for Coordinated Plan GERF members, and 14.1% for PEPFF members. The employer contribution rate for the coordinated plan will increase to 7.25% and 14.4% for PEPFF plan effective January 1, 2011.

The City’s contributions for the past three years ending December 31, which were equal to the contractually required contributions for each year as set by state statute, were as follows:

	<u>GERF</u>	<u>PEPFF</u>	<u>Total</u>
2010	\$ 217,991	\$ 267,333	\$ 485,324
2009	\$ 226,852	\$ 259,862	\$ 486,714
2008	\$ 224,389	\$ 226,930	\$ 451,319

NOTE 9 – DEFINED CONTRIBUTION PENSION PLAN – STATE-WIDE

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specified the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary, which is matched by the elected official’s employer.

NOTE 9 – DEFINED CONTRIBUTION PENSION PLAN – STATE-WIDE (CONTINUED)

For salaried employees, employer contributions must be a fixed percentage of salary. 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 percent of employer contributions and 4/10 of 1 percent of the assets in each member’s account annually. Total contributions made by the City during fiscal year 2010 were:

Contribution Amount		Percentage of Covered Payroll		Required Rates
Employee	Employer	Employee	Employer	
\$300	\$300	5.0%	5.0%	5.0%

NOTE 10 – DEFINED CONTRIBUTION PENSION PLAN – FIRE RELIEF ASSOCIATION

A. Plan Description

Volunteer firefighters of the City are members of the Ramsey Firefighter’s Relief Association (the Association). The Association is a single-employer defined contribution pension plan that operates under the provisions of Minnesota Statutes § 69 and 424, as amended. It is governed by a Board of six officers and trustees elected by the members of the Association for three year terms. The chief of the Ramsey Volunteer Fire Department, the Mayor, and the Finance Director of the City are ex-officio members of the Board of Trustees. The City’s payroll for members of the Association for the year ended December 31, 2010 was \$191,026, compared to a total city payroll of \$5,869,049.

For financial reporting purposes, the Association’s financial statements are not included in the City’s financial statements because it is not a component unit of the City. The Association issues a publicly available financial report. A copy of the report may be obtained at Ramsey City Hall, 7550 Sunwood Drive Northwest, Ramsey, Minnesota 55303.

B. Pension Benefits

Minnesota Statutes Chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. In order to be entitled to a pension benefit, a firefighter must have completed a minimum of 10 years of service with the fire department, 10 years membership in the Association, and attain the age of 50 years. The firefighter will then be 60% vested with every year after that at 4% per year until the 20th year when 100% vesting will occur. Because this plan is a defined contribution plan, the amount of the retirement benefit is not predetermined, but rather is based on the individual member’s allocable portion of contributions made during the participation period.

Firefighters also have the availability of other pensions such as deferred pension, disability pension, death benefits, and supplemental death benefits. Each of these other pensions are determined based on age and years of service.

C. Contributions Required and Contributions Made

Contributions to the plan include State Fire Aid pursuant to Minnesota Statutes Chapter 69. In addition, the City is allowed to make voluntary contributions of other public funds pursuant to Minnesota Statutes Chapter 69. The City’s contribution to the Association in 2010, including both city and state fire aid passed through the City totaled \$109,217. This contribution represents 57% of the current 2010 covered payroll of \$191,026.

There were no current year changes in plan provisions.

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS PLAN

A. Plan Description

The City provides post-employment healthcare benefits as required by Minnesota Statute 471.61 subdivision 2b. Active employees, who retire from the City when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the City health benefits program. Retirees are required to pay 100% of the total group rate. Since the premium is a blended rate determined on the entire active and retiree population, the retirees, whose costs are statistically higher than the group average, are receiving an implicit rate “subsidy”. The City has used the alternative valuation method set forth in GASB Statement No. 45 to determine the materiality of Other Post Employment Benefits, OPEB. The plan does not issue a publicly available financial report.

B. Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements. The City Council may change the funding policy at any time.

C. Annual OPEB Cost and Net OPEB Obligation

The City’s annual OPEB cost (expense) is calculated based on annual required contributions (ARC) of the City, an amount determined on an actuarially determined basis in accordance with the parameters of GASB Statement Nos. 43 and 45. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the City’s net OPEB obligation to the plan:

Annual required contribution	\$ 88,832
Interest on net OPEB obligation	2,809
Adjustment to annual required contribution	<u>(4,061)</u>
Annual OPEB cost (expense)	87,580
Contributions made	<u>15,994</u>
Increase in net OPEB obligation	71,586
Net OPEB obligation - beginning of year	<u>70,231</u>
Net OPEB obligation - end of year	<u><u>\$ 141,817</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Plan Sponsor Contribution	Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2009	\$ 84,771	\$ 14,540	17%	\$ 70,231
December 31, 2010	\$ 87,580	\$ 15,994	18%	\$ 141,817

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

D. Funded Status and Funding Progress

As of January 1, 2009, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$553,972 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$553,972. The covered payroll (annual payroll of active employees covered by the plan) was \$6,067,829, and the ratio of the UAAL to the covered payroll was 9.13%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and ARC's of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress immediately following the notes to basic financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

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

OPEB benefits were calculated under the Projected Unit Credit cost method with a 30-year amortization of unfunded liability (open basis). OPEB benefits were attributed linearly to each assumed decrement age based on the ratio of a participant's accrued service on the valuation date to their projected service at each decrement age. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses) based on the City's own investments and an annual healthcare trend rate of 10.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after 10 years.

NOTE 12 – FLEXIBLE BENEFIT PLAN

The City has a flexible benefit plan which is classified as a "cafeteria plan" (the Plan) under § 125 of the Internal Revenue Code. All full-time and part-time regular employees of the City are eligible. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the Plan for health and dental care, dependent care, life insurance premiums, and disability insurance benefits. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant.

Before the beginning of the plan year, which is from January 1 to December 31, each participant designates a total amount of pre-tax dollars to be contributed to the Plan during the year. At December 31, the City is contingently liable for claims against the total amount of participants' annual contributions to the health and dental care portion of the Plan, whether or not such contributions have been made.

The City serves as trustee and utilized the service of Americas Veba Solutions - Genesis to handle all plan record keeping. The Plan is included within the General Fund in the financial statements.

NOTE 12 – FLEXIBLE BENEFIT PLAN (CONTINUED)

All property of the Plan and income attributable to that property is solely the property of the City subject to the claims of the City's general creditors. Participants' rights under the Plan are equal to those of general creditors of the City in an amount equal to the eligible healthcare and dependent care expenses incurred by the participants. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 13 – TAX INCREMENT FINANCING REVENUE NOTES

The City has entered into several private development agreements regarding certain tax increment properties. Reimbursements to developers for special trunk assessments were contemplated in the development agreements. The vehicle used for this reimbursement is called a tax increment revenue note.

These notes provide for the payment of principal, equal to the developer's costs, plus interest at various rates. In each case, payments on the loans 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) during specific years as stated in the agreement. Payments are first applied to accrued interest and then to principal balances. The notes are cancelled at the end of the agreement term, whether or not they have been repaid. Any additional tax increments received in years following the term are retained by the City.

The outstanding principal balance as of December 31, 2010 for all of these agreements was \$777,803. This amount is not included in long-term debt because of the nature of these notes in that repayment is required only if sufficient tax increments are received. The City's position is that these are obligations to assign future and uncertain revenue sources and these obligations are not actual debt in substance.

NOTE 14 – DEPOSITS PAYABLE

Platting and performance deposits are accounted for in the City's Escrow Agency Fund. A summary of the 2010 changes in deposits is as follows:

Total deposits payable at January 1, 2010	\$ 743,749
Add deposits received	1,661,348
Less payments from deposit account	<u>(1,574,602)</u>
Total deposits payable at December 31, 2010	<u>\$ 830,495</u>

NOTE 15 – INDUSTRIAL AND LEASE REVENUE BONDS

From time to time, the City has issued Industrial Revenue Bonds and Lease Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial 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 issuance. Neither the City, the state of Minnesota, 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, 2010, there were two series of Industrial Revenue Bonds and one Lease Revenue Bond outstanding with aggregate principal amounts payable of \$4,322,967 and \$10,640,000 respectively.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

A. Commitments for Construction

At December 31, 2010, the City is committed to various construction contracts for the improvement of city property. The City's remaining commitment under these contracts is \$270,048. The City has resources available to cover these commitments.

B. Federal and State Revenue

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

C. Legal Claims

The City has the usual and customary type of miscellaneous legal claims pending at year-end. Although the outcome of these lawsuits is not presently determinable, the City's management believes that the City will not incur any material monetary loss resulting from these claims. No loss has been recorded on the City's financial statements relating to these claims.

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

NOTE 17 – OPERATING LEASE

The City is the lessor of an operating lease. In February 2010, the City of Ramsey entered into a five-year agreement to lease approximately 2200 square feet of office space on the ground floor of the Ramsey Municipal Center to Anoka County for the operation of a license center. The lease is due to terminate on June 30, 2015. The cost of the leased spaced is included in the total municipal center building cost of \$12,856,588, of which \$1,028,498 has been depreciated to date. These amounts are recorded in the City's capital assets. The City of Ramsey collected \$42,456 in lease revenue for the fiscal year ended December 31, 2010. The following is an estimate of the future lease payments:

<u>Year Ending December 31,</u>	<u>Lease Payments</u>
2011	\$ 85,198
2012	85,776
2013	86,365
2014	86,966
2015	43,635
Total	<u>\$ 387,940</u>

Lease payments may increase each year based on the increase in the Consumer Price Index – U.S. City Averages for ALL Urban Consumers as published by the Bureau of Labor Statistics of the United States Department of Labor for Urban Wage Earners and Clerical Workers for All Items (CPI-W).

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REQUIRED SUPPLEMENTARY INFORMATION

**Other Post-Employment Benefits Plan
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Payroll
January 1, 2009	\$ 553,972	\$ -	\$ 553,972	0.00%	\$ 6,067,829	9.13%

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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CITY OF RAMSEY

Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2010

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Totals</u>
Assets				
Cash and temporary investments	\$ 3,029,798	\$ 806,245	\$ 2,755,944	\$ 6,591,987
Cash and investments held by trustee	-	1,708,487	-	1,708,487
Receivables				
Unremitted taxes	2,809	10,219	-	13,028
Delinquent taxes	10,915	37,634	3	48,552
Accounts	16,156	-	-	16,156
Due from other governmental units	125,041	-	253,862	378,903
	<u>3,184,719</u>	<u>2,562,585</u>	<u>3,009,809</u>	<u>8,757,113</u>
Total assets	<u>\$ 3,184,719</u>	<u>\$ 2,562,585</u>	<u>\$ 3,009,809</u>	<u>\$ 8,757,113</u>
Liabilities and Fund Balances				
Liabilities				
Accounts and contracts payable	\$ 260,815	\$ -	\$ 29,670	\$ 290,485
Due to other governmental units	-	-	140	140
Due to other funds	63,066	-	349,291	412,357
Deferred revenue	33,205	37,634	3	70,842
Advances from other funds	-	-	675,150	675,150
Total liabilities	<u>357,086</u>	<u>37,634</u>	<u>1,054,254</u>	<u>1,448,974</u>
Fund balances				
Unreserved				
Designated	2,827,633	2,524,951	2,581,040	7,933,624
Undesignated	-	-	(625,485)	(625,485)
Total fund balance	<u>2,827,633</u>	<u>2,524,951</u>	<u>1,955,555</u>	<u>7,308,139</u>
Total liabilities and fund balances	<u>\$ 3,184,719</u>	<u>\$ 2,562,585</u>	<u>\$ 3,009,809</u>	<u>\$ 8,757,113</u>

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CITY OF RAMSEY

Nonmajor Governmental Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2010

	Special Revenue	Debt Service	Capital Project	Totals
Revenue				
Property taxes	\$ 273,506	\$ 996,358	\$ 40,931	\$ 1,310,795
Intergovernmental revenues	60,739	188,753	985,728	1,235,220
Charges for services	-	-	477,885	477,885
Other revenue				
Investment earnings	96,084	201,375	167,250	464,709
Miscellaneous	150,052	338,611	312,681	801,344
Total revenue	<u>580,381</u>	<u>1,725,097</u>	<u>1,984,475</u>	<u>4,289,953</u>
Expenditures				
Current				
General government	887,511	-	40,096	927,607
Highways and streets	-	-	345,226	345,226
Culture and recreation	-	-	33	33
Capital outlay	76,161	-	1,710,105	1,786,266
Debt service				
Principal	-	2,235,000	-	2,235,000
Interest and fiscal charges	-	1,132,223	-	1,132,223
Total expenditures	<u>963,672</u>	<u>3,367,223</u>	<u>2,095,460</u>	<u>6,426,355</u>
Excess (deficiency) of revenue over expenditures	(383,291)	(1,642,126)	(110,985)	(2,136,402)
Other financing sources (uses)				
Proceeds on sale of capital assets	8,361	-	-	8,361
Transfers in	467,692	1,839,674	1,282,960	3,590,326
Transfers (out)	(506,235)	(17,060)	(2,606,135)	(3,129,430)
Total other financing sources (uses)	<u>(30,182)</u>	<u>1,822,614</u>	<u>(1,323,175)</u>	<u>469,257</u>
Net change in fund balances	(413,473)	180,488	(1,434,160)	(1,667,145)
Fund balances				
Beginning of year	<u>3,241,106</u>	<u>2,344,463</u>	<u>3,389,715</u>	<u>8,975,284</u>
End of year	<u>\$ 2,827,633</u>	<u>\$ 2,524,951</u>	<u>\$ 1,955,555</u>	<u>\$ 7,308,139</u>

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NONMAJOR SPECIAL REVENUE FUNDS

Nonmajor Special Revenue Funds are used to account for revenue derived from specific revenue sources that are legally restricted to expenditures for specific purposes.

Landfill Tipping Fee Fund – used to account for landfill tipping fees received by the City in accordance with Ordinance 84-14, Chapter 130.10 of the Ramsey City Code, as authorized by Minnesota Statutes § 115A.921 of the Solid Waste Management Act. This revenue is for the purpose of mitigating and compensating for local risks, cost, and other adverse effects of landfill facilities.

Community Development Block Grant Fund – used to account for all revenues and expenditures for Community Development Block Grant activity.

Revolving Loan Fund – used to account for loans authorized by the City to prospective private businesses in accordance with Chapter 469 of the Minnesota Statutes.

Minnesota Department of Natural Resources Grant Fund – used to account for all revenues and expenditures associated with the Small Business Administration Natural Resources Development Program Community Tree Planting Grant.

Parking Ramp Maintenance Fund – used to account for all expenditures that the City incurs to operate, maintain, and repair the parking ramp with costs to be allocated to the affected users.

Future Sealcoating Fund – used to account for contributions from developers/owners for sealcoating.

Tree and Sod Escrow Fund – used to account for escrows collected from developers or builders to guarantee installation of trees and sod as required in city code.

Lawful Gambling Fund – used to account for lawful gambling revenues received by the City as authorized by Minnesota State Statutes Chapter 349.

Peace Officers Fund – used to account for post-board reimbursement and other restricted revenues which must be used exclusively for in-service training and other expenditures as specified.

Developer's Fees Fund – used to account for demand fees that will be used for storm water management.

Park Payment Obligation (The COR) – used to account for park and trail fees collected in The COR (previously known as Ramsey Town Center) Project area.

Ramsey Star Express Fund – used to account for all revenues and expenditures that the City incurs to operate the Ramsey Star Express route. The Ramsey Star Express is an express commuter coach service to downtown Minneapolis available until the Northstar Commuter Rail begins service.

General Govt Special Projects Fund – used to account for resources accumulated and expenditures related to special General Government projects.

Park Fund – used to account for resources accumulated to defray the cost of maintaining and/or acquiring park improvements.

Trott Brook Cemetery Perpetual Care Fund – used to account for perpetual care fees collected on the sale of cemetery plots in Trott Brook Cemetery.

Economic Development Authority Fund – used to account for revenues and expenditures associated with economic development activities within the City.

CITY OF RAMSEY

Nonmajor Special Revenue Funds
 Combining Balance Sheet
 December 31, 2010

	<u>Landfill Tipping Fee</u>	<u>Community Development Block Grant</u>	<u>Revolving Loan</u>	<u>Minnesota Department of Natural Resources Grant</u>
Assets				
Cash and temporary investments	\$ 326,565	\$ -	\$ 254,697	\$ 16,622
Receivables				
Unremitted taxes	-	-	-	-
Delinquent taxes	-	-	-	-
Accounts	-	-	14,259	-
Due from other governmental units	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 326,565</u>	<u>\$ -</u>	<u>\$ 268,956</u>	<u>\$ 16,622</u>
Liabilities and Fund Balances				
Liabilities				
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Deferred revenue	-	-	14,259	8,031
Total liabilities	<u>-</u>	<u>-</u>	<u>14,259</u>	<u>8,031</u>
Fund balances				
Unreserved				
Designated for special purpose	<u>326,565</u>	<u>-</u>	<u>254,697</u>	<u>8,591</u>
Total fund balances	<u>326,565</u>	<u>-</u>	<u>254,697</u>	<u>8,591</u>
Total liabilities and fund balances	<u>\$ 326,565</u>	<u>\$ -</u>	<u>\$ 268,956</u>	<u>\$ 16,622</u>

<u>Parking Ramp Maintenance</u>	<u>Future Sealcoating</u>	<u>Tree and Sod Escrow</u>	<u>Lawful Gambling</u>
\$ 22,801	\$ 152,494	\$ 200,550	\$ 137,846
-	-	-	-
-	-	-	-
-	-	-	1,897
-	-	-	-
<u>\$ 22,801</u>	<u>\$ 152,494</u>	<u>\$ 200,550</u>	<u>\$ 139,743</u>
\$ 3,695	\$ -	\$ 200,550	\$ 1,251
-	-	-	-
-	-	-	-
<u>3,695</u>	<u>-</u>	<u>200,550</u>	<u>1,251</u>
19,106	152,494	-	138,492
<u>19,106</u>	<u>152,494</u>	<u>-</u>	<u>138,492</u>
<u>\$ 22,801</u>	<u>\$ 152,494</u>	<u>\$ 200,550</u>	<u>\$ 139,743</u>

(continued)

CITY OF RAMSEY

Nonmajor Special Revenue Funds
 Combining Balance Sheet (continued)
 December 31, 2010

	<u>Peace Officers</u>	<u>Developer's Fees</u>	<u>Park Pymt Obligation (The COR)</u>	<u>Ramsey Star Express</u>
Assets				
Cash and temporary investments	\$ 101,943	\$ 331,455	\$ -	\$ -
Receivables				
Unremitted taxes	-	-	-	-
Delinquent taxes	-	-	-	-
Accounts	-	-	-	-
Due from other governmental units	-	-	-	125,041
	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,041</u>
Total assets	<u>\$ 101,943</u>	<u>\$ 331,455</u>	<u>\$ -</u>	<u>\$ 125,041</u>
Liabilities and Fund Balances				
Liabilities				
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ 52,082
Due to other funds	-	-	-	63,066
Deferred revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,148</u>
Fund balances				
Unreserved				
Designated for special purpose	101,943	331,455	-	9,893
Total fund balances	<u>101,943</u>	<u>331,455</u>	<u>-</u>	<u>9,893</u>
Total liabilities and fund balances	<u>\$ 101,943</u>	<u>\$ 331,455</u>	<u>\$ -</u>	<u>\$ 125,041</u>

<u>General Govt Special Projects</u>	<u>Park</u>	<u>Trott Brook Cemetery Perpetual Care</u>	<u>Economic Development Authority</u>	<u>Totals</u>
\$ 62,416	\$ 109,520	\$ 33,416	\$ 1,279,473	\$ 3,029,798
-	-	-	2,809	2,809
-	-	-	10,915	10,915
-	-	-	-	16,156
-	-	-	-	125,041
<u>\$ 62,416</u>	<u>\$ 109,520</u>	<u>\$ 33,416</u>	<u>\$ 1,293,197</u>	<u>\$ 3,184,719</u>
\$ -	\$ -	\$ -	\$ 3,237	\$ 260,815
-	-	-	-	63,066
-	-	-	10,915	33,205
-	-	-	14,152	357,086
<u>62,416</u>	<u>109,520</u>	<u>33,416</u>	<u>1,279,045</u>	<u>2,827,633</u>
<u>62,416</u>	<u>109,520</u>	<u>33,416</u>	<u>1,279,045</u>	<u>2,827,633</u>
<u>\$ 62,416</u>	<u>\$ 109,520</u>	<u>\$ 33,416</u>	<u>\$ 1,293,197</u>	<u>\$ 3,184,719</u>

CITY OF RAMSEY

Nonmajor Special Revenue Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2010

	<u>Landfill Tipping Fee</u>	<u>Community Development Block Grant</u>	<u>Revolving Loan</u>	<u>Minnesota Department of Natural Resources Grant</u>
Revenue				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-
Other revenue				
Investment earnings	14,333	-	8,807	-
Miscellaneous	-	-	17,179	-
Total revenue	<u>14,333</u>	<u>-</u>	<u>25,986</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	1,542	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>1,542</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	14,333	-	24,444	-
Other financing sources (uses)				
Proceeds on sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	<u>(81,994)</u>	<u>(1,136)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(81,994)</u>	<u>(1,136)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(67,661)	(1,136)	24,444	-
Fund balances				
Beginning of year	<u>394,226</u>	<u>1,136</u>	<u>230,253</u>	<u>8,591</u>
End of year	<u>\$ 326,565</u>	<u>\$ -</u>	<u>\$ 254,697</u>	<u>\$ 8,591</u>

Parking Ramp Maintenance	Future Sealcoating	Tree and Sod Escrow	Lawful Gambling
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	4,517
47,000	-	-	19,591
<u>47,000</u>	<u>-</u>	<u>-</u>	<u>24,108</u>
42,132	-	-	-
-	-	-	-
<u>42,132</u>	<u>-</u>	<u>-</u>	<u>-</u>
4,868	-	-	24,108
-	-	-	-
-	-	-	-
-	(56,462)	-	-
<u>-</u>	<u>(56,462)</u>	<u>-</u>	<u>-</u>
4,868	(56,462)	-	24,108
14,238	208,956	-	114,384
<u>\$ 19,106</u>	<u>\$ 152,494</u>	<u>\$ -</u>	<u>\$ 138,492</u>

(continued)

CITY OF RAMSEY

Nonmajor Special Revenue Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (continued)
 Year Ended December 31, 2010

	<u>Peace Officers</u>	<u>Developer's Fees</u>	<u>Park Pymt Obligation (The COR)</u>	<u>Ramsey Star Express</u>
Revenue				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	27,776	-	-	32,963
Other revenue				
Investment earnings	3,498	15,142	-	-
Miscellaneous	16,021	24,473	-	-
Total revenue	<u>47,295</u>	<u>39,615</u>	<u>-</u>	<u>32,963</u>
Expenditures				
Current				
General government	26,858	50,610	8,247	489,626
Capital outlay	-	55,928	20,233	-
Total expenditures	<u>26,858</u>	<u>106,538</u>	<u>28,480</u>	<u>489,626</u>
Excess (deficiency) of revenue over expenditures	20,437	(66,923)	(28,480)	(456,663)
Other financing sources (uses)				
Proceeds on sale of capital assets	-	-	-	-
Transfers in	-	-	-	466,556
Transfers (out)	-	-	(366,643)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(366,643)</u>	<u>466,556</u>
Net change in fund balances	20,437	(66,923)	(395,123)	9,893
Fund balances				
Beginning of year	<u>81,506</u>	<u>398,378</u>	<u>395,123</u>	<u>-</u>
End of year	<u>\$ 101,943</u>	<u>\$ 331,455</u>	<u>\$ -</u>	<u>\$ 9,893</u>

General Govt Special Projects	Park	Trott Brook Cemetery Perpetual Care	Economic Development Authority	Totals
\$ -	\$ -	\$ -	\$ 273,506	\$ 273,506
-	-	-	-	60,739
2,115	3,903	1,132	42,637	96,084
22,188	-	3,600	-	150,052
<u>24,303</u>	<u>3,903</u>	<u>4,732</u>	<u>316,143</u>	<u>580,381</u>
23,170	-	-	245,326	887,511
-	-	-	-	76,161
<u>23,170</u>	<u>-</u>	<u>-</u>	<u>245,326</u>	<u>963,672</u>
1,133	3,903	4,732	70,817	(383,291)
8,361	-	-	-	8,361
-	-	-	1,136	467,692
-	-	-	-	(506,235)
<u>8,361</u>	<u>-</u>	<u>-</u>	<u>1,136</u>	<u>(30,182)</u>
9,494	3,903	4,732	71,953	(413,473)
52,922	105,617	28,684	1,207,092	3,241,106
<u>\$ 62,416</u>	<u>\$ 109,520</u>	<u>\$ 33,416</u>	<u>\$ 1,279,045</u>	<u>\$ 2,827,633</u>

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CITY OF RAMSEY

Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Economic Development Authority – Budget and Actual
 Year Ended December 31, 2010

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Property taxes	\$ 291,705	\$ 273,506	\$ 273,506	\$ -
Other revenue				
Investment earnings	3,000	3,000	42,637	39,637
Total revenue	<u>294,705</u>	<u>276,506</u>	<u>316,143</u>	<u>39,637</u>
Expenditures				
Current				
General government	77,369	245,326	245,326	-
Capital Outlay	214,336	-	-	-
Total expenditures	<u>291,705</u>	<u>245,326</u>	<u>245,326</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	3,000	31,180	70,817	39,637
Other financing sources (uses)				
Transfers in	-	-	1,136	1,136
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,136</u>	<u>1,136</u>
Net change in fund balances	<u>\$ 3,000</u>	<u>\$ 31,180</u>	71,953	<u>\$ 40,773</u>
Fund balances				
Beginning of year			<u>1,207,092</u>	
End of year			<u>\$ 1,279,045</u>	

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NONMAJOR DEBT SERVICE FUNDS

Nonmajor Debt Service Funds are used to account for the accumulation of resources used for the payment of principal and interest on long-term debt.

1999A Tax Increment Bonds – The \$1,195,000 General Obligation Tax Increment Bond is to finance the Senior Housing Development Project undertaken jointly with Anoka County Housing and Redevelopment Authority.

2001A Taxable Tax Increment Bonds – The \$1,680,000 General Obligation Tax Increment Bond is to finance the purchase of land known as the Maken and Sauter parcels in TIF Districts No. 2 and 8.

2001B/2007B Tax Increment Bonds – The \$920,000 General Obligation Tax Increment Bond is to finance public improvements on the Makens parcel in TIF District No. 8. The original issue was refunded with a \$945,000 General Obligation Tax Increment Refunding Bond in 2007.

2002A Capital Equipment Certificates – The \$295,000 General Obligation Capital Equipment Certificate of Indebtedness is to finance the acquisition of capital equipment.

2003B Tax Increment Crossover Bonds – The \$1,285,000 General Obligation Tax Increment Crossover Refunding Bond is to refund the General Obligation Tax Increment Bond of 1995A.

2003 Capital Equipment Certificates – The \$675,000 General Obligation Capital Equipment Certificate of Indebtedness is to finance the acquisition of capital equipment.

2004B Capital Equipment Certificates – The \$345,000 General Obligation Capital Equipment Certificate of Indebtedness is to finance the acquisition of capital equipment.

2004A Capital Improvement Refunding Bonds – The \$1,480,000 General Obligation Capital Improvement Refunding Bond was to refund the Public Facility Lease Revenue Bond of 1999A.

2005A Lease Revenue Bonds – The \$19,200,000 Public Project Lease Revenue Bonds is to finance the construction of the City's new Municipal Center.

2005B GO Improvement Bonds – The \$4,335,000 General Obligation Improvement Bonds of 2005A is to finance the County's portion of the AUAR roadway improvements around The COR (previously known as Ramsey Town Center).

2005C Capital Equipment Certificates – The \$745,000 General Obligation Capital Equipment Certificate of Indebtedness is to finance the acquisition of capital equipment.

2006A Taxable Tax Increment Bonds – The \$1,035,000 General Obligation Tax Increment Bond is to finance the acquisition of B&A Cylinder in the City.

2007A Capital Equipment Certificates – The \$790,000 General Obligation Capital Equipment Certificate of Indebtedness is to finance the acquisition of capital equipment.

2009A State Aid Road Bond – The \$1,340,000 General Obligation Tax State Aid Road Bond is to finance the construction of Sunfish Lake Boulevard.

CITY OF RAMSEY

Nonmajor Debt Service Funds
 Combining Balance Sheet
 December 31, 2010

	1999A Tax Increment <u>Bonds</u>	2001A Taxable Tax Increment <u>Bonds</u>	2001B/2007B Tax Increment <u>Bonds</u>
Assets			
Cash and temporary investments	\$ -	\$ -	\$ -
Cash and investments held by trustee	-	-	-
Receivables			
Unremitted taxes	-	-	-
Delinquent taxes	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balances			
Liabilities			
Deferred revenue	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances			
Unreserved			
Designated for debt service	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2002A Capital Equipment Certificates	2003B Tax Increment Crossover Bonds	2003 Capital Equipment Certificates	2004B Capital Equipment Certificates
\$ - -	\$ - -	\$ - -	\$ - -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u> -	<u>\$ -</u> -	<u>\$ -</u> -	<u>\$ -</u> -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF RAMSEY
 Nonmajor Debt Service Funds
 Combining Balance Sheet (continued)
 December 31, 2010

	2004A Capital Improvement Refunding Bonds	2005A Lease Revenue Bonds	2005B GO Improvement Bonds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and temporary investments	\$ 179,063	\$ 322,768	\$ 62,408
Cash and investments held by trustee	-	1,708,487	-
Receivables			
Unremitted taxes	1,483	4,815	-
Delinquent taxes	5,483	17,692	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 186,029</u>	<u>\$ 2,053,762</u>	<u>\$ 62,408</u>
Liabilities and Fund Balances			
Liabilities			
Deferred revenue	\$ 5,483	\$ 17,692	\$ -
Total liabilities	<u>5,483</u>	<u>17,692</u>	<u>-</u>
Fund balances			
Unreserved			
Designated for debt service	<u>180,546</u>	<u>2,036,070</u>	<u>62,408</u>
Total liabilities and fund balances	<u>\$ 186,029</u>	<u>\$ 2,053,762</u>	<u>\$ 62,408</u>

<u>2005C Capital Equipment Certificates</u>	<u>2006A Taxable Tax Increment Bonds</u>	<u>2007A Capital Equipment Certificates</u>	<u>2009A State Aid Road Bond</u>	<u>Totals</u>
\$ 17,203	\$ -	\$ 210,238	\$ 14,565	\$ 806,245
-	-	-	-	1,708,487
2,113	-	1,808	-	10,219
<u>7,779</u>	<u>-</u>	<u>6,680</u>	<u>-</u>	<u>37,634</u>
<u>\$ 27,095</u>	<u>\$ -</u>	<u>\$ 218,726</u>	<u>\$ 14,565</u>	<u>\$ 2,562,585</u>
<u>\$ 7,779</u>	<u>\$ -</u>	<u>\$ 6,680</u>	<u>\$ -</u>	<u>\$ 37,634</u>
7,779	-	6,680	-	37,634
<u>19,316</u>	<u>-</u>	<u>212,046</u>	<u>14,565</u>	<u>2,524,951</u>
<u>\$ 27,095</u>	<u>\$ -</u>	<u>\$ 218,726</u>	<u>\$ 14,565</u>	<u>\$ 2,562,585</u>

CITY OF RAMSEY

Nonmajor Debt Service Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2010

	1999A Tax Increment Bonds	2001A Taxable Tax Increment Bonds	2001B/2007B Tax Increment Bonds
Revenue			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-
Other revenue			
Investment earnings	-	-	-
Miscellaneous	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Debt service			
Principal retirement	-	285,000	5,000
Interest and fiscal charges	-	22,185	37,050
Total expenditures	<u>-</u>	<u>307,185</u>	<u>42,050</u>
Excess (deficiency) of revenue over expenditures	-	(307,185)	(42,050)
Other financing sources (uses)			
Transfers in	-	307,185	42,050
Transfers out	(801)	-	-
Total other financing sources (uses)	<u>(801)</u>	<u>307,185</u>	<u>42,050</u>
Net change in fund balances	(801)	-	-
Fund balances			
Beginning of year	<u>801</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2002A Capital Equipment Certificates	2003B Tax Increment Crossover Bonds	2003 Capital Equipment Certificates	2004B Capital Equipment Certificates
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	265,000	-	-
-	3,644	-	-
-	268,644	-	-
-	(268,644)	-	-
-	268,644	-	-
(55)	-	(166)	(16,038)
(55)	268,644	(166)	(16,038)
(55)	-	(166)	(16,038)
55	-	166	16,038
\$ -	\$ -	\$ -	\$ -

(continued)

CITY OF RAMSEY

Nonmajor Debt Service Funds

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (continued)
Year Ended December 31, 2010

	2004A Capital Improvement Refunding Bonds	2005A Lease Revenue Bonds	2005B GO Improvement Bonds
	<u> </u>	<u> </u>	<u> </u>
Revenue			
Property taxes	\$ 145,465	\$ 468,362	\$ -
Intergovernmental revenue	-	-	-
Other revenue			
Investment earnings	3,330	180,949	11,060
Miscellaneous	-	-	338,511
Total revenue	<u>148,795</u>	<u>649,311</u>	<u>349,571</u>
Expenditures			
Debt service			
Principal retirement	110,000	710,000	175,000
Interest and fiscal charges	<u>33,190</u>	<u>793,774</u>	<u>162,443</u>
Total expenditures	<u>143,190</u>	<u>1,503,774</u>	<u>337,443</u>
Excess (deficiency) of revenue over expenditures	5,605	(854,463)	12,128
Other financing sources (uses)			
Transfers in	-	1,017,060	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>1,017,060</u>	<u>-</u>
Net change in fund balances	5,605	162,597	12,128
Fund balances			
Beginning of year	<u>174,941</u>	<u>1,873,473</u>	<u>50,280</u>
End of year	<u>\$ 180,546</u>	<u>\$ 2,036,070</u>	<u>\$ 62,408</u>

<u>2005C Capital Equipment Certificates</u>	<u>2006A Taxable Tax Increment Bonds</u>	<u>2007A Capital Equipment Certificates</u>	<u>2009A State Aid Road Bond</u>	<u>Totals</u>
\$ 205,992	\$ -	\$ 176,539	\$ -	\$ 996,358
-	-	-	188,753	188,753
2,146	-	3,583	307	201,375
-	-	-	100	338,611
<u>208,138</u>	<u>-</u>	<u>180,122</u>	<u>189,160</u>	<u>1,725,097</u>
200,000	185,000	160,000	140,000	2,235,000
8,000	19,735	15,562	36,640	1,132,223
<u>208,000</u>	<u>204,735</u>	<u>175,562</u>	<u>176,640</u>	<u>3,367,223</u>
138	(204,735)	4,560	12,520	(1,642,126)
-	204,735	-	-	1,839,674
-	-	-	-	(17,060)
<u>-</u>	<u>204,735</u>	<u>-</u>	<u>-</u>	<u>1,822,614</u>
138	-	4,560	12,520	180,488
19,178	-	207,486	2,045	2,344,463
<u>\$ 19,316</u>	<u>\$ -</u>	<u>\$ 212,046</u>	<u>\$ 14,565</u>	<u>\$ 2,524,951</u>

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NONMAJOR CAPITAL PROJECTS FUNDS

Nonmajor Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

State-Aid Construction Fund – used to account for state-aid allotments used by the City for improvement projects to thoroughfare roads within the City.

Revolving Acquisition Loan Fund (RALF) Capital Project Fund – This fund is used to account for resources and expenditures related to the purchase of property for future state road development.

Public Facilities Construction Fund – used to account for the resources to be used for land acquisition and the construction of public facilities.

Park Improvement Revolving Fund – used to account for the acquisition and improvement of park land within the City.

Mississippi River Subdrainage Fund – used to account for all costs that are associated with the Storm Water Subdrainage District No. 1.

Park Improvement Fund – used to account for all park dedication fees to be used for land acquisition and park development.

Municipal Center Capital Project Fund – This fund is used to account for the resources used to finance the construction of the Municipal Center located within The COR (previously known as Ramsey Town Center).

2009 Ute Street Fund – used to account for all costs that are associated with converting Ute Street from a dirt road to a paved street.

2009 Dysprosium Street Fund – used to account for all costs that are associated with the reconstruction of Dysprosium Street.

2009 Andrie Street Fund – used to account for all costs that are associated with the addition of curb and sidewalks to Andrie Street.

2010 Street Maintenance Fund – used to account for the resources to be used to finance the City's share of the annual street maintenance program.

CITY OF RAMSEY

Nonmajor Capital Project Funds
 Combining Balance Sheet
 December 31, 2010

	State-Aid Construction	RALF Funded Projects	Public Facilities Construction
Assets			
Cash and temporary investments	\$ 515,941	\$ -	\$ 174,904
Receivables			
Unremitted taxes	-	-	-
Delinquent taxes	-	-	-
Accounts	-	-	-
Due from other governmental units	-	253,862	-
	<u>515,941</u>	<u>253,862</u>	<u>174,904</u>
Total assets	<u>\$ 515,941</u>	<u>\$ 253,862</u>	<u>\$ 174,904</u>
Liabilities and Fund Balances			
Liabilities			
Accounts and contracts payable	\$ -	\$ 1,513	\$ -
Due to other governmental units	-	-	-
Due to other funds	-	348,844	-
Deferred revenue	-	-	-
Advances from other funds	-	-	675,150
Total liabilities	<u>-</u>	<u>350,357</u>	<u>675,150</u>
Fund balances			
Unreserved			
Designated for capital projects	515,941	-	-
Undesignated	-	(96,495)	(500,246)
Total fund balances	<u>515,941</u>	<u>(96,495)</u>	<u>(500,246)</u>
	<u>\$ 515,941</u>	<u>\$ 253,862</u>	<u>\$ 174,904</u>
Total liabilities and fund balances	<u>\$ 515,941</u>	<u>\$ 253,862</u>	<u>\$ 174,904</u>

<u>Park Improvement Revolving</u>	<u>Mississippi River Subdrainage</u>	<u>Park Improvement</u>
\$ —	\$ 43,976	\$ 2,021,123
—	—	—
—	3	—
—	—	—
—	—	—
<u>\$ —</u>	<u>\$ 43,979</u>	<u>\$ 2,021,123</u>

\$ —	\$ —	\$ —
—	—	—
—	—	—
—	3	—
—	—	—
<u>—</u>	<u>3</u>	<u>—</u>

—	43,976	2,021,123
—	—	—
<u>—</u>	<u>43,976</u>	<u>2,021,123</u>
<u>\$ —</u>	<u>\$ 43,979</u>	<u>\$ 2,021,123</u>

(continued)

CITY OF RAMSEY

Nonmajor Capital Project Funds
 Combining Balance Sheet (continued)
 December 31, 2010

	<u>Municipal Center</u>	<u>2009 Ute Street</u>	<u>2009 Dysprosium</u>
Assets			
Cash and temporary investments	\$ -	\$ -	\$ -
Receivables			
Unremitted taxes	-	-	-
Delinquent taxes	-	-	-
Accounts	-	-	-
Due from other governmental units	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balances			
Liabilities			
Accounts and contracts payable	\$ -	\$ 7,223	\$ 9,586
Due to other governmental units	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
Advances from other funds	-	-	-
	<u>-</u>	<u>7,223</u>	<u>9,586</u>
Total liabilities	-	7,223	9,586
Fund balances			
Unreserved			
Designated for capital projects	-	-	-
Undesignated	-	(7,223)	(9,586)
	<u>-</u>	<u>(7,223)</u>	<u>(9,586)</u>
Total fund balances	-	(7,223)	(9,586)
	<u>-</u>	<u>(7,223)</u>	<u>(9,586)</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>2009</u> <u>Andrie Street</u>	<u>2010</u> <u>Street Maintenance</u>	<u>Totals</u>
\$ -	\$ -	\$ 2,755,944
-	-	-
-	-	3
-	-	-
-	-	253,862
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,009,809</u>
\$ -	\$ 11,348	\$ 29,670
-	140	140
-	447	349,291
-	-	3
-	-	675,150
-	11,935	1,054,254
-	-	2,581,040
-	(11,935)	(625,485)
<u>-</u>	<u>(11,935)</u>	<u>1,955,555</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,009,809</u>

CITY OF RAMSEY

Nonmajor Capital Project Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2010

	State-Aid Construction	RALF Funded Projects	Public Facilities Construction
Revenue			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental revenue	985,728	-	-
Charges for services	-	126,991	-
Other revenue			
Investment earnings (charges)	30,085	-	5,986
Miscellaneous	-	253,862	57,757
Total revenue	<u>1,015,813</u>	<u>380,853</u>	<u>63,743</u>
Expenditures			
Current			
General government	-	-	9,465
Highways and streets	150	210,947	-
Culture and recreation	-	-	-
Capital outlay	<u>192,480</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>192,630</u>	<u>210,947</u>	<u>9,465</u>
Excess (deficiency) of revenue over expenditures	823,183	169,906	54,278
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	<u>(406,795)</u>	<u>-</u>	<u>(30,000)</u>
Total other financing sources (uses)	<u>(406,795)</u>	<u>-</u>	<u>(30,000)</u>
Net change in fund balances	416,388	169,906	24,278
Fund balances (deficit)			
Beginning of year	<u>99,553</u>	<u>(266,401)</u>	<u>(524,524)</u>
End of year	<u>\$ 515,941</u>	<u>\$ (96,495)</u>	<u>\$ (500,246)</u>

<u>Park Improvement Revolving</u>	<u>Mississippi River Subdrainage</u>	<u>Park Improvement</u>
\$ —	\$ 40,931	\$ —
—	—	—
—	—	43,934
—	496	130,683
—	—	532
<u>—</u>	<u>41,427</u>	<u>175,149</u>
—	—	—
—	—	—
—	—	33
—	—	1,784
<u>—</u>	<u>—</u>	<u>1,817</u>
—	41,427	173,332
—	—	886
<u>(886)</u>	<u>—</u>	<u>(2,167,924)</u>
<u>(886)</u>	<u>—</u>	<u>(2,167,038)</u>
(886)	41,427	(1,993,706)
<u>886</u>	<u>2,549</u>	<u>4,014,829</u>
<u>\$ —</u>	<u>\$ 43,976</u>	<u>\$ 2,021,123</u>

(continued)

CITY OF RAMSEY

Nonmajor Capital Project Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (continued)
 Year Ended December 31, 2010

	Municipal Center	2009 Ute Street	2009 Dysprosium
Revenue			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Other revenue			
Investment earnings (charges)	-	-	-
Miscellaneous	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Current			
General government	30,631	-	-
Highways and streets	-	3,844	31,255
Culture and recreation	-	-	-
Capital outlay	<u>141,635</u>	<u>149,365</u>	<u>336,523</u>
Total expenditures	<u>172,266</u>	<u>153,209</u>	<u>367,778</u>
Excess (deficiency) of revenue over expenditures	(172,266)	(153,209)	(367,778)
Other financing sources (uses)			
Transfers in	142,333	113,085	358,203
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>142,333</u>	<u>113,085</u>	<u>358,203</u>
Net change in fund balances	(29,933)	(40,124)	(9,575)
Fund balances (deficit)			
Beginning of year	<u>29,933</u>	<u>32,901</u>	<u>(11)</u>
End of year	<u>\$ -</u>	<u>\$ (7,223)</u>	<u>\$ (9,586)</u>

2009 Andrie Street	2010 Street Maintenance	Totals
\$ -	\$ -	\$ 40,931
-	-	985,728
-	306,960	477,885
-	-	167,250
530	-	312,681
<u>530</u>	<u>306,960</u>	<u>1,984,475</u>
-	-	40,096
-	99,030	345,226
-	-	33
-	888,318	1,710,105
<u>-</u>	<u>987,348</u>	<u>2,095,460</u>
530	(680,388)	(110,985)
-	668,453	1,282,960
<u>(530)</u>	<u>-</u>	<u>(2,606,135)</u>
<u>(530)</u>	<u>668,453</u>	<u>(1,323,175)</u>
-	(11,935)	(1,434,160)
-	-	3,389,715
<u>\$ -</u>	<u>\$ (11,935)</u>	<u>\$ 1,955,555</u>

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AGENCY FUND

The Agency Fund is used to account for assets held by the City in the capacity of agent.

Escrow Agency Fund – This fund is used to account for deposits held for developers as security for various services. In addition it accounts for property purchased on behalf of the state and the related liability for future state highway improvements.

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CITY OF RAMSEY

Escrow Agency Fund
 Statement of Changes in Assets and Liabilities
 Year Ended December 31, 2010

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Assets				
Cash and temporary investments	\$ 718,370	\$ 636,527	\$ 564,124	\$ 790,773
Receivables				
Accounts	31,303	12,715	-	44,018
Assets held for resale	<u>11,902,279</u>	<u>-</u>	<u>-</u>	<u>11,902,279</u>
 Total assets	 <u><u>\$ 12,651,952</u></u>	 <u><u>\$ 649,242</u></u>	 <u><u>\$ 564,124</u></u>	 <u><u>\$ 12,737,070</u></u>
Liabilities				
Accounts payable	\$ 5,925	\$ 466,942	\$ 468,571	\$ 4,296
Deposits payable	743,748	1,661,348	1,574,601	830,495
Loans Payable to Met Council	<u>11,902,279</u>	<u>-</u>	<u>-</u>	<u>11,902,279</u>
 Total liabilities	 <u><u>\$ 12,651,952</u></u>	 <u><u>\$ 2,128,290</u></u>	 <u><u>\$ 2,043,172</u></u>	 <u><u>\$ 12,737,070</u></u>

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STATISTICAL AND OTHER INFORMATION (UNAUDITED)

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STATISTICAL SECTION

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

Contents	Page
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.	125-137
Revenue Capacity	
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	138-147
Debt Capacity	
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	148-153
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.	154-155
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	156-161

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

**City of Ramsey
Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)**

	Fiscal Year		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities			
Invested in capital assets, net of related debt	\$ 8,768,136	\$ 12,267,296	\$ 23,424,366
Restricted	7,597,395	18,296,241	13,860,707
Unrestricted	<u>14,837,113</u>	<u>19,265,380</u>	<u>18,428,817</u>
Total governmental activities net assets	<u>\$ 31,202,644</u>	<u>\$ 49,828,917</u>	<u>\$ 55,713,890</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 31,664,220	\$ 36,311,701	\$ 47,334,422
Restricted	-	-	-
Unrestricted	<u>13,281,078</u>	<u>17,013,900</u>	<u>17,739,362</u>
Total business-type activities net assets	<u>\$ 44,945,298</u>	<u>\$ 53,325,601</u>	<u>\$ 65,073,784</u>
Total government			
Invested in capital assets, net of related debt	\$ 40,432,356	\$ 48,578,997	\$ 70,758,788
Restricted	7,597,395	18,296,241	13,860,707
Unrestricted	<u>28,118,191</u>	<u>36,279,280</u>	<u>36,168,179</u>
Total government net assets	<u>\$ 76,147,942</u>	<u>\$ 103,154,518</u>	<u>\$ 120,787,674</u>

Note: The City implemented GASB Statement No. 34 in fiscal year 2004. This information is not available for previous fiscal years.

	Fiscal Year			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	27,548,267	\$ 31,255,476	\$ 34,736,969	\$ 38,466,812
	16,626,010	20,919,497	21,780,289	22,658,700
	17,500,206	18,403,564	16,902,526	13,396,506
\$	<u>61,674,483</u>	<u>70,578,537</u>	<u>73,419,784</u>	<u>74,522,018</u>
\$	49,173,058	\$ 49,355,232	\$ 51,823,362	\$ 52,500,049
	-	-	-	-
	20,926,874	22,525,196	21,633,010	22,845,759
\$	<u>70,099,932</u>	<u>71,880,428</u>	<u>73,456,372</u>	<u>75,345,808</u>
\$	76,721,325	\$ 80,610,708	\$ 86,560,331	\$ 90,966,861
	16,626,010	20,919,497	21,780,289	22,658,700
	38,427,080	40,928,760	38,535,536	36,242,265
\$	<u>131,774,415</u>	<u>142,458,965</u>	<u>146,876,156</u>	<u>149,867,826</u>

City of Ramsey
Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenses				
Governmental activities:				
General government	\$ 4,465,269	\$ 7,093,819	\$ 10,515,659	\$ 3,878,438
Public safety	2,960,192	3,422,844	3,780,436	3,809,016
Highways and streets	1,231,632	1,637,803	1,892,391	2,689,259
Culture and recreation	625,960	719,591	887,158	977,766
Interest and fiscal charges	733,164	756,527	1,437,427	1,415,874
Total governmental activities expenses	<u>10,016,217</u>	<u>13,630,584</u>	<u>18,513,071</u>	<u>12,770,353</u>
Business-type activities:				
Water utility	812,186	851,196	906,795	912,094
Sewer utility	660,230	740,917	771,870	838,452
Street light utility	81,832	88,881	108,639	110,837
Recycling utility	174,897	196,654	232,052	283,746
Storm water utility	250,037	279,824	258,731	440,697
Total business-type activities	<u>1,979,182</u>	<u>2,157,472</u>	<u>2,278,087</u>	<u>2,585,826</u>
Total government expenses	<u>\$ 11,995,399</u>	<u>\$ 15,788,056</u>	<u>\$ 20,791,158</u>	<u>\$ 15,356,179</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 214,882	\$ 220,619	\$ 138,500	\$ 395,697
Public safety	1,986,667	1,825,878	1,133,013	654,796
Highways and streets	390,569	601,448	759,143	537,660
Culture and recreation	1,158,255	1,312,641	623,523	668,521
Operating grants and contributions	655,299	14,044,119	1,892,686	3,025,480
Capital grants and contributions	6,975,214	4,201,673	7,944,042	522,815
Total governmental activities program revenues	<u>11,380,886</u>	<u>22,206,378</u>	<u>12,490,907</u>	<u>5,804,969</u>
Business-type activities:				
Charges for services:				
Water utility	910,012	1,062,524	1,317,203	1,440,658
Sewer utility	840,684	939,478	1,044,271	1,100,948
Street light utility	120,677	144,882	167,548	173,541
Recycling utility	184,037	202,060	251,224	291,152
Storm water utility	373,306	438,214	475,548	503,553
Operating grants and contributions	-	-	-	-
Capital grants and contributions	7,371,133	7,199,843	9,694,600	2,242,294
Total business-type activities program revenues	<u>9,799,849</u>	<u>9,987,001</u>	<u>12,950,394</u>	<u>5,752,146</u>
Total government program revenues	<u>\$ 21,180,735</u>	<u>\$ 32,193,379</u>	<u>\$ 25,441,301</u>	<u>\$ 11,557,115</u>
Net (expense)/revenue				
Governmental activities	\$ 1,364,669	\$ 8,575,794	\$ (6,022,164)	\$ (6,965,384)
Business-type activities	7,820,667	7,829,529	10,672,307	3,166,320
Total government net expense	<u>\$ 9,185,336</u>	<u>\$ 16,405,323</u>	<u>\$ 4,650,143</u>	<u>\$ (3,799,064)</u>

(continued)

Note: The City implemented GASB Statement No. 34 in fiscal year 2004. This information is not available for previous fiscal years.

Fiscal Year		
<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 4,862,284	\$ 4,690,824	\$ 4,998,807
4,313,520	4,438,324	4,153,361
3,756,861	4,795,460	5,791,896
1,064,587	1,067,125	1,048,690
1,342,305	1,330,224	1,316,893
<u>15,339,557</u>	<u>16,321,957</u>	<u>17,309,647</u>
1,247,248	1,291,952	1,295,721
883,214	1,076,451	1,101,554
123,839	148,140	158,369
300,755	298,631	307,662
300,444	358,522	350,521
<u>2,855,500</u>	<u>3,173,696</u>	<u>3,213,827</u>
<u>\$ 18,195,057</u>	<u>\$ 19,495,653</u>	<u>\$ 20,523,474</u>

\$ 347,633	\$ 303,122	\$ 344,922
1,048,086	802,196	979,828
494,996	284,026	487,507
6,905	19,763	27,016
2,201,372	614,816	326,986
5,122,028	2,700,471	2,828,240
<u>9,221,020</u>	<u>4,724,394</u>	<u>4,994,499</u>

1,539,665	1,693,581	1,633,461
1,208,843	1,214,953	1,261,609
183,560	172,897	179,272
332,682	284,515	294,617
566,506	578,666	617,598
-	59,963	49,873
373,612	102,512	310,040
<u>4,204,868</u>	<u>4,107,087</u>	<u>4,346,470</u>
<u>\$ 13,425,888</u>	<u>\$ 8,831,481</u>	<u>\$ 9,340,969</u>

\$ (6,118,537)	\$ (11,597,563)	\$ (12,315,148)
1,349,368	933,391	1,132,643
<u>\$ (4,769,169)</u>	<u>\$ (10,664,172)</u>	<u>\$ (11,182,505)</u>

(continued)

City of Ramsey
Changes in Net Assets (Continued)
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property taxes	\$ 7,954,549	\$ 8,807,253	\$ 10,409,249	\$ 11,562,407
General grants and contributions	506,401	250,483	48,331	508,664
Investment earnings	576,300	1,139,598	1,686,095	1,648,318
Sale of capital assets	-	15,237	26,585	24,795
Transfers	47,000	(162,092)	(263,123)	(818,207)
Total governmental activities	<u>9,084,250</u>	<u>10,050,479</u>	<u>11,907,137</u>	<u>12,925,977</u>
Business-type activities:				
Investment earnings	263,042	388,682	812,753	1,041,621
Transfers	(47,000)	162,092	263,123	818,207
Total business-type activities	<u>216,042</u>	<u>550,774</u>	<u>1,075,876</u>	<u>1,859,828</u>
Total government	<u>\$ 9,300,292</u>	<u>\$ 10,601,253</u>	<u>\$ 12,983,013</u>	<u>\$ 14,785,805</u>
Change in Net Assets				
Governmental activities	\$ 10,448,919	\$ 18,626,273	\$ 5,884,973	\$ 5,960,593
Business-type activities	8,036,709	8,380,303	11,748,183	5,026,148
Total government	<u>\$ 18,485,628</u>	<u>\$ 27,006,576</u>	<u>\$ 17,633,156</u>	<u>\$ 10,986,741</u>

Note: The City implemented GASB Statement No. 34 in fiscal year 2004. This information is not available for previous fiscal years.

Fiscal Year		
<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 12,345,279	\$ 13,019,854	\$ 12,144,908
310,111	204,752	114,692
1,736,468	1,116,588	1,283,533
57,975	5,816	-
<u>572,758</u>	<u>91,800</u>	<u>(125,751)</u>
<u>15,022,591</u>	<u>14,438,810</u>	<u>13,417,382</u>
1,003,886	734,353	631,042
<u>(572,758)</u>	<u>(91,800)</u>	<u>125,751</u>
<u>431,128</u>	<u>642,553</u>	<u>756,793</u>
<u>\$ 15,453,719</u>	<u>\$ 15,081,363</u>	<u>\$ 14,174,175</u>
\$ 8,904,054	\$ 2,841,247	\$ 1,102,234
1,780,496	1,575,944	1,889,436
<u>\$ 10,684,550</u>	<u>\$ 4,417,191</u>	<u>\$ 2,991,670</u>

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City of Ramsey
Governmental Activities Tax Revenues By Source
Last Seven Fiscal Years
(accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Franchise Tax (1)</u>	<u>Total</u>
2004	\$ 7,954,549	\$ 404,881	\$ 8,359,430
2005	8,807,253	—	8,807,253
2006	10,409,249	—	10,409,249
2007	11,562,407	—	11,562,407
2008	12,345,279	—	12,345,279
2009	13,019,854	—	13,019,854
2010	12,144,908	—	12,144,908

Note: The City implemented GASB Statement No. 34 in fiscal year 2004.
This information is not available for previous fiscal years.

(1) Year 2004 was the first and only year of tax

City of Ramsey
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General fund				
Reserved	\$ 50,669	\$ 56,313	\$ 70,231	\$ 4,702
Unreserved	3,529,959	4,130,166	4,003,350	5,072,617
Total general fund	<u>\$ 3,580,628</u>	<u>\$ 4,186,479</u>	<u>\$ 4,073,581</u>	<u>\$ 5,077,319</u>
All other governmental funds				
Reserved	\$ 717,869	\$ 600,568	\$ 1,799,962	\$ 519,989
Unreserved, reported in:				
Special revenue funds	8,525,501	9,315,104	9,983,810	16,180,946
Debt service funds	499,128	406,787	347,911	1,399,889
Capital projects funds	7,997,568	7,418,675	9,274,314	2,653,369
Total all other governmental funds	<u>\$ 17,740,066</u>	<u>\$ 17,741,134</u>	<u>\$ 21,405,997</u>	<u>\$ 20,754,193</u>

	Fiscal Year										
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>					
\$	5,039	\$	2,340	\$	109,775	\$	5,351	\$	6,794	\$	14,115
	5,580,227		6,118,854		6,902,495		6,973,197		7,010,159		6,045,644
\$	<u>5,585,266</u>	\$	<u>6,121,194</u>	\$	<u>7,012,270</u>	\$	<u>6,978,548</u>	\$	<u>7,016,953</u>	\$	<u>6,059,759</u>
\$	15,845,592	\$	1,921,969	\$	1,028,346	\$	2,864,874	\$	12,898,120	\$	12,906,280
	6,122,329		5,255,220		6,994,395		9,131,758		5,973,123		6,632,439
	2,184,019		1,754,262		2,001,431		2,393,118		2,344,463		2,524,951
	14,401,743		13,477,202		13,721,728		13,190,165		12,777,036		10,291,562
\$	<u>38,553,683</u>	\$	<u>22,408,653</u>	\$	<u>23,745,900</u>	\$	<u>27,579,915</u>	\$	<u>33,992,742</u>	\$	<u>32,355,232</u>

City of Ramsey
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Revenues				
Property taxes	\$ 6,840,839	\$ 6,225,838	\$ 6,785,605	\$ 7,631,497
Special assessments	341,618	298,774	240,098	235,954
Licenses and permits	307,815	410,674	838,034	1,430,626
Intergovernmental revenue	2,994,048	1,946,114	1,102,235	4,441,460
Charges for services	396,303	1,143,261	1,391,584	2,226,342
Fines and forfeits	56,055	63,631	72,577	106,757
Investment earnings	1,149,660	1,011,045	472,319	567,085
Miscellaneous	823,631	1,288,921	1,714,978	1,379,788
Total Revenues	<u>12,909,969</u>	<u>12,388,258</u>	<u>12,617,430</u>	<u>18,019,509</u>
Expenditures				
General government	3,026,713	3,592,645	3,260,473	4,383,699
Public safety	1,906,309	2,092,520	2,177,494	2,634,606
Highways and streets	888,662	894,468	923,149	1,031,146
Culture and recreation	471,551	480,165	476,039	540,121
Capital outlay	6,446,783	2,934,407	2,359,905	7,265,787
Debt service				
Principal	481,000	1,432,000	1,211,000	1,457,000
Interest	725,402	686,134	646,013	750,430
Total Expenditures	<u>13,946,420</u>	<u>12,112,339</u>	<u>11,054,073</u>	<u>18,062,789</u>
Excess of revenues over (under) expenditures	(1,036,451)	275,919	1,563,357	(43,280)
Other financing sources (uses)				
Issuance of long term debt	4,823,171	295,000	2,874,608	1,825,000
Premium/(Discount) on debt issues	-	-	-	(26,786)
Payments on refunded bonds	-	-	(925,000)	(1,450,000)
Proceeds on sale of capital assets	375,000	-	-	-
Transfers in	2,925,942	4,336,837	4,232,918	5,253,617
Transfers (out)	(2,892,942)	(4,300,837)	(4,193,918)	(5,206,617)
Total other financing sources (uses)	<u>5,231,171</u>	<u>331,000</u>	<u>1,988,608</u>	<u>395,214</u>
Special item	-	-	-	-
Net change in fund balances	4,194,720	606,919	3,551,965	351,934
Debt service as a percentage of noncapital expenditures	16.09%	23.08%	21.36%	20.44%

	Fiscal Year					
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	8,421,955	\$ 9,880,606	\$ 11,359,235	\$ 12,101,523	\$ 13,238,885	\$ 12,151,317
	3,771,480	1,057,724	597,562	503,718	446,452	492,870
	1,266,111	797,491	680,717	855,914	373,462	412,071
	4,124,766	4,944,306	1,763,110	2,622,219	1,733,329	2,029,558
	2,560,089	1,760,007	1,401,329	609,223	947,307	1,319,586
	108,014	113,337	130,325	126,559	113,661	100,199
	1,128,984	1,665,885	1,623,146	1,715,220	1,102,245	1,269,263
	1,523,182	836,441	1,910,172	4,041,273	1,422,878	838,148
	<u>22,904,581</u>	<u>21,055,797</u>	<u>19,465,596</u>	<u>22,575,649</u>	<u>19,378,219</u>	<u>18,613,012</u>
	7,008,854	10,234,225	3,955,708	4,227,391	3,933,652	4,280,825
	3,053,299	3,414,823	3,822,983	3,941,648	3,945,154	3,779,318
	1,312,903	1,449,249	1,904,031	2,868,137	2,282,505	2,753,505
	632,253	743,016	820,780	901,042	861,406	817,538
	13,775,696	18,206,034	4,165,759	4,484,807	4,429,123	6,353,954
	2,929,000	1,780,000	1,702,000	2,010,000	3,430,000	2,235,000
	444,862	1,960,137	1,412,972	1,352,656	1,331,563	1,322,871
	<u>29,156,867</u>	<u>37,787,484</u>	<u>17,784,233</u>	<u>19,785,681</u>	<u>20,213,403</u>	<u>21,543,011</u>
	(6,252,286)	(16,731,687)	1,681,363	2,789,968	(835,184)	(2,929,999)
	24,280,000	1,035,000	1,735,000	-	1,340,000	-
	209,229	-	-	-	(25,125)	-
	-	-	(920,000)	-	-	-
	16,794	26,585	24,795	57,975	28,545	8,361
	4,899,448	5,166,609	4,169,062	4,364,931	5,620,998	7,782,837
	(4,845,748)	(5,105,609)	(4,461,897)	(3,412,581)	(5,529,198)	(7,455,903)
	<u>24,559,723</u>	<u>1,122,585</u>	<u>546,960</u>	<u>1,010,325</u>	<u>1,435,220</u>	<u>335,295</u>
	-	-	-	-	5,851,196	-
	18,307,437	(15,609,102)	2,228,323	3,800,293	6,451,232	(2,594,704)
	21.94%	19.10%	22.87%	21.98%	30.17%	23.42%

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City of Ramsey
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Franchise Tax (1)</u>	<u>Total</u>
2001	\$ 6,840,839	\$ -	\$ 6,840,839
2002	6,225,838	-	6,225,838
2003	6,785,605	-	6,785,605
2004	7,631,497	404,881	8,036,378
2005	8,421,955	-	8,421,955
2006	9,880,606	-	9,880,606
2007	11,359,235	-	11,359,235
2008	12,101,523	-	12,101,523
2009	13,238,885	-	13,238,885
2010	12,151,317	-	12,151,317

(1) First and only year of tax

City of Ramsey
Taxable Market Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended Dec 31	Real Property		Personal Property
	Residential Property	Commercial Property	Other (1)
2001	\$ 886,274,800	\$ 115,907,500	
2002	986,825,400	134,895,000	
2003	1,132,636,100	155,759,200	
2004	1,203,665,700	173,641,700	\$ 14,361,100
2005	1,408,912,900	196,311,700	15,244,800
2006	1,629,842,600	227,059,300	15,096,100
2007	1,880,483,000	269,566,300	15,262,600
2008	1,966,005,400	306,596,800	15,820,200
2009	2,005,067,600	347,622,600	16,932,200
2010	1,845,420,600	327,882,200	17,277,000

Source: Anoka County records were the source of taxable market value and estimated actual values

(1) Information not available before fiscal year 2004

Total Taxable Market Value	Tax Capacity Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Market Value as a Percentage of Actual Value
\$ 1,002,182,300	\$ 15,402,216	27.619%	\$ 1,124,604,897	89.11%
1,121,720,400	11,242,438	41.124%	1,302,290,902	86.13%
1,288,395,300	12,463,345	39.353%	1,513,876,770	85.11%
1,391,668,500	14,215,115	37.439%	1,460,482,300	95.29%
1,620,469,400	15,892,622	38.182%	1,681,213,200	96.39%
1,871,998,000	18,847,207	39.352%	1,921,741,700	97.41%
2,165,311,900	22,640,697	39.222%	2,210,610,800	97.95%
2,288,422,400	23,857,278	39.282%	2,336,127,900	97.96%
2,369,622,400	25,040,188	39.263%	2,408,464,200	98.39%
2,190,579,800	23,787,900	37.811%	2,232,018,600	98.14%

**City of Ramsey
Property Tax Rates (1)
Direct and Overlapping (2) Governments
Last Ten Fiscal Years**

Fiscal Year	City of Ramsey			County
	General Operating Levy	Debt Service Levy	Total City Levy	Anoka County
Tax rates per \$100 of tax capacity				
2001	25.848	1.771	27.619	28.859
2002	39.088	2.036	41.124	37.976
2003	36.962	2.391	39.353	37.714
2004	35.297	2.142	37.439	35.221
2005	35.206	2.976	38.182	33.080
2006	35.447	3.905	39.352	33.869
2007	33.234	5.988	39.222	32.391
2008	35.093	4.189	39.282	33.888
2009	34.685	4.578	39.263	33.563
2010	33.080	4.731	37.811	36.855

Source: Anoka County records

- (1) Information reflects total tax rates levied by each entity. Tax rates are expressed as a percent 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.
- (2) Overlapping rates are those of local and county governments that apply to property owners within the City of Ramsey. Not all overlapping rates apply to all City of Ramsey property owners (e.g., the rates for special districts may apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district.)
- (3) Other taxing districts include the Metropolitan Council, Regional Transit Area, Mosquito Control, and the Anoka County Regional Railroad Authority.

School District		Other	Total	
<u>ISD No 11</u>	<u>ISD No 728</u>	<u>Special Taxing Districts (3)</u>	<u>Direct & Overlapping Rates-ISD No 11</u>	<u>Direct & Overlapping Rates-ISD No 728</u>
52.281	63.870	3.547	112.306	123.895
29.082	45.969	4.513	112.695	129.582
26.941	41.352	6.071	110.079	124.490
21.050	30.953	6.393	100.103	110.006
21.492	32.848	4.955	97.709	109.065
20.046	35.950	4.382	97.649	113.553
19.353	33.208	4.016	94.982	108.837
16.983	32.344	3.967	94.120	109.481
18.247	36.088	3.803	94.876	112.717
19.939	39.967	4.961	99.566	119.594

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**City of Ramsey
Principal Property Taxpayers
Current Year And Nine Years Ago**

Taxpayer	2010			2001		
	<u>Taxable Market Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Market Value</u>	<u>Taxable Market Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Market Value</u>
Connexus Energy/Anoka Electric Co-op	\$ 22,733,000	1	1.04%	\$ 14,720,600	1	1.47%
S & A Partners, LLC	12,544,100	2	0.57%	4,715,800	4	0.47%
Anchorbank FSB	9,192,400	4	0.42%			
Sophia-Ramsey LLC	8,911,200	5	0.41%			
Brunswick Corporation	7,048,200	5	0.32%	8,091,600	2	0.81%
Insight Equity APX LP	6,823,200	6	0.31%			
PSD LLC	5,487,800	7	0.25%			
Santarsiero, Daniel B	5,356,500	8	0.24%	2,168,700	10	0.22%
Zero Zone Refrigeration, LLC	5,037,100	9	0.23%			
Minnegasco	9,656,600	10	0.44%	3,114,200	7	0.31%
Vison Ease Lens				6,323,900	3	0.63%
Knoll Properties				3,300,000	5	0.33%
GB Properties				3,287,800	6	0.33%
McKinley Building Inc				2,810,500	8	0.28%
Sundquist, Roberta E. Trust				2,502,100	9	0.25%

Source: County Board of Equalization and Assessment

City of Ramsey
Property Tax Levies and Collections (1)
Last Ten Fiscal Years

<u>Fiscal Year Ended December 31</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (2)</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>
2001	\$ 4,253,938	\$ 4,157,436	97.73%
2002	4,623,340	4,561,314	98.66%
2003	4,904,700	4,627,168	94.34%
2004	5,321,997	5,043,135	94.76%
2005	6,068,121	5,800,683	95.59%
2006	7,416,753	7,150,100	96.40%
2007	8,880,134	8,677,815	97.72%
2008	9,371,616	8,917,124	95.15%
2009	9,831,529	9,374,414	95.35%
2010	8,994,443	8,432,354	93.75%

(1) Includes general, debt service and HRA levy. Does not include property tax revenue in the form of tax increments.

(2) Includes property tax credit collections shown in intergovernmental revenue.

<u>Collections in Subsequent Years</u>		<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>
\$	96,502	\$ 4,253,938	100.00%
	62,025	4,623,339	100.00%
	277,517	4,904,685	100.00%
	278,838	5,321,973	100.00%
	266,201	6,066,884	99.98%
	262,538	7,412,638	99.94%
	191,127	8,868,942	99.87%
	422,343	9,339,467	99.66%
	384,764	9,759,178	99.26%
	-	8,432,354	93.75%

City of Ramsey
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income(1)	Per Capita(1)
	General Obligation Bonded Debt	Capital Equipment Certificates			
2001	\$ 12,900,000	\$ 196,000	\$ 13,096,000	2.22%	\$ 689
2002	11,530,000	429,000	11,959,000	1.92%	613
2003	11,745,000	983,000	12,728,000	1.87%	612
2004	10,500,000	1,146,000	11,646,000	1.55%	525
2005	31,380,000	1,617,000	32,997,000	4.14%	1,434
2006	30,990,000	1,262,000	32,252,000	4.05%	1,402
2007	29,675,000	1,690,000	31,365,000	3.46%	1,301
2008	28,235,000	1,120,000	29,355,000	3.14%	1,218
2009	26,570,000	695,000	27,265,000	2.80%	1,122
2010	24,695,000	335,000	25,030,000	2.64%	1,058

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

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

**City of Ramsey
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property(1)</u>	<u>Per Capita(2)</u>
2001	\$ 12,900,000	\$ 566,387	\$ 12,333,613	1.10%	\$ 649
2002	11,530,000	406,787	11,123,213	0.85%	570
2003	11,745,000	1,600,766	10,144,234	0.67%	488
2004	10,500,000	1,399,889	9,100,111	0.62%	410
2005	31,380,000	2,184,019	29,195,981	1.74%	1,269
2006	30,990,000	1,754,262	29,235,738	1.52%	1,244
2007	29,675,000	2,001,431	27,673,569	1.25%	1,148
2008	28,235,000	2,393,118	25,841,882	1.11%	1,072
2009	26,570,000	2,344,463	24,225,537	1.01%	997
2010	24,695,000	2,524,951	22,170,049	0.99%	937

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

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

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

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**City of Ramsey
Direct and Overlapping Governmental Activities Debt
As of December 31, 2010**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable(1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Anoka County	\$ 183,641,649	6.41%	\$ 11,775,667
ISD No. 11, Anoka-Hennepin	214,431,689	8.81%	18,899,709
ISD No. 728, Elk River	326,140,000	3.95%	12,893,036
Metropolitan Council	1,154,165,500	0.89%	10,272,073
Anoka County RR Authority	30,990,000	6.43%	1,991,250
Subtotal, overlapping debt			<u>55,831,735</u>
City of Ramsey direct debt	25,030,000	100.00%	<u>25,030,000</u>
Total direct and overlapping debt			<u>\$ 80,861,735</u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment. Debt outstanding data provided by the county.

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

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

**City of Ramsey
Legal Debt Margin Information
Last Ten Fiscal Years**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Debt Limit*	\$ 20,043,646	\$ 22,434,408	\$ 25,767,906	\$ 29,209,646
Total net debt applicable to limit	<u>1,469,506</u>	<u>1,592,213</u>	<u>2,147,668</u>	<u>2,474,766</u>
Legal debt margin	<u>\$ 18,574,140</u>	<u>\$ 20,842,195</u>	<u>\$ 23,620,238</u>	<u>\$ 26,734,880</u>
Total net debt applicable to limit as a percentage of debt limit	7.33%	7.10%	8.33%	8.47%

Note: Under state finance law, the City of Ramsey's outstanding general obligation debt should not exceed 3 percent of total taxable market value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

* The statutory limit on debt of Minnesota municipalities increased June 30, 2008 from 2 to 3 percent.

	<u>2005</u>	<u>2006</u>	<u>Fiscal Year 2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	33,624,264	\$ 38,434,834	\$ 43,306,238	\$ 68,652,672	\$ 71,088,672	\$ 65,717,394
	<u>20,027,702</u>	<u>19,572,702</u>	<u>20,073,569</u>	<u>19,046,615</u>	<u>17,825,537</u>	<u>16,465,049</u>
\$	<u><u>13,596,562</u></u>	<u><u>18,862,132</u></u>	<u><u>23,232,669</u></u>	<u><u>49,606,057</u></u>	<u><u>53,263,135</u></u>	<u><u>49,252,345</u></u>
	59.56%	50.92%	46.35%	27.74%	25.08%	25.05%

Legal Debt Margin Calculation for Fiscal Year 2010

Taxable Market value		\$ 2,190,579,800
Debt limit (3%* of market value)		65,717,394
Debt applicable to limit:		
Total bonded debt	\$ 25,030,000	
Less:		
Obligations issued with special assessments		(4,865,000)
Obligations issued with tax increments		(1,175,000)
Amounts available in respective Debt Service Funds		<u>(2,524,951)</u>
Total deductions		(8,564,951)
		<u>16,465,049</u>
Legal debt margin		<u><u>\$ 49,252,345</u></u>

**City of Ramsey
Demographic and Economic Statistics
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
2001	19,000	\$ 590,596,000	\$ 31,084	3,216	3.1 %
2002	19,500	621,738,000	31,884	3,806	3.8
2003	20,800	679,660,800	32,676	4,154	4.2
2004	22,200	751,921,854	33,870	3,668	3.8
2005	23,008	796,383,601	34,613	3,725	3.0
2006	23,500	837,537,203	35,640	3,570	3.4
2007	24,100	905,557,500	37,575	3,769	4.2
2008	24,100	933,730,400	38,744	3,757	6.7
2009	24,300	974,430,972	40,100 *	3,818	7.8
2010	23,668	949,086,800	40,100 **	5,503	7.3

(1) Years 2001-2009 population based on combination of Metropolitan Council estimates and City of Ramsey estimates generated from building permit data. In 2010, the United States Census Bureau completed its decennial census showing continued growth; however, the 2010 census revealed a lower persons per household than used in population estimates based on building permit data by the city.

(2) Calculated based on Per Capita Personal Income (Anoka County average) times Ramsey population.

(3) U.S. Department of Commerce, Bureau of Economic Analysis - Anoka County Average.

(4) Anoka-Hennepin School District No. 11 and Elk River School District #728. 2009/2010 increase result of new 2010 Census data.

(5) Minnesota Department of Employment and Economic Development

* Estimated based on state annual increase

** Used prior year as best estimated

**City of Ramsey
Principal Employers
Current Year And Nine Years Ago**

<u>Employer</u>	<u>2010</u>			<u>2001</u>		
	<u>Employees</u>		<u>Percentage of Total City</u>	<u>Employees</u>		<u>Percentage of Total City</u>
	<u>(1)</u>	<u>Rank</u>	<u>Employment</u>	<u>(1)</u>	<u>Rank</u>	<u>Employment</u>
BMC Vision Ease Lens	355	1	6.71%	300	2	7.46%
Life Fitness (Parabody Inc.)	265	2	5.01%	169	5	4.21%
Connexus Energy/Anoka Electric	230	3	4.35%	265	3	6.59%
Anderson & Dahlen (Knoll Properties)	150	4	2.84%			
Ramsey Elementary	135	5	2.55%	120	7	2.99%
Altron Inc.	110	6	2.08%	200	4	4.98%
Waltek	108	7	2.04%			
RJM/General Paper Products	103	8	1.95%			
Command Tooling	100	9	1.89%	96	8	2.39%
Sign Zone	90	10	1.70%			
Mate Precision Tooling, Inc				353	1	8.78%
Listul Industries				140	6	3.48%
Latourneau's Super Valu				55	9	1.37%
City of Ramsey				51	10	1.27%

Source: State Department of Employment and Economic Development

(1) Full-time equivalent

City of Ramsey
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

<u>Function</u>	Fiscal Year				
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General government	17.85	18.85	19.85	21.85	21.97
Public safety					
Police					
Officers	17.50	18.00	18.00	20.00	22.00
Civilians	2.00	2.00	2.50	3.50	3.50
Fire					
Firefighters and officers	7.58	8.58	8.08	9.58	9.58
Civilians	-	-	-	-	0.50
Protective Inspections	3.50	3.50	3.50	5.00	7.00
Highways and streets					
Engineering	3.00	4.00	5.00	6.00	6.48
Streets	7.46	7.00	7.00	7.50	7.00
Maintenance	4.00	5.00	5.00	5.50	6.00
Culture and recreation	3.97	4.09	4.09	4.09	4.22
Water	-	-	-	-	1.00
Total	66.86	71.02	73.02	83.02	89.25

Source: City Budget documents

	Fiscal Year			
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
22.77	23.02	23.02	21.22	20.22
23.00	24.00	25.00	23.00	23.00
3.50	4.00	4.00	5.00	5.00
9.58	9.58	9.58	9.58	9.58
1.00	1.00	1.00	1.00	1.00
7.00	7.00	7.00	3.00	2.00
7.48	8.48	8.48	7.48	6.48
8.00	8.00	8.00	7.00	7.00
6.00	7.00	7.00	6.00	6.00
4.22	4.22	4.22	2.47	2.47
1.00	1.00	1.00	2.00	2.00
<hr/> 93.55	<hr/> 97.30	<hr/> 98.30	<hr/> 87.75	<hr/> 84.75

**City of Ramsey
Operating Indicators by Function
Last Ten Fiscal Years**

Function	Fiscal Year			
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Police				
Number of arrests	381	319	325	436
Parking violations	160	129	351	452
Traffic violations	1,142	1,433	1,965	2,702
Fire				
Number of calls answered	320	318	321	396
Inspections	-	-	-	132
Highways and streets				
Street resurfacing (miles)	19.78	17.54	10.40	21.06
Culture and recreation				
Park Acreage maintained	565	565	565	565
Trails/sidewalks maintained (miles)	Not available	30	30	30
Water				
Number of connections	2,119	2,233	2,516	2,945
Water main breaks	-	-	-	-
Average daily consumption (gallons)	1,200,000	1,200,000	1,200,000	1,523,288

Source: Various City departments

Note: Indicators are not available for the general city functions.

	Fiscal Year					
<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	
481	534	642	574	437	352	
336	270	383	451	545	465	
2,917	2,544	2,156	2,913	2,875	4,008	
501	496	489	491	453	481	
272	559	527	163	194	177	
19.29	17.26	20.70	17.90	15.65	16.59	
565	565	565	565	565	565	
30	30	30	30	30	40	
3,306	3,542	3,709	3,850	3,914	3,962	
-	-	-	-	-	-	
1,575,342	1,753,425	1,917,808	1,717,808	1,754,130	1,753,425	

**City of Ramsey
Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function	Fiscal Year				
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Public Safety					
Police:					
Stations	1	1	1	1	1
Patrol units	5	6	6	6	6
Fire stations	2	2	2	2	2
Highways and streets					
Streets (miles)	146.11	150.10	154.50	159.85	159.85
Streetlights	385	429	448	461	504
Culture and recreation					
Parks acreage	565	565	565	565	565
Parks *	35	35	35	35	35
Tennis courts	16	16	16	16	16
Water					
Water mains (miles)	43	55	55	55	55
Fire hydrants	442	442	562	562	562
Maximum daily capacity	4,609,000	5,100,000	5,100,000	5,100,000	5,100,000
Sewer					
Sanitary sewers (miles)	36	36	38	38	38
Storm sewers (miles)	15	15	15	15	15

Source: Various City departments

Note: Indicators are not available for the general city functions.

* The city has 35 total parks with 28 receiving some form of maintenance

	Fiscal Year				
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	
1	1	1	1	1	1
6	6	6	6	6	6
2	2	2	2	2	2
159.85	167.80	168.00	168.00	168.00	168.00
552	603	603	626	626	
565	565	565	565	565	565
35	35	35	35	35	35
16	16	16	16	16	12
55	87	87	87	87	87
562	1,000	1,000	1,000	1,000	1,000
5,100,000	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000
38	48	48	48	48	48
15	15	15	15	15	15

Management Report
for
City of Ramsey, Minnesota
December 31, 2010



PRINCIPALS

Kenneth W. Malloy, CPA
Thomas M. Montague, CPA
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA

To the City Council
City of Ramsey
Ramsey, Minnesota

We have prepared this management report in conjunction with our audit of the City of Ramsey, Minnesota's (the City) financial statements for the year ended December 31, 2010. The purpose of this report is to communicate information resulting from our audit process and to communicate information relevant to city finances in Minnesota. We have organized this report into the following sections:

- Audit Summary
- Funding Cities in Minnesota
- Governmental Funds Overview
- Financial Trends and Conditions of Selected Funds
- Accounting and Auditing Updates

We would be pleased to further discuss any of the information contained in this report or any other concerns that you would like us to address. We would also like to express our thanks for the courtesy and assistance extended to us during the course of our audit.

This report is intended solely for the information and use of those charged with governance of the City, management, and those who have responsibility for oversight of the financial reporting process and is not intended to be, and should not be, used by anyone other than these specified parties.

Malloy, Montague, Karnowski, Radosevich, & Co., P.A.

June 1, 2011

AUDIT SUMMARY

The following is a summary of our audit work, key conclusions, and other information that we consider important or that is required to be communicated to the City Council, administration, or those charged with governance of the City.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2010. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously discussed and coordinated in order to obtain sufficient audit evidence and complete an effective audit.

AUDIT OPINION AND FINDINGS

Based on our audit of the City's financial statements for the year ended December 31, 2010:

- We have issued an unqualified opinion on the City's basic financial statements.
- We reported no matters involving the City's internal control over financial reporting that we consider to be material weaknesses.
- The results of our testing disclosed no instances of noncompliance required to be reported under *Government Auditing Standards*.
- We reported no findings based on our testing of the City's compliance with Minnesota laws and regulations.

AUDIT COMMENTS

Land Held for Resale – The City currently holds a significant amount of land for resale in the Housing and Redevelopment Special Revenue Fund, which management reports at the lower of cost or net realizable value. For assets that are not considered readily available for spending, a reservation of fund balance is required resulting in a deficit unreserved, undesignated fund balance in this fund. We recognize the City is working on an ongoing basis to utilize these assets in the best interest of the City. We recommend that the City continue to review these property values and related internal loans on an ongoing basis to ensure a proper reporting of city assets and financial activity between funds is accurately presented.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Where applicable, management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management, when applicable, were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 of the notes to basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year.

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

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were as follows:

- **Value of Land Held for Resale** – These assets are stated at the lower of cost or net realizable value based on management's estimates.
- **Depreciation** – Management's estimates of depreciation expense are based on the estimated useful lives of the assets.
- **Net Other Post-Employment Benefit (OPEB) Liabilities** – Actuarial estimates of the net OPEB obligation is based on eligible participants, estimated future health insurance premiums, and estimated retirement dates.

Management expects any differences between estimates and actual amounts of these estimates to be insignificant. We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

DISAGREEMENTS WITH MANAGEMENT

For purposes of this report, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated June 1, 2011.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

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

OTHER AUDIT FINDINGS OR ISSUES

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

FUNDING CITIES IN MINNESOTA

LEGISLATION

The following is a summary of significant legislative activity passed in calendar year 2010 affecting the finances of Minnesota cities:

Local Government Aid and Market Value Homestead Credit – The 2009 legislative session ended without an agreement on how to address significant projected state budget deficits for the 2009 and 2010 fiscal years. The Governor vetoed the budget bill proposed by the Legislature and balanced the budget using his power of unallotment. The Governor's unallotment plan included delays in the payment of state revenues to school districts, and a reduction in appropriations to other state programs, including local government aid (LGA) and market value homestead credit (MVHC) to Minnesota cities. The unallotments included reductions of approximately \$128 million to calendar year 2010 LGA and MVHC, calculated at 7.64 percent of the total calendar year 2009 aggregated levy and LGA of the city, not to exceed \$55 per capita. Cuts were to be first taken from LGA and then from MVHC, as necessary. Cities with populations below 1,000 and below the state-wide average tax base per capita were exempted from these cuts.

The February 2010 state budget forecast predicted an additional shortfall of \$994 million for the remainder of the 2010–2011 biennium. The 2010 Legislature passed a supplemental budget bill in April that addressed roughly \$312 million of the additional shortfall. The bill reduced fiscal 2010 LGA and MVHC for cities by an additional \$52.5 million, calculated at 3.43 percent of the total 2010 aggregated levy, LGA, and taconite aid of the city, not to exceed \$28 per capita. These cuts were to be first taken from MVHC and then from LGA, as necessary. Cities with populations below 1,000 exempted from previous LGA and MVHC cuts were included in this round of cuts.

The April 2010 supplemental budget bill also reduces city LGA and MVHC for fiscal 2011 by \$56.5 million. About \$25.4 million of this reduction is a permanent extension of the MVHC portion of the cuts originally made through the Governor's unallotments. The Legislature also made a permanent reduction of \$31.1 million to the state's annual LGA appropriation for cities, beginning in 2011.

In May 2010, the Minnesota Supreme Court issued a ruling on a lawsuit overturning the Governor's unallotment of funding to a state special nutrition program. The decision, which applied only to the cuts to this specific program, called into question all of the Governor's July 2009 unallotments. In a one-day special session in May, the 2010 Legislature took action to ratify the majority of the Governor's 2010 unallotments, and dealt with the remaining projected shortfall.

Levy Limitations – A 2008 law limited general operating property tax levy increases for cities with populations over 2,500 to an inflationary increase based on the state determined implicit price deflator (IPD) to a maximum of 3.9 percent annually for the next three calendar years. Modifications were made in subsequent legislative sessions to allow cities subject to levy limitation to declare "special levies" to replace the LGA and MVHC losses described above. The 2010 Legislature also established a floor of zero percent for the inflationary increase, so levies would not be reduced in the event of IPD deflation. The Governor's proposal to extend levy limits was not adopted by the 2010 Legislature, and levy limits remain set to expire after the 2011 tax year. However, the extension of levy limits is expected to be revisited by the 2011 Legislature.

State Stimulus/Jobs Bill – This jobs creation bill included a number of provisions that applied to cities, including:

- Authority for local governments to finance energy conservation improvements and collect repayments as special assessments at the request of the property owner.
- Creation of a new “compact development” type of tax increment financing (TIF) district.
- Expanded authority to use TIF for general economic development for one year.
- Expanded authority to use excess TIF to finance new private development.
- Expanded authority for certain cities to use TIF for housing replacement in response to the foreclosure crisis.

Interest Rates on Awards and Judgments – The 2010 Legislature exempted government entities from a 2009 law change that increased the required interest rate on awards and judgments over \$50,000 to 10 percent, returning the rate to the pre-2009 maximum of the greater of 4 percent or the secondary market rate of one year U.S. Treasury bills as determined in December each year.

Pension Funding and Sustainability – The 2010 Legislature made a number of changes to improve the sustainability of state-wide pension plans, including those administered by the Public Employees Retirement Association (PERA). Among the changes to the Public Employee Retirement Fund Coordinated Plan were required increases to the employer and employee contribution rates of 0.25 percent of salary each, effective January 1, 2011. Public Employee’s Police and Fire Fund employee and employer contribution rates also increased 0.2 percent and 0.3 percent of salary, respectively, effective January 1, 2011.

STATE OUTLOOK AND IMPORTANCE OF INTERNAL CONTROLS

The state of Minnesota has experienced a series of major budget shortfalls and a steadily deteriorating financial condition in recent years. Local governments and other entities dependent on the state for funding have, in turn, had to deal with the resulting state aid cuts, holdbacks, and unallotments. For the fiscal year 2010–2011 biennium, the state budget was balanced using several large accounting “shifts” and one-time federal stabilization funds that greatly reduced the amount of actual aid reductions necessary. The accounting shifts included delaying state aid payments to and accelerating property tax revenue recognition of Minnesota school districts, essentially utilizing cash “borrowed” from the districts to help balance the state budget. The state intends to pay these shifts back when it has the financial ability.

Current state budget projections for 2011–2012 predict further significant shortfalls that will need to be addressed. Realistically, the state has already used up most of the accounting shifts available for this purpose, and additional federal assistance cannot be counted on. The economy, while showing some signs of recovery, is unlikely to turn around quickly enough to solve the state’s budget issues in the short-term. All of this adds up to a period of continued financial uncertainty and a strong likelihood of further funding cuts for Minnesota municipalities.

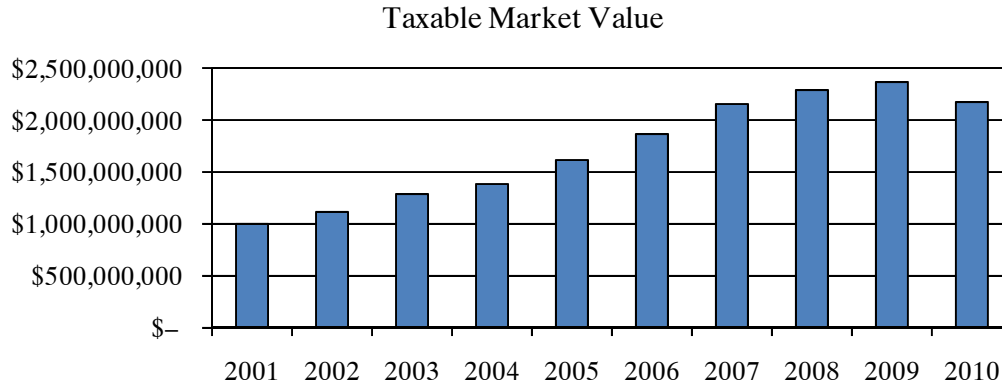
These circumstances have resulted in a sustained cycle of budget reductions for most Minnesota cities. Among our clients, we have seen numerous examples of staffing cuts and reassignments that have potentially weakened internal controls by reducing the segregation of accounting duties or delaying the performance of key control procedures. Unfortunately, the economic downturn has also placed additional financial strain on many individuals, elevating the risk of fraud and theft. Recent communications from the Minnesota Office of the State Auditor have reported a substantial increase in incidents of fraud and theft involving local governments reported to their office recently. A sound system of internal controls is critical to safeguarding city assets and assuring that accurate and timely financial information is available to manage the City. When faced with difficult budgetary decisions, we encourage our clients to remain mindful of these factors and to continue to make sound financial controls a top priority.

PROPERTY TAXES

Minnesota cities rely heavily on local property tax levies to support their governmental fund activities. In recent years this dependence has been heightened, as revenue from state aids and fees related to new development have dwindled due to the struggling economy. This has placed added pressure on local taxpayers already beset by higher unemployment, lower property values, and tighter credit markets. As a result, municipalities in general are experiencing increases in tax delinquencies, abatements, and foreclosures. This instability has led to significant fiscal challenges for many local governments, and increased the investing public's concerns about the security of the municipal debt market.

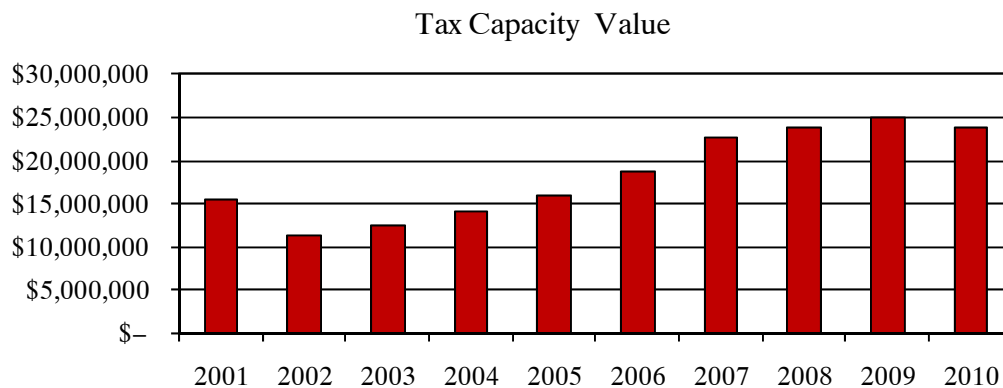
Property values within Minnesota cities experienced an average increase of 1.5 percent for taxes payable in 2009 and an average decrease of 3.0 percent for those payable in 2010, reflecting the weak housing market and economic recession experienced in recent years. In comparison, the City's market value increased 3.5 percent in 2009 and decreased 7.6 percent in 2010. It is important to remember that the 2010 market value is based on estimated values as of January 1, 2009, and the housing market is still experiencing difficult times.

The following graph shows the City's changes in taxable market value over the past 10 years:



Tax capacity is considered the actual base available for taxation. It is calculated by applying the state's property classification system to each property's market value. Each property classification, such as commercial or residential, has a different calculation and uses different rates. Consequently, a city's total tax capacity will change at a different rate than its total market value, as tax capacity is affected by the proportion of the City's tax base that is in each property classification from year-to-year, as well as legislative changes to tax rates. The City's tax capacity increased 5.0 percent for 2009 and decreased 5.0 percent for 2010.

The following graph shows the City's change in tax capacities over the past 10 years:



The following table presents the average tax rates applied to city residents for each of the last two levy years, along with comparative state-wide and metro area rates. The general increase in rates reflects both the increased reliance of local governments on property taxes and the recent decline in tax capacities previously discussed.

Rates expressed as a percentage of net tax capacity						
	All Cities State-Wide		Seven-County Metro Area		City of Ramsey	
	2009	2010	2009	2010	2009	2010
Average tax rate						
City	36.9	39.2	33.7	36.0	39.5	38.0
County	39.3	41.0	34.7	36.8	32.4	35.6
School	22.0	23.0	22.1	24.0	20.5	22.5
Special taxing	5.5	5.9	5.9	6.5	4.9	6.2
Total	<u>103.7</u>	<u>109.1</u>	<u>96.4</u>	<u>103.3</u>	<u>97.3</u>	<u>102.3</u>

As the table displays, the City portion decreased while the total average tax rate increased due to increases approved by other taxing authorities.

The school tax rate for the City represents an average of Independent School Districts No. 11, Anoka-Hennepin and No. 728, Elk River Area Schools.

GOVERNMENTAL FUNDS OVERVIEW

This section of the report provides you with an overview of the financial trends and activities of the City's governmental funds. Governmental funds include the General Fund, special revenue, debt service, and capital project funds. We have also included the most recent comparative state-wide averages available from the Office of the State Auditor. The reader needs to consider the effect of inflation and other known changes or differences when comparing this data. Also, certain data on these tables may be classified differently than how they appear on the City's financial statements in order to be more comparable to the state-wide information, particularly in separating capital expenditures from current expenditures.

We have designed this section of our management report using per capita data in order to better identify unique or unusual trends and activities of your city. We intend for this type of comparative and trend information to complement rather than duplicate information in the Management's Discussion and Analysis. An inherent difficulty in presenting per capita information is the accuracy of the population count, which for most years is based on estimates.

GOVERNMENTAL FUNDS REVENUE

The amounts received from the typical major sources of revenue will naturally vary between cities based on their particular situation. This would include the City's stage of development, location, size and density of its population, property values, services it provides, and other attributes. The following table presents the City's revenue per capita of its governmental funds for the past three years, together with state-wide averages:

Governmental Funds Revenue per Capita								
With State-Wide Averages by Population Class								
Year	State-Wide				City of Ramsey			
	December 31, 2009				2008	2009	2010	
Population	2,000-2,500	2,500-10,000	10,000-20,000	20,000-100,000	24,100	24,300	23,668	
Property taxes	\$ 371	\$ 367	\$ 365	\$ 391	\$ 361	\$ 400	\$ 361	
Tax increments	37	46	62	59	141	145	153	
Franchise and other taxes	8	23	34	36	-	-	-	
Special assessments	74	86	47	62	21	18	21	
Licenses and permits	19	21	19	27	36	15	17	
Intergovernmental revenues	339	284	273	168	109	71	86	
Charges for services	88	82	80	77	25	39	56	
Other	108	81	76	61	244	109	93	
Total revenue	\$ 1,044	\$ 990	\$ 956	\$ 881	\$ 937	\$ 797	\$ 787	

Total revenue per capita remained similar to the prior year, decreasing by \$10. The decrease in property taxes per capital of \$39 was primarily due to a decrease in the approved levy. This decrease was offset by increases in tax increments of \$8 per capita and intergovernmental revenues of \$15 per capita, as well as increases in charges for services of \$17 per capita, which were due to additional building permits issued and rental of space in the municipal center. Other local services revenue per capita decreased \$16 per capita, which includes fines and forfeits, investment earnings, and other miscellaneous revenue sources.

GOVERNMENTAL FUNDS EXPENDITURES

Similar to our discussion of revenues, the expenditures of governmental funds will vary from state-wide averages and from year-to-year, based on the City's circumstances. Expenditures are classified into three types as follows:

- **Current** – These are typically the general operating type expenditures occurring on an annual basis, and are primarily funded by general sources such as taxes and intergovernmental revenues.
- **Capital Outlay and Construction** – These expenditures do not occur on a consistent basis, more typically fluctuating significantly from year-to-year. Many of these expenditures are project-oriented, and are often funded by specific sources that have benefited from the expenditure, such as special assessment improvement projects.
- **Debt Service** – Although the expenditures for the debt service may be relatively consistent over the term of the respective debt, the funding source is the important factor. Some debt may be repaid through specific sources such as special assessments or redevelopment funding, while other debt may be repaid with general property taxes.

The City's expenditures per capita of its governmental funds for the past three years, together with state-wide averages, are presented in the following table:

Governmental Funds Expenditures per Capita With State-Wide Averages by Population Class								
Year	State-Wide				City of Ramsey			
	December 31, 2009				2008	2009	2010	
Population	2,000–2,500	2,500–10,000	10,000–20,000	20,000–100,000	24,100	24,300	23,668	
Current								
General government	\$ 169	\$ 120	\$ 107	\$ 79	\$ 175	\$ 162	\$ 181	
Public safety	219	217	233	241	164	162	160	
Street maintenance and lighting	109	112	106	82	119	94	116	
Parks and recreation	59	61	81	86	37	35	35	
All other	104	81	81	96	–	–	–	
	<u>\$ 660</u>	<u>\$ 591</u>	<u>\$ 608</u>	<u>\$ 584</u>	<u>\$ 495</u>	<u>\$ 453</u>	<u>\$ 492</u>	
Capital outlay and construction								
	<u>\$ 251</u>	<u>\$ 336</u>	<u>\$ 325</u>	<u>\$ 267</u>	<u>\$ 186</u>	<u>\$ 182</u>	<u>\$ 268</u>	
Debt service								
Principal	\$ 245	\$ 196	\$ 135	\$ 126	\$ 83	\$ 141	\$ 94	
Interest and fiscal	76	73	51	39	56	55	56	
	<u>\$ 321</u>	<u>\$ 269</u>	<u>\$ 186</u>	<u>\$ 165</u>	<u>\$ 139</u>	<u>\$ 196</u>	<u>\$ 150</u>	

Total expenditures in the City's governmental funds for 2010 were \$21,543,011, an increase of \$1,329,608 (6.6 percent) from the prior year. On a per capita basis, the City expended a total of \$910 in 2010. Current expenditures increased \$39 per capita, or about 8.6 percent, from last year. Capital outlay expenditures for 2010 were \$86 more per capita than the prior year due to higher street construction and land purchase expenditures. Debt service expenditures for 2010 were \$46 per capita lower than the prior year as scheduled, with final payment on four bond issues in the prior year.

FINANCIAL TRENDS AND CONDITIONS OF SELECTED FUNDS

FINANCIAL CONDITION OF THE GOVERNMENTAL FUNDS AND ACTIVITIES AS A WHOLE

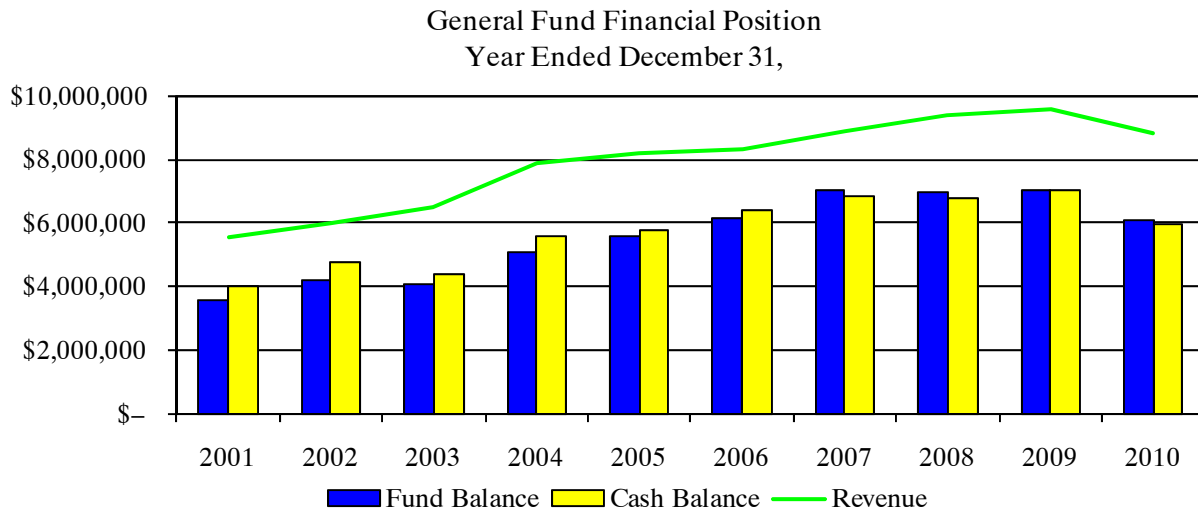
The governmental funds reported total fund balances of \$38,414,991 at December 31, 2010. This level of fund balance for all governmental funds represents a decrease of \$2,594,704 from the prior year fund balance for all governmental funds of \$41,009,965. The Park Improvement Capital Project Fund decreased almost \$2 million with a transfer of resources for capital expenditures incurred in the current year.

The Statement of Net Assets shows an increase in the net assets of the governmental activities of \$1,102,234, with ending net assets of \$74,522,018. Since this statement is based on accrual accounting rather than modified accounting, the money spent on capital project costs are capitalized as assets, while in the fund statements they are expended.

GENERAL FUND

The City's General Fund accounts for the financial activity of the basic services provided to the community. The primary services included within this fund are the administration of the municipal operation, police and fire protection, building inspection, streets and highway maintenance, and culture and recreation.

The following graph displays the City's General Fund trends of financial position and changes in the volume of financial activity. Fund balance and cash balance are typically used as indicators of financial health or equity, while annual revenue is often used to measure the size of the operation.

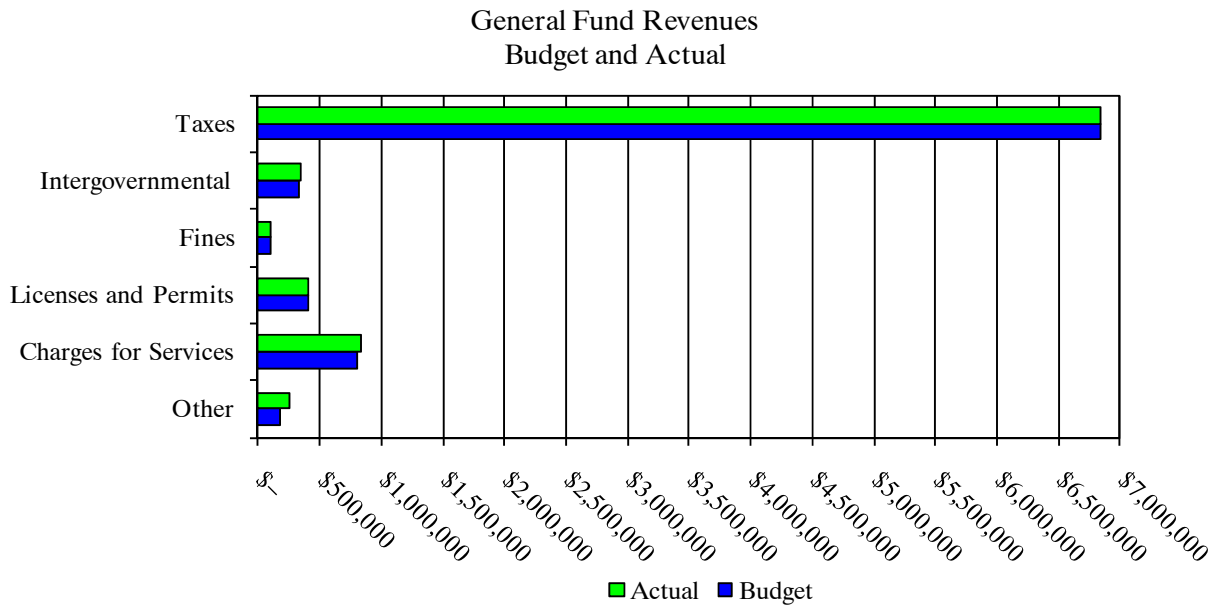


The City's General Fund cash and investments balance (net of interfund borrowing) at December 31, 2010 was \$5,971,246, a decrease of \$1,043,963 from the previous year. Total fund balance at year-end was \$6,059,759, a decrease of \$957,194 from the prior year. The City Council has reserved or designated this entire fund balance for specific purposes. The stability of the General Fund's financial position is greatly attributed to the City's "Fund Balance and Excess Revenue Policy" as well as the general budgeting policies. These policies have allowed the City to provide funding for equipment replacement and recurring capital maintenance programs without disrupting the General Fund's financial position. This is an important factor because a government, like any organization, requires a certain amount of equity to operate. The amount of required equity increases as the size of the operation increases. Increase in the size of the operation is natural, caused by such things as inflation, population growth, desired increases in services, and—something which has impacted cities significantly in recent years—mandated increases in services and administrative requirements.

The graph on the previous page shows the rapid yet steady growth in fund equity, absent of significant year-to-year fluctuations through 2009. This indicates a stable operation with effective financial controls. The decrease in 2010 cash and fund balance is largely due to the City's change in its fund balance policy, which was amended to require 50 percent of the following years' adopted budgeted expenditures. Prior to the current year this requirement was at 60 percent.

Generally, a healthy financial position allows the City to avoid volatility in tax rates; helps minimize the impact of state funding changes; allows for the adequate and consistent funding of services, repairs, and unexpected costs; and can be a factor in determining the City's bond rating and resulting interest costs.

The following graph reflects the City's General Fund revenues, budget and actual, for 2010:

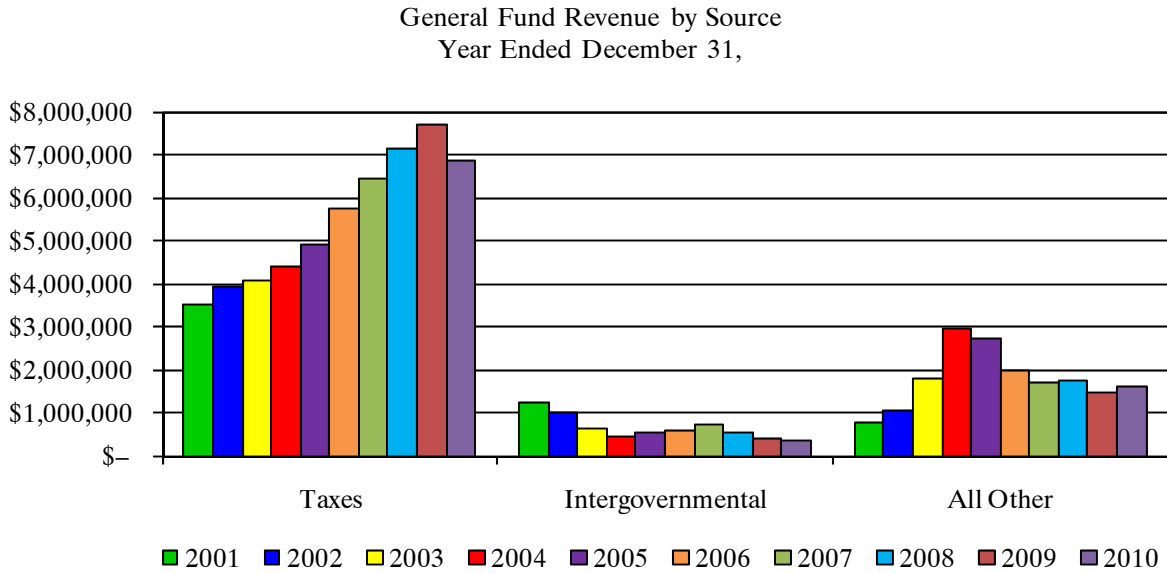


Total General Fund revenues for 2010 were \$8,789,279, a decrease of \$790,795 from the previous year and \$115,104 more than budget.

Property tax revenue decreased by \$859,026, due to a decrease in the approved levy adopted as discussed earlier in this report.

Charges for services and investment earnings surpassed budget expectations by \$30,963 and \$80,635, respectively, due to conservative budgeting in these areas due to the volatility in the nature of these sources.

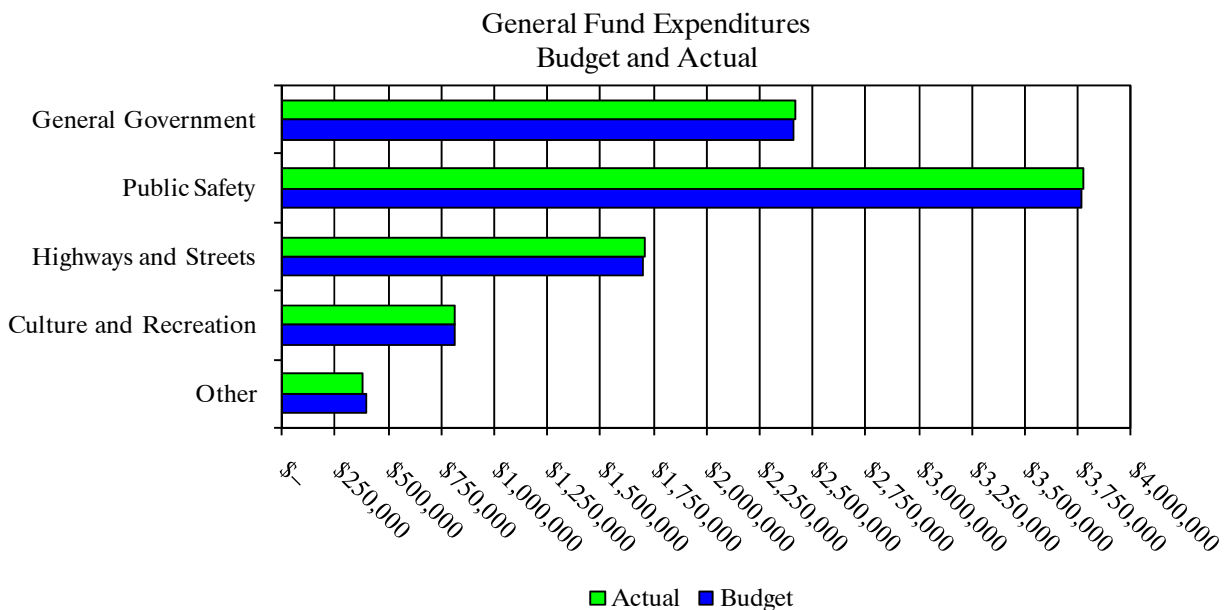
The following graph presents the City's General Fund revenues by source for the last 10 years:



The trend of increased reliance on tax revenue and decreasing intergovernmental (primarily state revenue) is typical to Minnesota cities. As presented in the graph above, property taxes account for 78 percent of General Fund revenues even after the current year reduction discussed on the previous page.

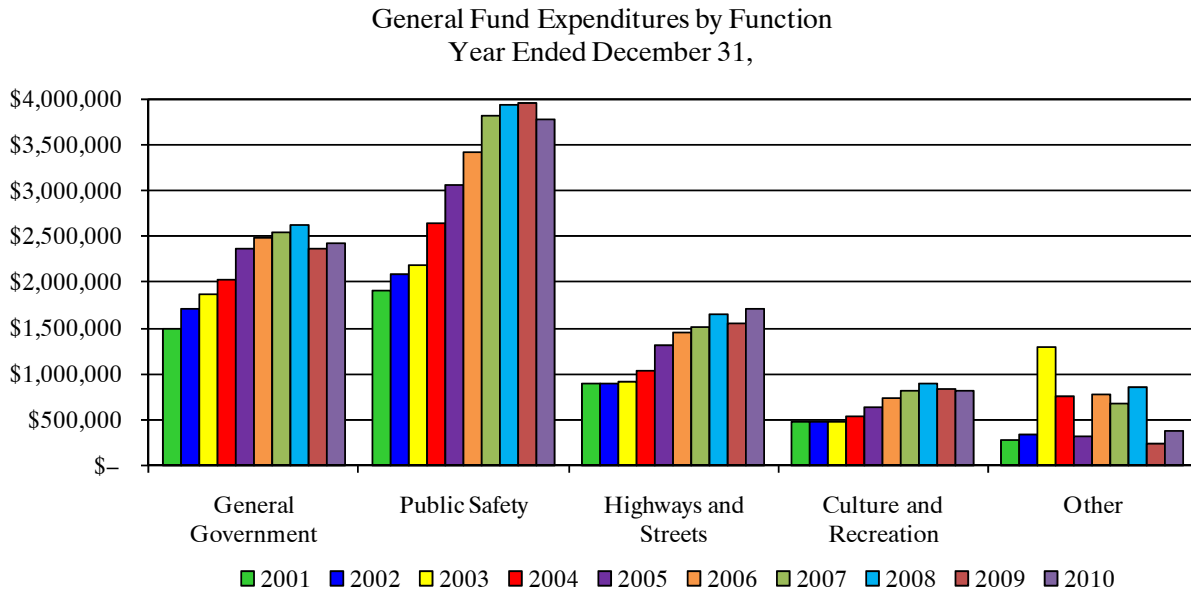
The City has received a significant amount of other revenue in the form of licenses, permits, and charges for services relating to new development in past years, but as displayed in the graph above, these sources have been declining with the slowing economy.

The following graph reflects the City's General Fund expenditures, budget and actual, for 2010:



General Fund expenditures totaled \$9,103,519 in 2010, an increase of \$163,230 (or 1.8 percent) from the prior year, and were \$17,032 (or 0.2 percent) over the final budget.

The following graph shows General Fund expenditures for the last 10 years:



The graph shows that the largest share of General Fund expenditures is for public safety, while general government expenditures make up the second largest expenditure category. As the graph displays, expenditures increased in all categories presented above, with the exception of public safety, which decreased \$165,836, and culture and recreation, which decreased \$19,738.

Utility Enterprise Funds

The City's enterprise funds report positive components of net assets in all utility operations. Total cash balances equaled \$14,289,448, while net assets totaled \$75,345,808 at December 31, 2010. Net assets increased \$1,889,436 over the prior year.

The following table presents five years of comparative operating results for each of the City's utility enterprise funds:

	2006	2007	2008	2009	2010
Utility enterprise funds					
Water					
Operating revenue	\$ 1,317,203	\$ 1,440,658	\$ 1,539,665	\$ 1,693,581	\$ 1,633,461
Operating expenses	<u>906,795</u>	<u>912,094</u>	<u>1,247,248</u>	<u>1,291,952</u>	<u>1,295,721</u>
Operating income	<u>\$ 410,408</u>	<u>\$ 528,564</u>	<u>\$ 292,417</u>	<u>\$ 401,629</u>	<u>\$ 337,740</u>
Operating income as a % of operating revenue	<u>31.2 %</u>	<u>36.7 %</u>	<u>19.0 %</u>	<u>23.7 %</u>	<u>20.7 %</u>
Sewer					
Operating revenue	\$ 1,044,271	\$ 1,100,948	\$ 1,208,843	\$ 1,214,953	\$ 1,261,609
Operating expenses	<u>771,870</u>	<u>838,452</u>	<u>883,214</u>	<u>1,076,451</u>	<u>1,101,554</u>
Operating income	<u>\$ 272,401</u>	<u>\$ 262,496</u>	<u>\$ 325,629</u>	<u>\$ 138,502</u>	<u>\$ 160,055</u>
Operating income as a % of operating revenue	<u>26.1 %</u>	<u>23.8 %</u>	<u>26.9 %</u>	<u>11.4 %</u>	<u>12.7 %</u>
Street Light					
Operating revenue	\$ 167,548	\$ 173,541	\$ 183,560	\$ 172,897	\$ 179,272
Operating expenses	<u>108,639</u>	<u>110,837</u>	<u>123,839</u>	<u>148,140</u>	<u>158,369</u>
Operating income	<u>\$ 58,909</u>	<u>\$ 62,704</u>	<u>\$ 59,721</u>	<u>\$ 24,757</u>	<u>\$ 20,903</u>
Operating income as a % of operating revenue	<u>35.2 %</u>	<u>36.1 %</u>	<u>32.5 %</u>	<u>14.3 %</u>	<u>11.7 %</u>
Recycling					
Operating revenue	\$ 251,224	\$ 291,152	\$ 332,682	\$ 284,515	\$ 294,617
Operating expenses	<u>232,052</u>	<u>283,746</u>	<u>300,755</u>	<u>298,631</u>	<u>307,662</u>
Operating income (loss)	<u>\$ 19,172</u>	<u>\$ 7,406</u>	<u>\$ 31,927</u>	<u>\$ (14,116)</u>	<u>\$ (13,045)</u>
Operating income as a % of operating revenue	<u>7.6 %</u>	<u>2.5 %</u>	<u>9.6 %</u>	<u>(5.0) %</u>	<u>(4.4) %</u>
Storm Water					
Operating revenue	\$ 475,548	\$ 503,553	\$ 566,506	\$ 578,666	\$ 617,598
Operating expenses	<u>258,731</u>	<u>440,697</u>	<u>300,444</u>	<u>358,522</u>	<u>350,521</u>
Operating income	<u>\$ 216,817</u>	<u>\$ 62,856</u>	<u>\$ 266,062</u>	<u>\$ 220,144</u>	<u>\$ 267,077</u>
Operating income as a % of operating revenue	<u>45.6 %</u>	<u>12.5 %</u>	<u>47.0 %</u>	<u>38.0 %</u>	<u>43.2 %</u>

As displayed in the table above, each of the individual enterprise funds was able to report positive operating results for the year ended December 31, 2010, with the exception of the recycling fund. This loss was covered by the county recycling grant which typically subsidizes these operations.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City's financial statements include fund-based information that focuses on budgetary compliance, and the sufficiency of the City's current assets to finance its current liabilities. The Governmental Accounting Standards Board (GASB) Statement No. 34 reporting model also requires the inclusion of two government-wide financial statements designed to present a clear picture of the City as a single, unified entity. These government-wide statements provide information on the total cost of delivering services, including capital assets and long-term liabilities of the City's governmental activities, and combines them with business-type activities.

Statement of Net Assets

The Statement of Net Assets essentially tells you what your city owns and owes at a given point in time, the last day of the fiscal year. Theoretically, net assets represent the resources the City has leftover to use for providing services after its debts are settled. However, those resources are not always in spendable form, or there may be restrictions on how some of those resources can be used. Therefore, the Statement of Net Assets divides the net assets into three components: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The following table presents the components of City's net assets as of December 31, 2010 and 2009, for governmental activities and business-type activities:

	As of December 31,		Increase (Decrease)
	2010	2009	
Net assets			
Governmental activities			
Invested in capital assets, net of related debt	\$ 38,466,812	\$ 34,736,969	\$ 3,729,843
Restricted	22,658,700	21,780,289	878,411
Unrestricted	13,396,506	16,902,526	(3,506,020)
Total governmental activities	<u>74,522,018</u>	<u>73,419,784</u>	<u>1,102,234</u>
Business-type activities			
Invested in capital assets, net of related debt	52,500,049	51,823,362	676,687
Unrestricted	22,845,759	21,633,010	1,212,749
Total business-type activities	<u>75,345,808</u>	<u>73,456,372</u>	<u>1,889,436</u>
Total net assets	<u>\$ 149,867,826</u>	<u>\$ 146,876,156</u>	<u>\$ 2,991,670</u>

The increase in governmental and business-type activities represents the results of operations as presented on the next page. The shift between components of net assets in governmental activities reflects the City's use of unrestricted resources in the current year for capital asset infrastructure additions.

Statement of Activities

The Statement of Activities tracks the City's yearly revenues and expenses, as well as any other transactions that increase or reduce total net assets. These amounts represent the full cost of providing services. The Statement of Activities provides a more comprehensive measure than just the amount of cash that changed hands, as reflected in the fund-based financial statements. This statement includes the cost of supplies used, depreciation of long-lived capital assets, and other accrual-based expenses.

The following table presents the change in net assets of the City for the years ended December 31, 2010 and 2009:

	2010		2009	
	Expenses	Program Revenues	Net Change	Net Change
Net (expense) revenue				
Governmental activities				
General government	\$ 4,998,807	\$ 1,132,229	\$ (3,866,578)	\$ (2,151,170)
Public safety	4,153,361	1,216,280	(2,937,081)	(3,362,954)
Highways and streets	5,791,896	2,594,366	(3,197,530)	(3,746,093)
Culture and recreation	1,048,690	51,624	(997,066)	(1,007,122)
Interest and fiscal charges	1,316,893	-	(1,316,893)	(1,330,224)
Business-type activities				
Water utility	1,295,721	1,878,578	582,857	501,897
Sewer utility	1,101,554	1,310,815	209,261	152,564
Street light utility	158,369	179,272	20,903	24,757
Recycling utility	307,662	344,490	36,828	34,029
Storm water utility	350,521	633,315	282,794	220,144
Total net (expense) revenue	<u>\$ 20,523,474</u>	<u>\$ 9,340,969</u>	(11,182,505)	(10,664,172)
General revenues				
Property taxes			12,144,908	13,019,854
General grants and contributions			114,692	204,752
Investment earnings			1,914,575	1,850,941
Sale of capital assets			-	5,816
Total general revenues			<u>14,174,175</u>	<u>15,081,363</u>
Change in net assets			<u>\$ 2,991,670</u>	<u>\$ 4,417,191</u>

One of the goals of this statement is to provide a side-by-side comparison to illustrate the difference in the way the City's governmental and business-type operations are financed. The table clearly illustrates the dependence of the City's governmental operations on general revenues, such as property taxes and unrestricted grants. It also shows that, for the most part, the City's business-type activities are generating sufficient program revenues (service charges and program-specific grants) to cover expenses. This is critical given the current downward pressures on the general revenue sources.

ACCOUNTING AND AUDITING UPDATES

GASB STATEMENT NO. 54 – FUND BALANCE REPORTING AND GOVERNMENTAL FUND TYPE DEFINITIONS

The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications (nonspendable, restricted, committed, assigned, and unassigned) that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The definitions of the general, special revenue, capital projects, debt service, and permanent fund types are clarified by the provisions in this statement; which could necessitate changes in fund structure, particularly for existing special revenue funds. Elimination of the reserved component of fund balance in favor of a restricted classification will enhance the consistency between information reported in the government-wide statements and information in the governmental fund financial statements and avoid confusion about the relationship between reserved fund balance and restricted net assets. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2010.

GASB STATEMENT NO. 60 – ACCOUNTING AND FINANCIAL REPORTING FOR SERVICE CONCESSION ARRANGEMENTS

This statement provides accounting and financial reporting guidance for governments that participate as either a transferor or an operator in a service concession arrangement (SCA). SCAs are arrangements whereby a government transfers the rights to operate one of its capital assets to a third party operator (either a private party or another government) for consideration, with the operator then being compensated from the fees or charges collected in connection with the operation of the asset. To qualify as an SCA, an arrangement must meet all of the following criteria: 1) the transferor must convey to the operator both the right and the obligation to use one of its capital assets to provide services to the public; 2) the operator must provide significant consideration to the transferor; 3) the operator must be compensated from the fees or charges it collects from third parties; 4) the transferor must have the ability to either determine, modify, or approve what services are to be provided to whom at what price; and 5) the transferor must retain a significant residual interest in the service utility of the asset. This statement provides guidance to governments that are party to an SCA for reporting the assets, obligations, and flow of revenues that result from the arrangement; along with the required financial statement disclosures. The requirements of this statement must be implemented for fiscal year ending December 31, 2012, with earlier implementation encouraged.

GASB STATEMENT NO. 61 – THE FINANCIAL REPORTING ENTITY: OMNIBUS

This statement amends the current guidance in GASB Statement No. 14, “The Financial Reporting Entity,” for identifying and presenting component units. This statement changes the fiscal dependency criterion for determining component units. Potential component units that meet the fiscal dependency criterion for inclusion in the financial reporting entity under existing guidance will only be included if there is also “financial interdependency” (an ongoing relationship of potential financial benefit or burden) with the primary government. This statement also clarifies the types of relationships that are considered to meet the “misleading to exclude” criterion for inclusion as a component unit; changes the criteria for blending component units; gives direction for the determination and disclosure of major component units; and adds a requirement to report an explicit, measurable equity interest in a discretely presented component unit in a statement of position prepared using the economic resources measurement focus. The requirements of this statement must be implemented for fiscal year ending June 30, 2013, with earlier implementation encouraged.

CC Work Session

2. 6.

Meeting Date: 06/14/2011

By: Jo Thieling, Administrative Services

Title:

Discuss Selection of Towing Vendor for the City of Ramsey

Background:

The City of Ramsey has had a two-year contract for towing services with Champlin Towing that will expire June 30, 2011. Staff is requesting authorization to enter into a new contract for towing services for the City of Ramsey for a two-year period.

A notice was published in the Anoka County Union once a week for two weeks beginning April 1, 2011. The deadline for proposals was Monday, May 23, 2011, at 4:30 p.m. The same RFP that was used in 2009 was used with minor changes.

Staff was aware of four towing companies that had shown interest in providing a proposal for service. These four companies were mailed requests for proposals during the release date.

Four proposals were received by the City that met the requirements as stated in the RFP. The four proposals that were received are attached to this case. A summary sheet has also been added that shows the various charges for services. Two of the proposals that were received are from Ramsey businesses (Champlin Towing and First Choice Towing) and the other two are from businesses outside of Ramsey (North Star - Anoka and Collins Brothers - Elk River).

North Star Towing had the City contract from 2007-2009 and Champlin Towing has had the contract from 2009-2011.

A case has been placed on the regular Council agenda for this evening to formalize selection of the towing contract based upon Council discussion.

Funding Source:

Police and Fire vehicles will be towed at no cost. Seized vehicles will be at a rate determined in the towing contract. Tows that occur due to arrest, accident, motorist aid or other police matter will be paid by the owner/driver of the vehicle at the rate determined in the selected proposal.

Council Action:

Based upon discussion - make recommendation for selection of towing contract and formalize that action at tonight's regular Council meeting.

Attachments

Towing RFP

Completed Proposals

Proposal Comparisons

Form Review

Inbox

Kurt Ulrich

Reviewed By

Kurt Ulrich

Date

06/08/2011 05:36 PM

Form Started By: Jo Thieling

Started On: 06/07/2011 02:32 PM

Final Approval Date: 06/08/2011

CITY OF RAMSEY

REQUEST FOR PROPOSAL

**TOWING, IMPOUNDING AND STORAGE
OF MOTOR VEHICLES**

Proposal Release Date: March 23, 2011
Proposal Due Date: May 23, 2011 4:30pm

Chief James Way
Ramsey Police Department
7550 Sunwood Dr.
Ramsey, MN 55303
(753)-427-6812

Introduction

The City of Ramsey, Minnesota, hereby issues a Request for Proposal for the intended purpose of retaining a service to provide Towing, Impounding and Storage of Motor Vehicles for the City 24 hours per day, 365 days per year, on an as needed and directed basis. Such direction is to be by the Chief of Police, the Fire Chief, the Director of Public Works and the Director of Fire and Building Inspections, of the City of Ramsey or their authorized and legal representatives.

Interested parties in the Towing service business may submit a proposal for Towing, Impounding and Storage of Motor Vehicles services. Each proposal must be submitted in a sealed envelope. To be considered a valid proposal, all interested Towing service businesses must submit proposals consistent with the terms and conditions outlined herein on or by 4:30 p.m. on Monday, May 23, 2011. A copy of the RFP may be received by contacting Chief James Way, Ramsey Police Department, 7550 Sunwood Dr NW, Ramsey, MN 55303.

The contract for service shall commence on July 1, 2011 and terminate on June 30, 2013.

RFP Process and Limitations

Prospective Towing service businesses please note that this is a request for proposal process and not a request for bids. The City of Ramsey will take all factors into consideration when determining the appropriate service provider for Ramsey. This RFP outlines minimum terms and conditions that must be met in order to be considered a viable proposal. Any proposal that does not meet the minimum requirements will be rejected. Towing service businesses have the option of making a proposal that is above and beyond the minimum terms and conditions. There will be no public bid opening.

The RFP does not commit the City of Ramsey to award or pay any costs incurred in preparation of a Towing service business's proposal. The City may modify any part of the RFP at any time prior to the contract selection. The City will modify the RFP only by issuing a written addendum. Addenda will be consecutively numbered in the order they are issued. The City reserves the right to reject all proposals. The City reserves the right to cancel this RFP if it is in the best interest of the City. The selection of this contract is contingent upon the approval of the Ramsey City Council.

Any addenda issued by the City will be mailed to all that are specifically known by the City to have received an original RFP. The City is not responsible for a Towing service business that does not receive an addendum.

Each towing service business may supplement their proposal once in response to each addendum. Towing service businesses may also clarify their proposals in response to a written request by the City for supplemental information. The City will consider no other proposal supplements.

All submissions by the towing service business will become part of the selected towing service business's contract by the City.

Any proposal received after 4:30 p.m. on May 23, 2011 will not be considered and will be returned to the towing service business unopened. Once the City receives the proposals, Towing service businesses cannot modify or withdraw their proposal unless directed by the City. All proposals become the property of the City of Ramsey, and will be considered public information after a proposal has been selected. Towing service businesses may label certain sections as "Proprietary," as allowed by the Minnesota Government Data Practices Act, and those sections will not be made public.

Submittal of RFP

Proposal shall be submitted to the attention of

Chief James Way
Ramsey Police Department
7550 Sunwood Dr NW
Ramsey, MN 55303

Deadline for submission of proposals is 4:30 p.m., Monday, May 23, 2011.

Questions relative to the RFP should be directed to Chief Way at (763)427-6812. Requests for clarification(s) will be considered until five (5) working days prior to proposal due date.

Terms and Conditions

1. In order to qualify for consideration under these terms and conditions, the potential Contractor's proposal must state what satisfactory equipment the Towing service actually owns, plans to buy or is planning to rent at the time the proposal is submitted. The potential Contractor must also have direct access to trained, available personnel at the time the contract begins, in order to provide immediate and prompt service as ordered and requested by the authorized City officials. The qualifying of proposals to meet this will be permitted, such as the acquisition of equipment being dependent upon proposal selection, etc. Failure to have or have access to the listed equipment when the contract is to commence will void the contract.
2. The successful Contractor must own or have available within a 10-mile radius of the Intersection of Ramsey Blvd NW (Co Rd 56) and Industry Ave NW (Co Rd 116), Ramsey, MN 55303, the following equipment as a minimum:
 - A. To tow passenger vehicles, including cars, light trucks, vans, utility vehicles, 4-wheel drive vehicles, motorcycles, and recreational vehicles (to include ATV's, snowmobiles and mini-bikes), one truck having a manufacturer's gross vehicle weight rating of 12,000 lbs., to be equipped with a crane and winch, and further equipped to control movement of the towed vehicle, and
 - B. To tow vehicles of $\frac{3}{4}$ ton to 1 $\frac{1}{2}$ ton capacity, one truck having a manufacturer's gross vehicle weight rating of 16,000 lbs., to be equipped with a crane and winch, and further equipped to control movement of the towed vehicle, and

- C. One truck having a manufacturer's gross vehicle weight rating of 52,000 lbs., to be equipped with a crane and winch, and further equipped to control movement of the towed vehicle, and
- D. Equipment sufficient and designed to move vehicles not amenable to towing or to move a completely demolished vehicle by means of dollies or low bed trailers.
- E. Equipment for 2-way communications with Anoka County Central Communications (Dispatch).

A listing of all equipment to be utilized shall be submitted with the proposal. Such listing shall show the make and model of all equipment available for use under this contract, along with size and all other pertinent information, such as specialized equipment not necessarily herein specified, but which may be a factor in performing effectively and efficiently.

All equipment to be used by the Contractor under this contract shall be maintained in good repair and condition. The City reserves the right to inspect the equipment from time to time for the purpose of determining that equipment condition is in conformance with the terms and conditions and the contract.

- 3. In order to be in consideration for proposal selection, all storage and parking lot facilities and all equipment to be used by the Contractor under this contract must be located within a 10-mile radius of the Intersection of Ramsey Blvd NW (Co Rd 56) and Industry Ave NW (Co Rd 116), Ramsey, MN 55303. The storage and parking lot facilities must meet all of the applicable State building code standard and municipal license and zoning requirements, including those relating to screening and landscaping of the City in which the facility is located.
- 4. The facilities proposed to be utilized under this contract must have the capability of storing a minimum of one (1) vehicle inside and a further capability of providing storage for a minimum of ten (10) vehicles outside. Inside storage will be necessary only when so requested or directed by an authorized official of the City of Ramsey as identified in these terms and conditions. When a direction is given to store a unit inside, such directions may be accompanied by certain instructions for security measures to be employed. The security responsibilities become the responsibility of the storing agent while the unit is in his/her keeping.
- 5. The Contractor performing under this contract shall assume all and full responsibility for the conduct of his/her employees. The Contractor guarantees that all of the employees performing under this contract will be adequately trained in their profession, will respond promptly to all calls, will provide safe and adequate equipment (as herein specified), be clean and neat in appearance, use decent language, free of profanity, and treat the public courteously at all times. Request for service from the Ramsey Police Department must be given first priority by all towing dispatchers serving as agents for the Contractor.

6. The Contractor will be solely responsible for loss or damage to any vehicle, including all equipment and contents, from the time direction is given by the authorized City representative turning the vehicle over to the Contractor or his Agency and until such time as the vehicle is legally released to the registered or actual owner or legal agent thereof.
7. The performing Contractor must agree to maintain proper records of all vehicles received. The record keeping system shall meet the approval of the Ramsey Chief of Police and records are to be available at all times for inspection by authorized City officials. The records must include a copy of the police impounding report. A report shall be submitted monthly to the Ramsey Chief of Police detailing all vehicles towed for the City and charges incurred during that current month. All contents of such reports shall meet the approval of the Ramsey Chief of Police.
8. All vehicles towed or impounded are to be released only upon receipt of the proper legal release form to be issued by the Ramsey Police Department, except for private tows. In special cases, a verbal release may be given by the Ramsey Police Department. The release form will then include the name of the department official that approved the release.
9. While performing under this contract and under these terms and conditions, the Contractor or his/her designated representative(s) must be present at the storage facility for the purpose of releasing vehicles to authorized persons Monday through Friday, between the hours of 8:30 a.m. and 4:30 p.m. (excluding legal holidays). During Saturdays, Sundays, and legal holidays, the Contractor must be available between 12:00 p.m. and 2:00 p.m. by appointment only. It is not necessary that the Contractor or his/her designated representatives be physically present at the storage facility, but the City must be able to contact the Contractor or his/her designated representative on an as needed basis during these times. Providing the City with a home phone number where the Contractor can be reached during these times would be adequate for purposes of this paragraph.
10. It shall be agreed under this contract that motor vehicles will not be driven at anytime during the towing procedure. In the event that the vehicle is without tires or has flat tires, the performing Contractor agrees to tow the vehicle without damaging the wheels and further agrees not to tow any vehicle on its rims, on wheels without tires, or on flat tires.
11. Upon arrival at the scene of a tow where a vehicle accident has occurred, the performing Contractor, in addition to the physical removal of the vehicle, assumes full responsibility for removing any vehicular parts or other debris, excluding liquids and other commercial cargo, resulting from the accident. This clean-up is to be completed without any additional compensation.
12. The performing Contractor shall be entitled to a charge for his/her towing and storage services pursuant to the fees submitted in the accompanying proposal. The Contractor shall agree that neither the City nor any Department thereof is responsible for any charges as a result of towing and/or storage and that the Contractor assumes all liability for any and all unpaid charges. NOTE: This provision and these terms and conditions are in no way a law or regulation relating to the "price, route, or service of

any motor carrier... with respect to the transportation of property” under 49 U.S.C. Sec. 14501 (C)(1)(1997).

13. If an involved private owner/operator makes a timely request for a tow by other than our Contractor, such request shall be honored by the Police Department. In either instance, the owner/operator is solely responsible for all associated charges.
14. For vehicles identified by the Police Department as subject to forfeiture, and subsequently released to the Police Department pending the outcome of forfeiture proceedings, the performing Contractor shall indicate a flat rate charge per forfeited vehicle. The flat rate shall include towing, storage on the date of the tow, and three days of storage after the date of the tow. The flat rate applies to all cars, light trucks, vans, utility vehicles, 4-wheel drive vehicles, motorcycles, and recreational vehicles (to include ATV's, snowmobiles and mini-bikes), identified by the Police Department as subject to forfeiture by the City.
15. Should the Contractor fail to appear at a designated tow point **within twenty (20) minutes** after receiving a call for a tow, the City reserves the right to call another towing service to perform the work.

If the Contractor is called and is unable to respond due to conditions beyond his/her control, the authorized City officials shall be immediately so informed, and the right is hereby reserved to call another service to perform the work.

In the event that at any time, it becomes necessary for the City to request the services of another towing service for the reasons detailed above, the City retains the right to hold the Contractor retrained under this contract responsible for any additional charges over and above the fee schedule recorded in this proposal. Such charges shall be assessed only if the response time is due to negligence or laxity on the part of the Contractor, which negligence might include equipment failure.

16. The Contractor performing under this contract shall operate and maintain its parking and storage facility in compliance with the terms of this contract and all State and City applicable laws, ordinances, rules and regulations that are presently in effect or which may hereafter be adopted. Pursuant to Minnesota Statutes sections 168B.06, subdivisions 1 and 2, it is the responsibility of the Contractor taking a vehicle in custody to give notice of the taking within five (5) days to the vehicle owner and/or lien holder(s).
17. The Contractor performing under this contract shall all other towing companies into their facility to retrieve or claim vehicles that they have been authorized to removed.
18. No alterations or modifications of the terms of this contract shall be valid unless made in writing and signed by authorized representatives of both parties hereto.
19. In the event of a breach by the Contractor of any terms or conditions of this agreement, the City shall have, in addition to any other legal recourse, the right to terminate this agreement forthwith.

20. Either party may terminate this contract upon the serving of such termination notice to the other, in writing, thirty (30) days prior to the intended termination date.
21. A copy of this contract, along with the authorized fee schedule, shall be posted in a conspicuous place in the Contractor's place of business.

Failure to meet any or all of the requirements of this section may result in termination of the contract at any time, as per the conditions specified for contract termination.

Insurance

The successful Contractor shall not commence work under the contract until the specified insurance coverages have been obtained. The Contractor shall file, within seven (7) days following notification of proposal selection, with the Ramsey City Clerk, all certificates of insurance or documentation thereof indicating that all specific insurance has been obtained and is in full force. The City of Ramsey shall be named as an additional insured on said comprehensive general liability policy.

The following coverage's are required as minimums:

- A.
 1. Public Liability Insurance: \$1,000,000 Comprehensive General Liability (including assault)
 2. Business Auto Policy with all coverage's (all vehicles) with \$1,000,000 limits.
 3. Garage Keepers Legal Liability.
- B. Workers' Compensation Insurance covering all employees of the Contractor, or his/her agents, working under this contract in accordance with the Minnesota Workers' Compensation Law.

The Contractor shall agree to provide to the Ramsey City Clerk, thirty (30) days prior written notice in the event any policy is canceled or a material change is effected and each policy must contain a provision that the insurer notify the Ramsey City Clerk immediately if a policy is canceled or a material change has been effected.

Performance Bond

On or before the date that the contract between the City and the towing service becomes effective, the Contractor shall file with the Ramsey City Clerk an acceptable Corporate surety bond in the amount of \$10,000, payable to the City of Ramsey and subject to the approval by the Ramsey City Attorney for the faithful performance of all duties and obligations imposed under the terms and conditions of the contract.

Proposal Evaluation and Selection of Contract

It is the intent of the City to enter into a contract with the towing service that will best serve the City's needs and who meets all of the terms and conditions set forth herein. In addition, the City will evaluate proposals in a manner consistent with the following:

Performance Standards

All towing service proposals will be evaluated on their ability to provide the following services and the cost that each towing service business will charge for providing each service. The towing and storage services listed below have been given a point total based on service provided to citizens and the City of Ramsey. Proposals can score a maximum of **75 points**. The towing service business that offers to provide each service for the lowest cost shall receive the highest point value for that service. The towing service business with the highest aggregate point total is the low proposal in terms of cost, but is not necessarily the Towing service that will best serve the City's needs.

1. Base charge for towing of passenger vehicles; including cars, light trucks (3/4 ton or less), vans, utility vehicles, 4-wheel drive vehicles, motorcycles, and recreational vehicles (to include ATV's, snowmobiles and mini-bikes), i.e.- a basic impound tow. **10 points possible- 5 each**
 - a) tow truck
 - b) flat bed
2. Base charge for towing of passenger vehicles (listed above) that have been involved in an accident. **10 points possible- 5 each**
 - a) tow truck
 - b) flat bed
3. Base charge for towing of vehicles $\frac{3}{4}$ ton to $1\frac{1}{2}$ ton capacity **5 points possible**
 - a) tow truck
 - b) flat bed
4. Base charge for towing of vehicles larger than $1\frac{1}{2}$ ton capacity **5 points possible**
5. Base charge for towing of vehicles larger than $1\frac{1}{2}$ ton capacity involved in an accident **5 points possible**
6. Wench out charge (use the following location for purposes of this proposal: median of Hwy 10 NW, 30 feet off roadway) **5 points possible**
7. "Hook up" or "Impound" charge (in lieu of fees charged in #1, #2, #3 or #4 above)
Charge for vehicle dropped at same location- not removed **5 points possible**
8. "Loaded Mile" rate for transporting vehicle to impound lot **5 points possible**
9. Charge for each 24 hours of storage; including day of tow.
Inside storage **5 points possible**
Outside storage **5 points possible**

10. Flat rate charge for designated forfeiture vehicles released to Police **5 points possible**
11. Charge for towing of marked or unmarked police vehicles and fire department administrative vehicles **5 points possible**
12. Administrative fee (per tow) **5 points possible**

All prices or rates for these services contained in a towing business's proposal are considered the prices that will be used when the City enters into the contract for Towing services with the Contractor. The Contractor may not change, modify, alter, or amend the prices or rates for services contained in its proposal when entering into the contract for towing services. The Contractor also may not change, modify, alter, or amend the prices or rates for services contained in its proposal for the duration of the contract period, unless such change, modification, alteration, or amendment is made in writing and approved by both the City and the Contractor.

The City retains the right to waive any informality or irregularity in any proposal or proposals received; and to select the proposal(s) which in its judgment is in its own best interest. Upon selection, the Towing service shall negotiate with the City for the purpose of entering into a contract implementing the terms of the proposal. Unsuccessful Towing service businesses will receive notification within ten (10) working days after the selection of the Towing services.

Each proposal shall address items called out in the Terms and Conditions section along with each of the performance standards.

FIRST CHOICE TOWING

16450 Nowthen Blvd. Ramsey, MN 55303

1. Base charge for towing of passenger vehicles; including cars, light trucks (3/4 ton or less), vans, utility vehicles, 4-wheel drive vehicles, motorcycles, and recreational vehicles (to include ATV's, snowmobiles and mini-bikes)

a) Tow truck \$55.00

b) Flatbed \$65.00

2. Base charge for towing of passenger vehicles (listed above) that have been involved in an accident.

a) Tow truck \$65.00

b) Flatbed \$75.00

3. Base charge for towing of vehicles ¾ ton to 1½ ton capacity

a) Tow truck \$70.00

b) Flatbed \$80.00

4. Base charge for towing of vehicles larger than 1½ ton capacity

\$90.00

5. Base charge for towing of vehicles larger than 1½ ton capacity involved in an accident

\$95.00 hr

6. Wench out charge (use the following location for purposes of this proposal: median of Hwy 10 NW, 30 feet off roadway)

\$50.00 charge for example given.

\$25.00 Minimum charge for winching

7. "Hook up" or "Impound" charge (in lieu of fees charged in #1, #2, #3 or #4 above) Charge for vehicle dropped at same location- not removed

No Charge

8. "Loaded Mile" rate for transporting vehicle to impound lot

No Charge

9. Charge for each 24 hours of storage; including day of tow.

Inside storage \$30.00

Outside storage \$30.00

10. Flat rate charge for designated forfeiture vehicles released to Police

No Charge

11. Charge for towing of marked or unmarked police vehicles and fire department administrative vehicles

No Charge

12. Administrative fee (per tow)

\$15.00



16450 Nowthen Blvd. Ramsey, MN 55303

Current Equipment list

2011 Freightliner M2 Flatbed

2006 Chevy 5500 Flatbed

2009 Chevy K3500 HD Tow truck. (with Dollies)

Additional piece equipment needed will be added to comply with the terms of the contract. Arrangements have been made with zips truck equipment and Twin cities wrecker sales to ensure I will have equipment available on or before contract start date.

Possibilities are

2011 International 4400
Vulcan V30

1997 Kenworth T600, Century 5130 Heavy Duty Wrecker

1998 FREIGHTLINER FLD12064T DTU

NORTH STAR TOWING INC.

833 NORTH STREET, ANOKA, MINNESOTA 55303

OFFICE: 763-427-4160

FAX: 763-323-7257

May 18, 2011

Chief Jim Way
Ramsey Police Department
7550 Sunwood Drive NW
Ramsey, MN 55303

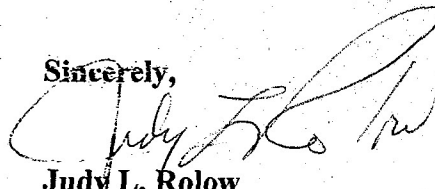
Chief Way,

Enclosed is our proposal for the towing, impounding and storage of vehicles for the City of Ramsey.

We at North Star Towing are a community-oriented organization. We donate cars to the fire department to cut up, donate to the Ramsey Safety Camp, participate in the Ramsey Happy Days, and supply cars to Anoka Technical College for their car classes. We have always provided the best service possible for the cities we service.

North Star Towing would greatly appreciate being of service to the City of Ramsey. A brochure of our vehicles and services is enclosed. If you or any council members have any further questions or would like to visit our facilities, please feel free to contact me.

Sincerely,



Judy L. Rolow
President

Encl.

May 16, 2011

City of Ramsey – Request for Proposal for Towing, Impounding & Storage of Motor Vehicles

1. Base charge for passenger vehicles;
 - A. Tow Truck - \$75.00
 - B. Flatbed Truck - \$75.00
2. Base charge for accident passenger vehicles:
 - A. Tow Truck - \$85.00
 - B. Flatbed Truck - \$85.00
3. Charge for towing of vehicles larger $\frac{3}{4}$ ton to $1 \frac{1}{2}$ ton
 - A. Tow Truck - \$85.00
 - B. Flatbed - \$85.00
4. Base charge for towing of vehicles larger than $1 \frac{1}{2}$ ton: \$85.00/hr.
5. Base charge for towing of accident vehicles larger than $1 \frac{1}{2}$ ton: \$95.00/hr.
6. Winch out charge: \$30.00 min.
7. Hook up charge: Included above
8. Loaded mile rate: Included above
9. Storage Charge: \$20.00 inside
\$25.00 outside
10. Forfeiture vehicles to forfeiture lot – No charge
11. Marked, unmarked police vehicles & fire department administrative vehicles- No charge
12. Administrative fee – \$10.00

EQUIPMENT LIST

Wreckers

1. 2011 Ford F350 super cab 4x4 w/ Century 311 express wheel lift w/dollies
2. 2007 Chevrolet 3500 super cab w/Century 311 express wheel lift w/dollies
3. 2007 Ford F350 super cab 4x4 w/ Eagle wheel lift w/dollies
4. 2007 International 4400EC w/Vulcan V30 wrecker
5. 2007 Ford F350 4x4 super cab w/Century 311 express wheel lift w/dollies
6. 2005 International 4300 w/Century 3212 16T wrecker
7. 2004 Kenworth T800 w/ Vulcan V100/50T wrecker - heavy duty
8. 2002 Kenworth T800 w/Vulcan V70/35T wrecker – heavy duty
9. 2002 Ford F350 Crew Cab Pickup Service Truck
10. 2000 Peterbilt Conventional 379 tractor w/2005 XL slide axel landoll trailer

Flatbeds

1. 2011 Internatonal 4300 Ext. Cab w/Century 22' steel car carrier w/wheelift (2-car carrier)
2. 2005 Ford F750 w/Century 22' steel car carrier w/wheelift (2-car carrier)
3. 2004 International 4300 w/Century 21' steel car carrier w/ wheelift (2-car carrier)

Additional Equipment

1. Bobcat with pallet forks, bucket and sweeper
2. '05 Arctic Cat 650 ATV w/winch

3. 20' Tandem axel tilt bed trailer
4. Converter dolly for semi trailers

REFERENCES

1. Anoka City Police Department Chief Phil Johansen
2. Coon Rapids Police Department Former Chief Steve Wells
3. Anoka County Sheriff's Office Sheriff James Stuart
4. Minnesota State Patrol Sgt. Gus Wehmeyer
5. Ramsey City Police Department Chief Jim Way



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
03/15/11

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Zurich, Account Service Center 7045 College Blvd. Overland Park, KS 66211 Fax: 888-734-6776 Ph: 877-225-5276 Opt. 1	CONTACT NAME: Zurich N.A. - Account Service Center		
	PHONE (A/C No. EXT): 877-225-5276	FAX (A/C No): 888-734-6776	
E-MAIL ADDRESS: service.center@zurichna.com			
INSURED 0140876-00 NORTHSTAR TOWING AND SERVICE CENTER, INC. 833 NORTH ST ANOKA, MN 55303	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A: Universal Underwriters Insurance Company		41181
	INSURER B: Universal Underwriters of Texas Ins. Co.		40843
	INSURER C:		
	INSURER D:		
INSURER E:			

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

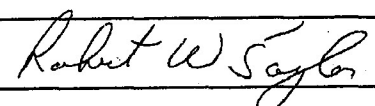
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSTR	TYPE OF INSURANCE	ADD'L INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> _____ <input type="checkbox"/> _____ GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC	<input type="checkbox"/>	<input type="checkbox"/>	304831	03/18/11	03/18/12	EACH OCCURRENCE	\$300,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	\$
							MED EXP (Any one person)	\$
							PERSONAL & ADV INJURY	\$
							GENERAL AGGREGATE	\$
							PRODUCTS - COMP/OP AGG	\$
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS <input type="checkbox"/> COMP/COLL DED \$ /	<input type="checkbox"/>	<input type="checkbox"/>	304831	03/18/11	03/18/12	COMBINED SINGLE LIMIT (Ea Accident)	\$300,000
							BODILY INJURY (Per person)	\$
							BODILY INJURY (Per accident)	\$
							PROPERTY DAMAGE (Per accident)	\$
								\$
								\$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$	<input type="checkbox"/>	<input type="checkbox"/>	304831	03/18/11	03/18/12	EACH OCCURRENCE	\$ 2,000,000
							AGGREGATE	\$
							PRODUCTS - COMP/OP AGG	\$ 2,000,000
								\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input type="checkbox"/>	N/A <input type="checkbox"/>				<input type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER	
							E.L. EACH ACCIDENT	\$
							E.L. DISEASE -EA EMPLOYEE	\$
							E.L. DISEASE - POLICY LIMIT	\$
A	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO	<input type="checkbox"/>	<input type="checkbox"/>	304831	03/18/11	03/18/12	OTHER THAN AUTO ONLY EACH OCC:	\$ 300,000
A	Customer Auto-Legal Liability	<input type="checkbox"/>	<input type="checkbox"/>	304831	03/18/11	03/18/12		\$ 500,000 Limit

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Reason for Certificate: General Liability.

30 day notice of cancellation applies, except for cancellation due to non-payment of premium.
See Additional Remarks Schedule Attached

CERTIFICATE HOLDER City of Ramsey Police Dept. Ramsey, MN 55303	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE 

Champlin Towing Inc.

14300 Sunfish Lake Blvd. Ramsey, MN 55303

TOWING AND RECOVERY PRICE LIST

1. **Base Charge for towing of passenger vehicles; including cars, light trucks (less than $\frac{3}{4}$ ton, vans, utility vehicles, 4x4's and motorcycles ect).**
 - a. Tow Truck 75.00
 - b. Flat bed 75.00
2. **Base Charge for towing of passenger vehicles listed above that have been involved in an accident.**
 - a. Tow Truck 75.00
 - b. Flat bed 75.00
3. **Base Charge for towing of vehicles $\frac{3}{4}$ ton to $1\frac{1}{2}$ ton capacity.**
 - a. Tow Truck 75.00
 - b. Flat bed 75.00
4. **Base charge for towing of vehicles larger than $1\frac{1}{2}$ ton capacity.**

60.00
5. **Base charge for towing of vehicles larger than $1\frac{1}{2}$ ton capacity involved in an accident.**

65.00
6. **Wench out charge.**

30.00 min

7. Hook up or impound charge (in lieu of #1 #2 #3 #4) not removed.

No charge

8. Loaded mile rate.

No Charge

9. Charge for each 24 hours of storage.

Inside 15.00 per day

Outside 25.00 per day

10. Flat rate charge for designated forfeiture vehicles released to police.

No charge

11. Charge for towing of marked or unmarked police vehicles and fire department administrative vehicles.

No charge

12. Adminstrative fee per stored vehicle.

202

20.00

Champlin Towing Inc.

14300 Sunfish Lake Blvd.

Ramsey, MN 55303

763-421-5501

EQUIPMENT LIST

08' INTERNATIONAL FLATBED 26,000LB CAP.

11' INTERNATIONAL FLATBED 26,000LB CAP.

08' STERLING BULLET MEDIUM DUTY.

08' PETERBILT 379 MILLER IND 35TON.

03' BOBCAT WITH GRAPPLE BUCKET, BOOM, PALLET FORKS, AND DIRT BUCKET. AVAILABLE FOR CLEANING UP LARGE DEBRIS FIELDS OR LOAD SPILLAGE.

10,000LB FELLING LOWBOY TRAILER.

4X4 ATV'S FOR USE IN PARKS OR SENSITIVE AREAS TO RETRIEVE ATV'S OR SMALL VEHICLES. THEY ARE EQUIPED WITH PORTABLE WINCHING EQUIPMENT WITH A 12,000 WINCHING CAPACITY. THEY WORK GREAT FOR RECOVERY IN AREAS INACCESSIBLE TO CARS AND TRUCKS.

We also have a large clean secure release area where clients can be seated if so desired this is greatly appreciated by the elderly and those with children. We are commonly told by clients and insurance adjusters that we have the nicest release area in the industry . We are proud to say in our 23 year existence in the industry working with law enforcement. We have never had a complaint of anything missing from a vehicle while in our care and storage facility.



Collins Brothers

T O W I N G

May 16, 2011

Chief Jim Way
Ramsey Police Department
7550 Sunwood Drive NW
Ramsey, MN 55303

Dear Chief Way,

Enclosed is a copy of our proposal for the Towing, Impounding and Storage of Motor Vehicles for the City of Ramsey.

We would greatly appreciate the opportunity to serve the City of Ramsey. We have 2 locations, Elk River & St. Cloud, and we work with several law enforcement agencies. We are a service provider for AAA, which includes the western portion of Anoka County, and also an Authorized AAA Battery Contractor. We provide service for Cross Country, Signature, Allstate and various other motor clubs. In addition, we are a member of MPTA (Minnesota Professional Towing Association). We are a community focused company that takes pride in servicing our area.

If you have any further questions, please feel free to contact me. We look forward to working with you in the future.

Sincerely,

Phil Collins
Owner

May 11, 2011

City of Ramsey – Request for Proposal for Towing, Impounding & Storage of Motor Vehicles

1. Charges for passenger vehicles; including cars, light trucks (3/4 ton or less), vans, utility vehicles, 4x4's, motorcycles, ATV's and snowmobiles.*
 - A) Tow Truck - \$80.00 hook-up plus \$4.00/mile, \$3.50 per mile after 20 miles
 - B) Flatbed Truck - \$95.00 hook-up plus \$4.00/mile, \$3.50 per mile after 20 miles
 - C) Hook-up or impound charge for vehicles dropped at same location-not removed-\$75.00
2. Charge for towing of vehicles $\frac{3}{4}$ ton to 1 $\frac{1}{2}$ ton capacity.*
 - A) Tow Truck - \$95.00 hook-up plus \$4.00/mile, \$3.50 per mile after 20 miles
 - B) Flatbed Truck - \$110.00 hook-up plus \$4.00/mile, \$3.50 per mile after 20 miles
 - C) Hook-up or impound charge for vehicles dropped at same location-not removed-\$75.00
3. Charge for towing of vehicles larger than 1 $\frac{1}{2}$ ton including RV's*
 - A) Medium Duty - \$115.00 per hour (port to port)
 - B) Heavy Duty - \$130.00-\$155.00 per hour (port to port)
 - C) Hook-up or impound charge for vehicles dropped at same location-not removed-\$75.00
4. Winch Out - Minimum of \$60.00*
 - A) Per your performance standard scenario (#4) winch out fee on a standard passenger vehicle would be \$60.00 + sales tax.
5. Winch Out plus Tow - Minimum \$35.00 in addition to charges listed in 1, 2 & 3*
6. Mileage – Any Mileage charges listed in 1, 2 & 3 will be on mileage towed only. We do not charge in route mileage.
7. Storage Charge - \$30.00 per day for vehicles listed in 1 & 2. \$40.00 per day for vehicles stored inside. \$50.00 per day for larger vehicles (25-40 ft).

8. Flat rate for designated forfeiture vehicles and vehicles towed as evidence to RPD or RPD storage facility - \$65.00 plus sales tax. Charges listed in 1, 2 & 3 apply to vehicles that are not forfeited. *
9. Vehicle Service (towing, winching, tire change, unlock, jump starts) of marked or unmarked police vehicles, fire chief, fire marshal & duty officer vehicles - \$15.00
10. Administrative fee – \$25.00 on any vehicle impounded at Collins Brothers Towing. Administrative fee covers the cost of obtaining registered owner's information and notifying them by certified mail according to state requirements.*
11. Fuel Surcharge – maximum \$10.00 per tow when pump prices for diesel is over \$3.00/gallon*
12. Vehicle Release hours are 8:30am – 4:30pm Monday thru Friday, weekends and holidays between 12:00pm -2:00pm by appointment only.

*The services listed above are subjected to Minnesota state sales tax.

EQUIPMENT LIST

TOW TRUCKS

- 1) 2001 Ford F-350 extended cab 4x4 with wheel lift and dollies 12,000 lbs
- 2) 2002 Ford F-450 4x4 with wheel lift and dollies 12,000 lbs
- 3) 2005 International medium duty under-reach recovery truck 16,000 lbs
- 4) 2001 Peterbilt heavy-duty under-reach recovery truck 52,000 lbs

FLATBEDS

- 1) 2006 Ford F-650 21' flatbed with wheel lift (2 car carrier) 15,000 lbs

MISCELLANIOUS EQUIPMENT

- 1) 2002 Chevy 2500 service truck (accident support vehicle)
- 2) Bobcat (accident support)
- 3) Air Compressor for tire changes – Light & Heavy Duty

REFERENCES

(Contact information available by request.)

- 1) Elk River Police Department
- 2) Sherburne County Sheriff's Department
- 3) Wright County Sheriff's Department
- 4) Minnesota State Patrol (St. Cloud district)
- 5) Cornerstone Auto Resource
- 6) A-T Repair
- 7) Deano's Collision

Towing Services

	<i>Champlin Towing</i>	<i>Collins Brothers Towing</i>	<i>North Star Towing</i>	<i>First Choice</i>
Base Charge Tow Truck (Cars/Light Trucks/MC/ATV)	\$75.00	\$80.00	\$75.00	\$55.00
Involved in Accident	\$75.00	\$80.00	\$85.00	\$65.00
Base Charge Flat Bed (Cars/Light Trucks/MC/ATV)	\$75.00	\$95.00	\$75.00	\$65.00
Involved in Accident	\$75.00	\$95.00	\$85.00	\$75.00
Base Charge Tow Truck (Large Trucks 3/4-1 1/2 ton)	\$75.00	\$95.00	\$85.00	\$70.00
Base Charge Flat Bed (Large Trucks 3/4-1 1/2 ton)	\$75.00	\$110.00	\$85.00	\$80.00
Base Charge Med Duty Tow (L Trucks over 1 1/2 ton)	\$60.00	\$115.00	\$95.00	\$90.00
Involved in Accident	\$65.00	\$115.00	\$95.00	\$95.00
Base Charge Heavy Duty Tow (L Trucks over 1 1/2 ton)	\$60.00	\$130.00	\$95.00	\$90.00
Per Mile Additional Charge	\$0.00	\$4.00	\$0.00	\$0.00
Winch Out Charge	\$30.00	\$35.00	\$30.00	\$25.00
Winch Out + 30 Feet	n/a	\$60.00	n/a	\$50.00
Hook Up/Impound Charge	\$0.00	\$75.00	\$0.00	\$0.00
Loaded Mile Rate	\$0.00	\$0.00	\$0.00	\$0.00
Inside Storage (per day)	\$15.00	\$40.00	\$20.00	\$30.00
Outside Storage (per day)	\$25.00	\$30.00	\$25.00	\$30.00
Police Forfeited Vehicle Flat Rate Charge	\$0.00	\$65.00	\$0.00	\$0.00
Police & Fire Vehicle Tows	\$0.00	\$15.00	\$0.00	\$0.00
Administrative Fee Per Tow ***	\$20.00	\$25.00	\$10.00	\$15.00
Fuel Surcharge	\$0.00	\$10.00	\$0.00	\$0.00

CC Work Session

2. 7.

Meeting Date: 06/14/2011

By: Colleen Lasher, Administrative Services

Title:

Discussion Regarding the Policy for Appointing Board and Commission Members

Background:

On occasion members of the City Council have requested an opportunity to discuss the policy for appointing board and commission members. These discussions have included term limits, staggering terms, attendance, removal, service on more than one board, advertising, and the incumbent reappointment process.

At this time, members of the City Council wish to discuss term limits for board and commission members. The current policy does not limit the number of terms members may serve.

It should be noted that term limits were implemented in August of 1997 and then removed in March of 2006. Staff will provide additional information as this topic is discussed.

Funding Source:

N/A

Council Action:

Based upon discussion.

Form Review

Inbox

Kurt Ulrich

Form Started By: Colleen Lasher

Reviewed By

Kurt Ulrich

Final Approval Date: 06/09/2011

Date

06/09/2011 03:02 PM

Started On: 06/08/2011 03:54 PM

CC Work Session

2. 8.

Meeting Date: 06/14/2011

By: Jo Thieling, Administrative Services

Title:

Lower Rum River Water Management Organization Administrative Services

Background:

Staff has had some discussion regarding the administrative services for the Lower Rum River Water Management Organization (LRRWMO). There had been some frustration expressed with the way the agenda was processed and sent to the members. At that point, the agenda was being sent piecemeal; however, as staff understands it, that process has been improved. TimeSavers has the pdf capabilities now and can send the agenda in one package, making it easier to view and print if necessary.

TimeSaver Off Site Secretarial prepares the agenda, assembles items, assemble information for the annual report, maintains the files and attends the meetings and takes minutes for a fee of \$568 per month. (Information received from Lori Yager, Finance Director for the City of Anoka.) Ms. Yager stated that she may not have included everything TimeSavers does as she does not direct them - they are directed by the Board.

Ms. Yager, City of Anoka, serves as treasurer for the LRRWMO. The duties include the following: Prepare monthly financial reports, monthly bank reconciliation, invest cash, take calls from contractors and board members regarding permits, scan new permit information and miscellaneous mail items and send to TimeSaver, store all records, prepare year-end audit reports, prepare checks for payment of bills and refunds, record expenses, accept receipts, record revenues and make deposits, invoice permit holders for outstanding receivables, invoice Board for annual dues, prepare annual budget, calculate annual allocations according to formula, attend monthly board meetings, apply annually for refund of watershed expenses, financial analysis for cash flow, obtain liability insurance through the League of Minnesota Cities, and miscellaneous other duties requested by the Board. The City of Anoka is paid \$100 a month for these services. Ms. Yager noted that the \$100 did not even cover her time at the meetings alone.

Funding Source:

N/A

Council Action:

Based upon discussion.

Form Review

Inbox

Kurt Ulrich

Reviewed By

Kurt Ulrich

Date

06/08/2011 05:37 PM

Form Started By: Jo Thieling

Started On: 06/07/2011 01:54 PM

Final Approval Date: 06/08/2011