

City of Ramsey
Agenda
City Council Work Session
Tuesday June 12, 2012
6:15 p.m. or immediately following Special CC
Lake Itasca Room 7550 Sunwood Drive NW

- 1. Call to Order**
- 2. Topics for Discussion**
 1. Review 2011 Comprehensive Annual Financial Report (CAFR) and Management Report
- 3. Future Topics for Discussion - *See Attached Calendar***
 1. Review Future Topics/Calendar
- 4. Mayor/Council/Staff Input**
- 5. Adjournment**

CC Work Session

2. 1.

Meeting Date: 06/12/2012

By: Diana Lund, Finance

Title:

Review 2011 Comprehensive Annual Financial Report (CAFR) and Management Report

Background:

The City's 2011 annual report has been completed. Aaron Nielson from the auditing firm of MMKR will be present to review the 2011 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 2011 CAFR and the request for submittal of the CAFR to the Governmental Finance Officers Association for the Certificate of Achievement in Financial Reporting (upon approval, it will be the 18th consecutive year) has been placed on the consent agenda of tonight's meeting.

Funding Source:

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

Council Action:

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

Attachments

2011 Comprehensive Annual Financial Report (CAFR)

2011 Audit Management Report

Form Review

Inbox
Kurt Ulrich

Form Started By: Diana Lund

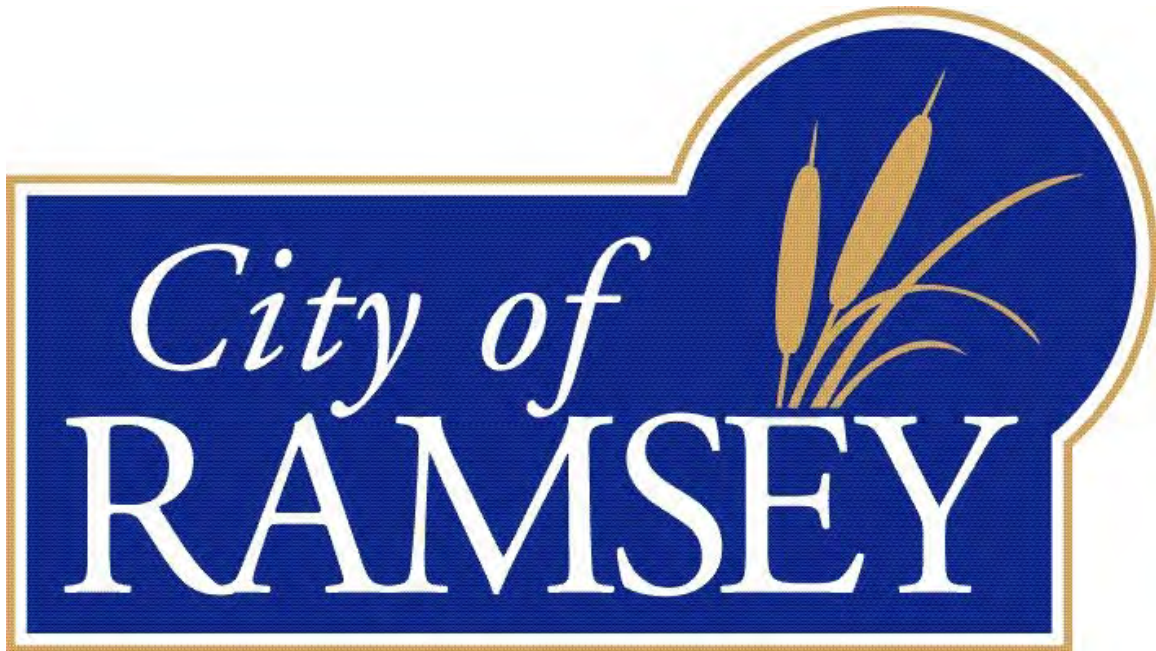
Reviewed By
Kurt Ulrich

Final Approval Date: 06/07/2012

Date

06/07/2012 02:13 PM

Started On: 06/04/2012 08:19 AM



Minnesota

*Comprehensive
Annual Financial Report*

For the fiscal year December 31, 2011

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CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

Comprehensive Annual Financial Report
For Year Ended
December 31, 2011

Prepared by
Finance Department

Diana Lund
Finance Director

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CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

Table of Contents

	Page
INTRODUCTORY SECTION	
City Council and Other Officials	9
Organizational Chart by Division	11
Mission Statement	13
Letter of Transmittal	15-18
Certificate of Achievement for Excellence in Financial Reporting	19
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	23-24
MANAGEMENT’S DISCUSSION AND ANALYSIS	25-33
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Assets	37
Statement of Activities	39
Fund Financial Statements	
Governmental Funds	
Balance Sheet	40-41
Reconciliation of the Balance Sheet to the Statement of Net Assets	43
Statement of Revenue, Expenditures, and Changes in Fund Balances	44-45
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	47
Statement of Revenue, Expenditures, and Changes in Fund Balances - General Fund - Budget and Actual	49
Statement of Revenue, Expenditures, and Changes in Fund Balances - Housing Redvelopment Authority - Budget and Actual	51
Proprietary Funds	
Statement of Net Assets	52-53
Statement of Revenue, Expenses, and Changes in Net Assets	54-55
Statement of Cash Flows	56-57
Fiduciary Funds	
Statement of Fiduciary Net Assets	59
Notes to Basic Financial Statements	61-86
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress - Other Post-Employment Benefits Plan	89

CITY OF RAMSEY
 ANOKA COUNTY, MINNESOTA

Table of Contents (continued)

	Page
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Nonmajor Governmental Funds	
Combining Balance Sheet	93
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	95
Nonmajor Special Revenue Funds	
Combining Balance Sheet	98-99
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	100-101
Schedule of Revenue, Expenditures, and Changes in Fund Balances	
Economic Development Authority - Budget and Actual	103
Nonmajor Debt Service Funds	
Combining Balance Sheet	106-109
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	110-113
Nonmajor Capital Project Funds	
Combining Balance Sheet	116-119
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	120-123
Agency Fund	
Statement of Changes in Assets and Liabilities – Escrow Agency Fund	127
 STATISTICAL SECTION (UNAUDITED)	
Statistical Section Summary	131
Net assets by Component	132-133
Changes in Net Assets	134-137
Governmental Activities Tax Revenues by Source	139
Fund Balances of Governmental Funds	140-141
Changes in Fund Balances of Governmental Funds	142-143
General Governmental Tax Revenues By Source	145
Taxable Market Value and Estimated Actual Value of Taxable Property	146-147
Property Tax Rates - Direct and Overlapping Governments	148-149
Principal Property Taxpayers	151
Property Tax Levies and Collections	152-153
Ratios of Outstanding Debt by Type	154
Ratios of General Bonded Debt Outstanding	155
Direct and Overlapping Governmental Activities Debt	157
Legal Debt Margin Information	158-159
Demographic and Economic Statistics	160
Principal Employers	161
Full-time Equivalent City Government Employees by Function	162-163
Operating Indicators by Function	164-165
Capital Asset Statistics by Function	166-167

INTRODUCTORY SECTION

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CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

City Council and Other Officials
Year Ended December 31, 2011

CITY COUNCIL

Robert Ramsey	Mayor
Randy Backous	Councilmember
David Elvig	Councilmember
Colin McGlone	Councilmember
Sarah Strommen	Councilmember
Jason Tossey	Councilmember
Jeff Wise	Councilmember

CITY OFFICIALS

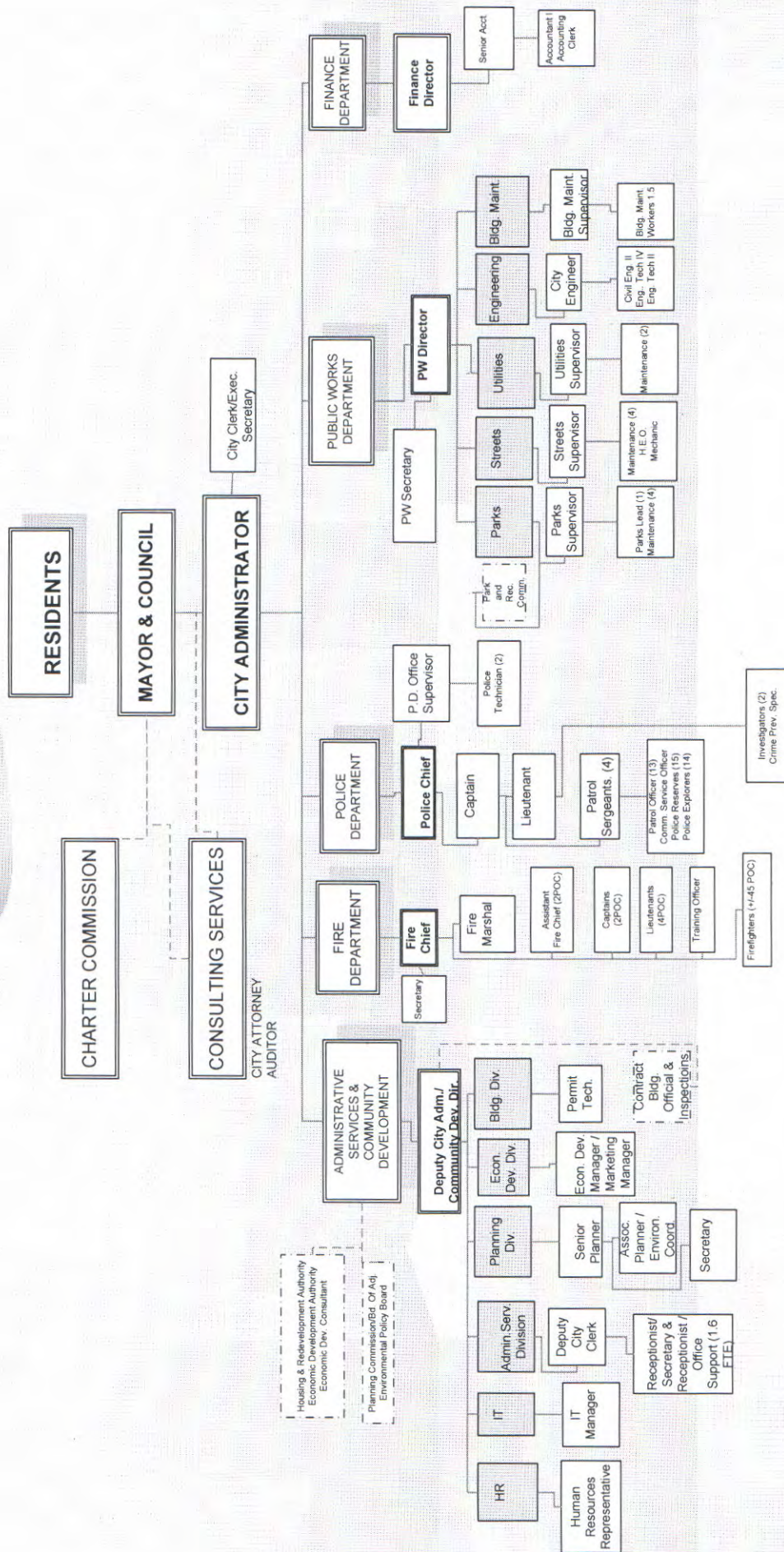
Kurt Ulrich	City Administrator
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DEPARTMENT HEADS

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

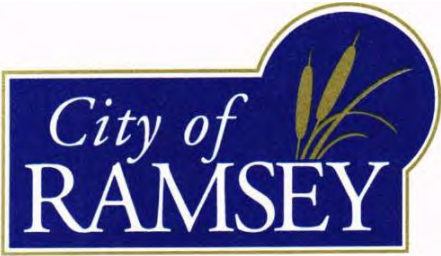
Mission Statement

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.cityoframsey.com

June 12, 2012

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, 2011 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, Radosevich & 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 6.7% in comparison to the state average of 6.4%. Ramsey has an employed labor force of 13,599. Anoka County, in which Ramsey is located, has an employed labor force of 179,527 and an unemployment rate of 5.9%.

There are approximately 6,410 single-family homes and 1,525 multifamily units located within the City. In addition, there were 23 single-family homes constructed in 2011.

The City has two major industrial parks with a combined capacity of 320 acres and 25 businesses. Currently both industrial parks are near capacity. In addition, the city is actively developing a new city center known as The COR (Center of Ramsey). The development vision for this 400 acre area located in the heart of Ramsey is for it to become the region's center of retail, restaurants, service and office space, outdoor entertainment and parks, community amenities and housing.

The City's General Fund has property taxes as the major source of revenue. Intergovernmental revenue dropped to 4% in 2010 and remained at that level in 2011. 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. In addition, the City's 2011 allocation of Market Value Homestead Credit was cut in its entirety. As part of the 2011 State of Minnesota Omnibus Tax Bill, the Legislature repealed the Market Value Homestead Credit and replaced it with a new Market Value Exclusion Program. The new Market Value Exclusion Program still provides a tax reduction to all homesteads valued below \$413,800; however, the method by which the reduction is calculated is changing. Instead of providing a property tax monetary credit, the new program excludes a portion of each home's market value from the property tax calculation. With a reduction in taxable market value, each home contributes a smaller amount to each taxing jurisdiction's tax base. With the new Market Value Exclusion Program all of the taxing jurisdiction levies (school, county, city) will now be paid by property taxpayers instead of a portion of the levy being paid by the State as a credit reimbursement. Because of this, there will no longer be a possibility of the State withholding some or all of the reimbursement.

LONG-TERM FINANCIAL PLANNING

The City of Ramsey prepares a five year capital improvement 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 unrestricted 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.

Pursuant to guidelines established by GASB Statement No. 54, the City has implemented new fund balance classifications for governmental funds disclosing constraints for which those funds may be spent. The newly implemented fund balance classifications include: nonspendable, restricted, committed, assigned, and unassigned.

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 2011, The City's Housing and Redevelopment Authority (HRA) continued its work on Ramsey's downtown development The COR. Construction on the Ramsey Station for the Minnesota Northstar commuter rail is scheduled to begin in Spring 2012. The Ramsey Station is a key component for the success of projects within The COR, thus it has been the city's top priority for transportation improvements.

CERTIFICATE OF ACHIEVEMENT

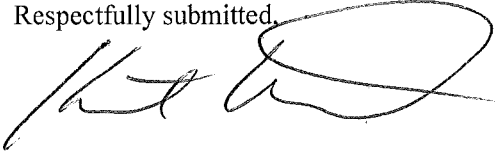
The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting (CAEFR) to the City for its CAFR for the year ended December 31, 2010. This was the seventeenth consecutive year the City has received this prestigious 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 2011 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

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, 2010

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.



Linda C. Dawson

President

Jeffrey R. Enev

Executive Director

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FINANCIAL SECTION

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PRINCIPALS

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
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, 2011, 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, 2011, 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.

As discussed in Note 1 of the notes to basic financial statements, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" during the year ended December 31, 2011.

(continued)

In accordance with *Government Auditing Standards*, we have also issued a report dated May 31, 2012 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.

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 GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 required parts 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 do not express an opinion or provide any assurance on them.

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

May 31, 2012

CITY OF RAMSEY

Management's Discussion and Analysis Year Ended December 31, 2011

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, 2011.

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 \$151,844,259 at the close of December 2011.

By far, the largest portion of the City's net assets (60 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	
	2011	2010	2011	2010	2011	2010
Assets						
Current and other assets	\$ 45,991,067	\$ 41,554,388	\$ 23,870,643	\$ 22,996,688	\$ 69,861,710	\$ 64,551,076
Capital assets, net of depreciation	63,894,321	59,831,812	51,748,092	52,500,049	115,642,413	112,331,861
Total assets	\$ 109,885,388	\$ 101,386,200	\$ 75,618,735	\$ 75,496,737	\$ 185,504,123	\$ 176,882,937
Liabilities						
Current and other liabilities	\$ 1,864,642	\$ 950,154	\$ 106,583	\$ 150,929	\$ 1,971,225	\$ 1,101,083
Long-term liabilities	31,688,639	25,914,028	-	-	31,688,639	25,914,028
Total liabilities	\$ 33,553,281	\$ 26,864,182	\$ 106,583	\$ 150,929	\$ 33,659,864	\$ 27,015,111
Net Assets						
Invested in capital assets, net of related debt	\$ 39,794,321	\$ 38,466,812	\$ 51,748,092	\$ 52,500,049	\$ 91,542,413	\$ 90,966,861
Restricted	22,103,948	21,604,295	-	-	22,103,948	21,604,295
Unrestricted	14,433,838	14,450,911	23,764,060	22,845,759	38,197,898	37,296,670
Total net assets	\$ 76,332,107	\$ 74,522,018	\$ 75,512,152	\$ 75,345,808	\$ 151,844,259	\$ 149,867,826

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+ and reaffirmed the rating in December 2011. 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			
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues						
Charges for services	\$ 1,979,537	\$ 1,839,273	\$ 4,151,812	\$ 3,986,557	\$ 6,131,349	\$ 5,825,830
Operating grants and contributions	298,077	326,986	50,279	49,873	348,356	376,859
Capital grants and contributions	4,187,265	2,828,240	88,349	310,040	4,275,614	3,138,280
General revenues						
Property taxes	11,671,760	12,144,908	-	-	11,671,760	12,144,908
General grants and contributions	120,932	114,692	-	-	120,932	114,692
Sale of capital assets	14,716	-	-	-	14,716	-
Investment earnings	903,786	1,283,533	460,228	631,042	1,364,014	1,914,575
Total revenues	19,176,073	18,537,632	4,750,668	4,977,512	23,926,741	23,515,144
Expenses						
General government	5,559,732	4,998,807	-	-	5,559,732	4,998,807
Public safety	4,307,045	4,153,361	-	-	4,307,045	4,153,361
Highways and streets	6,129,272	5,791,896	-	-	6,129,272	5,791,896
Culture and recreation	1,267,292	1,048,690	-	-	1,267,292	1,048,690
Water utility	-	-	1,358,050	1,295,721	1,358,050	1,295,721
Sewer utility	-	-	1,149,318	1,101,554	1,149,318	1,101,554
Street Light utility	-	-	163,758	158,369	163,758	158,369
Recycling utility	-	-	302,947	307,662	302,947	307,662
Storm Water utility	-	-	410,666	350,521	410,666	350,521
Interest and fiscal charges	1,302,228	1,316,893	-	-	1,302,228	1,316,893
Total expenses	18,565,569	17,309,647	3,384,739	3,213,827	21,950,308	20,523,474
Changes in net assets before transfers	610,504	1,227,985	1,365,929	1,763,685	1,976,433	2,991,670
Transfers	1,199,585	(125,751)	(1,199,585)	125,751	-	-
Changes in net assets	1,810,089	1,102,234	166,344	1,889,436	1,976,433	2,991,670
Net Assets - beginning	74,522,018	73,419,784	75,345,808	73,456,372	149,867,826	146,876,156
Net Assets - ending	\$ 76,332,107	\$ 74,522,018	\$ 75,512,152	\$ 75,345,808	\$ 151,844,259	\$ 149,867,826

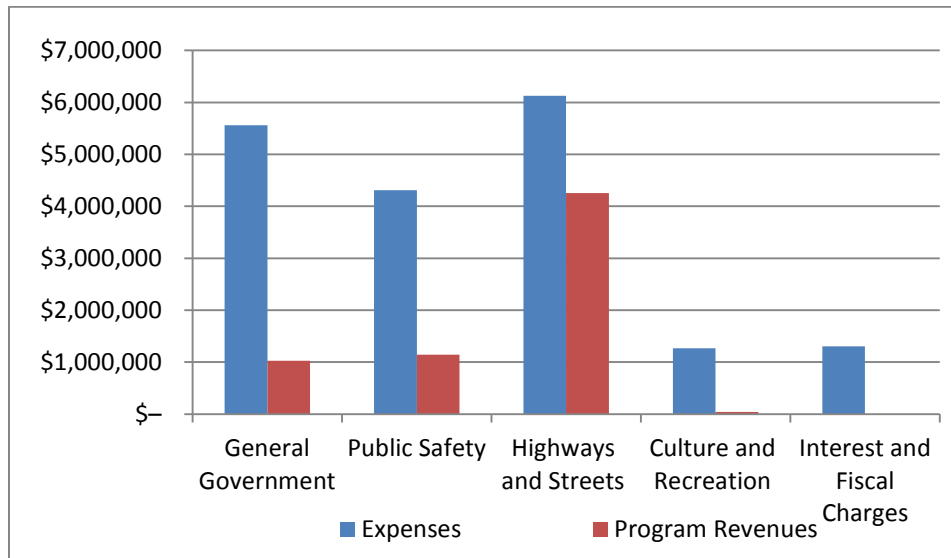
Governmental Activities – Governmental activities account for 92% growth in the City's net assets (approx. \$1.8 million). Charges for services increased by 8%, or \$140,264. Property taxes decreased \$473,148 (approximately 4 percent) during the year. This percentage change reflects the current economy that stills sees a large number of foreclosures and job loss. Investment earnings also decreased nearly \$380,000 or 30% as a result of a less favorable investment environment due to financial markets. Capital grants and contributions increased 48% or \$1,359,025 due to an increase of funds received from the county for more county road improvement projects than the prior year. The culture and recreation function experienced a \$218,602 increase (21 percent) in expenses attributable to the city's Draw Park coming online in 2011. The general government function experienced a \$560,925 increase (11 percent) in expenses. The increase in governmental expenditures was due to administrative expenditures – legal, development and financial in relationship to selling a parcel in the COR area and a Joint Powers Agreement with the County in which the city contributed for a share of improvements. The highways and streets function experienced a \$337,376 increase (6 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. Transfers increased significantly due to an internal transfer from the water utility fund to a governmental fund for internal borrowing of municipal center debt.

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 \$166,344, accounting for 8% of the total growth in the City’s net assets. Key elements of this increase are as follows.

- There was a 27% 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. There was a \$1,199,585 out of the proprietary funds. The water fund transferred \$1M to the debt service fund to help offset the municipal center debt so that the total amount did not need to be levied in a year with decreasing market values and weakened economy.

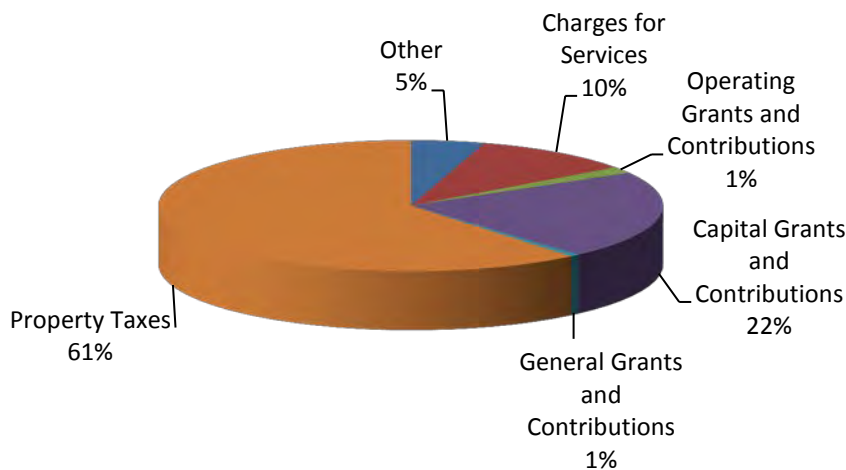
Governmental Activities – The following graphs illustrate the City’s governmental activities:

Expenses and Program Revenues – Governmental Activities



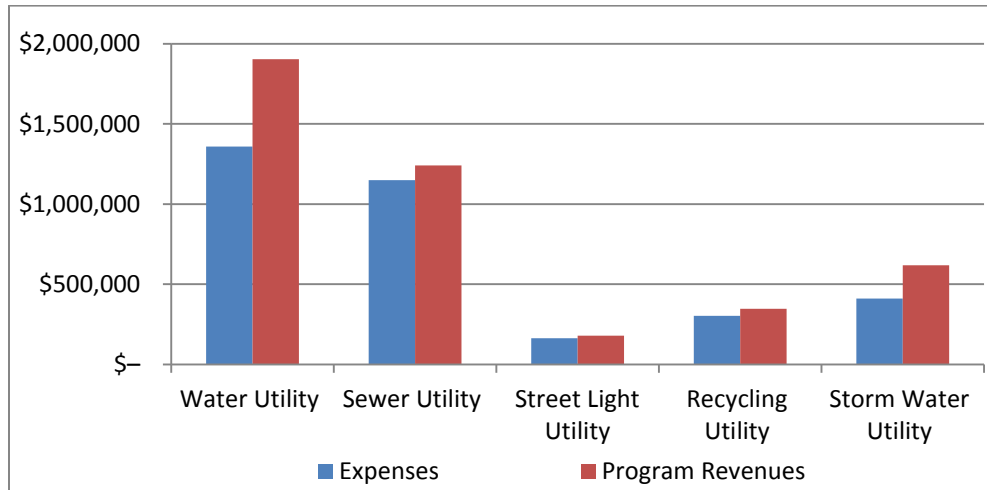
The graphs show the governmental activities and their income clearly reflect the need for property taxes to supplement the activities of the City. The trend of property taxes shows an increasing reliance on this source as the state has withdrawn their support that was previously received as local government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

Revenue by Source – Governmental Activities

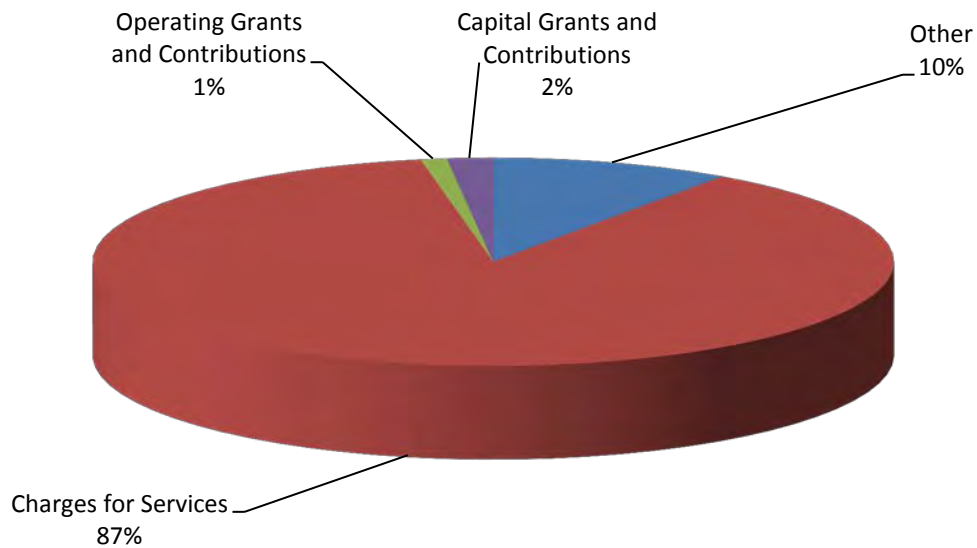


Business-Type Activities – The following graphs illustrate the City’s business-type activities:

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 (87%) for all Utility Funds.

Governmental Funds – At the end of the fiscal year, the City’s Governmental Funds reported combined ending fund balances of \$41,940,262, an increase of \$3,525,271 in comparison with the prior year. The increase was predominately attributable to a refunding bond issued for the 2005B G.O. Investment Bond Fund in the current year that was held in escrow causing an increase in ending balance.

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

	Original Budget	Final Budget	Actual	Over (Under) Final Budget	% Over (Under) Budget
Revenue	\$ 8,836,534	\$ 8,630,877	\$ 8,655,880	\$ 25,003	0.3%
Expenditures	9,449,400	9,019,134	8,941,231	(77,903)	-0.9%
Excess (deficiency) of revenue over expenditures	(612,866)	(388,257)	(285,351)	102,906	
Other financing sources (uses)	612,866	519,472	496,113	(23,359)	
Net change in fund balances	<u>\$ –</u>	<u>\$ 131,215</u>	210,762	<u>\$ 79,547</u>	
Fund balances					
Beginning of year			6,177,870		
End of year			<u>\$ 6,388,632</u>		

The actual operating results ended close to the amount projected in the final budget. 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.

Tax Increment Fund – This Special Revenue Fund had a year-end fund balance of \$8,816,253 which reflects a \$913,186 increase from 2010. 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 \$8,335,507. The decrease of \$228,532 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 \$150,487 which is attributed to the funds share of pooled interest earnings, an increase in special assessments, and decrease highway and streets expenditures.

Landfill Fund – This Capital Project Fund showed an overall decrease in fund balance of \$462,509, 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 \$3,276,236. The decrease of \$66,606 in fund balance was largely attributed to a transfer out for the purchase of capital equipment.

Public Improvement Revolving The COR Capital Project Fund – This capital project fund decreased overall fund balance \$262,572. There was a substantial increase in project activity for this fund in 2011 with the near completion of the second phase of the municipal center parking ramp. At December 31, 2011, the city was due approximately \$696,500 from the State of Minnesota for this project. Additionally, there was approximately \$990,000 outstanding in contracts payable with \$2.3 million recorded as construction in progress.

Armstrong / Bunker Street Improvement Fund. – This Capital Project Fund reported a fund balance of \$260,269. This fund is used to account for all costs associated with the construction of public improvements related to the Armstrong Blvd and Bunker Blvd project.

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 \$75,512,152 at December 31, 2011. 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, 2011 are as follows:

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	\$ 6,772,024	\$ 6,772,024	\$ 868,513	\$ 868,513	\$ 7,640,537	\$ 7,640,537
Buildings and structures	25,763,775	25,748,276	6,058,847	2,509,688	31,822,622	28,257,964
Improvements other than buildings	7,346,628	4,077,621	11,445,595	10,837,169	18,792,223	14,914,790
Office equipment	691,719	691,719	-	-	691,719	691,719
Motor vehicles	3,766,466	3,816,420	-	-	3,766,466	3,816,420
Machinery and equipment	4,694,542	4,739,350	540,275	536,395	5,234,817	5,275,745
Infrastructure	25,412,900	22,459,019	-	-	25,412,900	22,459,019
Water and sewer lines	-	-	45,346,485	45,284,740	45,346,485	45,284,740
Construction in progress	4,153,721	3,959,865	123,781	3,803,277	4,277,502	7,763,142
	78,601,775	72,264,294	64,383,496	63,839,782	142,985,271	136,104,076
Less accumulated depreciation	14,707,454	12,432,482	12,635,404	11,339,733	27,342,858	23,772,215
Total capital assets, net of depreciation	\$ 63,894,321	\$ 59,831,812	\$ 51,748,092	\$ 52,500,049	\$ 115,642,413	\$ 112,331,861
Depreciation expense	\$ 2,519,597	\$ 2,155,186	\$ 1,297,690	\$ 1,213,274	\$ 3,817,287	\$ 3,368,460

The City’s investment in capital assets for its governmental and business-type activities as of December 31, 2011 amounts to over \$115 million (net of accumulated depreciation).

The governmental activities show an increase of approximately \$4 million in capital assets. This increase is attributable to the construction of The Draw Park in The COR (formerly known as Ramsey Town Center). Depreciation for business-type activities surpassed current year additions causing a reduction in business-type capital assets. 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 \$5,753,130.

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

	Governmental Activities	
	2011	2010
Bonds	\$ 30,505,000	\$ 24,695,000
Capital equipment certificates	170,000	335,000
Compensated absences	798,892	742,211
Other Post-Employment Benefits (OPEB)	214,747	141,817
Total	\$ 31,688,639	\$ 25,914,028

During the current fiscal year, The City saw a decrease of \$1.810 million in bonds and certificates as normal pay down of scheduled principle payments. The City issued two new bond series during the current fiscal year. The series 2011A bonds were issued to fund the Armstrong/Bunker road capital improvement project. The series 2011B bonds were issued as an improvement crossover refunding bond for the 2005B series bonds. The compensated absence liability increased \$56,681 due to increased longevity of employees. Other Post-Employment Benefits (OPEB) increased \$72,930 due to an increase in the annual required contribution as actuarially determined with the parameters of GASB Statement Nos. 43 and 45.

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 \$59,384,853.

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 6.7%, which is a decrease from a rate of 7.3% a year ago. The state of Minnesota shows an average unemployment rate of 6.4%, whereas, nationally the unemployment rate is 8.3%.
- The number of foreclosures in the City of Ramsey decreased from 200 units in 2010 to 109 in 2011. In comparison, the State of Minnesota saw an 17% decrease in foreclosures from 25,673 in 2010 to 21,298 in 2011.
- Inflationary trends in the region compare favorably to national indices.
- The city is expecting steady residential and commercial growth within the next three years, spurred by the impending construction of the Ramsey Station for the Minnesota Northstar commuter rail.

All of these factors were considered in preparing the City of Ramsey's budget for the 2012 fiscal year.

The water and storm water utility rates were increased for the 2012 budget year. The water utility, which has a tiered rate structure, will increase by an average of 2% for all customers. This rate increase is to help offset the construction costs of future capital improvements, most likely a water treatment plant. The storm water utilities will increase an average of 3%. The increased rates are to not only offset current maintenance costs and depreciation, but to help finance 2012 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, 2011

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and temporary investments	\$ 31,665,169	\$ 16,134,860	\$ 47,800,029
Receivables			
Unremitted taxes	83,236	-	83,236
Delinquent taxes	546,020	-	546,020
Unremitted special assessments	6,443	-	6,443
Delinquent special assessments	10,832	30,380	41,212
Deferred special assessments	1,385,853	245,433	1,631,286
Accounts	36,461	1,174,060	1,210,521
Interest	226,712	-	226,712
Internal balances	(6,240,220)	6,240,220	-
Due from other governmental units	831,069	-	831,069
Prepays	10,233	45,690	55,923
Land held for resale	12,615,626	-	12,615,626
Restricted assets – temporarily restricted			
Cash and investments for debt service	4,813,633	-	4,813,633
Capital assets			
Land	6,772,024	868,513	7,640,537
Construction in progress	4,153,721	123,781	4,277,502
Buildings and structures	25,763,775	6,058,847	31,822,622
Improvements other than buildings	7,346,628	11,445,595	18,792,223
Office equipment	691,719	-	691,719
Motor vehicles	3,766,466	-	3,766,466
Machinery and equipment	4,694,542	540,275	5,234,817
Infrastructure	25,412,900	-	25,412,900
Water and sewer lines	-	45,346,485	45,346,485
Less accumulated depreciation	(14,707,454)	(12,635,404)	(27,342,858)
Total capital assets, net of depreciation	<u>63,894,321</u>	<u>51,748,092</u>	<u>115,642,413</u>
Total assets	<u>\$ 109,885,388</u>	<u>\$ 75,618,735</u>	<u>\$ 185,504,123</u>
Liabilities			
Accounts and contracts payable	\$ 1,457,385	\$ 61,547	\$ 1,518,932
Salaries and benefits payable	244,363	-	244,363
Accrued interest payable	128,187	-	128,187
Due to other governmental units	34,707	44,316	79,023
Unearned revenue	-	720	720
Long-term liabilities			
Due within one year	2,104,280	-	2,104,280
Due in more than one year	29,584,359	-	29,584,359
Total long-term liabilities	<u>31,688,639</u>	<u>-</u>	<u>31,688,639</u>
Total liabilities	33,553,281	106,583	33,659,864
Net assets			
Invested in capital assets, net of related debt	39,794,321	51,748,092	91,542,413
Restricted for			
Debt Service	2,567,970	-	2,567,970
Housing redevelopment	8,348,271	-	8,348,271
EDA	1,305,533	-	1,305,533
Tax Increment	9,049,184	-	9,049,184
Capital Improvements - State Aid Construction	363,672	-	363,672
Landfill Tipping Fee	250,671	-	250,671
Lawful Gambling	138,114	-	138,114
Peace Officers	80,533	-	80,533
Unrestricted	<u>14,433,838</u>	<u>23,764,060</u>	<u>38,197,898</u>
Total net assets	<u>76,332,107</u>	<u>75,512,152</u>	<u>151,844,259</u>
Total liabilities and net assets	<u>\$ 109,885,388</u>	<u>\$ 75,618,735</u>	<u>\$ 185,504,123</u>

See notes to basic financial statements

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CITY OF RAMSEY
Balance Sheet
Governmental Funds
December 31, 2011

	Special Revenue Funds			Capital Project Funds
	General	Tax Increment	Housing and Redevelopment Authority	Public Improvement Revolving
Assets				
Cash and temporary investments	\$ 7,730,273	\$ 8,836,347	\$ 428,324	\$ 1,786,451
Cash and investments held by trustee	-	-	-	-
Receivables				
Unremitted taxes	43,778	30,212	2,200	-
Delinquent taxes	256,406	232,931	12,764	2
Unremitted special assessments	-	-	-	6,443
Delinquent special assessments	-	-	-	10,832
Deferred special assessments	-	-	-	1,385,853
Accounts	14,567	-	-	152
Interest	226,712	-	-	-
Due from other funds	-	-	-	36,670
Due from other governmental units	28,451	-	-	-
Land Held for Resale	-	-	12,615,626	-
Prepays	9,929	-	79	-
Advances to other funds	-	-	-	-
	<u>8,310,116</u>	<u>9,099,490</u>	<u>13,058,993</u>	<u>3,226,403</u>
Total assets				
Liabilities and Fund Balances				
Liabilities				
Accounts and contracts payable	\$ 281,751	\$ 36,691	\$ 41,876	\$ 350
Salaries and benefits payable	244,363	-	-	-
Due to other governmental units	9,277	13,615	58	-
Due to other funds	-	-	-	-
Deferred revenue	256,406	232,931	12,764	1,396,686
Advances from other funds	1,129,687	-	4,668,788	-
Total liabilities	<u>1,921,484</u>	<u>283,237</u>	<u>4,723,486</u>	<u>1,397,036</u>
Fund balances:				
Nonspendable	9,929	-	79	-
Restricted	-	8,816,253	8,335,428	-
Committed	-	-	-	-
Assigned	125,015	-	-	1,829,367
Unassigned	6,253,688	-	-	-
Total fund balances	<u>6,388,632</u>	<u>8,816,253</u>	<u>8,335,507</u>	<u>1,829,367</u>
	<u>8,310,116</u>	<u>9,099,490</u>	<u>13,058,993</u>	<u>3,226,403</u>
Total liabilities and fund balances				

See notes to basic financial statements

Landfill	Equipment Revolving	Public Improvement Revolving The COR	Armstrong / Bunker Street Improvement	Nonmajor	Totals
\$ 2,848,420	\$ 3,276,236	\$ 37,413	\$ 262,029	\$ 6,082,017	\$ 31,287,510
-	-	-	-	4,813,633	4,813,633
-	-	-	-	7,046	83,236
-	-	-	-	43,917	546,020
-	-	-	-	-	6,443
-	-	-	-	-	10,832
-	-	-	-	-	1,385,853
-	-	-	-	21,742	36,461
-	-	-	-	-	226,712
-	-	-	-	90,000	126,670
101,505	-	696,584	-	4,529	831,069
-	-	-	-	-	12,615,626
-	-	-	-	225	10,233
202,388	-	-	-	-	202,388
<u>\$ 3,152,313</u>	<u>\$ 3,276,236</u>	<u>\$ 733,997</u>	<u>\$ 262,029</u>	<u>\$ 11,063,109</u>	<u>\$ 52,182,686</u>
\$ 53,212	\$ -	\$ 990,021	\$ 1,760	\$ 49,728	\$ 1,455,389
-	-	-	-	-	244,363
-	-	-	-	7,740	30,690
-	-	-	-	126,670	126,670
-	-	-	-	43,917	1,942,704
-	-	-	-	644,133	6,442,608
53,212	-	990,021	1,760	872,188	10,242,424
-	-	-	-	225	10,233
-	-	-	-	7,880,538	25,032,219
-	-	-	-	819,839	819,839
3,099,101	3,276,236	-	260,269	2,087,381	10,677,369
-	-	(256,024)	-	(597,062)	5,400,602
<u>3,099,101</u>	<u>3,276,236</u>	<u>(256,024)</u>	<u>260,269</u>	<u>10,190,921</u>	<u>41,940,262</u>
<u>\$ 3,152,313</u>	<u>\$ 3,276,236</u>	<u>\$ 733,997</u>	<u>\$ 262,029</u>	<u>\$ 11,063,109</u>	<u>\$ 52,182,686</u>

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CITY OF RAMSEY

Reconciliation of the Balance Sheet
to the Statement of Net Assets
Governmental Funds
December 31, 2011

Total fund balances – Governmental Funds \$ 41,940,262

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	78,601,775
Less accumulated depreciation	(14,707,454)

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	(30,675,000)
Compensated absences payable	(798,892)

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.

1,942,704

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

(128,187)

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.

(214,747)

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.

371,646

Total net assets – governmental activities

\$ 76,332,107

See notes to basic financial statements

CITY OF RAMSEY

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2011

	Special Revenue Fund			Capital Project Funds
	General	Tax Increment	Housing and Redevelopment Authority	Public Improvement Revolving
Revenue				
Property taxes	\$ 6,624,888	\$ 3,623,587	\$ 346,428	\$ -
Special assessments	-	-	-	545,764
Licenses and permits	368,153	-	-	-
Intergovernmental revenue	337,855	98,079	-	-
Charges for services	1,045,032	-	-	-
Fines and forfeits	105,833	-	-	-
Other revenue				
Investment earnings	142,881	194,824	11,666	41,947
Miscellaneous	31,238	2,029	34,396	20,688
Total revenue	<u>8,655,880</u>	<u>3,918,519</u>	<u>392,490</u>	<u>608,399</u>
Expenditures				
Current				
General government	2,196,906	1,003,790	645,655	-
Public safety	3,886,613	-	-	-
Highways and streets	1,746,202	-	-	196,927
Culture and recreation	848,069	-	-	-
Capital outlay	132,578	325,000	111,669	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	130,863	-	-	-
Total expenditures	<u>8,941,231</u>	<u>1,328,790</u>	<u>757,324</u>	<u>196,927</u>
Excess (deficiency) of revenue over expenditures	(285,351)	2,589,729	(364,834)	411,472
Other financing sources (uses)				
Bonds issued	-	-	-	-
Refunding bonds issued	-	-	-	-
Proceeds on sale of capital assets	-	-	-	-
Premiums/Discounts on bonds issued	-	-	-	-
Transfers in	642,461	19,733	136,302	270,897
Transfers (out)	(146,348)	(1,696,276)	-	(531,882)
Total other financing sources (uses)	<u>496,113</u>	<u>(1,676,543)</u>	<u>136,302</u>	<u>(260,985)</u>
Net change in fund balances	210,762	913,186	(228,532)	150,487
Fund balances				
Beginning of year	<u>6,177,870</u>	<u>7,903,067</u>	<u>8,564,039</u>	<u>1,678,880</u>
End of year	<u>\$ 6,388,632</u>	<u>\$ 8,816,253</u>	<u>\$ 8,335,507</u>	<u>\$ 1,829,367</u>

See notes to basic financial statements

Landfill	Public Improvement			Nonmajor	Totals
	Equipment Revolving	Revolving The COR	Armstrong / Bunker Street Improvement		
\$ -	\$ -	\$ -	\$ -	\$ 1,114,746	\$ 11,709,649
-	-	-	-	-	545,764
-	-	-	-	-	368,153
-	-	1,636,045	-	1,068,768	3,140,747
-	-	-	-	472,288	1,517,320
-	-	-	-	-	105,833
88,955	76,963	-	3,847	334,101	895,184
-	30,000	128,645	-	499,509	746,505
<u>88,955</u>	<u>106,963</u>	<u>1,764,690</u>	<u>3,847</u>	<u>3,489,412</u>	<u>19,029,155</u>
551,464	-	-	-	449,854	4,847,669
-	-	-	-	-	3,886,613
-	15,325	271,311	2,358,946	355,386	4,944,097
-	-	-	-	9,858	857,927
-	19,617	2,319,009	1,701,077	1,980,251	6,589,201
-	-	-	-	1,810,000	1,810,000
-	-	-	24,260	1,065,783	1,220,906
<u>551,464</u>	<u>34,942</u>	<u>2,590,320</u>	<u>4,084,283</u>	<u>5,671,132</u>	<u>24,156,413</u>
(462,509)	72,021	(825,630)	(4,080,436)	(2,181,720)	(5,127,258)
-	-	-	4,358,868	6,132	4,365,000
-	-	-	-	3,090,000	3,090,000
-	-	-	-	19,980	19,980
-	-	-	(18,163)	(3,873)	(22,036)
-	12,973	563,058	-	2,219,431	3,864,855
-	(151,600)	-	-	(139,164)	(2,665,270)
<u>-</u>	<u>(138,627)</u>	<u>563,058</u>	<u>4,340,705</u>	<u>5,192,506</u>	<u>8,652,529</u>
(462,509)	(66,606)	(262,572)	260,269	3,010,786	3,525,271
<u>3,561,610</u>	<u>3,342,842</u>	<u>6,548</u>	<u>-</u>	<u>7,180,135</u>	<u>38,414,991</u>
<u>\$ 3,099,101</u>	<u>\$ 3,276,236</u>	<u>\$ (256,024)</u>	<u>\$ 260,269</u>	<u>\$ 10,190,921</u>	<u>\$ 41,940,262</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, 2011

Total net change in fund balances – Governmental Funds \$ 3,525,271

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	6,589,201
Disposals	(7,095)
Depreciation expense	(2,519,597)

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.

Issuance of new debt	(7,455,000)
Repayment of principal on long-term debt	1,810,000

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.

(59,286)

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.

76,567

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	(56,681)
--	----------

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.

(72,930)

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.

(20,361)

Change in net assets – governmental activities \$ 1,810,089

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, 2011

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Property taxes	\$ 7,037,127	\$ 6,624,887	\$ 6,624,888	\$ 1
Licenses and permits	438,732	361,443	368,153	6,710
Intergovernmental revenue	305,300	337,673	337,855	182
Charges for services	823,875	1,067,467	1,045,032	(22,435)
Fines and forfeits	112,500	105,833	105,833	–
Other revenue				
Investment earnings	100,000	100,000	142,881	42,881
Miscellaneous	19,000	33,574	31,238	(2,336)
Total revenue	<u>8,836,534</u>	<u>8,630,877</u>	<u>8,655,880</u>	<u>25,003</u>
Expenditures				
Current				
General government	2,347,573	2,221,647	2,196,906	(24,741)
Public safety	4,004,340	3,913,599	3,886,613	(26,986)
Highways and streets	1,799,462	1,744,540	1,746,202	1,662
Culture and recreation	894,491	875,906	848,069	(27,837)
Capital outlay	142,600	132,579	132,578	(1)
Debt service				
Interest and fiscal charges	260,934	130,863	130,863	–
Total expenditures	<u>9,449,400</u>	<u>9,019,134</u>	<u>8,941,231</u>	<u>(77,903)</u>
Excess (deficiency) of revenue over expenditures	(612,866)	(388,257)	(285,351)	102,906
Other financing sources (uses)				
Transfers in	612,866	629,488	642,461	12,973
Transfers (out)	–	(110,016)	(146,348)	(36,332)
Total other financing sources (uses)	<u>612,866</u>	<u>519,472</u>	<u>496,113</u>	<u>(23,359)</u>
Net change in fund balances	<u>\$ –</u>	<u>\$ 131,215</u>	210,762	<u>\$ 79,547</u>
Fund balances				
Beginning of year			<u>6,177,870</u>	
End of year			<u>\$ 6,388,632</u>	

See notes to basic financial statements

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CITY OF RAMSEY

Statement of Revenue, Expenditures, and Changes in Fund Balances
Housing and Redevelopment Authority – Budget and Actual
Year Ended December 31, 2011

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Property taxes	\$ 368,549	\$ 346,428	\$ 346,428	\$ -
Other revenue				
Investment earnings	2,500	11,666	11,666	-
Miscellaneous	-	25,229	34,396	9,167
Total revenue	<u>371,049</u>	<u>383,323</u>	<u>392,490</u>	<u>9,167</u>
Expenditures				
Current				
General government	647,926	643,582	645,655	2,073
Capital outlay	-	111,669	111,669	-
Total expenditures	<u>647,926</u>	<u>755,251</u>	<u>757,324</u>	<u>2,073</u>
Excess (deficiency) of revenue over expenditures	(276,877)	(371,928)	(364,834)	7,094
Other financing sources (uses)				
Transfers in	-	136,302	136,302	-
Total other financing sources (uses)	<u>-</u>	<u>136,302</u>	<u>136,302</u>	<u>-</u>
Net change in fund balances	<u>\$ (276,877)</u>	<u>\$ (235,626)</u>	(228,532)	<u>\$ 7,094</u>
Fund balances				
Beginning of year			<u>8,564,039</u>	
End of year			<u>\$ 8,335,507</u>	

See notes to basic financial statements

CITY OF RAMSEY

Statement of Net Assets
 Proprietary Funds
 December 31, 2011

Assets	Business-Type Activities – Enterprise Funds		
	Water Utility	Sewer Utility	Street Light Utility
Current assets			
Cash and temporary investments	\$ 8,408,597	\$ 5,537,132	\$ 1,239,922
Receivables			
Deferred special assessments	123,478	121,955	–
Delinquent special assessments	15,190	15,190	–
Accounts and interest	396,414	417,025	59,560
Prepays	–	45,690	–
Total current assets	<u>8,943,679</u>	<u>6,136,992</u>	<u>1,299,482</u>
Noncurrent assets			
Advances to other Funds	2,978,527	3,261,693	–
Capital assets			
Land	868,513	–	–
Construction in progress	–	–	–
Buildings and structures	6,058,847	–	–
Improvements other than buildings	–	–	705,077
Machinery and equipment	134,188	378,167	–
Water and sewer lines	24,117,279	21,229,206	–
	<u>31,178,827</u>	<u>21,607,373</u>	<u>705,077</u>
Less accumulated depreciation	5,837,512	4,902,475	314,912
Net capital assets	<u>25,341,315</u>	<u>16,704,898</u>	<u>390,165</u>
Total noncurrent assets	<u>28,319,842</u>	<u>19,966,591</u>	<u>390,165</u>
Total assets	<u>\$ 37,263,521</u>	<u>\$ 26,103,583</u>	<u>\$ 1,689,647</u>
Liabilities and Net Assets			
Current liabilities			
Accounts and contracts payable	\$ 18,182	\$ 2,772	\$ 34,608
Due to other governmental units	44,095	–	221
Unearned revenue	–	–	720
Total current liabilities	<u>62,277</u>	<u>2,772</u>	<u>35,549</u>
Net assets			
Invested in capital assets	25,341,315	16,704,898	390,165
Unrestricted	11,859,929	9,395,913	1,263,933
Total net assets	<u>37,201,244</u>	<u>26,100,811</u>	<u>1,654,098</u>
Total liabilities and net assets	<u>\$ 37,263,521</u>	<u>\$ 26,103,583</u>	<u>\$ 1,689,647</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>
\$ 138,223	\$ 810,986	\$ 16,134,860	\$ 377,659
-	-	245,433	-
-	-	30,380	-
95,875	205,186	1,174,060	-
-	-	45,690	-
<u>234,098</u>	<u>1,016,172</u>	<u>17,630,423</u>	<u>377,659</u>
-	-	6,240,220	-
-	-	868,513	-
-	123,781	123,781	-
-	-	6,058,847	-
-	10,740,518	11,445,595	-
-	27,920	540,275	-
-	-	45,346,485	-
-	10,892,219	64,383,496	-
-	1,580,505	12,635,404	-
-	9,311,714	51,748,092	-
<u>-</u>	<u>9,311,714</u>	<u>57,988,312</u>	<u>-</u>
<u>\$ 234,098</u>	<u>\$ 10,327,886</u>	<u>\$ 75,618,735</u>	<u>\$ 377,659</u>
\$ 182	\$ 5,803	\$ 61,547	\$ 1,996
-	-	44,316	4,017
-	-	720	-
<u>182</u>	<u>5,803</u>	<u>106,583</u>	<u>6,013</u>
-	9,311,714	51,748,092	-
<u>233,916</u>	<u>1,010,369</u>	<u>23,764,060</u>	<u>371,646</u>
<u>233,916</u>	<u>10,322,083</u>	<u>75,512,152</u>	<u>371,646</u>
<u>\$ 234,098</u>	<u>\$ 10,327,886</u>	<u>\$ 75,618,735</u>	<u>\$ 377,659</u>

CITY OF RAMSEY

Statement of Revenue, Expenses, and Changes in Net Assets
 Proprietary Funds
 Year Ended December 31, 2011

	Business-Type Activities – Enterprise Funds		
	Water Utility	Sewer Utility	Street Light Utility
Operating revenue			
Charges for services	\$ 1,820,130	\$ 1,235,925	\$ 178,850
Sewer access surcharge	-	846	-
Other	1,256	-	-
Total operating revenue	<u>1,821,386</u>	<u>1,236,771</u>	<u>178,850</u>
Operating expenses			
Personal services	287,427	82,478	-
Supplies	218,388	19,570	-
Service charges			
Disposal charges	-	565,185	-
Other	242,301	42,040	131,930
Depreciation	609,934	440,045	31,828
Total operating expenses	<u>1,358,050</u>	<u>1,149,318</u>	<u>163,758</u>
Operating income (loss)	463,336	87,453	15,092
Nonoperating revenue			
Intergovernmental revenue	-	-	-
Investment earnings	267,790	138,022	27,326
Total nonoperating revenue	<u>267,790</u>	<u>138,022</u>	<u>27,326</u>
Income before contributions and transfers	731,126	225,475	42,418
Capital contributions	83,349	5,000	-
Transfers out	<u>(1,033,000)</u>	<u>(27,000)</u>	<u>(13,000)</u>
Change in net assets	(218,525)	203,475	29,418
Net assets			
Beginning of year	<u>37,419,769</u>	<u>25,897,336</u>	<u>1,624,680</u>
End of year	<u>\$ 37,201,244</u>	<u>\$ 26,100,811</u>	<u>\$ 1,654,098</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>
\$ 297,226	\$ 617,579	\$ 4,149,710	\$ -
-	-	846	-
-	-	1,256	29,519
<u>297,226</u>	<u>617,579</u>	<u>4,151,812</u>	<u>29,519</u>
4,636	99,691	474,232	-
5,639	17,970	261,567	-
-	-	565,185	-
292,672	77,122	786,065	58,482
-	215,883	1,297,690	-
<u>302,947</u>	<u>410,666</u>	<u>3,384,739</u>	<u>58,482</u>
(5,721)	206,913	767,073	(28,963)
50,279	-	50,279	-
2,389	24,701	460,228	8,602
<u>52,668</u>	<u>24,701</u>	<u>510,507</u>	<u>8,602</u>
46,947	231,614	1,277,580	(20,361)
-	-	88,349	-
<u>(8,000)</u>	<u>(118,585)</u>	<u>(1,199,585)</u>	<u>-</u>
38,947	113,029	166,344	(20,361)
194,969	10,209,054	75,345,808	392,007
<u>\$ 233,916</u>	<u>\$ 10,322,083</u>	<u>\$ 75,512,152</u>	<u>\$ 371,646</u>

CITY OF RAMSEY

Statement of Cash Flows
 Proprietary Funds
 Year Ended December 31, 2011

	Business-Type Activities – Enterprise Funds		
	Water Utility	Sewer Utility	Street Light Utility
Cash flows from operating activities			
Receipts from customers and users	\$ 1,787,715	\$ 1,215,664	\$ 178,904
Receipts from interfund services provided	–	–	–
Paid to suppliers/service providers	(486,900)	(626,027)	(112,136)
Paid to employees	(287,427)	(82,478)	–
Net cash provided (used) by operating activities	<u>1,013,388</u>	<u>507,159</u>	<u>66,768</u>
Cash flows from capital and related financing activities			
Capital contributions	83,349	5,000	–
Acquisition of capital assets	(62,995)	(5,898)	(24,776)
Net cash provided (used) by capital and related financing activities	<u>20,354</u>	<u>(898)</u>	<u>(24,776)</u>
Cash flows from investing activities			
Interest received on investments	267,790	138,022	27,326
Cash flows from noncapital financing activities			
Intergovernmental revenue	–	–	–
Transfers (out)	(1,033,000)	(27,000)	(13,000)
Advances to other funds	969,018	42,458	–
Net cash provided (used) from noncapital financing activities	<u>(63,982)</u>	<u>15,458</u>	<u>(13,000)</u>
Net increase (decrease) in cash and temporary investments/cash equivalents	1,237,550	659,741	56,318
Cash and temporary investments/cash equivalents			
Beginning of year	<u>7,171,047</u>	<u>4,877,391</u>	<u>1,183,604</u>
End of year	<u>\$ 8,408,597</u>	<u>\$ 5,537,132</u>	<u>\$ 1,239,922</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 463,336	\$ 87,453	\$ 15,092
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	609,934	440,045	31,828
Change in assets and liabilities			
Receivables			
Deferred special assessments	3,601	2,573	–
Accounts	(26,016)	(12,424)	414
Prepays	–	1,409	–
Accounts payable	(45,844)	1,459	19,843
Unearned revenue	(11,256)	(11,256)	(360)
Due to other governmental units	19,633	(2,100)	(49)
Net cash provided (used) by operating activities	<u>\$ 1,013,388</u>	<u>\$ 507,159</u>	<u>\$ 66,768</u>

See notes to basic financial statements

Recycling Utility	Storm Water Utility	Totals	Governmental Activities Internal Service
\$ 297,400	\$ 607,828	\$ 4,087,511	\$ -
-	-	-	29,519
(298,232)	(109,586)	(1,632,881)	(69,426)
(4,636)	(99,691)	(474,232)	-
(5,468)	398,551	1,980,398	(39,907)
-	-	88,349	-
-	(452,064)	(545,733)	-
-	(452,064)	(457,384)	-
2,389	24,701	460,228	8,602
50,279	-	50,279	-
(8,000)	(118,585)	(1,199,585)	-
-	-	1,011,476	-
42,279	(118,585)	(137,830)	-
39,200	(147,397)	1,845,412	(31,305)
99,023	958,383	14,289,448	408,964
\$ 138,223	\$ 810,986	\$ 16,134,860	\$ 377,659
\$ (5,721)	\$ 206,913	\$ 767,073	\$ (28,963)
-	215,883	1,297,690	-
-	-	6,174	-
174	(9,751)	(47,603)	-
-	-	1,409	-
79	(7,067)	(31,530)	(2,080)
-	-	(22,872)	-
-	(7,427)	10,057	(8,864)
\$ (5,468)	\$ 398,551	\$ 1,980,398	\$ (39,907)

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CITY OF RAMSEY

Statement of Fiduciary Net Assets
December 31, 2011

	<u>Agency Fund</u>
Assets	
Cash and temporary investments	\$ 579,025
Receivables	
Accounts	32,152
Assets held for resale	<u>12,734,868</u>
Total assets	<u>\$ 13,346,045</u>
Liabilities	
Accounts payable	\$ 3,506
Deposits payable	607,671
Loans Payable to Met Council	<u>12,734,868</u>
Total liabilities	<u>\$ 13,346,045</u>

See notes to basic financial statements

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CITY OF RAMSEY

Notes to Basic Financial Statements
December 31, 2011

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 2011 fiscal year, the City paid LOGIS approximately \$160,990 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, compensated absences, and OPEB, 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.

Armstrong / Bunker Street Improvement Capital Project Fund – This fund is used to account for all costs associated with the construction of public improvements related to the Armstrong Blvd and Bunker Blvd project.

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 generally reports investments at fair value. The Minnesota Municipal Money Market (4M) Fund is an external investment pool regulated by Minnesota Statutes that is not registered with the Securities and Exchange Commission (SEC), but follows the same regulatory rules of the SEC under rule 2a7. The City's investment in this fund is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value.

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 purchases 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 as reported on government-wide and Proprietary Funds financial statements 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. Fund Balance Classifications

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

Nonspendable: Consists of amounts that are not in spendable form, such as prepaid items.

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

Committed: Consists of internally imposed constraints. These constraints are established by Resolution of the City Council.

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

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

Q. 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 government-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".

R. 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.

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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Budgets and Budgetary Accounting (continued)

In the General Fund, total actual expenditures were less than appropriations by \$77,903. In the Housing and Redevelopment Authority Special Revenue Fund expenditures exceeded appropriations by \$2,073 with a fund balance that decreased by \$228,532. The Housing and Redevelopment Authority adopted a 2011 budget that had expenditures exceeding revenues. The rationalization for the 2011 budget was that marketing and development effort costs associated with the 2009 COR land purchase would lead to future revenue generating land sales.

S. 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 government-wide cash and investment management pool is considered to be cash equivalent.

T. 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 2011.

U. 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.

V. 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 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Comparative data/reclassifications

Comparative data for the prior year has been presented only for management discussion and analysis. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

X. Change in Accounting Principle

For the year ended December 31, 2011, the City has implemented 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 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. More information on these fund balance classifications is included elsewhere in these notes.

Pursuant to the guidelines established by GASB Statement No. 54, the City has reclassified the following funds from a special revenue fund to a capital project fund: Parking Ramp Maintenance Fund and Trott Brook Cemetery Perpetual Care Fund.

The following funds have been reclassified from individual special revenue funds to be reported within the General Fund increasing fund balance as of the beginning of the year:

Park Fund	\$ 109,520
MN Department of Natural Resources Grant Fund	8,591
	<u>\$ 118,111</u>

The following fund has been reclassified from an individual special revenue fund to be reported within the major capital project Landfill Fund increasing fund balance as of the beginning of the year:

Ramsey Star Express Fund	<u>\$ 9,893</u>
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NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 14,289,786
Investments	38,902,376
Cash on hand	<u>525</u>
Total	<u>\$ 53,192,687</u>

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

Cash and temporary investments - Statement of Net Assets	\$ 47,800,029
Restricted cash and investments for debt service - Statement of Net Assets	4,813,633
Cash and Investments - Statement of Fiduciary Net Assets	<u>579,025</u>
Total	<u>\$ 53,192,687</u>

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 \$14,289,786 while the balance on the bank records was \$14,520,371. At December 31, 2011, \$7,770,371 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. The remaining amount was not covered.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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	\$ 59,859	\$3,008,833	\$ -	\$ 10,474	\$ -	\$ 3,079,166
U.S. Agencies	Aaa	Moody's	-	3,825,113	2,842,220	2,010,053	465,166	9,142,552
U.S. Agencies	AA+	S&P	-	-	1,774,969	-	-	1,774,969
Municipal Bonds	A1-Aaa	Moody's	3,029,935	8,609,310	1,106,677	-	-	12,745,922
Municipal Bonds	AA+	S&P	218,236	1,796,110	906,831	-	-	2,921,177
Negotiable Certificates of Deposit	N/A	N/A	873,807	2,546,428	-	150,000	-	3,570,235
Investment pools								
Minnesota Municipal Money								
Market	N/R	N/A	5,649,877	-	-	-	-	5,649,877
First American Treasury								
Obligation	AA+	S&P	18,478	-	-	-	-	18,478
Total Investments								<u>\$38,902,376</u>

N/A Not Applicable

N/R Not Rated

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 12.29% concentration in Fannie Maes and 9.68% 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	\$ 36,670
Nonmajor Governmental Fund Economic Development Authority Fund Special Revenue Fund	Nonmajor Governmental Fund RALF funded project fund Capital Project Fund	90,000
		<u>\$ 126,670</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	\$ 202,388	Internally finance facility loan
Major Proprietary Fund; Sewer Utility	General Fund	927,299	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	644,133	Internally finance facility loan
		<u>\$ 6,442,608</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	Equipment Revolving Capital Project	Public Improvement Revolving The COR Capital Project	Nonmajor Governmental	
General Fund	\$ –	\$ –	\$ –	\$ 49,949	\$ 12,973	\$ –	\$ 83,426	\$ 146,348
Tax Increment Special Revenue Fund	250,000	–	136,302	220,948	–	563,058	525,968	1,696,276
Public Improvement Revolving Capital Projects Fund	25,000	–	–	–	–	–	506,882	531,882
Equipment Revolving Capital Projects Fund	151,600	–	–	–	–	–	–	151,600
Nonmajor Governmental Funds	112,861	19,733	–	–	–	–	6,570	139,164
Proprietary Funds	103,000	–	–	–	–	–	1,096,585	1,199,585
	<u>\$ 642,461</u>	<u>\$ 19,733</u>	<u>\$ 136,302</u>	<u>\$ 270,897</u>	<u>\$ 12,973</u>	<u>\$ 563,058</u>	<u>\$ 2,219,431</u>	<u>\$ 3,864,855</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	\$ 6,772,024	\$ –	\$ –	\$ –	\$ 6,772,024
Construction in progress	3,959,865	5,757,859	(5,562,172)	(1,831)	4,153,721
Capital assets, depreciated					
Buildings and structures	25,748,276	15,499	–	–	25,763,775
Improvements other than buildings	4,077,621	111,669	3,157,338	–	7,346,628
Office equipment	691,719	–	–	–	691,719
Motor vehicles	3,816,420	129,610	–	(179,564)	3,766,466
Machinery and equipment	4,739,350	25,517	–	(70,325)	4,694,542
Infrastructure	22,459,019	549,047	2,404,834	–	25,412,900
Total capital assets	<u>72,264,294</u>	<u>6,589,201</u>	<u>–</u>	<u>(251,720)</u>	<u>78,601,775</u>
Less accumulated depreciation on					
Buildings and structures	(3,332,471)	(546,287)	–	–	(3,878,758)
Improvements other than buildings	(1,325,866)	(337,465)	–	–	(1,663,331)
Office equipment	(200,069)	(34,647)	–	–	(234,716)
Motor vehicles	(2,191,236)	(312,849)	–	179,563	(2,324,522)
Machinery and equipment	(1,776,239)	(294,577)	–	65,062	(2,005,754)
Infrastructure	(3,606,601)	(993,772)	–	–	(4,600,373)
Total accumulated depreciation	<u>(12,432,482)</u>	<u>(2,519,597)</u>	<u>–</u>	<u>244,625</u>	<u>(14,707,454)</u>
Net capital assets	<u>\$ 59,831,812</u>	<u>\$ 4,069,604</u>	<u>\$ –</u>	<u>\$ (7,095)</u>	<u>\$ 63,894,321</u>

NOTE 4 – CAPITAL ASSETS (CONTINUED)

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	3,803,277	58,497	(3,737,993)	-	123,781
Capital assets, depreciated					
Buildings and structures	2,509,688		3,549,159	-	6,058,847
Improvements other than buildings	10,837,169	419,592	188,834	-	11,445,595
Machinery and equipment	536,395	5,899	-	(2,019)	540,275
Water and sewer lines	45,284,740	61,745	-	-	45,346,485
Total capital assets	<u>63,839,782</u>	<u>545,733</u>	<u>-</u>	<u>(2,019)</u>	<u>64,383,496</u>
Less accumulated depreciation on					
Buildings and structures	(652,714)	(121,091)	-	-	(773,805)
Improvements other than buildings	(1,631,883)	(246,501)	-	-	(1,878,384)
Machinery and equipment	(161,378)	(25,401)	-	2,019	(184,760)
Water and sewer lines	(8,893,758)	(904,697)	-	-	(9,798,455)
Total accumulated depreciation	<u>(11,339,733)</u>	<u>(1,297,690)</u>	<u>-</u>	<u>2,019</u>	<u>(12,635,404)</u>
Net capital assets	<u>\$ 52,500,049</u>	<u>\$ (751,957)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,748,092</u>

C. Depreciation Expense by Function

Governmental activities	
General government	\$ 682,097
Public safety	297,998
Highways and streets	1,165,274
Culture and recreation	374,228
Total depreciation expense – governmental activities	<u>\$ 2,519,597</u>
Business-type activities	
Water Utility	\$ 609,934
Sewer Utility	440,045
Street Light Utility	31,828
Storm Water Utility	215,883
Total depreciation expense – business-type activities	<u>\$ 1,297,690</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 Refunding Bonds,					
Series 2007B	\$ 945,000	3.75–4.00%	3/1/2007	12/15/2014	\$ 700,000
General Obligation Capital Improvement					
Capital Improvement Refunding Bonds,					
Series 2004A	\$ 1,480,000	1.80–4.00%	11/1/2004	2/1/2017	750,000
General Obligation Improvement Bonds					
Series 2005B	\$ 4,335,000	2.75-4.25%	6/1/2005	12/15/2025	3,485,000
Series 2009A	\$ 1,340,000	3.72-4.00%	11/1/2009	4/1/2019	1,075,000
Series 2011A	\$ 4,365,000	2.00–3.15%	9/7/2011	2/1/2032	4,365,000
Series 2011B	\$ 3,090,000	2.00–2.70%	12/29/2011	12/15/2025	3,090,000
Total general obligation capital improvement bonds					<u>12,015,000</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	<u>17,040,000</u>
Total bonds payable					<u>30,505,000</u>
Capital Equipment Certificates					
Capital Equipment Certificates					
of Indebtedness, Series 2007A	\$ 790,000	3.65-3.75%	3/1/2007	2/1/2012	170,000
Compensated absences payable					798,892
OPEB					<u>214,747</u>
Total governmental activities debt					<u><u>\$ 31,688,639</u></u>

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.

The Series 2011A bonds will be repaid with annual allotments of Municipal State Aid and an annual assessment per the assessment agreement between the city of Ramsey and Hageman Holdings for the improvements that were necessary for the future Legacy School.

The Series 2011B were Improvement Crossover Refunding bonds that were issued to refund the 2005B Series bonds that will be called on December 15, 2014. The proceeds of this issue were used to call in advance the remaining principal of the 2005B GO Bonds and the City will assume the principal and interest payments on the 2011 issue. This refunding reduced the City's total future debt payments by \$ 186,544 and resulted in a present value savings of \$153,959.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

- **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 liability represents non-pension benefits provided after the termination of employment. Governmental entities have traditionally accounted for OPEB on a pay-as-you-go basis. OPEB liability is 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	\$ 1,175,000	\$ –	\$ 475,000	\$ 700,000	\$ 200,000
Lease Revenue Bonds	17,790,000	–	750,000	17,040,000	785,000
Capital Improvement					
Refunding Bonds	865,000	–	115,000	750,000	115,000
G.O. Improvement Bonds	4,865,000	7,455,000	305,000	12,015,000	315,000
Capital Equipment Certificates	335,000	–	165,000	170,000	170,000
Compensated absences	742,211	450,421	393,740	798,892	519,280
OPEB	141,817	90,444	17,514	214,747	–
	<u>\$ 25,914,028</u>	<u>\$ 7,995,865</u>	<u>\$ 2,221,254</u>	<u>\$ 31,688,639</u>	<u>\$ 2,104,280</u>

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
2012	\$ 1,415,000	\$ 1,139,940	\$ 170,000	\$ 3,188
2013	1,680,000	1,091,238	–	–
2014	4,775,000	1,025,984	–	–
2015	1,665,000	827,055	–	–
2016	1,825,000	768,083	–	–
2017-2021	8,810,000	2,926,681	–	–
2022-2026	8,175,000	1,418,484	–	–
2027-2031	2,035,000	144,011	–	–
2032	125,000	2,438	–	–
	<u>\$ 30,505,000</u>	<u>\$ 9,343,914</u>	<u>\$ 170,000</u>	<u>\$ 3,188</u>

NOTE 6 – FUND BALANCE POLICY AND CLASSIFICATION

A. Classifications

At December 31, 2011, the City had the following classifications of fund balances in its Governmental Funds:

Fund balances	Special Revenue Funds			Capital Project Fund					Nonmajor	Total
	General	Tax Increment	Housing and Redevelopment Authority	Public Improvement Revolving	Landfill	Equipment Revolving	Public Improvement Revolving The COR	Armstrong/Bunker Street Improvement		
Nonspendable										
Prepays	\$ 9,929	\$ -	\$ 79	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225	\$ 10,233
Restricted for										
Capital improvements	-	-	-	-	-	-	-	-	363,672	363,672
Debt service	-	-	-	-	-	-	-	-	5,753,130	5,753,130
Economic development	-	-	-	-	-	-	-	-	1,294,418	1,294,418
Housing redevelopment	-	-	8,335,428	-	-	-	-	-	-	8,335,428
Lawful gambling	-	-	-	-	-	-	-	-	138,114	138,114
Public safety	-	-	-	-	-	-	-	-	80,533	80,533
Solid waste management	-	-	-	-	-	-	-	-	250,671	250,671
Tax increment	-	8,816,253	-	-	-	-	-	-	-	8,816,253
										25,032,219
Committed										
Capital improvements	-	-	-	-	-	-	-	-	463,216	463,216
Community/business	-	-	-	-	-	-	-	-	356,623	356,623
										819,839
Assigned										
Capital improvements	-	-	-	1,829,367	-	3,276,236	-	260,269	2,031,507	7,397,379
Cemetery	-	-	-	-	-	-	-	-	33,882	33,882
Landfill	-	-	-	-	3,099,101	-	-	-	-	3,099,101
Park improvement	125,015	-	-	-	-	-	-	-	-	125,015
Parking ramp	-	-	-	-	-	-	-	-	21,992	21,992
										10,677,369
Unassigned	6,253,688	-	-	-	-	-	(256,024)	-	(597,062)	5,400,602
Total fund balances	<u>\$ 6,388,632</u>	<u>\$ 8,816,253</u>	<u>\$ 8,335,507</u>	<u>\$ 1,829,367</u>	<u>\$ 3,099,101</u>	<u>\$ 3,276,236</u>	<u>\$ (256,024)</u>	<u>\$ 260,269</u>	<u>\$ 10,190,921</u>	<u>\$ 41,940,262</u>

B. Fund Balance Policy

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

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

When actual revenues exceed actual expenditures in a given year, the excess shall be allocated as follows:

- a) Any excess shall be first allocated to "unassigned" fund balance to bring that portion of fund balance to an amount equal to fifty percent (50%) of the next years adopted operating budget plus prior-year encumbrances (if any) plus compensated absences.
- b) Any excess after complying with fund balance requirements in step “a” shall be allocated to equipment replacement, park trust, public facilities construction, and public improvement revolving funds in the following manner:

- Ten percent (10%) to Fund #234 - Equipment Revolving Fund
- Ten percent (10%) to Fund #810 – Park Maintenance Fund (reported in General Fund)
- Forty percent (40%) to Fund #412 – Public Facilities Construction Fund
- Forty percent (40%) to Fund #400 - Public Improvement Revolving Fund

NOTE 6 –FUND BALANCE POLICY AND CLASSIFICATION (CONTINUED)

When actual expenditures exceed actual revenues in a given year, the deficit shall be treated as follows:

- a) "Unassigned" fund balance shall first be adjusted to an amount equal to fifty percent (50%) of the next years adopted operating budget plus prior year encumbrances (if any) plus compensated absences.
- b) If shortage after complying with fund balance requirement in step “a” shall draw funds in the following manner:

- Ten percent (10%) to Fund #234 - Equipment Revolving Fund
- Ten percent (10%) to Fund #810 – Park Maintenance Fund (reported in General Fund)
- Forty percent (40%) to Fund #412 – Public Facilities Construction Fund
- Forty percent (40%) to Fund #400 - Public Improvement Revolving Fund

At December 31, 2011, the city fund has met its general fund balance policy.

NOTE 7 – INDIVIDUAL FUND DISCLOSURES

Fund Deficits

The following funds have a fund balance deficit at December 31, 2011:

Public Improvement Revolving The COR, Major Capital Project Fund	\$ (256,024)
RALF Funded Projects, Non Major Capital Project Fund	\$ (130,221)
Public Facilities Construction, Non Major Capital Project Fund	\$ (433,621)
Sunwood Drive Realignment, Non Major Capital Project Fund	\$ (33,220)

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 for members who started before July 1, 2010 and five years of credited service for members who started on or after July 1, 2010. 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 GERP 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. GERP Coordinated Plan members were required to contribute 6.25% of their annual covered salary in 2011. PEPFF members were required to contribute 9.6% of their annual covered salary in 2011. The City is required to contribute the following percentages of annual covered payroll: 7.25% for Coordinated Plan GERP members, and 14.4% for PEPFF members.

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>GERP</u>	<u>PEPFF</u>	<u>Total</u>
2011	\$ 214,050	\$ 273,904	\$ 487,954
2010	\$ 217,991	\$ 267,333	\$ 485,324
2009	\$ 226,852	\$ 259,862	\$ 486,714

NOTE 9 – DEFINED CONTRIBUTION PENSION PLAN – STATE-WIDE

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, 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 2011 were:

Contribution Amount		Percentage of Covered Payroll		Required Rates
Employee	Employer	Employee	Employer	
\$600	\$600	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, 2011 was \$174,903, compared to a total city payroll of \$5,804,198.

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 Municipal Center, 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 2011, including both city and state fire aid passed through the City totaled \$116,636. This contribution represents 67% of the current 2011 covered payroll of \$174,903.

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	\$	92,972
Interest on net OPEB obligation		5,673
Adjustment to annual required contribution		(8,201)
Annual OPEB cost (expense)		90,444
Contributions made		17,514
Increase in net OPEB obligation		72,930
Net OPEB obligation - beginning of year		141,817
Net OPEB obligation - end of year	\$	<u>214,747</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 three 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
December 31, 2011	\$ 90,444	\$ 17,514	19%	\$ 214,747

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

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.

F. Actuarial Assumptions

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. Both rates include a 3.0% inflation assumption.

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.

NOTE 12 – FLEXIBLE BENEFIT PLAN (CONTINUED)

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.

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, 2011 for all of these agreements was \$574,057. 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 Agency Fund. A summary of the 2011 changes in deposits is as follows:

Total deposits payable at January 1, 2011	\$	830,495
Add deposits received		137,748
Less payments from deposit account		<u>(360,572)</u>
Total deposits payable at December 31, 2011	\$	<u>607,671</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, 2011, there were two series of Industrial Revenue Bonds and one Lease Revenue Bond outstanding with aggregate principal amounts payable of \$3,844,651 and \$10,445,000 respectively.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

A. Commitments for Construction

At December 31, 2011, the City is committed to various construction contracts for the improvement of city property. The City's remaining commitment under these contracts is \$778,616. 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 \$1,285,448 has been depreciated to date. These amounts are recorded in the City's capital assets. The City of Ramsey collected \$42,735 in lease revenue for the fiscal year ended December 31, 2011. The following is an estimate of the future lease payments:

<u>Year Ending December 31,</u>	<u>Lease Payments</u>
2012	\$ 43,589
2013	44,461
2014	45,350
2015	46,257
Total	<u><u>\$ 179,657</u></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).

NOTE 18 – SUBSEQUENT EVENTS

On April 24, 2012, the city sold \$7,320,000 Taxable General Obligation Tax Increment Bonds, Series 2012B to provide financing for a 230-unit market rate apartment complex known as the Residence at the COR. The bond is structured so that debt service payments begin in 2015. The three-year date is to coincide with a three-year take-out clause in the loan agreements with the developer-Flaherty & Collins.

On May 8, 2012, the city sold \$16,875,000 General Obligation Capital Improvement Plan Bonds, Series 2012A to refund the \$19,200,000 Public Project Lease Revenue Bonds, Series 2005A. The city is refinancing the debt related to the municipal center construction, earlier than the December 2014 call feature, to take advantage of interest rate savings and to bring the annual debt levy to a more manageable level of \$1.1 million versus the current \$1.5 million.

REQUIRED SUPPLEMENTARY INFORMATION

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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, 2011

	Special Revenue	Debt Service	Capital Project	Totals
Assets				
Cash and temporary investments	\$ 2,493,278	\$ 931,129	\$ 2,657,610	\$ 6,082,017
Cash and investments held by trustee	-	4,813,633	-	4,813,633
Receivables				
Unremitted taxes	1,745	5,301	-	7,046
Delinquent taxes	10,890	33,027	-	43,917
Accounts	3,795	3,067	14,880	21,742
Due from other funds	90,000	-	-	90,000
Due from other governmental units	4,529	-	-	4,529
Prepays	225	-	-	225
	<u>2,604,462</u>	<u>5,786,157</u>	<u>2,672,490</u>	<u>11,063,109</u>
Total assets	<u>\$ 2,604,462</u>	<u>\$ 5,786,157</u>	<u>\$ 2,672,490</u>	<u>\$ 11,063,109</u>
Liabilities and Fund Balances				
Liabilities				
Accounts and contracts payable	\$ 9,472	\$ -	\$ 40,256	\$ 49,728
Due to other governmental units	300	-	7,440	7,740
Due to other funds	-	-	126,670	126,670
Deferred revenue	10,890	33,027	-	43,917
Advances from other funds	-	-	644,133	644,133
Total liabilities	<u>20,662</u>	<u>33,027</u>	<u>818,499</u>	<u>872,188</u>
Fund balances				
Nonspendable	225	-	-	225
Restricted	1,763,736	5,753,130	363,672	7,880,538
Committed	819,839	-	-	819,839
Assigned	-	-	2,087,381	2,087,381
Unassigned	-	-	(597,062)	(597,062)
Total fund balance	<u>2,583,800</u>	<u>5,753,130</u>	<u>1,853,991</u>	<u>10,190,921</u>
Total liabilities and fund balances	<u>\$ 2,604,462</u>	<u>\$ 5,786,157</u>	<u>\$ 2,672,490</u>	<u>\$ 11,063,109</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, 2011

	Special Revenue	Debt Service	Capital Project	Totals
Revenue				
Property taxes	\$ 273,440	\$ 796,786	\$ 44,520	\$ 1,114,746
Intergovernmental revenues	21,954	177,082	869,732	1,068,768
Charges for services	-	-	472,288	472,288
Other revenue				
Investment earnings	58,597	173,355	102,149	334,101
Miscellaneous	109,601	338,511	51,397	499,509
Total revenue	<u>463,592</u>	<u>1,485,734</u>	<u>1,540,086</u>	<u>3,489,412</u>
Expenditures				
Current				
General government	404,783	-	45,071	449,854
Highways and streets	-	-	355,386	355,386
Culture and recreation	-	-	9,858	9,858
Capital outlay	2,932	-	1,977,319	1,980,251
Debt service				
Principal	-	1,810,000	-	1,810,000
Interest and fiscal charges	-	1,065,783	-	1,065,783
Total expenditures	<u>407,715</u>	<u>2,875,783</u>	<u>2,387,634</u>	<u>5,671,132</u>
Excess (deficiency) of revenue over expenditures	55,877	(1,390,049)	(847,548)	(2,181,720)
Other financing sources (uses)				
Bonds issued	-	6,132	-	6,132
Refunding bonds issued	-	3,090,000	-	3,090,000
Proceeds on sale of capital assets	19,980	-	-	19,980
Premium/(Discount) on debt issues	-	(3,873)	-	(3,873)
Transfers in	-	1,525,969	693,462	2,219,431
Transfers (out)	(139,164)	-	-	(139,164)
Total other financing sources (uses)	<u>(119,184)</u>	<u>4,618,228</u>	<u>693,462</u>	<u>5,192,506</u>
Net change in fund balances	(63,307)	3,228,179	(154,086)	3,010,786
Fund balances				
Beginning of year	<u>2,647,107</u>	<u>2,524,951</u>	<u>2,008,077</u>	<u>7,180,135</u>
End of year	<u>\$ 2,583,800</u>	<u>\$ 5,753,130</u>	<u>\$ 1,853,991</u>	<u>\$ 10,190,921</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 or committed 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.

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.

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

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.

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

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, 2011

	<u>Landfill Tipping Fee</u>	<u>Revolving Loan</u>	<u>Future Sealcoating</u>	<u>Lawful Gambling</u>
Assets				
Cash and temporary investments	\$ 250,671	\$ 285,446	\$ 116,329	\$ 135,569
Receivables				
Unremitted taxes	-	-	-	-
Delinquent taxes	-	-	-	-
Accounts	-	-	-	3,795
Due from other funds	-	-	-	-
Due from other governmental units	-	-	-	-
Prepays	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 250,671</u>	<u>\$ 285,446</u>	<u>\$ 116,329</u>	<u>\$ 139,364</u>
Liabilities and Fund Balances				
Liabilities				
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ 1,250
Due to other governmental units	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u> </u>	<u> </u>	<u> </u>	<u>1,250</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	250,671	-	-	138,114
Committed	-	285,446	116,329	-
Total fund balances	<u>250,671</u>	<u>285,446</u>	<u>116,329</u>	<u>138,114</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 250,671</u>	<u>\$ 285,446</u>	<u>\$ 116,329</u>	<u>\$ 139,364</u>

<u>Peace Officers</u>	<u>Developer's Fees</u>	<u>General Govt Special Projects</u>	<u>Economic Development Authority</u>	<u>Totals</u>
\$ 80,099	\$ 346,887	\$ 71,177	\$ 1,207,100	\$ 2,493,278
-	-	-	1,745	1,745
-	-	-	10,890	10,890
-	-	-	-	3,795
-	-	-	90,000	90,000
4,529	-	-	-	4,529
-	-	-	225	225
<u>\$ 84,628</u>	<u>\$ 346,887</u>	<u>\$ 71,177</u>	<u>\$ 1,309,960</u>	<u>\$ 2,604,462</u>
\$ 4,095	\$ -	\$ -	\$ 4,127	\$ 9,472
-	-	-	300	300
-	-	-	10,890	10,890
<u>4,095</u>	<u>-</u>	<u>-</u>	<u>15,317</u>	<u>20,662</u>
-	-	-	225	225
80,533	-	-	1,294,418	1,763,736
-	346,887	71,177	-	819,839
<u>80,533</u>	<u>346,887</u>	<u>71,177</u>	<u>1,294,643</u>	<u>2,583,800</u>
<u>\$ 84,628</u>	<u>\$ 346,887</u>	<u>\$ 71,177</u>	<u>\$ 1,309,960</u>	<u>\$ 2,604,462</u>

CITY OF RAMSEY

Nonmajor Special Revenue Funds

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2011

	<u>Landfill Tipping Fee</u>	<u>Revolving Loan</u>	<u>Future Sealcoating</u>	<u>Lawful Gambling</u>
Revenue				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-
Other revenue				
Investment earnings	7,372	6,217	-	3,240
Miscellaneous	-	26,074	-	31,882
Total revenue	<u>7,372</u>	<u>32,291</u>	<u>-</u>	<u>35,122</u>
Expenditures				
Current				
General government	-	1,542	-	35,500
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>1,542</u>	<u>-</u>	<u>35,500</u>
Excess (deficiency) of revenue over expenditures	7,372	30,749	-	(378)
Other financing sources (uses)				
Proceeds on sale of capital assets	-	-	-	-
Transfers (out)	<u>(83,266)</u>	<u>-</u>	<u>(36,165)</u>	<u>-</u>
Total other financing sources (uses)	<u>(83,266)</u>	<u>-</u>	<u>(36,165)</u>	<u>-</u>
Net change in fund balances	(75,894)	30,749	(36,165)	(378)
Fund balances				
Beginning of year	<u>326,565</u>	<u>254,697</u>	<u>152,494</u>	<u>138,492</u>
End of year	<u>\$ 250,671</u>	<u>\$ 285,446</u>	<u>\$ 116,329</u>	<u>\$ 138,114</u>

<u>Peace Officers</u>	<u>Developer's Fees</u>	<u>General Govt Special Projects</u>	<u>Economic Development Authority</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ 273,440	\$ 273,440
21,954	-	-	-	21,954
2,237	7,700	1,792	30,039	58,597
15,899	7,732	28,014	-	109,601
<u>40,090</u>	<u>15,432</u>	<u>29,806</u>	<u>303,479</u>	<u>463,592</u>
61,383	-	38,210	268,148	404,783
2,932	-	-	-	2,932
<u>64,315</u>	<u>-</u>	<u>38,210</u>	<u>268,148</u>	<u>407,715</u>
(24,225)	15,432	(8,404)	35,331	55,877
2,815	-	17,165	-	19,980
-	-	-	(19,733)	(139,164)
<u>2,815</u>	<u>-</u>	<u>17,165</u>	<u>(19,733)</u>	<u>(119,184)</u>
(21,410)	15,432	8,761	15,598	(63,307)
<u>101,943</u>	<u>331,455</u>	<u>62,416</u>	<u>1,279,045</u>	<u>2,647,107</u>
<u>\$ 80,533</u>	<u>\$ 346,887</u>	<u>\$ 71,177</u>	<u>\$ 1,294,643</u>	<u>\$ 2,583,800</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, 2011

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Property taxes	\$ 294,705	\$ 273,440	\$ 273,440	\$ -
Other revenue				
Investment earnings	3,000	3,000	30,039	27,039
Total revenue	<u>297,705</u>	<u>276,440</u>	<u>303,479</u>	<u>27,039</u>
Expenditures				
Current				
General government	146,595	267,782	268,148	366
Capital Outlay	145,110	-	-	-
Total expenditures	<u>291,705</u>	<u>267,782</u>	<u>268,148</u>	<u>366</u>
Excess (deficiency) of revenue over expenditures	6,000	8,658	35,331	26,673
Other financing sources (uses)				
Transfers out	-	(19,733)	(19,733)	-
Net change in fund balances	<u>\$ 6,000</u>	<u>\$ (11,075)</u>	\$ 15,598	<u>\$ 26,673</u>
Fund balances				
Beginning of year			<u>1,279,045</u>	
End of year			<u>\$ 1,294,643</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.

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.

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.

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.

2011A Armstrong/Bunker Bond – The \$4,365,000 Series 2011A bonds will be repaid with annual allotments of Municipal State Aid and an annual assessment per the assessment agreement between the city of Ramsey and Hageman Holdings for the improvements that were necessary for the future Legacy School

2011-2005 GO Bond Refund – The \$3,090,000 Series 2011B were Improvement Crossover Refunding bonds that were issued to refund the 2005B Series bonds that will be called on December 15, 2014.

CITY OF RAMSEY

Nonmajor Debt Service Funds
 Combining Balance Sheet
 December 31, 2011

	2011A Taxable Tax Increment Bonds	2011B/2007B Tax Increment Bonds	2004A Capital Improvement Refunding Bonds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and temporary investments	\$ -	\$ -	\$ 178,542
Cash and investments held by trustee	-	-	-
Receivables			
Unremitted taxes	-	-	942
Delinquent taxes	-	-	5,869
Accounts	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,353</u>
Liabilities and Fund Balances			
Liabilities			
Deferred revenue	\$ -	\$ -	\$ 5,869
Fund balances:			
Restricted	<u>-</u>	<u>-</u>	<u>179,484</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,353</u>

2005A Lease Revenue Bonds	2005B GO Improvement Bonds	2005C Capital Equipment Certificates	2006A Taxable Tax Increment Bonds	2007A Capital Equipment Certificates
\$ 410,397	\$ 71,277	\$ 19,316	\$ -	\$ 215,028
1,741,875	3,071,758	-	-	-
3,189	-	-	-	1,170
19,869	-	-	-	7,289
-	-	-	-	-
\$ 2,175,330	\$ 3,143,035	\$ 19,316	\$ -	\$ 223,487
\$ 19,869	\$ -	\$ -	\$ -	\$ 7,289
2,155,461	3,143,035	19,316	-	216,198
\$ 2,175,330	\$ 3,143,035	\$ 19,316	\$ -	\$ 223,487

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CITY OF RAMSEY

Nonmajor Debt Service Funds
 Combining Balance Sheet (continued)
 December 31, 2011

	2009A State Aid Road Bond	2011A Armstrong/Bunker Bond	2011 2005 GO Bond Refund	Totals
Assets				
Cash and temporary investments	\$ 28,562	\$ 8,007	\$ -	\$ 931,129
Cash and investments held by trustee	-	-	-	4,813,633
Receivables				
Unremitted taxes	-	-	-	5,301
Delinquent taxes	-	-	-	33,027
Accounts	-	-	3,067	3,067
	<u>-</u>	<u>-</u>	<u>3,067</u>	<u>3,067</u>
Total assets	<u>\$ 28,562</u>	<u>\$ 8,007</u>	<u>\$ 3,067</u>	<u>\$ 5,786,157</u>
Liabilities and Fund Balances				
Liabilities				
Deferred revenue	\$ -	\$ -	\$ -	\$ 33,027
Fund balances:				
Restricted	<u>28,562</u>	<u>8,007</u>	<u>3,067</u>	<u>5,753,130</u>
Total liabilities and fund balances	<u>\$ 28,562</u>	<u>\$ 8,007</u>	<u>\$ 3,067</u>	<u>\$ 5,786,157</u>

CITY OF RAMSEY

Nonmajor Debt Service Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2011

	2001A Taxable Tax Increment Bonds	2001B/2007B Tax Increment Bonds	2004A Capital Improvement Refunding Bonds
	<u> </u>	<u> </u>	<u> </u>
Revenue			
Property taxes	\$ -	\$ -	\$ 141,590
Intergovernmental revenue	-	-	-
Other revenue			
Investment earnings	-	-	2,132
Miscellaneous	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>143,722</u>
Expenditures			
Debt service			
Principal retirement	50,000	225,000	115,000
Interest and fiscal charges	3,806	36,863	29,784
Total expenditures	<u>53,806</u>	<u>261,863</u>	<u>144,784</u>
Excess (deficiency) of revenue over expenditures	(53,806)	(261,863)	(1,062)
Other financing sources (uses)			
Bonds issued	-	-	-
Refunding bonds issued	-	-	-
Premium/(Discounts) on debt issues	-	-	-
Transfers in	53,806	261,863	-
Total other financing sources (uses)	<u>53,806</u>	<u>261,863</u>	<u>-</u>
Net change in fund balances	-	-	(1,062)
Fund balances			
Beginning of year	<u>-</u>	<u>-</u>	<u>180,546</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,484</u>

2005A Lease Revenue Bonds	2005B GO Improvement Bonds	2005C Capital Equipment Certificates	2006A Taxable Tax Increment Bonds	2007A Capital Equipment Certificates
\$ 479,346	\$ -	\$ -	\$ -	\$ 175,850
-	-	-	-	-
150,563	12,478	-	-	2,771
-	338,511	-	-	-
<u>629,909</u>	<u>350,989</u>	<u>-</u>	<u>-</u>	<u>178,621</u>
750,000	180,000	-	200,000	165,000
760,518	176,489	-	10,300	9,469
<u>1,510,518</u>	<u>356,489</u>	<u>-</u>	<u>210,300</u>	<u>174,469</u>
(880,609)	(5,500)	-	(210,300)	4,152
-	-	-	-	-
-	3,090,000	-	-	-
-	(3,873)	-	-	-
1,000,000	-	-	210,300	-
<u>1,000,000</u>	<u>3,086,127</u>	<u>-</u>	<u>210,300</u>	<u>-</u>
119,391	3,080,627	-	-	4,152
2,036,070	62,408	19,316	-	212,046
<u>\$ 2,155,461</u>	<u>\$ 3,143,035</u>	<u>\$ 19,316</u>	<u>\$ -</u>	<u>\$ 216,198</u>

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CITY OF RAMSEY

Nonmajor Debt Service Funds

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (continued)
Year Ended December 31, 2011

	2009A State Aid Road Bond	2011A Armstrong/Bunker Bond	2011 2005 GO Bond Refund	Totals
Revenue				
Property taxes	\$ -	\$ -	\$ -	\$ 796,786
Intergovernmental revenue	177,082	-	-	177,082
Other revenue				
Investment earnings	469	1,875	3,067	173,355
Miscellaneous	-	-	-	338,511
Total revenue	<u>177,551</u>	<u>1,875</u>	<u>3,067</u>	<u>1,485,734</u>
Expenditures				
Debt service				
Principal retirement	125,000	-	-	1,810,000
Interest and fiscal charges	38,554	-	-	1,065,783
Total expenditures	<u>163,554</u>	<u>-</u>	<u>-</u>	<u>2,875,783</u>
Excess (deficiency) of revenue over expenditures	13,997	1,875	3,067	(1,390,049)
Other financing sources (uses)				
Bonds issued	-	6,132	-	6,132
Refunding bonds issued	-	-	-	3,090,000
Premium/(Discounts) on debt issues	-	-	-	(3,873)
Transfers in	-	-	-	1,525,969
Total other financing sources (uses)	<u>-</u>	<u>6,132</u>	<u>-</u>	<u>4,618,228</u>
Net change in fund balances	13,997	8,007	3,067	3,228,179
Fund balances				
Beginning of year	<u>14,565</u>	<u>-</u>	<u>-</u>	<u>2,524,951</u>
End of year	<u>\$ 28,562</u>	<u>\$ 8,007</u>	<u>\$ 3,067</u>	<u>\$ 5,753,130</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.

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

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.

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.

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.

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.

2011 Street Maintenance Fund – used to account for the resources to be used to finance the City's share of the annual street maintenance program.

Sunwood Drive Realignment Fund – used to account for all costs that are associated with the realignment of Sunwood Drive with The COR.

CITY OF RAMSEY

Nonmajor Capital Project Funds
 Combining Balance Sheet
 December 31, 2011

	State-Aid Construction	RALF Funded Projects	Public Facilities Construction
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and temporary investments	\$ 356,232	\$ -	\$ 210,512
Receivables			
Accounts	14,880	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 371,112</u>	<u>\$ -</u>	<u>\$ 210,512</u>
Liabilities and Fund Balances			
Liabilities			
Accounts and contracts payable	\$ -	\$ 3,551	\$ -
Due to other governmental units	7,440	-	-
Due to other funds	-	126,670	-
Advances from other funds	-	-	644,133
Total liabilities	<u>7,440</u>	<u>130,221</u>	<u>644,133</u>
Fund balances:			
Restricted	363,672	-	-
Assigned	-	-	-
Unassigned	-	(130,221)	(433,621)
Total fund balances	<u>363,672</u>	<u>(130,221)</u>	<u>(433,621)</u>
Total liabilities and fund balances	<u>\$ 371,112</u>	<u>\$ -</u>	<u>\$ 210,512</u>

CITY OF RAMSEY

Nonmajor Capital Project Funds
 Combining Balance Sheet (continued)
 December 31, 2011

	Parking Ramp Maintenance	2009 Ute Street	2009 Dysprosium
Assets			
Cash and temporary investments	\$ 25,477	\$ -	\$ -
Receivables			
Accounts	-	-	-
Total assets	<u>\$ 25,477</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balances			
Liabilities			
Accounts and contracts payable	\$ 3,485	\$ -	\$ -
Due to other governmental units	-	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
Total liabilities	<u>3,485</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted	-	-	-
Assigned	21,992	-	-
Unassigned	-	-	-
Total fund balances	<u>21,992</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 25,477</u>	<u>\$ -</u>	<u>\$ -</u>

<u>2010</u> <u>Street Maintenance</u>	<u>2011</u> <u>Street Maintenance</u>	<u>Sunwood Drive</u> <u>Realignment</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ 2,657,610
-	-	-	14,880
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,672,490</u>
\$ -	\$ -	\$ 33,220	\$ 40,256
-	-	-	7,440
-	-	-	126,670
-	-	-	644,133
-	-	33,220	818,499
-	-	-	363,672
-	-	-	2,087,381
-	-	(33,220)	(597,062)
-	-	(33,220)	1,853,991
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,672,490</u>

CITY OF RAMSEY

Nonmajor Capital Project Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2011

	State-Aid Construction	RALF Funded Projects	Public Facilities Construction
Revenue			
Property taxes	\$ -	\$ -	\$ 44,520
Intergovernmental revenue	215,334	-	-
Charges for services	-	122,518	-
Other revenue			
Investment earnings (charges)	15,875	-	4,270
Miscellaneous	-	1,146	-
Total revenue	<u>231,209</u>	<u>123,664</u>	<u>48,790</u>
Expenditures			
Current			
General government	-	-	-
Highways and streets	64,160	157,390	18,555
Culture and recreation	-	-	-
Capital outlay	<u>319,318</u>	<u>-</u>	<u>15,500</u>
Total expenditures	<u>383,478</u>	<u>157,390</u>	<u>34,055</u>
Excess (deficiency) of revenue over expenditures	(152,269)	(33,726)	14,735
Other financing sources (uses)			
Transfers in	<u>-</u>	<u>-</u>	<u>51,890</u>
Net change in fund balances	(152,269)	(33,726)	66,625
Fund balances (deficit)			
Beginning of year	<u>515,941</u>	<u>(96,495)</u>	<u>(500,246)</u>
End of year	<u>\$ 363,672</u>	<u>\$ (130,221)</u>	<u>\$ (433,621)</u>

<u>Trott Brook Cemetery Perpetual Care</u>	<u>Mississippi River Subdrainage</u>	<u>Park Improvement</u>
\$ —	\$ —	\$ —
—	—	—
—	—	19,820
766	—	81,181
—	—	2,174
<u>766</u>	<u>—</u>	<u>103,175</u>
300	—	—
—	—	—
—	—	9,858
—	—	126,909
<u>300</u>	<u>—</u>	<u>136,767</u>
466	—	(33,592)
—	—	—
<u>466</u>	<u>—</u>	<u>(33,592)</u>
33,416	43,976	2,021,123
<u>\$ 33,882</u>	<u>\$ 43,976</u>	<u>\$ 1,987,531</u>

(continued)

CITY OF RAMSEY

Nonmajor Capital Project Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (continued)
 Year Ended December 31, 2011

	Parking Ramp Maintenance	2009 Ute Street	2009 Dysprosium
Revenue			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Other revenue			
Investment earnings (charges)	57	-	-
Miscellaneous	47,600	477	-
Total revenue	<u>47,657</u>	<u>477</u>	<u>-</u>
Expenditures			
Current			
General government	44,771	-	-
Highways and streets	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	2,777	61,812
Total expenditures	<u>44,771</u>	<u>2,777</u>	<u>61,812</u>
Excess (deficiency) of revenue over expenditures	2,886	(2,300)	(61,812)
Other financing sources (uses)			
Transfers in	-	9,523	71,398
Net change in fund balances	2,886	7,223	9,586
Fund balances (deficit)			
Beginning of year	<u>19,106</u>	<u>(7,223)</u>	<u>(9,586)</u>
End of year	<u>\$ 21,992</u>	<u>\$ -</u>	<u>\$ -</u>

<u>2010 Street Maintenance</u>	<u>2011 Street Maintenance</u>	<u>Sunwood Drive Realignment</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ 44,520
654,398	-	-	869,732
-	329,950	-	472,288
-	-	-	102,149
-	-	-	51,397
<u>654,398</u>	<u>329,950</u>	<u>-</u>	<u>1,540,086</u>
-	-	-	45,071
3,381	96,140	15,760	355,386
-	-	-	9,858
<u>882,667</u>	<u>550,876</u>	<u>17,460</u>	<u>1,977,319</u>
<u>886,048</u>	<u>647,016</u>	<u>33,220</u>	<u>2,387,634</u>
(231,650)	(317,066)	(33,220)	(847,548)
<u>243,585</u>	<u>317,066</u>	<u>-</u>	<u>693,462</u>
11,935	-	(33,220)	(154,086)
<u>(11,935)</u>	<u>-</u>	<u>-</u>	<u>2,008,077</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (33,220)</u>	<u>1,853,991</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.

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

Agency Fund
Statement of Changes in Assets and Liabilities
Year Ended December 31, 2011

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Assets				
Cash and temporary investments	\$ 790,773	\$ 136,024	\$ 347,772	\$ 579,025
Receivables				
Accounts	44,018	-	11,866	32,152
Assets held for resale	<u>11,902,279</u>	<u>832,589</u>	<u>-</u>	<u>12,734,868</u>
 Total assets	 <u><u>\$ 12,737,070</u></u>	 <u><u>\$ 968,613</u></u>	 <u><u>\$ 359,638</u></u>	 <u><u>\$ 13,346,045</u></u>
Liabilities				
Accounts payable	\$ 4,296	\$ 133,907	\$ 134,697	\$ 3,506
Deposits payable	830,495	137,748	360,572	607,671
Loans Payable to Met Council	<u>11,902,279</u>	<u>832,589</u>	<u>-</u>	<u>12,734,868</u>
 Total liabilities	 <u><u>\$ 12,737,070</u></u>	 <u><u>\$ 1,104,244</u></u>	 <u><u>\$ 495,269</u></u>	 <u><u>\$ 13,346,045</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.	131-145
Revenue Capacity	
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	146-153
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.	154-159
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.	160-161
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.	162-167

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 Eight 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
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 1: 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>	<u>2011</u>			
\$	27,548,267	\$	31,255,476	\$	34,736,969	\$	38,466,812	\$	39,794,321
	16,626,010		20,919,497		21,780,289		21,604,295		22,103,948
	17,500,206		18,403,564		16,902,526		14,450,911		14,433,838
\$	<u>61,674,483</u>	\$	<u>70,578,537</u>	\$	<u>73,419,784</u>	\$	<u>74,522,018</u>	\$	<u>76,332,107</u>
\$	49,173,058	\$	49,355,232	\$	51,823,362	\$	52,500,049	\$	51,748,092
	20,926,874		22,525,196		21,633,010		22,845,759		23,764,060
\$	<u>70,099,932</u>	\$	<u>71,880,428</u>	\$	<u>73,456,372</u>	\$	<u>75,345,808</u>	\$	<u>75,512,152</u>
\$	76,721,325	\$	80,610,708	\$	86,560,331	\$	90,966,861	\$	91,542,413
	16,626,010		20,919,497		21,780,289		21,604,295		22,103,948
	38,427,080		40,928,760		38,535,536		37,296,670		38,197,898
\$	<u>131,774,415</u>	\$	<u>142,458,965</u>	\$	<u>146,876,156</u>	\$	<u>149,867,826</u>	\$	<u>151,844,259</u>

City of Ramsey
Changes in Net Assets
Last Eight 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>

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>	<u>2011</u>
\$	4,862,284	\$ 4,690,824	\$ 4,998,807	\$ 5,559,732
	4,313,520	4,438,324	4,153,361	4,307,045
	3,756,861	4,795,460	5,791,896	6,129,272
	1,064,587	1,067,125	1,048,690	1,267,292
	1,342,305	1,330,224	1,316,893	1,302,228
	<u>15,339,557</u>	<u>16,321,957</u>	<u>17,309,647</u>	<u>18,565,569</u>
	1,247,248	1,291,952	1,295,721	1,358,050
	883,214	1,076,451	1,101,554	1,149,318
	123,839	148,140	158,369	163,758
	300,755	298,631	307,662	302,947
	300,444	358,522	350,521	410,666
	<u>2,855,500</u>	<u>3,173,696</u>	<u>3,213,827</u>	<u>3,384,739</u>
\$	<u>18,195,057</u>	<u>19,495,653</u>	<u>20,523,474</u>	<u>21,950,308</u>

\$	347,633	\$ 303,122	\$ 344,922	\$ 313,195
	1,048,086	802,196	979,828	918,296
	494,996	284,026	487,507	738,136
	6,905	19,763	27,016	9,910
	2,201,372	614,816	326,986	298,077
	5,122,028	2,700,471	2,828,240	4,187,265
	<u>9,221,020</u>	<u>4,724,394</u>	<u>4,994,499</u>	<u>6,464,879</u>

	1,539,665	1,693,581	1,633,461	1,821,386
	1,208,843	1,214,953	1,261,609	1,236,771
	183,560	172,897	179,272	178,850
	332,682	284,515	294,617	297,226
	566,506	578,666	617,598	617,579
	-	59,963	49,873	50,279
	373,612	102,512	310,040	88,349
	<u>4,204,868</u>	<u>4,107,087</u>	<u>4,346,470</u>	<u>4,290,440</u>
\$	<u>13,425,888</u>	<u>8,831,481</u>	<u>9,340,969</u>	<u>10,755,319</u>

\$	(6,118,537)	\$ (11,597,563)	\$ (12,315,148)	\$ (12,100,690)
	1,349,368	933,391	1,132,643	905,701
\$	<u>(4,769,169)</u>	<u>(10,664,172)</u>	<u>(11,182,505)</u>	<u>(11,194,989)</u>

(continued)

City of Ramsey
Changes in Net Assets (Continued)
Last Eight 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>	<u>2011</u>
\$	12,345,279	\$ 13,019,854	\$ 12,144,908	\$ 11,671,760
	310,111	204,752	114,692	120,932
	1,736,468	1,116,588	1,283,533	903,786
	57,975	5,816	-	14,716
	<u>572,758</u>	<u>91,800</u>	<u>(125,751)</u>	<u>1,199,585</u>
	<u>15,022,591</u>	<u>14,438,810</u>	<u>13,417,382</u>	<u>13,910,779</u>
	1,003,886	734,353	631,042	460,228
	<u>(572,758)</u>	<u>(91,800)</u>	<u>125,751</u>	<u>(1,199,585)</u>
	<u>431,128</u>	<u>642,553</u>	<u>756,793</u>	<u>(739,357)</u>
\$	<u><u>15,453,719</u></u>	<u><u>15,081,363</u></u>	<u><u>14,174,175</u></u>	<u><u>13,171,422</u></u>
\$	8,904,054	\$ 2,841,247	\$ 1,102,234	\$ 1,810,089
	1,780,496	1,575,944	1,889,436	166,344
\$	<u>10,684,550</u>	<u>4,417,191</u>	<u>2,991,670</u>	<u>1,976,433</u>

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Tax Increment</u>	<u>Franchise Tax (1)</u>	<u>Total</u>
2004	\$ 5,240,875	\$ 2,713,674	\$ 404,881	\$ 8,359,430
2005	6,015,874	2,791,379	—	8,807,253
2006	7,491,431	2,917,818	—	10,409,249
2007	8,501,628	3,060,779	—	11,562,407
2008	9,032,267	3,313,012	—	12,345,279
2009	9,494,094	3,525,760	—	13,019,854
2010	8,531,043	3,613,865	—	12,144,908
2011	8,048,173	3,623,587	—	11,671,760

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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General fund				
Reserved	\$ 56,313	\$ 70,231	\$ 4,702	\$ 5,039
Unreserved	4,130,166	4,003,350	5,072,617	5,580,227
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 4,186,479</u>	<u>\$ 4,073,581</u>	<u>\$ 5,077,319</u>	<u>\$ 5,585,266</u>
All other governmental funds				
Reserved	\$ 600,568	\$ 1,799,962	\$ 519,989	\$ 15,845,592
Unreserved, reported in:				
Special revenue funds	9,315,104	9,983,810	16,180,946	6,122,329
Debt service funds	406,787	347,911	1,399,889	2,184,019
Capital projects funds	7,418,675	9,274,314	2,653,369	14,401,743
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 17,741,134</u>	<u>\$ 21,405,997</u>	<u>\$ 20,754,193</u>	<u>\$ 38,553,683</u>

Note: The City implemented GASB Statement No. 54 in fiscal year 2011. Redefined fund balance for categories nonspendable, restricted, committed, assigned, and unassigned is not available for previous fiscal years.

	Fiscal Year										
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>					
\$	2,340	\$	109,775	\$	5,351	\$	6,794	\$	14,115	\$	-
	6,118,854		6,902,495		6,973,197		7,010,159		6,045,644		-
	-		-		-		-		-		9,929
	-		-		-		-		-		125,015
	-		-		-		-		-		6,253,688
\$	<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>	\$	<u>6,388,632</u>
\$	1,921,969	\$	1,028,346	\$	2,864,874	\$	12,898,120	\$	12,906,280	\$	-
	5,255,220		6,994,395		9,131,758		5,973,123		6,632,439		-
	1,754,262		2,001,431		2,393,118		2,344,463		2,524,951		-
	13,477,202		13,721,728		13,190,165		12,777,036		10,291,562		-
	-		-		-		-		-		304
	-		-		-		-		-		25,032,219
	-		-		-		-		-		819,839
	-		-		-		-		-		10,552,354
	-		-		-		-		-		(853,086)
\$	<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>	\$	<u>35,551,630</u>

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

	Fiscal Year			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Revenues				
Property taxes	\$ 6,225,838	\$ 6,785,605	\$ 7,631,497	\$ 8,421,955
Special assessments	298,774	240,098	235,954	3,771,480
Licenses and permits	410,674	838,034	1,430,626	1,266,111
Intergovernmental revenue	1,946,114	1,102,235	4,441,460	4,124,766
Charges for services	1,143,261	1,391,584	2,226,342	2,560,089
Fines and forfeits	63,631	72,577	106,757	108,014
Investment earnings	1,011,045	472,319	567,085	1,128,984
Miscellaneous	1,288,921	1,714,978	1,379,788	1,523,182
Total Revenues	<u>12,388,258</u>	<u>12,617,430</u>	<u>18,019,509</u>	<u>22,904,581</u>
Expenditures				
General government	3,592,645	3,260,473	4,383,699	7,008,854
Public safety	2,092,520	2,177,494	2,634,606	3,053,299
Highways and streets	894,468	923,149	1,031,146	1,312,903
Culture and recreation	480,165	476,039	540,121	632,253
Capital outlay	2,934,407	2,359,905	7,265,787	13,775,696
Debt service				
Principal	1,432,000	1,211,000	1,457,000	2,929,000
Interest	686,134	646,013	750,430	444,862
Total Expenditures	<u>12,112,339</u>	<u>11,054,073</u>	<u>18,062,789</u>	<u>29,156,867</u>
Excess of revenues over (under) expenditures	275,919	1,563,357	(43,280)	(6,252,286)
Other financing sources (uses)				
Bonds issued	295,000	2,874,608	1,825,000	24,280,000
Refunding bonds issued	-	-	-	-
Premium/(Discount) on debt issues	-	-	(26,786)	209,229
Payments on refunded bonds	-	(925,000)	(1,450,000)	-
Proceeds on sale of capital assets	-	-	-	16,794
Transfers in	4,336,837	4,232,918	5,253,617	4,899,448
Transfers (out)	(4,300,837)	(4,193,918)	(5,206,617)	(4,845,748)
Total other financing sources (uses)	<u>331,000</u>	<u>1,988,608</u>	<u>395,214</u>	<u>24,559,723</u>
Special item	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	606,919	3,551,965	351,934	18,307,437
Debt service as a percentage of noncapital expenditures	23.08%	21.36%	20.44%	21.94%

Fiscal Year						
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	
\$ 9,880,606	\$ 11,359,235	\$ 12,101,523	\$ 13,238,885	\$ 12,151,317	\$ 11,709,649	
1,057,724	597,562	503,718	446,452	492,870	545,764	
797,491	680,717	855,914	373,462	412,071	368,153	
4,944,306	1,763,110	2,622,219	1,733,329	2,029,558	3,140,747	
1,760,007	1,401,329	609,223	947,307	1,319,586	1,517,320	
113,337	130,325	126,559	113,661	100,199	105,833	
1,665,885	1,623,146	1,715,220	1,102,245	1,269,263	895,184	
836,441	1,910,172	4,041,273	1,422,878	838,148	746,505	
<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>	<u>19,029,155</u>	
10,234,225	3,955,708	4,227,391	3,933,652	4,280,825	4,847,669	
3,414,823	3,822,983	3,941,648	3,945,154	3,779,318	3,886,613	
1,449,249	1,904,031	2,868,137	2,282,505	2,753,505	4,944,097	
743,016	820,780	901,042	861,406	817,538	857,927	
18,206,034	4,165,759	4,484,807	4,429,123	6,353,954	6,589,201	
1,780,000	1,702,000	2,010,000	3,430,000	2,235,000	1,810,000	
1,960,137	1,412,972	1,352,656	1,331,563	1,322,871	1,220,906	
<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>	<u>24,156,413</u>	
(16,731,687)	1,681,363	2,789,968	(835,184)	(2,929,999)	(5,127,258)	
1,035,000	1,735,000	-	1,340,000	-	4,365,000	
-	-	-	-	-	3,090,000	
-	-	-	(25,125)	-	(22,036)	
-	(920,000)	-	-	-	-	
26,585	24,795	57,975	28,545	8,361	19,980	
5,166,609	4,169,062	4,364,931	5,620,998	7,782,837	3,864,855	
(5,105,609)	(4,461,897)	(3,412,581)	(5,529,198)	(7,455,903)	(2,665,270)	
<u>1,122,585</u>	<u>546,960</u>	<u>1,010,325</u>	<u>1,435,220</u>	<u>335,295</u>	<u>8,652,529</u>	
-	-	-	5,851,196	-	-	
(15,609,102)	2,228,323	3,800,293	6,451,232	(2,594,704)	3,525,271	
19.10%	22.87%	21.98%	30.17%	23.42%	17.25%	

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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>Tax Increment</u>		<u>Franchise Tax (1)</u>		<u>Total</u>
2002	\$	4,193,478	\$	2,032,360	\$	-	\$	6,225,838
2003		4,463,028		2,322,577		-		6,785,605
2004		4,917,823		2,713,674		404,881		8,036,378
2005		5,630,576		2,791,379		-		8,421,955
2006		6,962,788		2,917,818		-		9,880,606
2007		8,298,456		3,060,779		-		11,359,235
2008		8,788,511		3,313,012		-		12,101,523
2009		9,713,125		3,525,760		-		13,238,885
2010		8,537,452		3,613,865		-		12,151,317
2011		8,086,062		3,623,587		-		11,709,649

(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)
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
2011	1,659,908,100	301,333,900	18,253,100

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
\$ 1,121,720,400	\$ 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%
1,979,495,100	20,609,005	39.801%	2,015,100,000	98.23%

**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				
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
2011	35.840	3.961	39.801	41.708

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>
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
23.999	43.489	4.905	110.413	129.903

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

Taxpayer	2011			2002		
	<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	\$ 20,112,200	1	1.02%	\$ 19,749,900	1	1.76%
S & A Partners, LLC	11,985,700	2	0.61%	5,216,500	5	0.47%
Sophia-Ramsey LLC	8,599,300	3	0.43%	-	-	-
Brunswick Corporation	8,447,200	4	0.43%	8,096,200	2	0.72%
21st Century Bank	7,352,700	5	0.37%	-	-	-
Insight Equity APX LP	6,995,200	6	0.35%	-	-	-
PSD LLC	6,263,500	7	0.32%	-	-	-
Minnegasco	5,941,500	8	0.30%	3,143,900	10	0.28%
Zero Zone Refrigeration, LLC	5,104,800	9	0.26%	3,654,400	7	0.33%
Molin Concrete Products Company	4,569,100	10	0.23%	-	-	-
Vision Ease Lens				6,428,900	3	0.57%
Sharp & Associates LLC				5,585,900	4	0.50%
GB Properties				3,655,800	6	0.33%
Knoll Properties				3,322,600	8	0.30%
Oldcastle Precast Inc.				3,241,800	9	0.29%

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>
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%
2011	8,497,158	7,975,431	93.86%

(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>
\$	62,026 \$	4,623,340	100.00%
	277,532	4,904,700	100.00%
	278,862	5,321,997	100.00%
	267,433	6,068,116	100.00%
	265,989	7,416,089	99.99%
	198,464	8,876,279	99.96%
	441,689	9,358,813	99.86%
	427,043	9,801,457	99.69%
	425,130	8,857,484	98.48%
	-	7,975,431	93.86%

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

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income(1)</u>	<u>Per Capita(1)</u>
	<u>General Obligation Bonded Debt</u>	<u>Capital Equipment Certificates</u>			
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
2011	30,505,000	170,000	30,675,000	3.34%	1,294

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 (3)</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property(1)</u>	<u>Per Capita(2)</u>
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
2011	30,505,000	5,753,130	24,751,870	1.23%	1,044

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.

(3) Amount available in Debt Service Fund is as stated on the Governmental Balance Sheet. The Debt Service Fund Balance as stated on the government-wide Statement of Net Assets is net of accrued interest payable and delinquent taxes.

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City of Ramsey
Direct and Overlapping Governmental Activities Debt
As of December 31, 2011

<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	\$ 150,705,000	6.42%	\$ 9,678,426
ISD No. 11, Anoka-Hennepin	125,632,927	8.74%	10,980,569
ISD No. 728, Elk River	179,690,000	3.85%	6,915,190
Metropolitan Council	168,665,000	0.62%	<u>1,049,265</u>
Subtotal, overlapping debt			<u>28,623,450</u>
City of Ramsey direct debt	30,675,000	100.00%	<u>30,675,000</u>
Total direct and overlapping debt			<u>\$ 59,298,450</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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Debt Limit*	\$ 22,434,408	\$ 25,767,906	\$ 29,209,646	\$ 33,624,264
Total net debt applicable to limit	<u>1,592,213</u>	<u>2,147,668</u>	<u>2,474,766</u>	<u>20,027,702</u>
Legal debt margin	<u>\$ 20,842,195</u>	<u>\$ 23,620,238</u>	<u>\$ 26,734,880</u>	<u>\$ 13,596,562</u>
Total net debt applicable to limit as a percentage of debt limit	7.10%	8.33%	8.47%	59.56%

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.

Fiscal Year					
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 38,434,834	\$ 43,306,238	\$ 68,652,672	\$ 71,088,672	\$ 65,717,394	\$ 59,384,853
19,572,702	20,073,569	19,046,615	17,825,537	16,465,049	12,206,870
\$ 18,862,132	\$ 23,232,669	\$ 49,606,057	\$ 53,263,135	\$ 49,252,345	\$ 47,177,983
50.92%	46.35%	27.74%	25.08%	25.05%	20.56%

Legal Debt Margin Calculation for Fiscal Year 2011

Taxable Market value	\$ 1,979,495,100
Debt limit (3%* of market value)	59,384,853
Debt applicable to limit:	
Total bonded debt	\$ 30,675,000
Less:	
Obligations issued with special assessments	(12,015,000)
Obligations issued with tax increments	(700,000)
Amounts available in respective Debt Service Funds	(5,753,130)
Total deductions	(18,468,130)
	12,206,870
Legal debt margin	\$ 47,177,983

**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>
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
2011	23,702	917,504,420	38,710	3,757	6.7

(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. 2011 data based off of 2010 census and City of Ramsey estimates.

(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>2011</u>			<u>2002</u>		
	<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
BMC Vision Ease Lens	355	1	6.71%	400	1	7.56%
Life Fitness (Parabody Inc.)	350	2	6.62%	280	2	5.30%
Connexus Energy/Anoka Electric	230	3	4.35%	230	3	4.35%
Anderson & Dahlen (Knoll Properties)	150	4	2.84%	160	4	3.03%
Ramsey Elementary	135	5	2.55%	120	5	2.27%
Zero Zone Refrigeration	130	6	2.46%			
Altron Inc.	120	7	2.27%	104	6	1.97%
Waltek	108	8	2.04%			
RJM/General Paper Products	103	9	1.95%			
In'Tech Industries	95	10	1.80%			
Command Tooling				87	7	1.65%
City of Ramsey				63	8	1.19%
Systematic Refrigeration				60	9	1.13%
Wendell's Inc.				57	10	1.08%

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>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General government	18.85	19.85	21.85	21.97	22.77
Public safety					
Police					
Officers	18.00	18.00	20.00	22.00	23.00
Civilians	2.00	2.50	3.50	3.50	3.50
Fire					
Firefighters and officers	8.58	8.08	9.58	9.58	9.58
Civilians	-	-	-	0.50	1.00
Protective Inspections	3.50	3.50	5.00	7.00	7.00
Highways and streets					
Engineering	4.00	5.00	6.00	6.48	7.48
Streets	7.00	7.00	7.50	7.00	8.00
Maintenance	5.00	5.00	5.50	6.00	6.00
Culture and recreation	4.09	4.09	4.09	4.22	4.22
Water	-	-	-	1.00	1.00
Total	71.02	73.02	83.02	89.25	93.55

Source: City Budget documents

<u>2007</u>	Fiscal Year <u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
23.02	23.02	21.22	20.22	19.10
24.00	25.00	23.00	23.00	23.00
4.00	4.00	5.00	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	3.00	2.00	1.00
8.48	8.48	7.48	6.48	6.60
8.00	8.00	7.00	7.00	7.00
7.00	7.00	6.00	6.00	5.00
4.22	4.22	2.47	2.47	3.47
1.00	1.00	2.00	2.00	2.00
97.30	98.30	87.75	84.75	82.75

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

Function	<u>2002</u>	Fiscal Year <u>2003</u>	<u>2004</u>	<u>2005</u>
Police				
Number of arrests	319	325	436	481
Parking violations	129	351	452	336
Traffic violations	1,433	1,965	2,702	2,917
Fire				
Number of calls answered	318	321	396	501
Inspections	-	-	132	272
Highways and streets				
Street resurfacing (miles)	17.54	10.40	21.06	19.29
Culture and recreation				
Park Acreage maintained	565	565	565	565
Trails/sidewalks maintained (miles)	30	30	30	30
Water				
Number of connections	2,233	2,516	2,945	3,306
Water main breaks	-	-	-	-
Average daily consumption (gallons)	1,200,000	1,200,000	1,523,288	1,575,342

Source: Various City departments

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

<u>2006</u>	<u>2007</u>	Fiscal Year <u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
534	642	574	437	352	463
270	383	451	545	465	631
2,544	2,156	2,913	2,875	4,008	3,488
496	489	491	453	481	483
559	527	163	194	177	260
17.26	20.70	17.90	15.65	16.59	14.86
565	565	565	565	565	565
30	30	30	30	40	45
3,542	3,709	3,850	3,914	3,962	4,013
-	-	-	-	-	2
1,753,425	1,917,808	1,717,808	1,754,130	1,753,425	1,616,376

**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

<u>2006</u>	<u>2007</u>	Fiscal Year <u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</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	631
565	565	565	565	565	565
35	35	35	35	35	35
16	16	16	16	12	12
55	87	87	87	87	89
562	1,000	1,000	1,000	1,000	1,020
5,100,000	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000
38	48	48	48	48	63
15	15	15	15	15	15

Management Report
for
City of Ramsey, Minnesota
December 31, 2011



PRINCIPALS

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, 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, 2011. The purpose of this report is to provide comments 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. It is not intended to be, and should not be, used by anyone other than these specified parties.

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

May 31, 2012

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, 2011. 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 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, 2011:

- 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 noted that the Schedule of Expenditures of Federal Awards (SEFA) is fairly stated, in all material respects, in relation to the basic financial statements.
- The results of our tests indicate that the City has complied, in all material respects, with the requirements that could have a direct and material effect on each major federal program.
- We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses in our testing of major federal programs.
- There was one Minnesota Legal Compliance Finding in the current year. Minnesota Statute § 118A.03 requires that if a city's deposits exceed federal insurance coverage, excess deposits must be covered by corporate surety bonds or collateral that has a market value of at least 110 percent of such excess. This requirement was not met for one of the City's accounts at December 31, 2011.

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. City staff has also prepared a schedule comparing the current carrying value of these properties to estimated market values provided by Anoka County to support these values. 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.

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. For the year ended December 31, 2011, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement established new fund balance classifications 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. It also clarifies existing governmental fund type definitions to improve the comparability of governmental fund financial statements.

The application of remaining 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.

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.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

Accounting estimates are an integral part of the 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 basic financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

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 May 31, 2012.

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.

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. Other information, including the introductory section, combining and individual fund statements and schedules, and the statistical section accompanying the basic financial statements; and the SEFA are presented for purposes of additional analysis and are not required parts of the basic financial statements.

With respect to the combining and individual fund statements and schedules accompanying the financial statements and the SEFA, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the combining and individual fund statements and schedules and the SEFA to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

With respect to the introductory section and the statistical section accompanying the financial statements, our procedures were limited to reading this other information, and in doing so we did not identify any material inconsistencies with the audited financial statements.

FUNDING CITIES IN MINNESOTA

LEGISLATION

The 2011 legislative session began with the state facing a projected budget deficit of \$6.2 billion (later revised down to \$5.0 billion in the February 2011 Economic Forecast) for the 2012–2013 biennium. In addition, the 2010 election dramatically changed the state’s political landscape. A Democratic Governor was in power for the first time since 1991, while Republicans had majority control of both the House and the Senate for the first time since 1971. Predictably, as the session progressed, the Governor and Legislature had difficulty agreeing on a state budget for the next biennium. Shortly after the 2011 regular session ended, the Governor vetoed eight major state appropriation bills and the omnibus tax bill passed by the Legislature, which left the majority of state agencies without a budget for the next fiscal year. This resulted in a shutdown of “nonessential” state agencies that began July 1, 2011 and effectively ended with the passing of appropriation bills in a special session on July 19th and 20th.

The large projected budget deficit facing the 2011 Legislature was typical of the financial challenges the state has experienced in recent years. Unfavorable economic conditions have caused a steady deterioration of the state’s financial condition, which has resulted in a series of cuts and holdbacks in state aids to local governments and other entities. As was the case in the last biennium, the Legislature utilized several one-time revenue sources, transfers, and accounting shifts to minimize the need for tax increases or state aid cuts to balance the state budget.

The following is a summary of significant legislative activity passed in calendar year 2011 affecting the finances of Minnesota cities:

Local Government Aid (LGA) and Market Value Homestead Credit (MVHC) – One of the appropriation bills passed in the 2011 special session was the omnibus tax bill, which includes the appropriations for LGA and MVHC.

The Legislature retroactively reduced the fiscal 2011 appropriation for LGA by approximately \$102 million, leaving a total appropriation of \$425.3 million for 2011 LGA. Minnesota cities will receive 2011 LGA equal to the lesser of their final 2010 LGA (after the cuts by the Legislature and Governor) or their 2011 certified LGA amount. The first half LGA payment for 2011 was also delayed one week to July 27, so the reduced LGA amounts could be recomputed after the government shutdown. The total LGA appropriation for fiscal 2012 will be \$425.2 million, with cities again receiving the lesser of their 2010 actual or 2011 certified amounts. In essence, this bill extended the LGA cuts originally made in fiscal 2010 for the two subsequent years. For fiscal 2013 and beyond, the LGA appropriation is set at \$426.4 million, to be allocated using the LGA formula.

The omnibus tax bill also extended the 2010 MVHC reductions of approximately \$48 million to fiscal 2011, with cities to receive the same allocation. Beginning in fiscal 2012, the MVHC reimbursement program is eliminated. Rather than receiving a property tax credit, qualifying homeowner taxpayers will have a portion of the market value of their house excluded from their taxable market value. This new system will provide homeowners property tax relief by shifting a portion of their potential tax burden to other property classifications, rather than directly reducing their taxes through a state paid tax credit reimbursement. While this new homestead exclusion is calculated in a similar manner to the repealed MVHC, the actual tax relief to individual homeowner taxpayers may vary significantly depending on the makeup of the taxing jurisdictions that levy on their particular property.

The agriculture market value credit, however, will continue as a state-paid tax credit.

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. 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 2011 Legislature passed an omnibus tax bill during the regular session that would have extended levy limits for two years (taxes payable in 2012 and 2013). However, this was among the bills vetoed by the Governor, and the final omnibus tax bill passed in the special session did not address levy limits.

Sales and Use Taxes – A number of changes and clarifications were made to Minnesota sales and use tax provisions, including:

- Made water used directly for public safety purposes (fighting fires) exempt from sales tax.
- Expanded the sales tax exemption for the lease of motor vehicles used as ambulances to the lease of vehicles used for emergency response.
- Added townships to the list of entities exempt from sales tax.
- Provided an exemption from sales tax for technology and electricity for qualifying large data centers as a business incentive.
- Clarified the sales tax regulations for online hotel sales.

“Buy American” Provision Repealed – The “Buy American” provision, enacted in 2010, which prohibited public employers from purchasing or requiring employees to purchase any uniforms, safety equipment, or protective accessories not manufactured in the United States, was repealed. Cities may continue to purchase American-made uniforms and equipment, but they are not required to do so.

Prohibition of Referendum Spending – Political subdivisions, including cities, are prohibited from expending funds to promote a referendum to support imposing a local option sales tax. The political subdivision may only expend funds to conduct the referendum.

Tax Exempt Period for Economic Development Property – The maximum allowable holding period for property held by a political subdivision for economic development to be exempt from property taxes was increased from eight years to nine years.

Concurrent Detachment of Parcels – State law for the concurrent detachment of property from one city to another has been changed. In the past, both cities involved had to support the change for it to be considered. Now, if the property owner and one of the involved cities petition for the detachment, the proposed boundary adjustment qualifies for consideration.

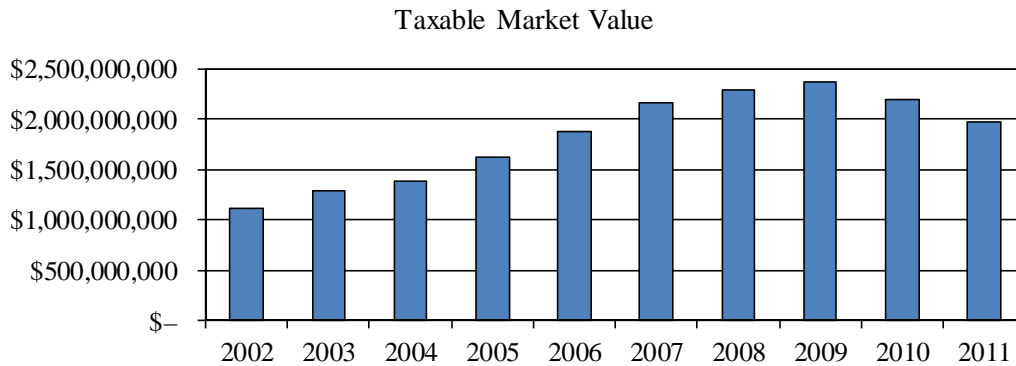
Civil Immunity for Donated Public Safety Equipment – Immunity from civil tort claims is extended to municipalities that donate public safety equipment to another municipality, unless the claim is a direct result of fraud or intentional misrepresentation. The statute defines “public safety equipment” as vehicles and equipment used in firefighter, ambulance and emergency medical treatment services, rescue, and hazardous material response.

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.

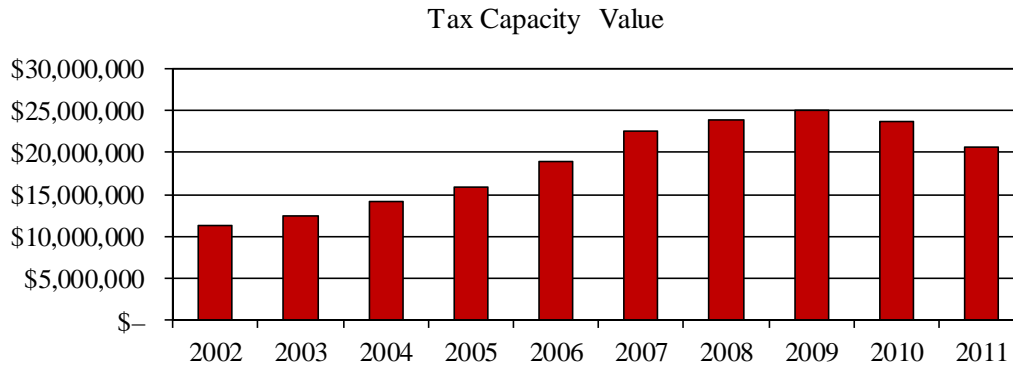
Property values within Minnesota cities experienced average decreases of 3.0 percent and 5.7 percent for taxes payable in 2010 and 2011, respectively, reflecting the weak housing market and economic conditions experienced in recent years. In comparison, the City's market value decreased 7.6 percent in 2010 and 9.6 percent in 2011. It is important to remember that the 2011 market value is based on estimated values as of January 1, 2010, 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 decreased 5.0 percent for 2010 and 13.4 percent for 2011.

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	
	2010	2011	2010	2011	2010	2011
Average tax rate						
City	39.2	42.5	36.0	40.0	38.0	39.8
County	41.0	43.7	36.8	42.1	35.6	40.4
School	23.0	25.2	24.0	26.8	22.5	26.5
Special taxing	5.9	6.4	6.5	8.1	6.2	6.2
Total	<u>109.1</u>	<u>117.8</u>	<u>103.3</u>	<u>117.0</u>	<u>102.3</u>	<u>112.9</u>

The City's portion of the tax rate increased slightly for 2011, despite the City reducing its levy, due largely to the declining market values of property within the City's taxing jurisdiction, which has reduced tax capacity.

The school tax rate for the City represents an average of Independent School District No. 11, Anoka-Hennepin and Independent School District 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 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, 2010				2009	2010	2011	
Population	2,000–2,500	2,500–10,000	10,000–20,000	20,000–100,000	24,300	23,668	23,702	
Property taxes	\$ 367	\$ 386	\$ 359	\$ 407	\$ 400	\$ 361	\$ 341	
Tax increments	38	45	52	56	145	153	153	
Franchise and other taxes	7	26	34	30	–	–	–	
Special assessments	73	74	60	66	18	21	23	
Licenses and permits	17	19	22	29	15	17	16	
Intergovernmental revenues	399	291	271	149	71	86	133	
Charges for services	106	89	83	76	39	56	64	
Other	101	73	70	57	109	93	74	
Total revenue	<u>\$ 1,108</u>	<u>\$ 1,003</u>	<u>\$ 951</u>	<u>\$ 870</u>	<u>\$ 797</u>	<u>\$ 787</u>	<u>\$ 804</u>	

Total revenue per capita remained similar to the prior year, increasing by \$17. The decrease in property taxes per capital of \$20 was primarily due to a decrease in the approved levy. This decrease was offset by increases in intergovernmental revenues of \$47 per capita, as well as increases in charges for services of \$8 per capita, which were due to additional engineering billable time on public projects. Other local services revenue per capita decreased \$19 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, 2010				2009	2010	2011	
Population	2,000–2,500	2,500–10,000	10,000–20,000	20,000–100,000	24,300	23,668	23,702	
Current								
General government	\$ 161	\$ 125	\$ 102	\$ 85	\$ 162	\$ 181	\$ 205	
Public safety	247	227	223	235	162	160	164	
Street maintenance and lighting	129	108	107	86	94	116	209	
Parks and recreation	91	75	93	87	35	35	36	
All other	90	81	81	91	–	–	–	
	<u>\$ 718</u>	<u>\$ 616</u>	<u>\$ 606</u>	<u>\$ 584</u>	<u>\$ 453</u>	<u>\$ 492</u>	<u>\$ 614</u>	
Capital outlay and construction	<u>\$ 333</u>	<u>\$ 299</u>	<u>\$ 321</u>	<u>\$ 232</u>	<u>\$ 182</u>	<u>\$ 268</u>	<u>\$ 278</u>	
Debt service								
Principal	\$ 234	\$ 180	\$ 181	\$ 111	\$ 141	\$ 94	\$ 76	
Interest and fiscal	82	63	53	43	55	56	52	
	<u>\$ 316</u>	<u>\$ 243</u>	<u>\$ 234</u>	<u>\$ 154</u>	<u>\$ 196</u>	<u>\$ 150</u>	<u>\$ 128</u>	

Total expenditures in the City's governmental funds for 2011 were \$24,156,413, an increase of \$2,613,402 (12.1 percent) from the prior year. On a per capita basis, the City expended a total of \$1,020 in 2011. Current expenditures increased \$122 per capita from last year. General government and street maintenance and lighting expenditures increased from last year due to street and other improvements completed jointly with other governments. Capital outlay expenditures for 2011 were \$10 more per capita than the prior year due to higher city street construction expenditures. Debt service expenditures for 2011 were \$22 per capita lower than the prior year as scheduled, with final payment on two bond issues in the prior year.

FINANCIAL TRENDS AND CONDITIONS OF SELECTED FUNDS

FINANCIAL CONDITION OF THE GOVERNMENTAL FUNDS AND ACTIVITIES AS A WHOLE

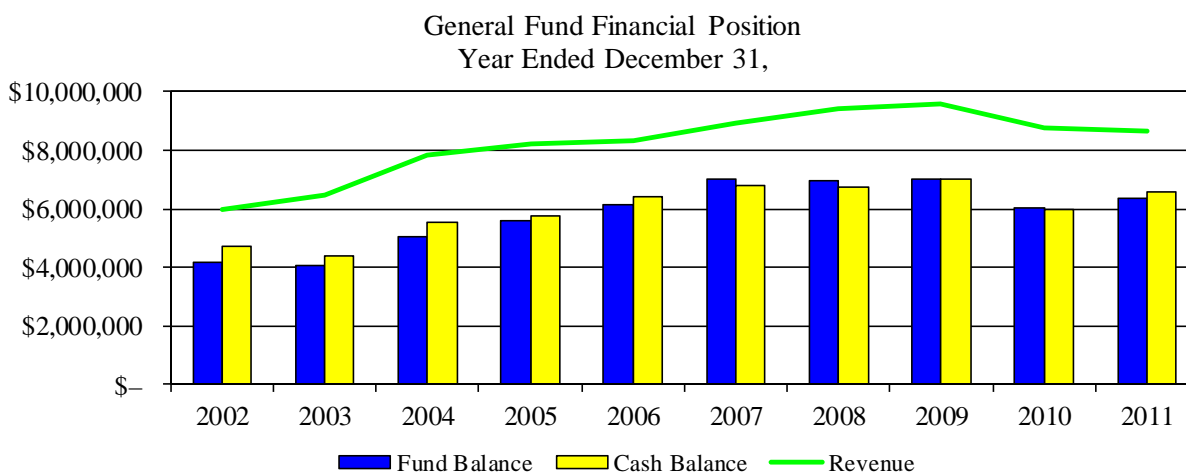
The governmental funds reported total fund balances of \$41,940,262 at December 31, 2011. This level of fund balance for all governmental funds represents an increase of \$3,525,271 from the prior year fund balance for all governmental funds of \$38,414,991. The Armstrong/Bunker Street Improvement Debt Service Fund increased by approximately \$260,000 due to the issuance of \$4,365,000 General Obligation Bonds, Series 2011A, while the 2011–2005 General Obligation Improvement Bonds Fund increased over \$3 million due to the issuance of \$3,090,000 General Obligation Improvement Crossover Refunding Bonds, Series 2011B.

The Statement of Net Assets shows an increase in the net assets of the governmental activities of \$1,810,089, with ending net assets of \$76,332,107. 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.

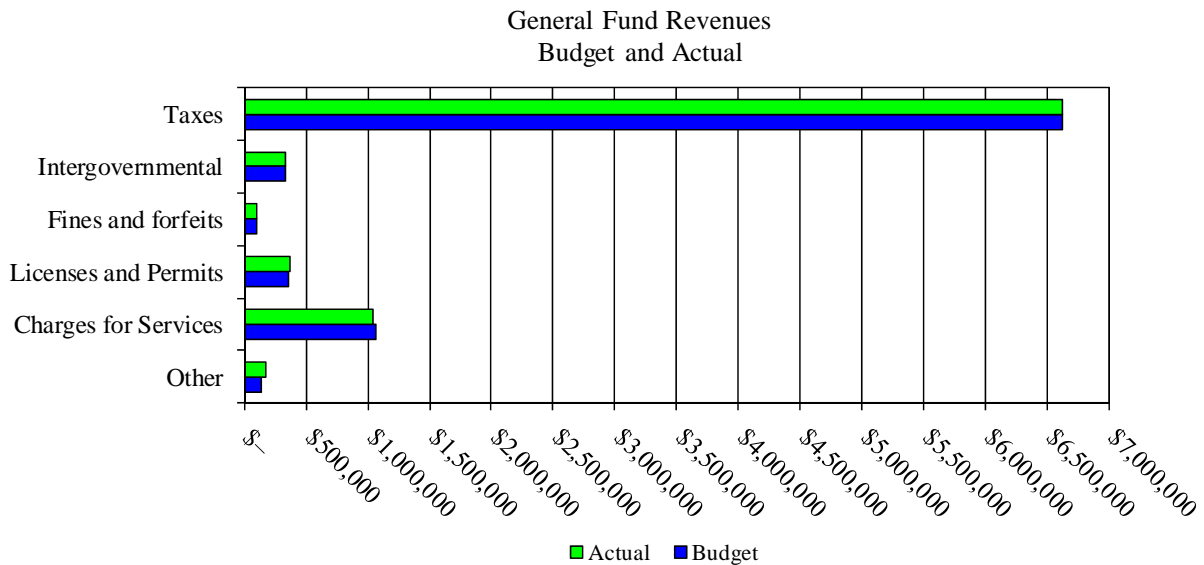


The City’s General Fund cash and investments balance (net of interfund borrowing) at December 31, 2011 was \$6,600,586, an increase of \$629,340 from the previous year. Total fund balance at year-end was \$6,388,632, an increase of \$210,762 from the prior year. The stability of the General Fund’s financial 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 2010, this requirement was at 60 percent. The City transferred the amount above, the 50 percent required, in accordance with the fund balance policy, thereby decreasing the ending balance when compared to the previous year.

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 2011:

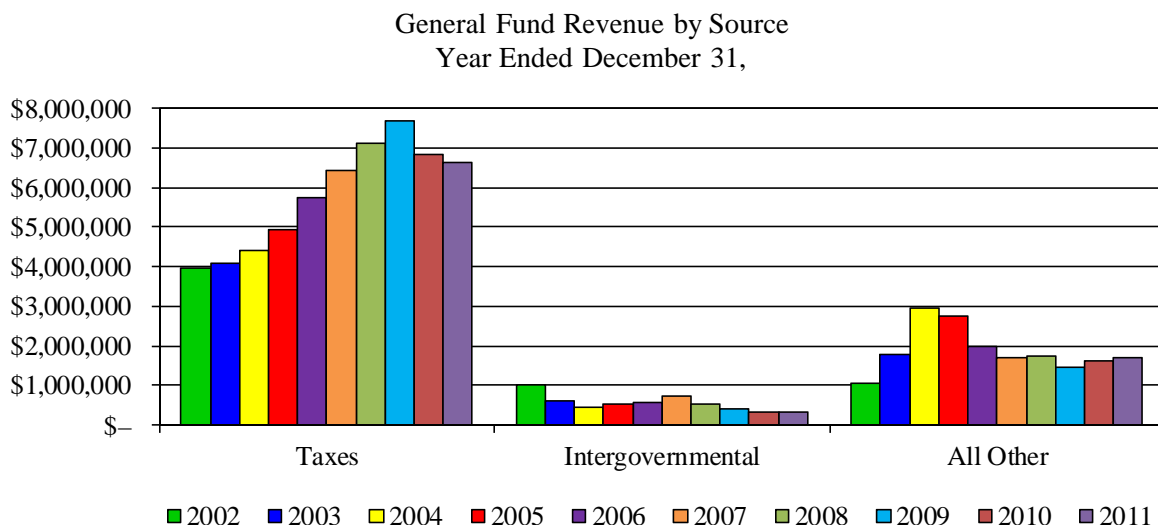


Total General Fund revenues for 2011 were \$8,655,880, a decrease of \$133,399 from the previous year and \$25,003 more than budget.

Property tax revenue decreased by \$218,764, due to a decrease in the approved levy adopted as discussed earlier in this report.

Investment earnings surpassed budget expectations by \$42,881, due to conservative budgeting in this area due to the volatility in the nature of this source.

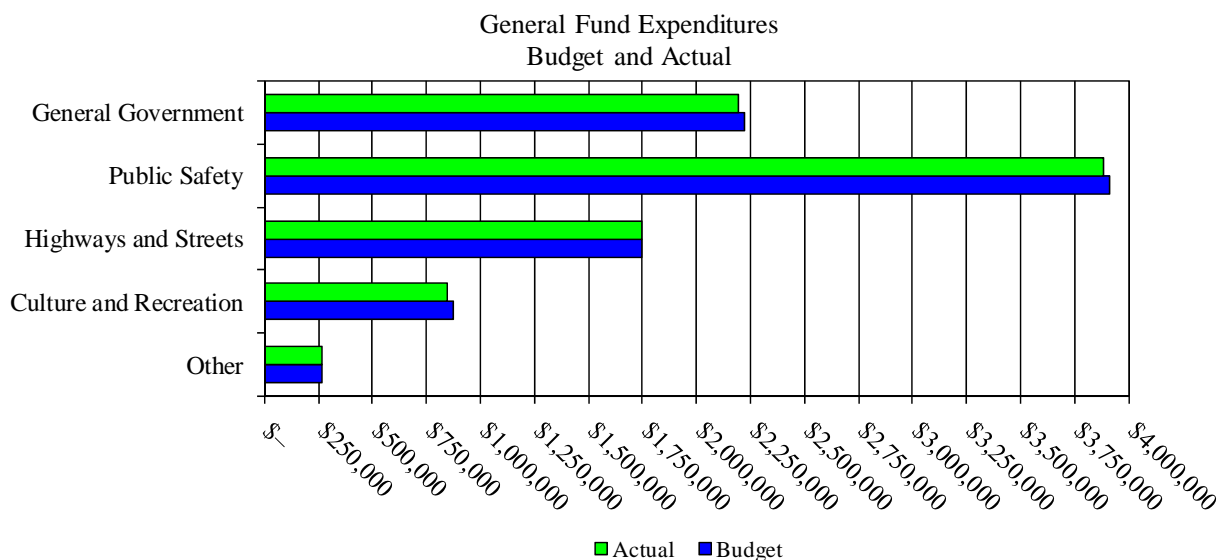
The following graph presents the City's General Fund revenues by source for the last 10 years:



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 77 percent of General Fund revenues even after the recent reductions discussed on the previous page.

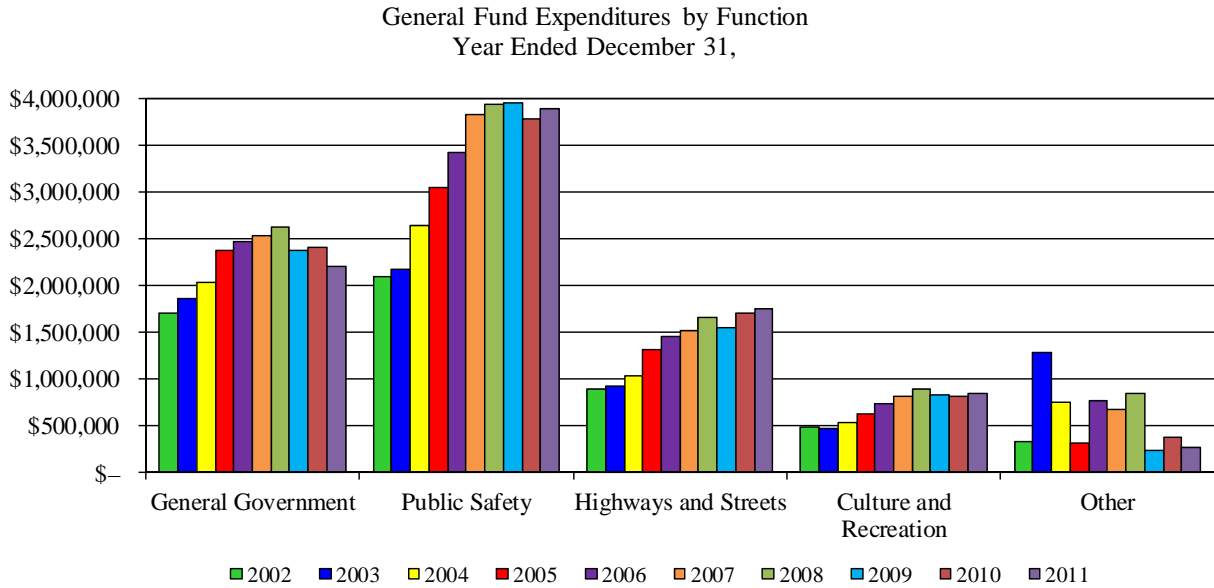
The City has received a significant amount of other revenue in the form of licenses, permits, and charges for services relating to new development in past years, but as displayed in the graph above, these sources have declined and leveled off with the slowing economy.

The following graph reflects the City's General Fund expenditures, budget and actual, for 2011:



General Fund expenditures totaled \$8,941,231 in 2011, a decrease of \$162,288 (or 1.8 percent) from the prior year, and were \$77,903 (or 0.9 percent) under 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 general government, which decreased \$217,630, and other, which decreased \$120,589.

Utility Enterprise Funds

The City's enterprise funds report positive components of net assets in all utility operations. Total cash balances equaled \$16,134,860, while net assets totaled \$75,512,152 at December 31, 2011. Net assets increased \$166,344 over the prior year.

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

	2007	2008	2009	2010	2011
Utility enterprise funds					
Water					
Operating revenue	\$ 1,440,658	\$ 1,539,665	\$ 1,693,581	\$ 1,633,461	\$ 1,821,386
Operating expenses	912,094	1,247,248	1,291,952	1,295,721	1,358,050
Operating income	<u>\$ 528,564</u>	<u>\$ 292,417</u>	<u>\$ 401,629</u>	<u>\$ 337,740</u>	<u>\$ 463,336</u>
Operating income as a % of operating revenue	<u>36.7 %</u>	<u>19.0 %</u>	<u>23.7 %</u>	<u>20.7 %</u>	<u>25.4 %</u>
Sewer					
Operating revenue	\$ 1,100,948	\$ 1,208,843	\$ 1,214,953	\$ 1,261,609	\$ 1,236,771
Operating expenses	838,452	883,214	1,076,451	1,101,554	1,149,318
Operating income	<u>\$ 262,496</u>	<u>\$ 325,629</u>	<u>\$ 138,502</u>	<u>\$ 160,055</u>	<u>\$ 87,453</u>
Operating income as a % of operating revenue	<u>23.8 %</u>	<u>26.9 %</u>	<u>11.4 %</u>	<u>12.7 %</u>	<u>7.1 %</u>
Street Light					
Operating revenue	\$ 173,541	\$ 183,560	\$ 172,897	\$ 179,272	\$ 178,850
Operating expenses	110,837	123,839	148,140	158,369	163,758
Operating income	<u>\$ 62,704</u>	<u>\$ 59,721</u>	<u>\$ 24,757</u>	<u>\$ 20,903</u>	<u>\$ 15,092</u>
Operating income as a % of operating revenue	<u>36.1 %</u>	<u>32.5 %</u>	<u>14.3 %</u>	<u>11.7 %</u>	<u>8.4 %</u>
Recycling					
Operating revenue	\$ 291,152	\$ 332,682	\$ 284,515	\$ 294,617	\$ 297,226
Operating expenses	283,746	300,755	298,631	307,662	302,947
Operating income (loss)	<u>\$ 7,406</u>	<u>\$ 31,927</u>	<u>\$ (14,116)</u>	<u>\$ (13,045)</u>	<u>\$ (5,721)</u>
Operating income as a % of operating revenue	<u>2.5 %</u>	<u>9.6 %</u>	<u>(5.0) %</u>	<u>(4.4) %</u>	<u>(1.9) %</u>
Storm Water					
Operating revenue	\$ 503,553	\$ 566,506	\$ 578,666	\$ 617,598	\$ 617,579
Operating expenses	440,697	300,444	358,522	350,521	410,666
Operating income	<u>\$ 62,856</u>	<u>\$ 266,062</u>	<u>\$ 220,144</u>	<u>\$ 267,077</u>	<u>\$ 206,913</u>
Operating income as a % of operating revenue	<u>12.5 %</u>	<u>47.0 %</u>	<u>38.0 %</u>	<u>43.2 %</u>	<u>33.5 %</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, 2011, 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 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, 2011 and 2010, for governmental activities and business-type activities:

	As of December 31,		Increase (Decrease)
	2011	2010	
Net assets			
Governmental activities			
Invested in capital assets, net of related debt	\$ 39,794,321	\$ 38,466,812	\$ 1,327,509
Restricted	22,103,948	21,604,295	499,653
Unrestricted	14,433,838	14,450,911	(17,073)
Total governmental activities	<u>76,332,107</u>	<u>74,522,018</u>	<u>1,810,089</u>
Business-type activities			
Invested in capital assets, net of related debt	51,748,092	52,500,049	(751,957)
Unrestricted	23,764,060	22,845,759	918,301
Total business-type activities	<u>75,512,152</u>	<u>75,345,808</u>	<u>166,344</u>
Total net assets	<u>\$ 151,844,259</u>	<u>\$ 149,867,826</u>	<u>\$ 1,976,433</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, 2011 and 2010:

	2011		2010	
	Expenses	Program Revenues	Net Change	Net Change
Net (expense) revenue				
Governmental activities				
General government	\$ 5,559,732	\$ 1,026,608	\$ (4,533,124)	\$ (3,866,578)
Public safety	4,307,045	1,140,897	(3,166,148)	(2,937,081)
Highways and streets	6,129,272	4,254,030	(1,875,242)	(3,197,530)
Culture and recreation	1,267,292	43,344	(1,223,948)	(997,066)
Interest and fiscal charges	1,302,228	–	(1,302,228)	(1,316,893)
Business-type activities				
Water utility	1,358,050	1,904,735	546,685	582,857
Sewer utility	1,149,318	1,241,771	92,453	209,261
Street light utility	163,758	178,850	15,092	20,903
Recycling utility	302,947	347,505	44,558	36,828
Storm water utility	410,666	617,579	206,913	282,794
Total net (expense) revenue	<u>\$ 21,950,308</u>	<u>\$ 10,755,319</u>	(11,194,989)	(11,182,505)
General revenues				
Property taxes			11,671,760	12,144,908
General grants and contributions			120,932	114,692
Investment earnings			1,364,014	1,914,575
Sale of capital assets			14,716	–
Total general revenues			<u>13,171,422</u>	<u>14,174,175</u>
Change in net assets			<u>\$ 1,976,433</u>	<u>\$ 2,991,670</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. 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 periods beginning after December 15, 2011, 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 periods beginning after June 15, 2012, with earlier implementation encouraged.

GASB STATEMENT NO. 63 – FINANCIAL REPORTING OF DEFERRED OUTFLOWS OF RESOURCES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources; which are defined as the consumption or acquisition of net assets, respectively, applicable to a future reporting period. The statement amends certain reporting requirements in GASB Statement No. 34 and related pronouncements, providing a format for a new Statement of Net Position, which reports deferred outflows of resources and deferred inflows of resources separately from assets and liabilities. It also renames the residual of assets, deferred outflows of resources, liabilities, and deferred inflows of resources as net position, rather than net assets. The requirements of this statement must be implemented for periods beginning after December 15, 2011, with earlier implementation encouraged.

GASB PENSION EXPOSURE DRAFTS

In June 2011, GASB issued two exposure drafts on accounting and reporting for pensions, one for the reporting of pension benefits within the financial statements of participating employers and the other for pension plan financial reporting. These two exposure drafts are intended to update or replace the current guidance for pension reporting in GASB Statement Nos. 25 and 27.

The exposure drafts propose a variety of changes in financial statement presentation, measurement, and required disclosures relating to pension benefits. Included are proposed major changes in how employers that participate in cost-sharing defined benefit pension plans, such as TRA and PERA, account for pension benefit expenses and liabilities. Currently, employers participating in such plans recognize pension expenses and liabilities only to the extent of their contractually required annual contributions to the plan. The exposure draft proposes that those employers recognize their proportionate share of the collective net pension liability and collective pension expense for all participating employers. If adopted, this guidance could have a significant impact on the financial statements of the participating employers, as participants in plans with a substantial unfunded liability would be required to report their proportionate share of the unfunded liability in their government-wide financial statements.

The proposed effective dates for both exposure drafts are for periods beginning after June 15, 2012, if certain conditions are met, otherwise for periods beginning after June 30, 2013.

FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (TRANSPARENCY ACT)

Effective October 1, 2010, the Transparency Act requires federal award recipients to report specific data, including compensation data in certain circumstances, related to subawards. One of the key requirements of the Transparency Act was the creation of a single, searchable website that provides the public with greater access to information on federal spending. The Transparency Act requires recipients to report first-tier subaward and executive compensation data for new federal grants as of October 1, 2010, if the initial award is equal to or over \$25,000. Pass through entities (primary recipients) must report subaward data through the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) by the end of the month following the month in which the subaward obligation is made. For a more detailed discussion of the Transparency Act see Part 3, Section L of the 2011 U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* available at www.whitehouse.gov/omb. The OMB has issued several documents that provide guidance on the Transparency Act, including *Open Government Directive – Federal Spending Transparency* and *Subaward and Compensation Data Reporting*, available at www.whitehouse.gov/omb/open.

CC Work Session

3. 1.

Meeting Date: 06/12/2012

By: Jo Thieling, Administrative Services

Title:

Review Future Topics/Calendar

Background:

Attached is a list of future work session topics.

Funding Source:

N/A

Council Action:

No formal action necessary - for review.

Attachments

Future Topics/Calendar

Form Review

Inbox	Reviewed By	Date
Kurt Ulrich	Kurt Ulrich	06/07/2012 03:43 PM
Form Started By: Jo Thieling		Started On: 06/05/2012 01:08 PM
	Final Approval Date: 06/07/2012	

**Work Session Calendars
2012**

Month	Date	Topics for Discussion
June	19	<ul style="list-style-type: none"> • Continue Discussion of 2013 Budget (KU) • Council Strategic Goals (PB)
June	26	<ul style="list-style-type: none"> • Independent Auto Request to Sublet Property at 6745 Highway 10 (DL)
Others on List – including Strategic Planning Items		<ul style="list-style-type: none"> • Discuss Chain of Command Policy (KU) • Discuss Format of Weekly Update (KU/JT) • Lot Combination Policy (TG) • Discuss Noise Ordinance (JW) • Update Landfill Land Use Plan (Tim G) • Consider Amendments to Facility Use Program (Jo) • 167th & 47 Water Services Extension/Master Planning • Review Pilot Programs (e.g. volunteer programs – low maintenance options) • Build on outdoors/sportsmen’s market (e.g. stock pond/lake) • Develop community center/indoor sports complex • Strategic Action Plan Update • 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 • Review Animal Control (e.g. Cat License) <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 Project Management Issues (e.g. 151st & 167th Projects)
		HRA
Month	Date	Topics for Discussion
June	19	<ul style="list-style-type: none"> • Budget
Future		<ul style="list-style-type: none"> • Discuss Housing Assistance Policy (TG) • Review Center Street Project Schedule • Dashboard – 1st meeting of ever month