

City of Ramsey
Agenda
City Council Work Session
Tuesday, June 13, 2017
5:30 pm
Lake Itasca Room, 7550 Sunwood Drive NW

- 1. Call to Order**
- 2. Topics for Discussion**
 1. UPDATE: PSD LLC Business Park Projects and City Assistance Requests
 2. Update on McDonald's Project
 3. CBRE Update
 4. Review 2016 Comprehensive Annual Financial Report (CAFR), Management Report and Special Purpose Audit Reports
- 3. Topics for Future Discussion**
 1. Review Future Topics/Calendar
- 4. Mayor/Council/Staff Input**
- 5. Adjournment**

Meeting Date: 06/13/2017

Information

Title:

UPDATE: PSD LLC Business Park Projects and City Assistance Requests

Purpose/Background:

Staff would like to briefly review the attached document, to see if there are questions or concerns, as these items will come back to the Council formally on 06/27 in Regular Session.

Timeframe:

10 minutes

Funding Source:

NA

Responsible Party(ies):

Brama

Outcome:

No action requested, update only

Attachments

Background

Assistance Requests

Form Review

Inbox

Kurt Ulrich

Form Started By: Patrick Brama

Final Approval Date: 06/08/2017

Reviewed By

Kurt Ulrich

Date

06/08/2017 03:44 PM

Started On: 06/06/2017 12:14 PM

PSD LLC

Business Park Proposal

Background, Maps, and Renderings



Armstrong

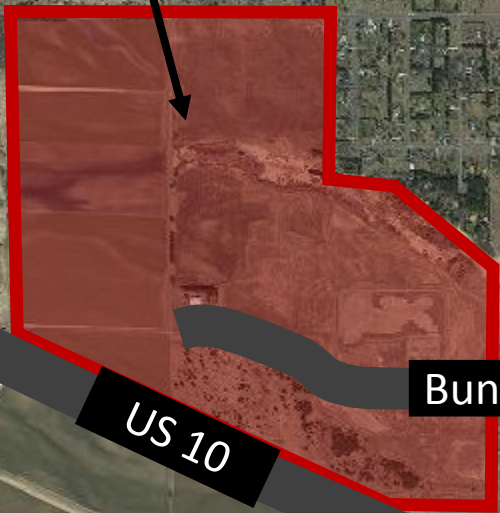
Bunker

US 10

THE
CORNER

Developable Area

- About 275 Acres Greenfield
- Hageman Holdings/ Pearson Properties



Armstrong

Bunker

US 10

THE
CORNER

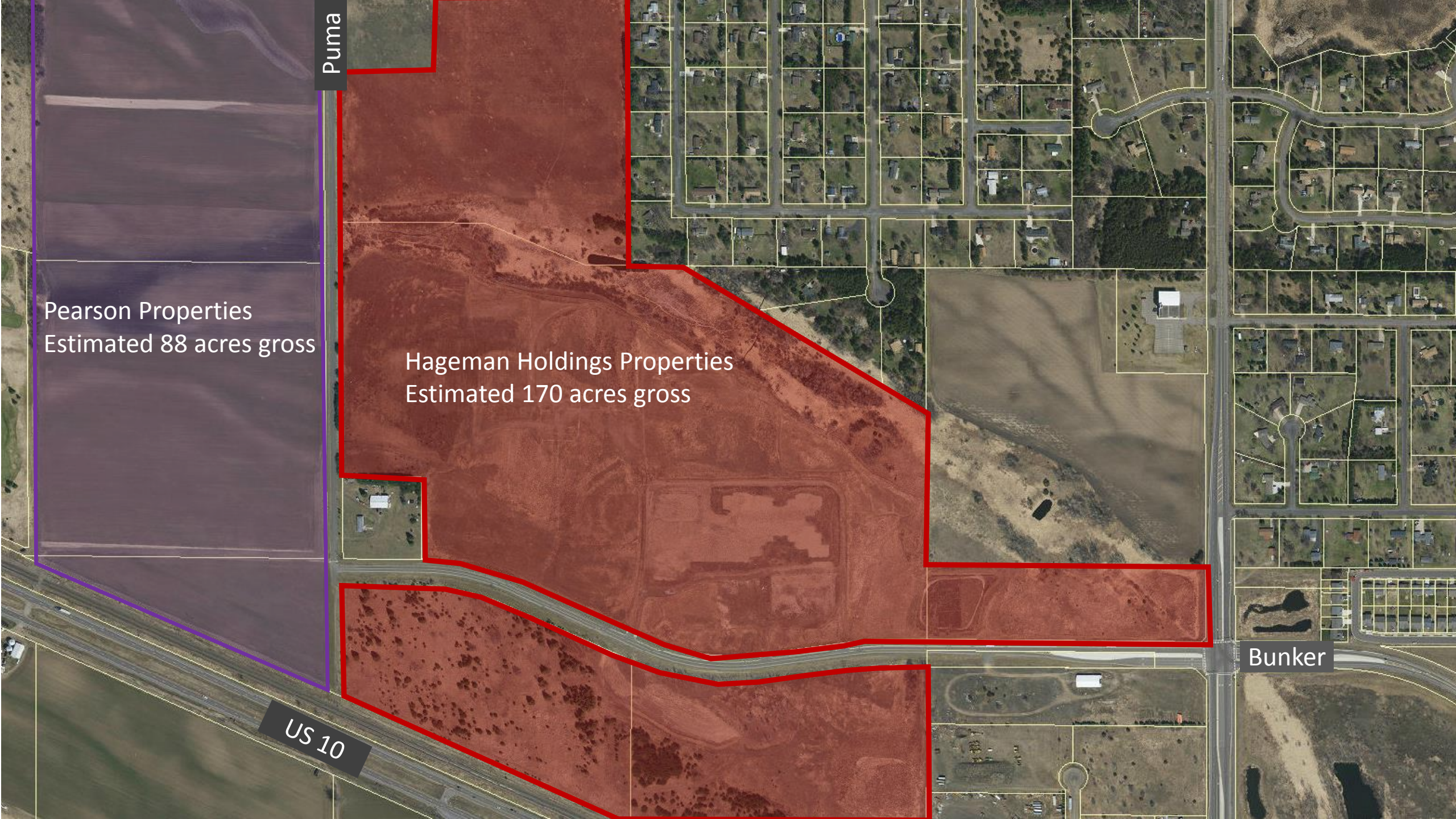
Puma

Pearson Properties
Estimated 88 acres gross

Hageman Holdings Properties
Estimated 170 acres gross

US 10

Bunker



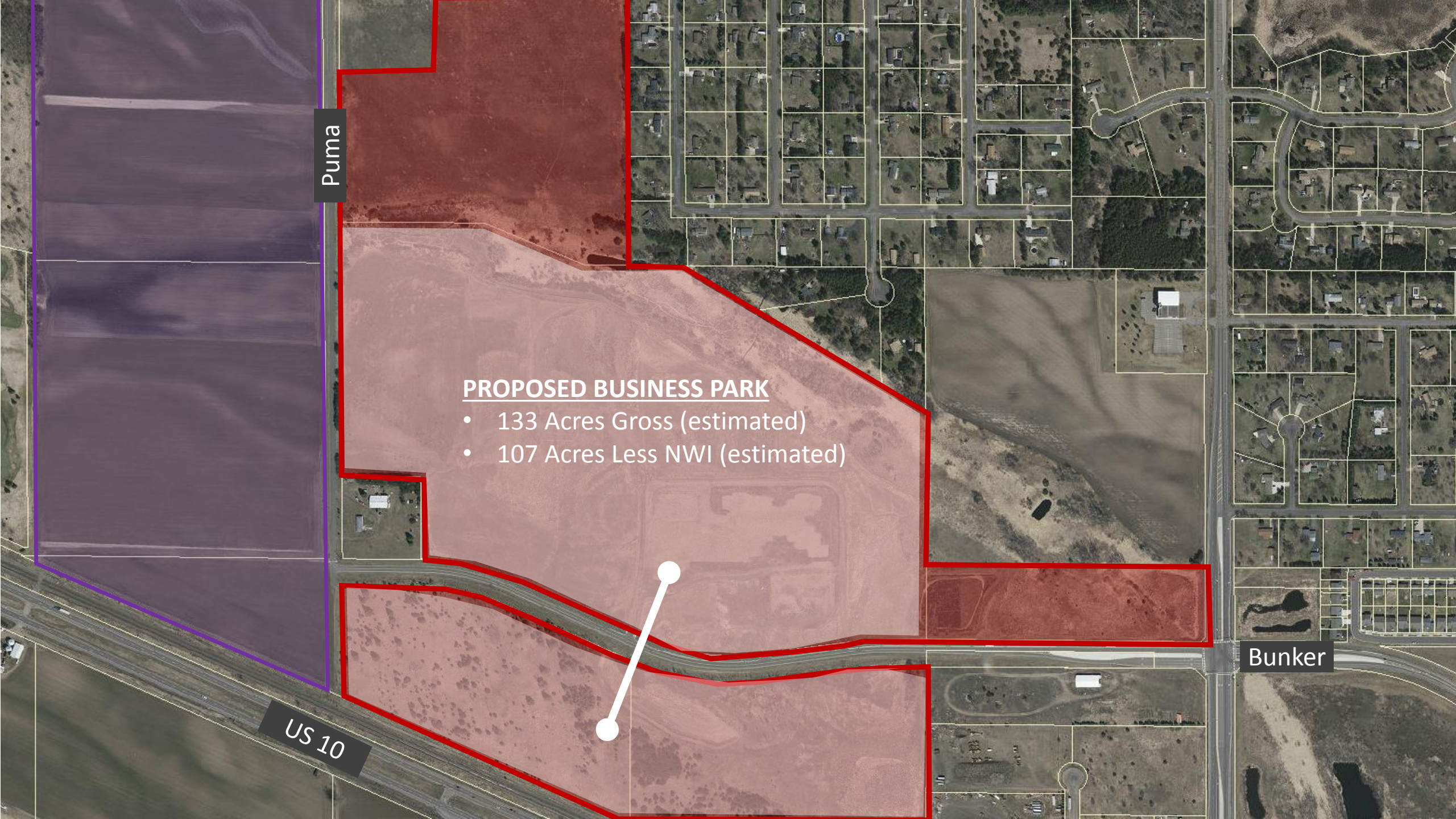
Puma

PROPOSED BUSINESS PARK

- 133 Acres Gross (estimated)
- 107 Acres Less NWI (estimated)

US 10

Bunker



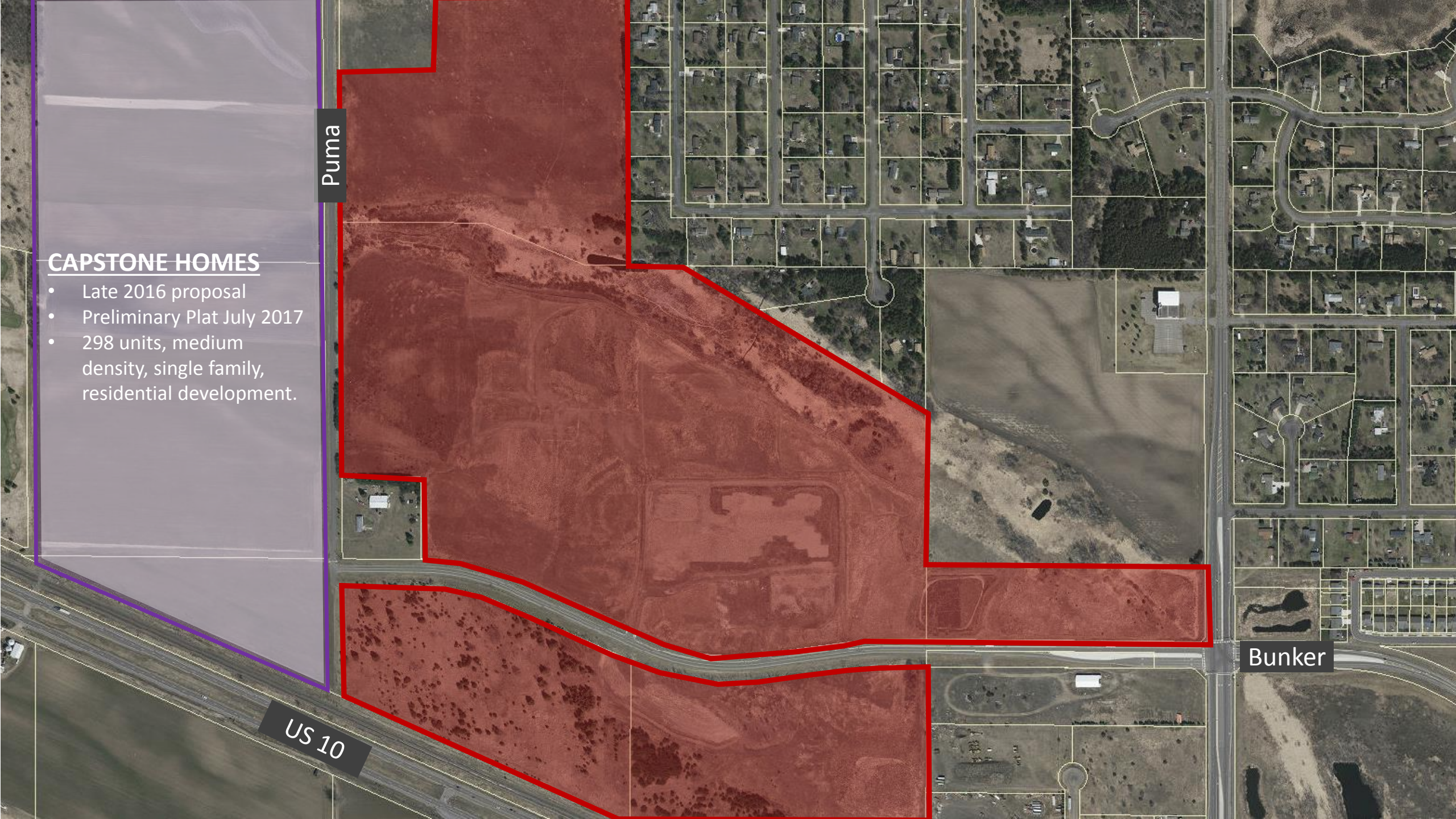
Puma

CAPSTONE HOMES

- Late 2016 proposal
- Preliminary Plat July 2017
- 298 units, medium density, single family, residential development.

US 10

Bunker



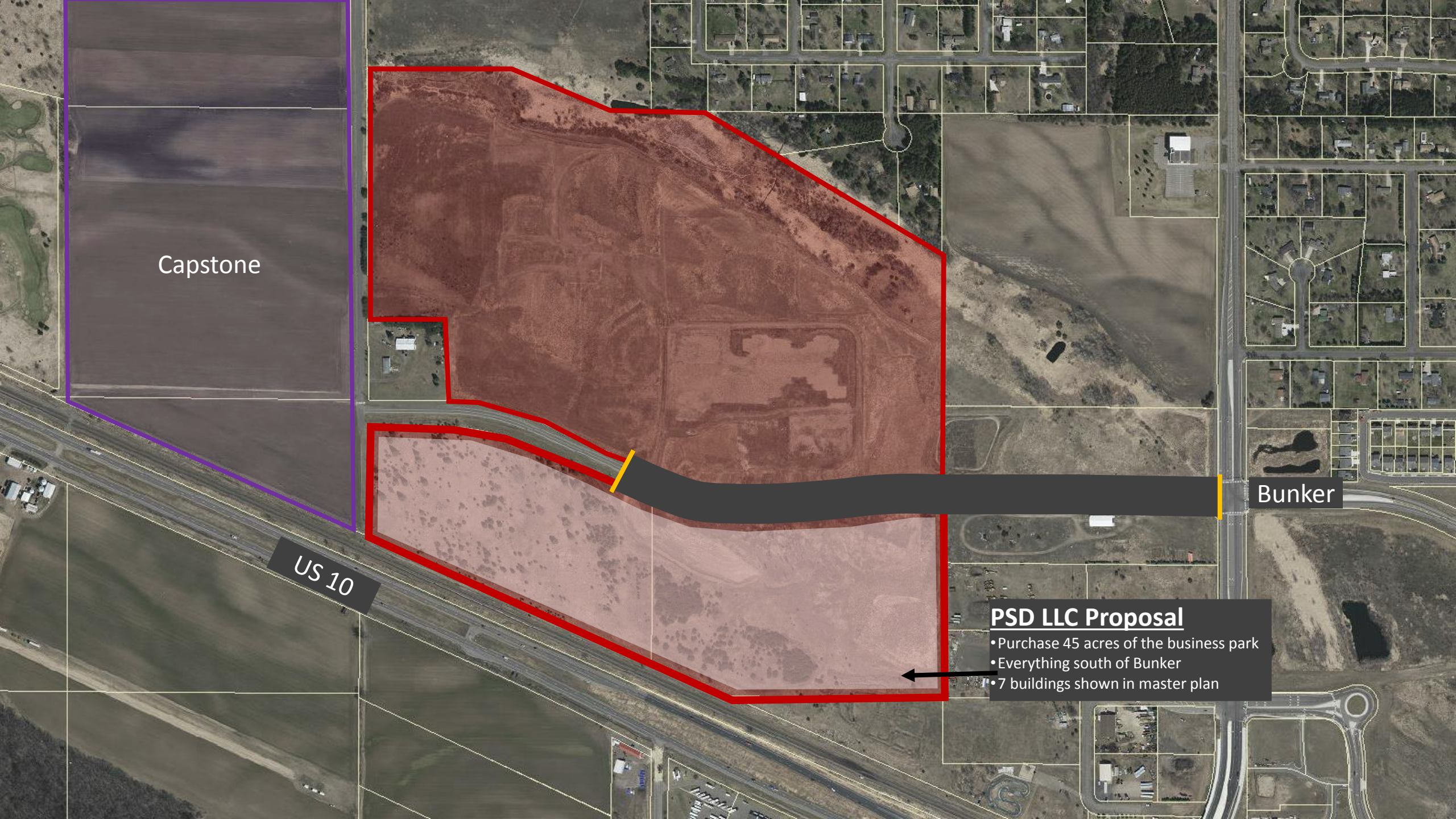
Capstone

Bunker

US 10

PSD LLC Proposal

- Purchase 45 acres of the business park
- Everything south of Bunker
- 7 buildings shown in master plan



BUNKER LAKE INDUSTRIAL PARK SKETCH PLAN

PUMA ST NW

Building #1

- 60,000 square feet
- Speculative industrial, multi-tenant
- 24' clear tilt up concrete
- Glass accents along Hwy 10

Building #2

- 56,000 square feet
- Adrenaline Sports Center
- 24' clear tilt up concrete
- Glass accents along Hwy 10

OUTLOT C
25.66 AC

OUTLOT B
5.69 AC

OUTLOT A
3.18 AC

LOT 1
4.41 AC

LOT 2
4.64 AC

60,000 S.F.

63,000 S.F.

ANOKA ELECTRIC EASEMENT

BUNKER LAKE BLVD

HIGHWAY 10 NW

60'

60'

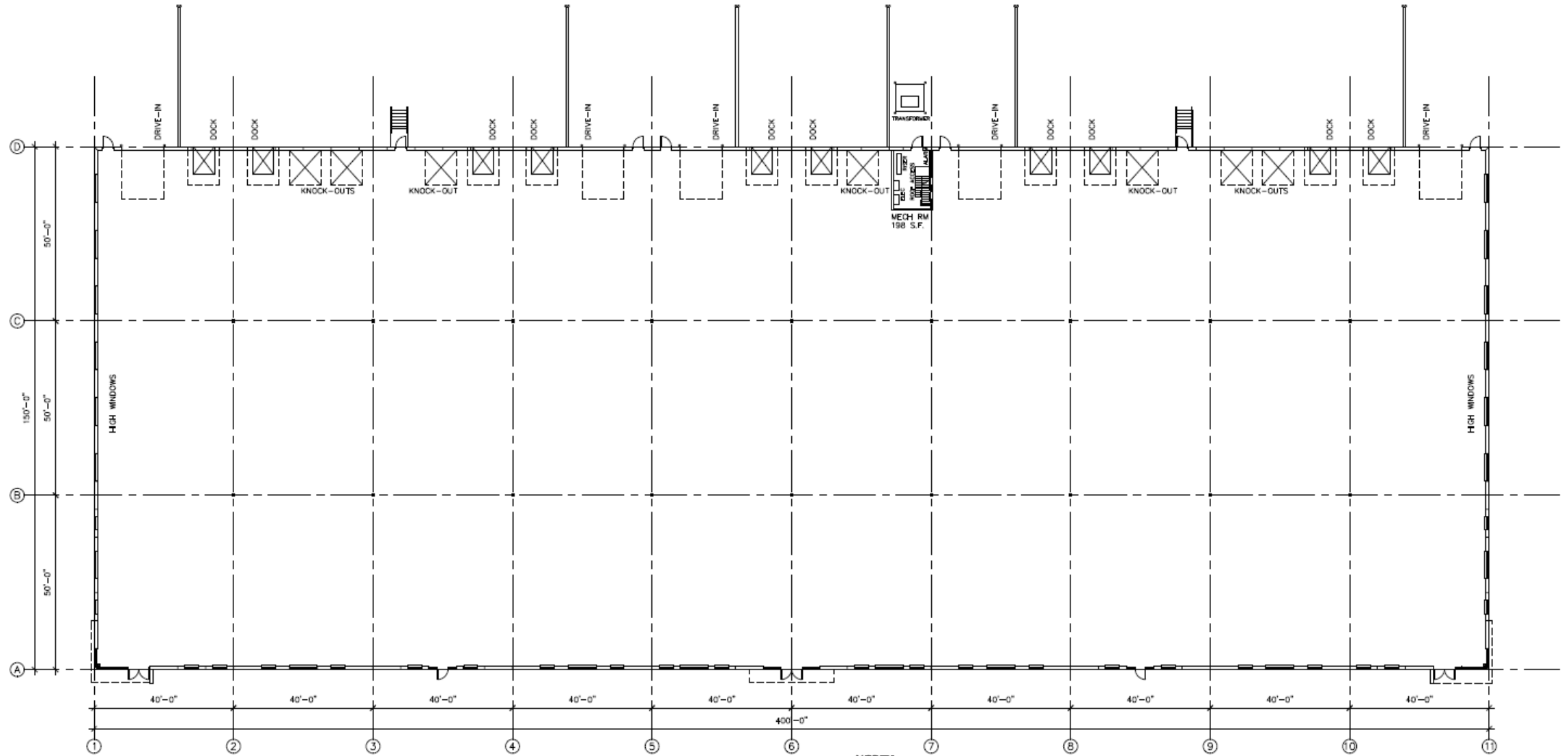
PROPOSED
CITY ROW



Example Renderings and Building Layout (draft)

Building A

Building A

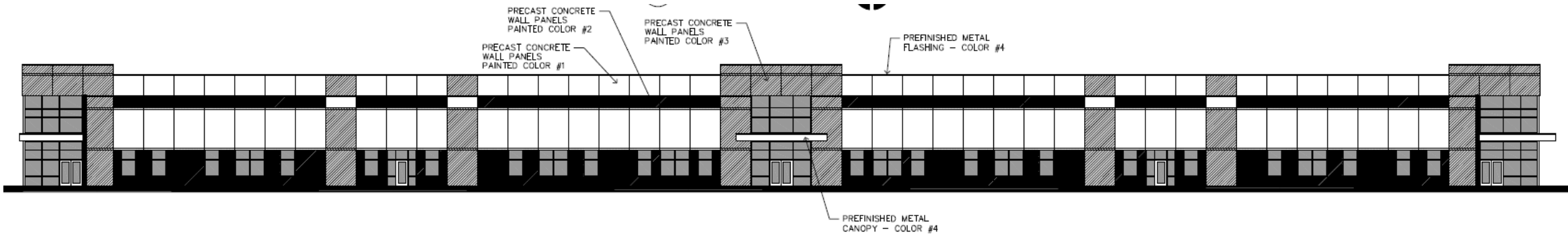


1 FLOOR PLAN
A2 SCALE: 1/16" = 1'-0"

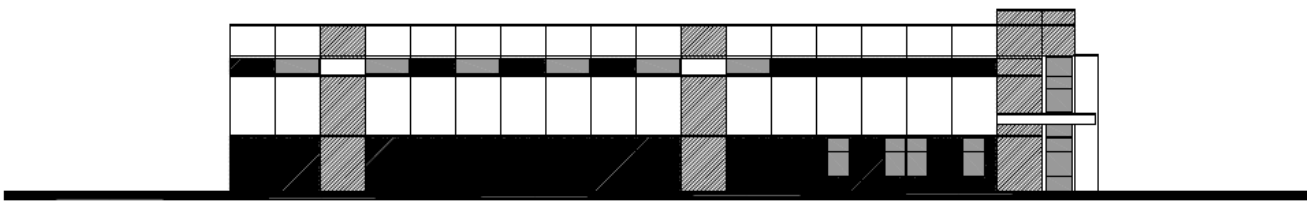


PRECAST CONCRETE

Building A



2 SOUTH ELEVATION
A2 SCALE: 1/16" = 1'-0"

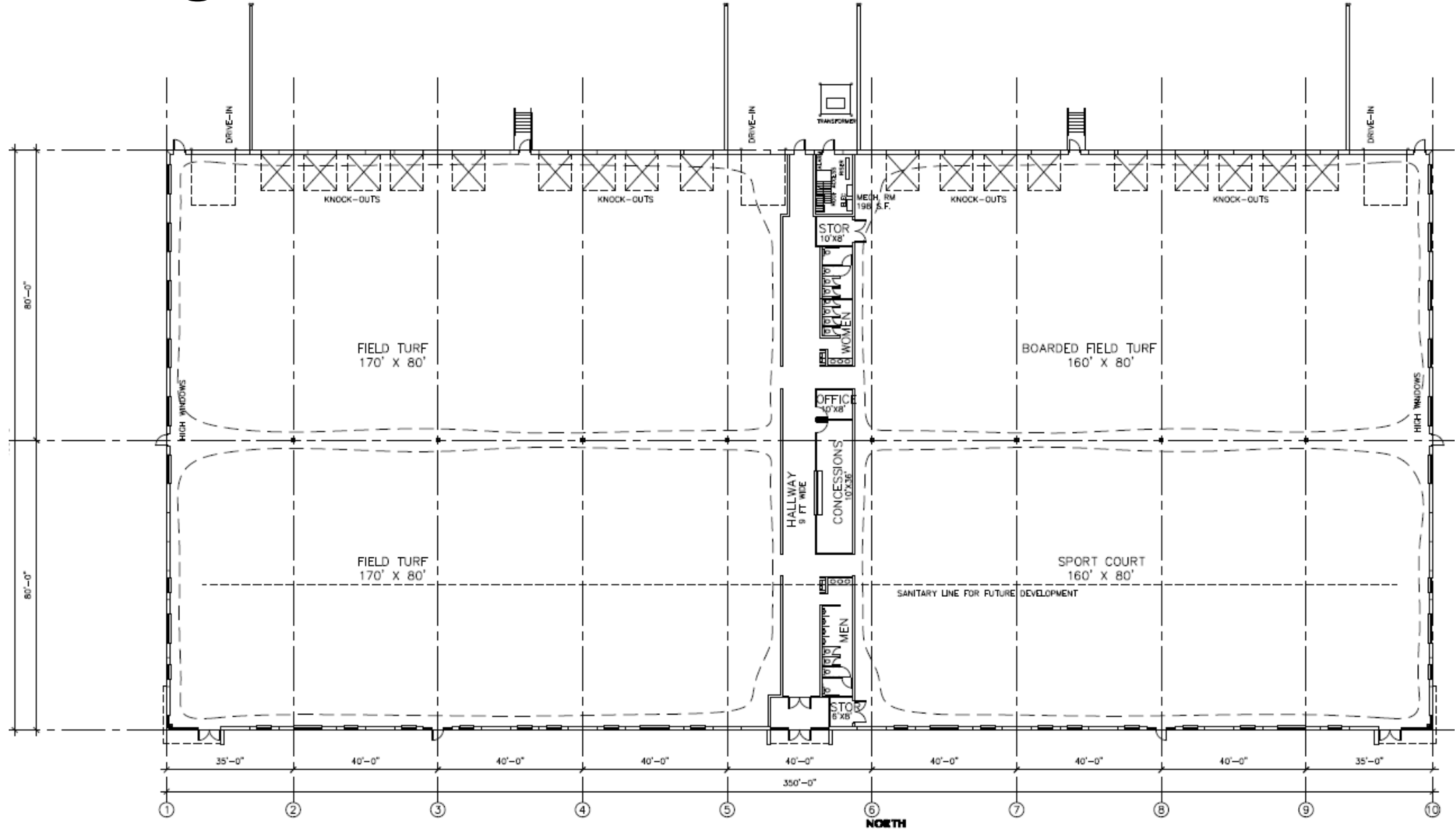


3 WEST ELEVATION
A2 SCALE: 1/16" = 1'-0"

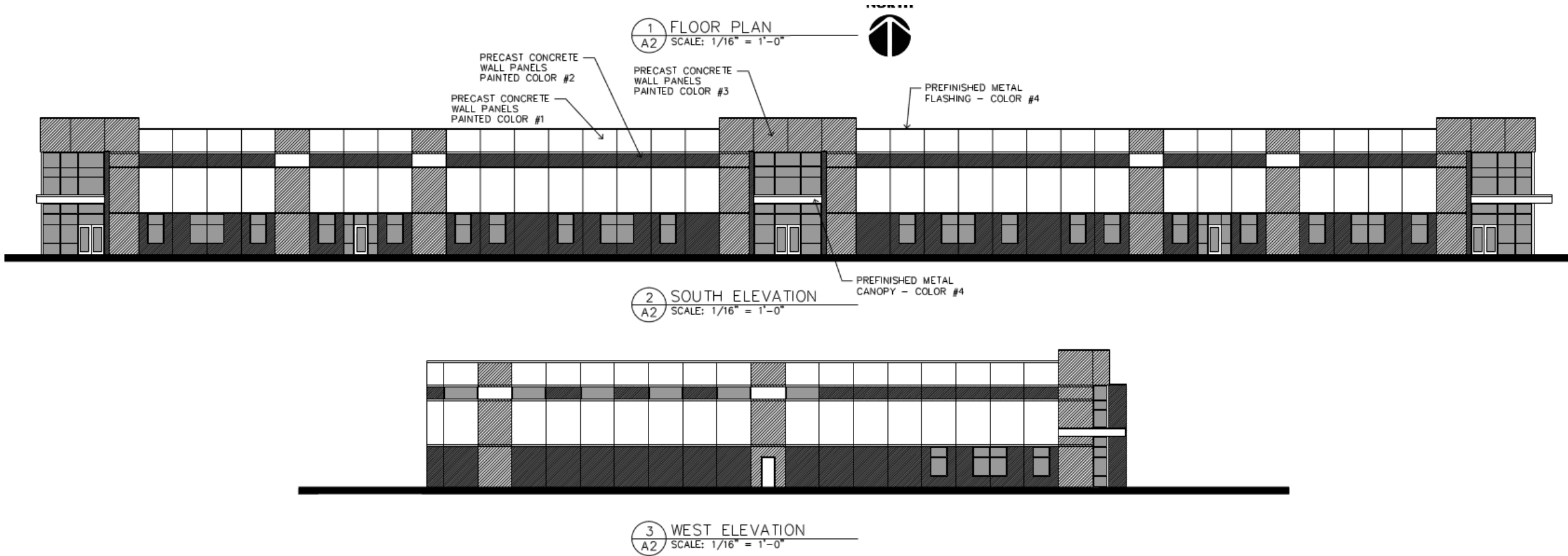
Example Renderings and Building Layout (draft)

Building B

Building B



Building B



PSD LLC

Business Park Proposal Requests for City Assistance



Armstrong

Bunker

US 10

THE
CORNER

PSD Projects Summary

(Project A) Mass Site Preparation Improvements

Details: \$3.45M acquisition, \$90K move berm, \$100K mass grading, \$200K regional pond, \$50K grubbing and debris clean up, \$250K internal public road phase 1, \$250K internal public road phase 2, \$100K signage.

Sub Total: \$4.49M

(Project B) Industrial Building #1, 60K SF, Speculative

Sub Total \$5.4M (cost includes site work, building construction, and all soft costs)

(Project C) Industrial Building #2, 56K SF, Adrenaline Sports Center

Sub Total \$5.0M (cost includes site work, building construction, and all soft costs)

City Assistance Requests

Details

City Assistance Request: A

(A) Mass Site Preparation Improvements, Sub Total: \$4.49M

Assistance Request: City pay for 1st phase of public roadway

Assistance Amount: 250K (5.5%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

(B) Industrial Building #1, 60K SF, Speculative, Sub Total: \$5.4M

Assistance Request: City provide 9-year ED TIF District

Assistance Amount: 234K PV (4.3%)

Funding Source: new ED TIF District #16, pay-go only, PSD paid \$10K fee

(C) Industrial Building #2, 56K SF, Adrenaline Sports Center, Sub Total: \$5.0M

Assistance Request: City provide 200K incentive

Assistance Amount: 200K (4.0%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

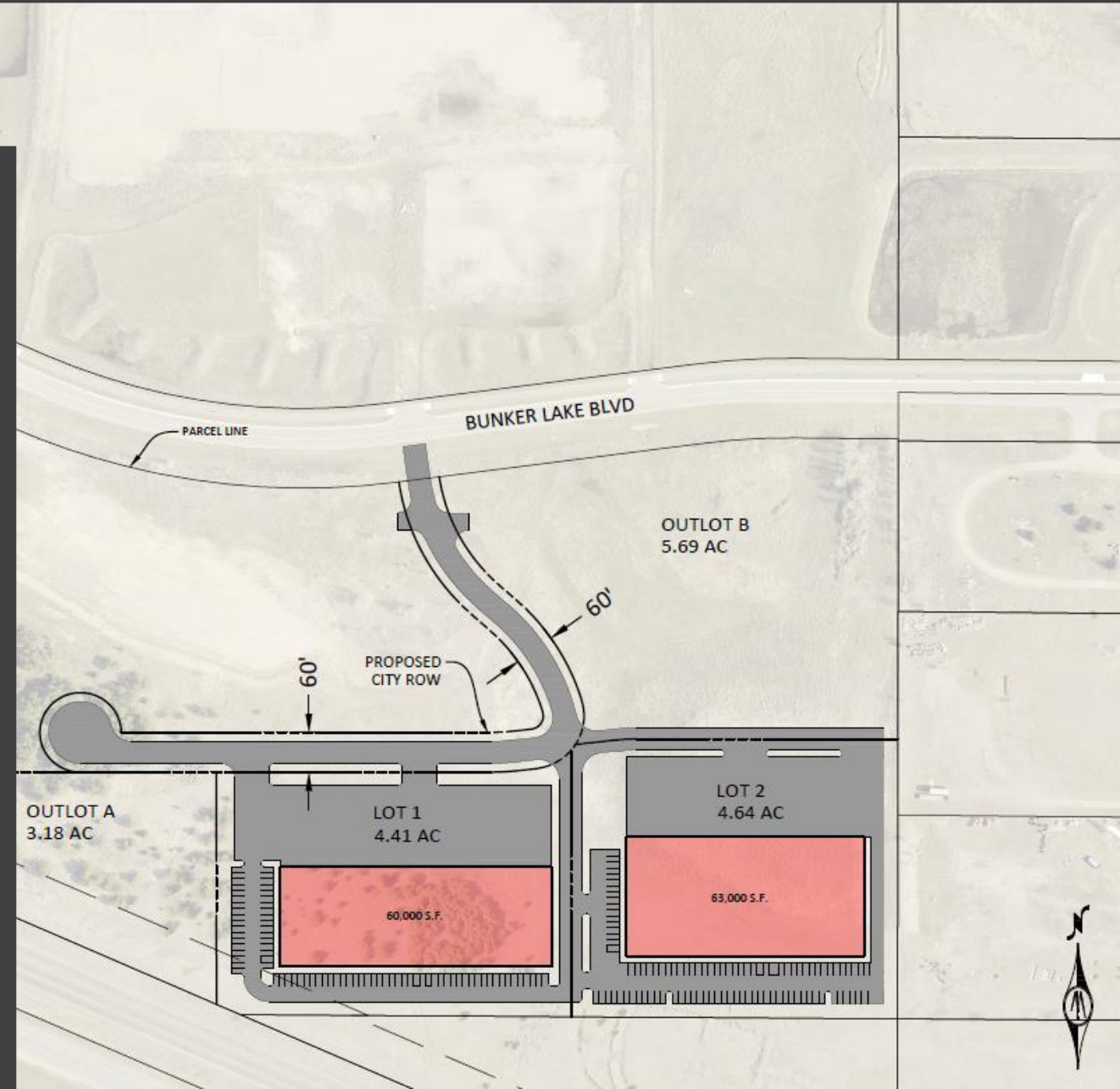
Request A: Mass Site Prep

Project Specifications

PSD will be completing the following mass site work immediately, to prep the business park for both immediate and future development projects. Having a ready-to-go business park is essential to their business model.

- \$3.45M acquisition
- \$90K move berm
- \$100K mass grading
- \$200K regional pond
- \$50K grubbing and debris clean up
- \$500K internal public road
- \$100K signage

\$4.49M



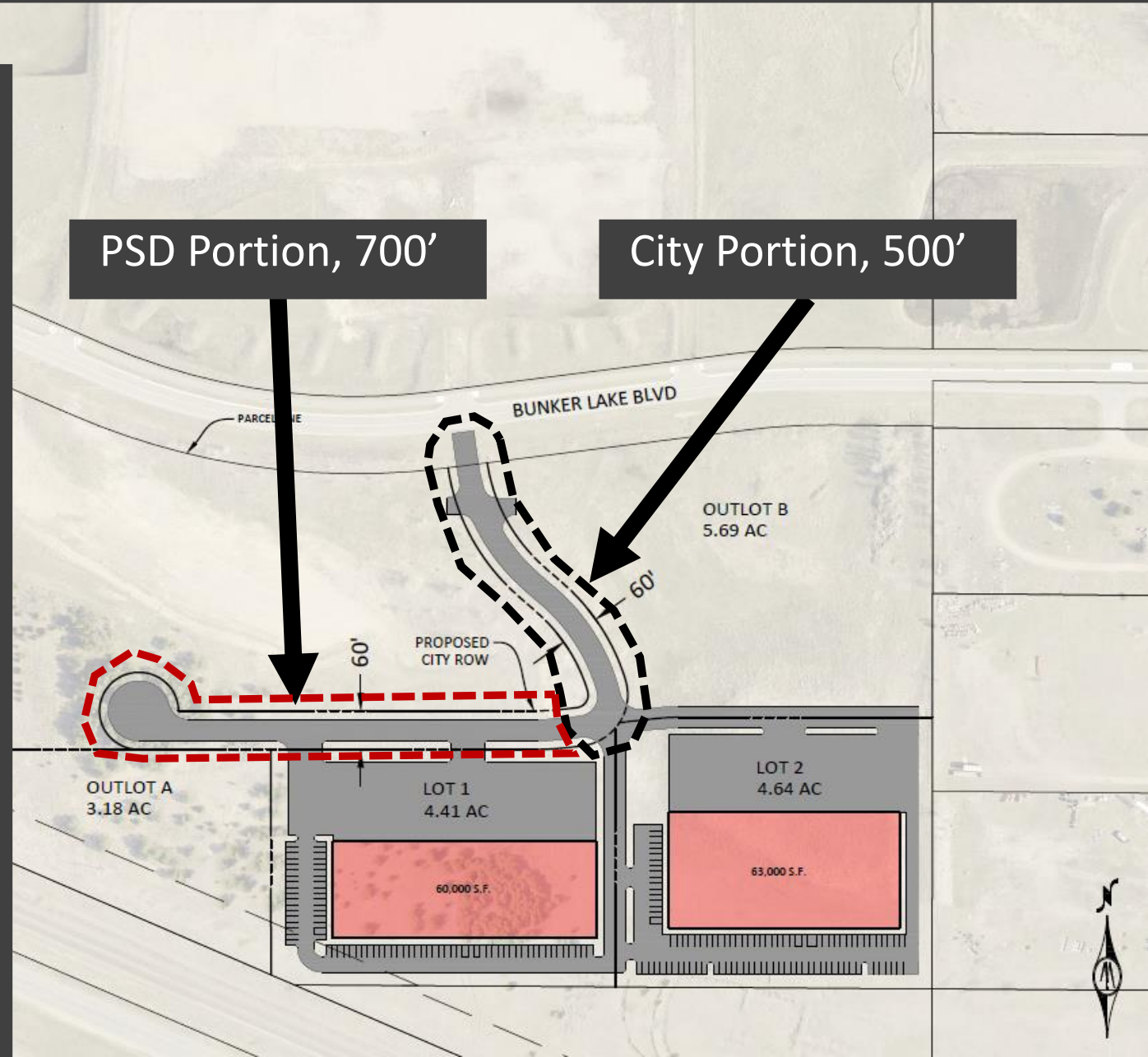
Request A: Mass Site Prep

Request A Staff Notes:

- Proposed public roadway will be about 1,200'. The entire 1,200' roadway will be constructed by PSD immediately.
- PSD is requesting reimbursement from the City for 500' of the internal public roadway (or about 42% of the total lineal feet).

In summary, in the past, the City typically has paid for all (100%) or a portion (60%) of public infrastructure located within industrial parks/commercial areas.

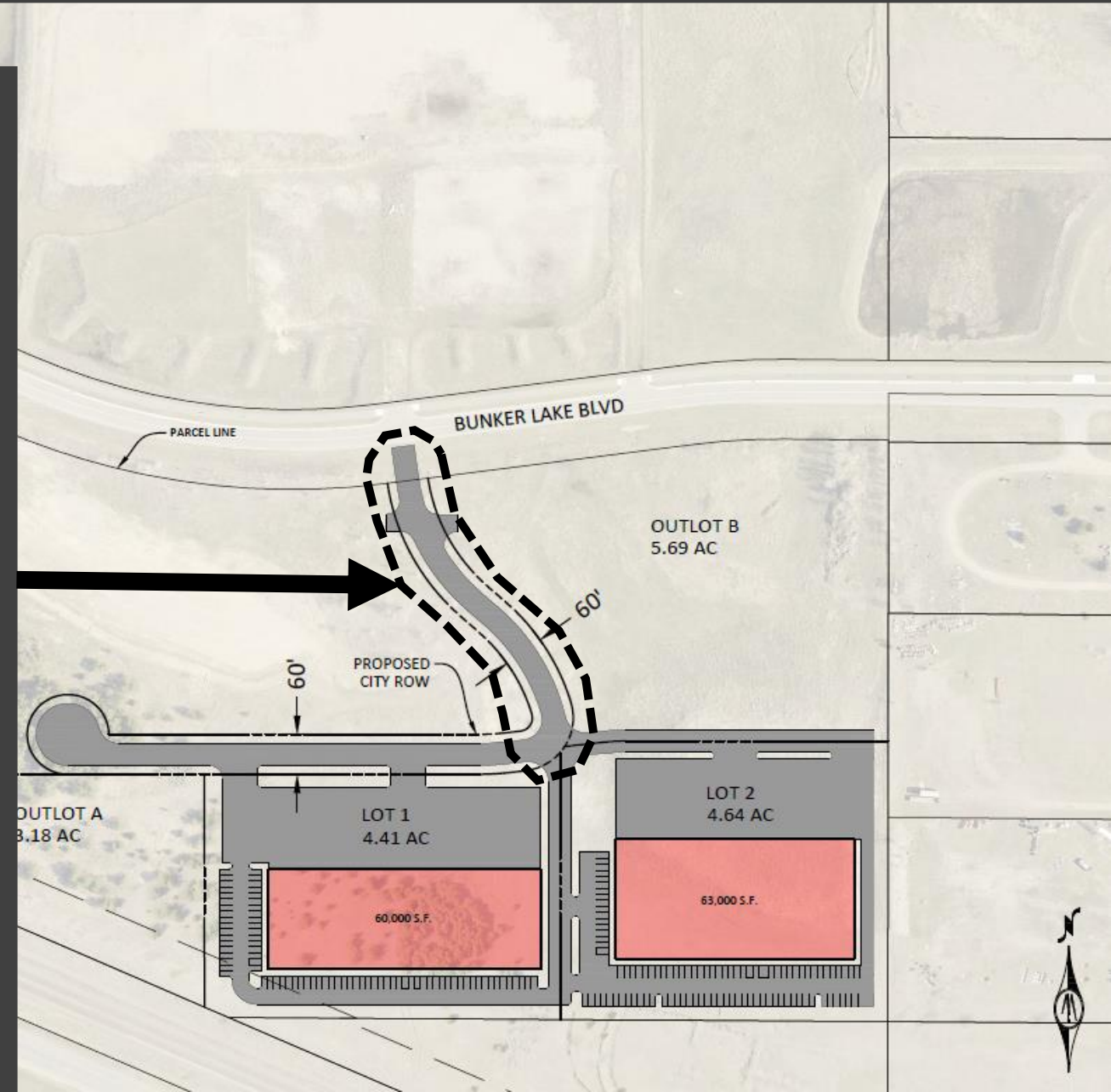
Both staff and Ehlers do not believe this request should be processed as a formal business subsidy request. This request should be considered a stand alone infrastructure negotiation process.



Request A: Mass Site Prep

Request A Specifications:

- City to reimburse PSD for phase 1 of the public roadway upon completion (250K request).
- PSD would design/ construct/ administer/ and upfront fund project.
- PSD would make this an attractive corporate style entrance, divided road, with median, tree plantings, and monument signs.
- PSD is open to discussing maintaining the road.
- City would fund via EDA Fund, ACHRA, or TIF #1. Agreement carried out via MOU. No formal business subsidy needed. This is a negotiable item for funding (i.e. public roadways).



City Assistance Requests: B

(A) Mass Site Preparation Improvements, Sub Total: \$4.49M

Assistance Request: City pay for 1st phase of public roadway

Assistance Amount: 250K (5.5%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

(B) Industrial Building #1, 60K SF, Speculative, Sub Total: \$5.4M

Assistance Request: City provide 9-year ED TIF District

Assistance Amount: 234K PV (4.3%)

Funding Source: new ED TIF District #16, pay-go only, PSD paid \$10K fee

(C) Industrial Building #2, 56K SF, Adrenaline Sports Center, Sub Total: \$5.0M

Assistance Request: City provide 200K incentive

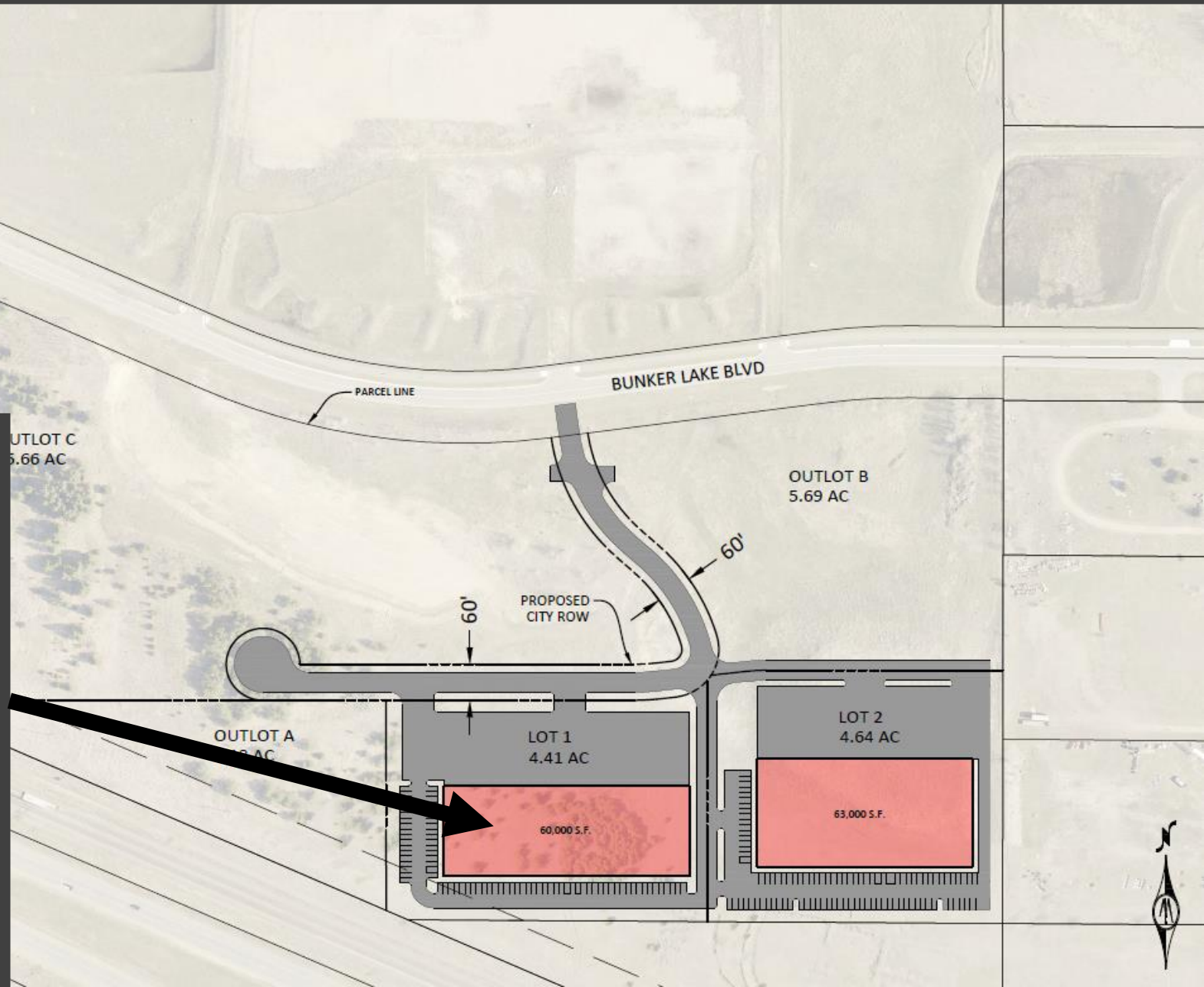
Assistance Amount: 200K (4.0%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

Request B: Building 1

Building #1 Specifications

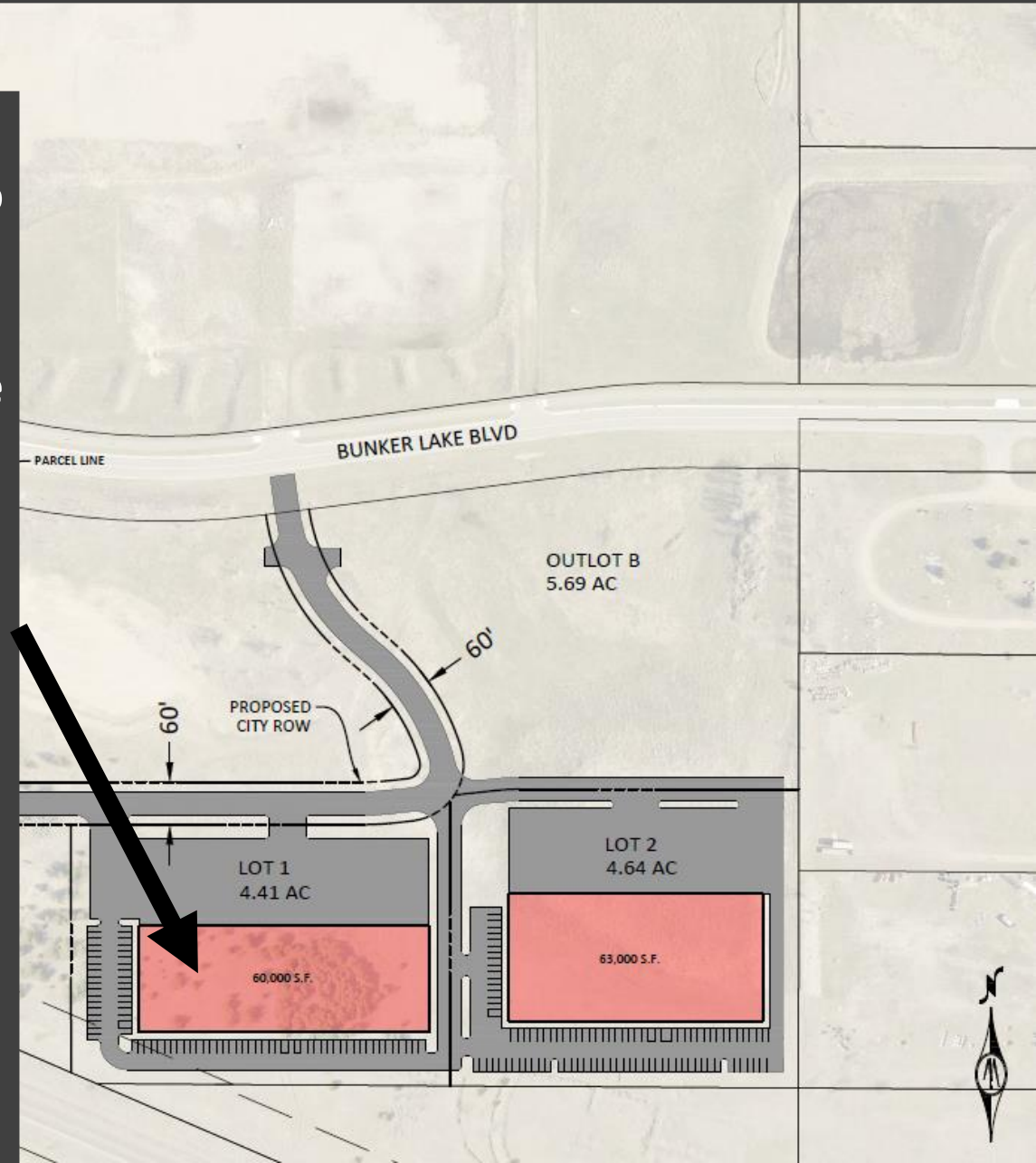
- 100% speculative industrial building
- Multi-tenant
- 60,000 square feet total size
- 10,000 square foot bays
- 24' clear, tilt-up concrete
- Glass accented
- Built-in below and at-grade mechanical doors
- About 115K per yr total prop taxes



Request B: Building 1

Request B Specifications:

- City to establish TIF district #16 and provide PSD pay-go TIF, over 9 years (234K request).
- TIF would be used by PSD for reimbursement of eligible TIF costs (site work, parking, storm water, etc.).
- PSD paid \$10K to apply for, and to set up, a new TIF district. Ehlers has completed underwriting, and has made a recommendation.
- Existing tax base remains in place (frozen). New tax base created by PSD (TIF) is repaid back to PSD for 9 years. NOTE: Fiscal Disparities is not included in TIF payments back to PSD, which means PSD will be contributing new dollars, which benefits the city.



City Assistance Request: C

(A) Mass Site Preparation Improvements, Sub Total: \$4.49M

Assistance Request: City pay for 1st phase of public roadway

Assistance Amount: 250K (5.5%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

(B) Industrial Building #1, 60K SF, Speculative, Sub Total: \$5.4M

Assistance Request: City provide 9-year ED TIF District

Assistance Amount: 234K PV (4.3%)

Funding Source: new ED TIF District #16, pay-go only, PSD paid \$10K fee

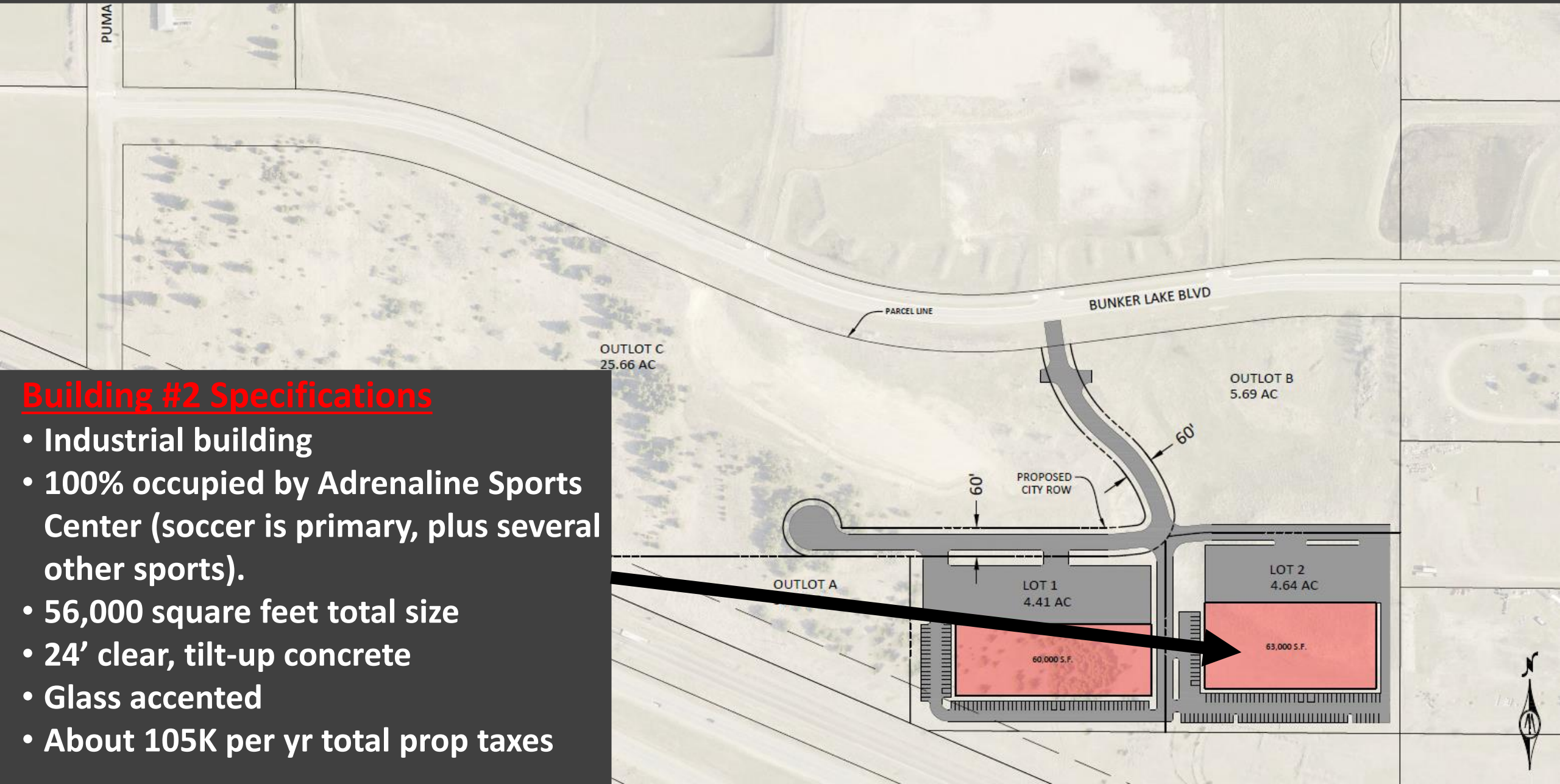
(C) Industrial Building #2, 56K SF, Adrenaline Sports Center, Sub Total: \$5.0M

Assistance Request: City provide 200K incentive

Assistance Amount: 200K (4.0%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

Request C: Building 2



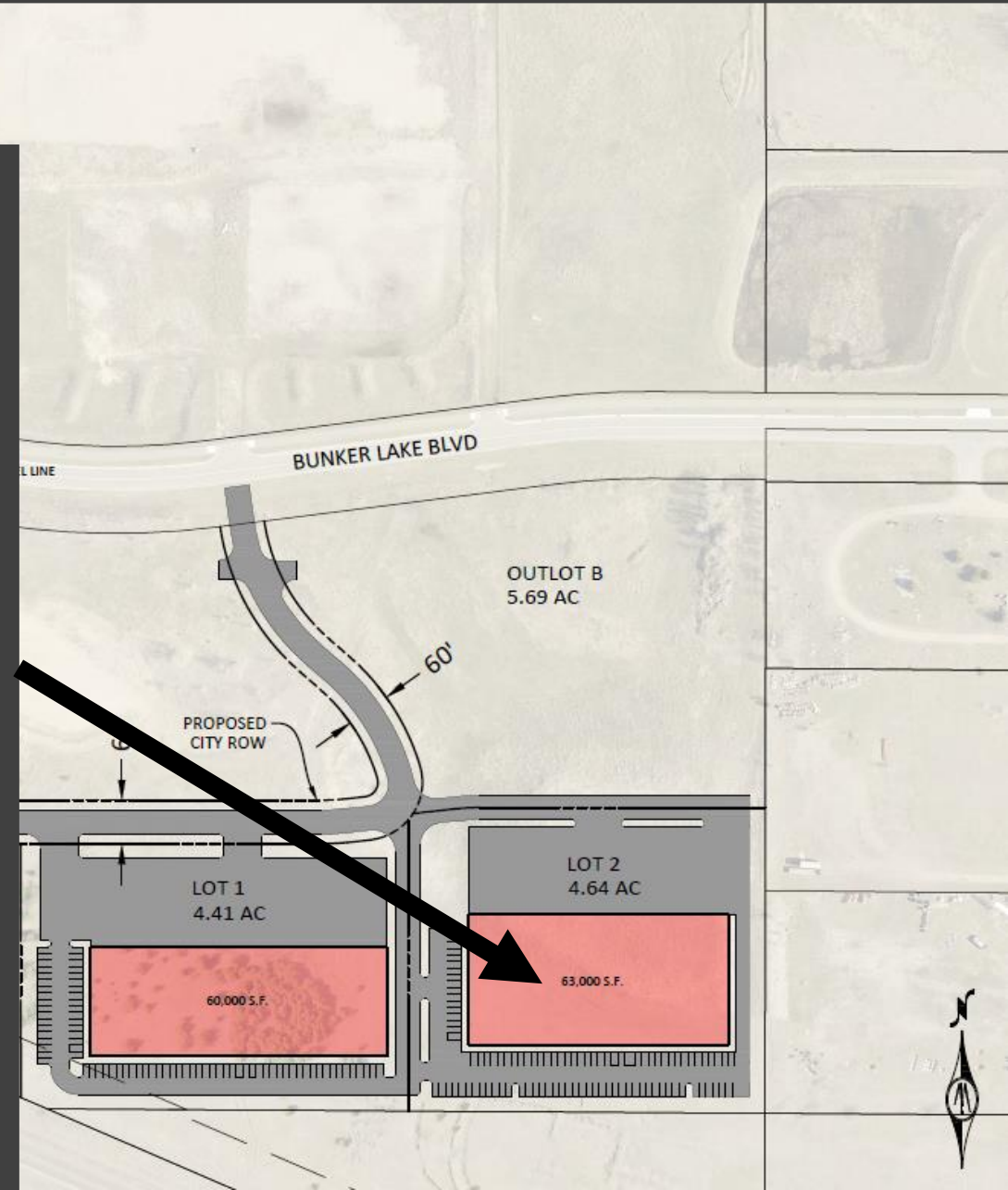
Building #2 Specifications

- Industrial building
- 100% occupied by Adrenaline Sports Center (soccer is primary, plus several other sports).
- 56,000 square feet total size
- 24' clear, tilt-up concrete
- Glass accented
- About 105K per yr total prop taxes

Request C: Building 2

Request C Specifications:

- City to provide PSD one-time incentive payment (200K request).
- Payment would be used by PSD for reimbursement of eligible costs (site work, parking, storm water, etc.).
- PSD paid \$7.5K to apply for this assistance. City needs to decide on accepting PSD application, process in July.
- Because this is not a TIF request, 100% of the new and existing tax base will immediately benefit the City.
- Funding source will be the EDA Fund, ACHRA Fund, or TIF #1. Staff will narrow this down, if project moves forward.



City Assistance Requests: ALL

(A) Mass Site Preparation Improvements, Sub Total: \$4.49M

Assistance Request: City pay for 1st phase of public roadway

Assistance Amount: 250K (5.5%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

(B) Industrial Building #1, 60K SF, Speculative, Sub Total: \$5.4M

Assistance Request: City provide 9-year ED TIF District

Assistance Amount: 234K PV (4.3%)

Funding Source: new ED TIF District #16, pay-go only, PSD paid \$10K fee

(C) Industrial Building #2, 56K SF, Adrenaline Sports Center, Sub Total: \$5.0M

Assistance Request: City provide 200K incentive

Assistance Amount: 200K (4.0%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

Meeting Date: 06/13/2017

Information

Title:

Update on McDonald's Project

Purpose/Background:

Purpose: The purpose of this report is to bring the City Council up to date with regard to the McDonald's project.

Background: The last update/discussion regarding McDonald's occurred at work session on Tuesday, March 28, 2017. At that time, Council was informed that McDonald's had not met their construction obligations under the development contract. McDonald's had indicated a desire to continue to hold the property and develop the site when there is an appropriate level of demand to support the restaurant. Council was presented with some options - including, court action to seek an order re-vesting title to the property, do nothing and wait for McDonald's to develop, or negotiate a new settlement with McDonald's. It was pointed out that the restrictive covenant on the adjacent properties has been removed since McDonald's failed to meet development deadlines.

Consensus of the Council, following discussion, was to direct City staff to reach out to McDonald's to clarify their intent, noting that McDonald's would need to demonstrate significant interest, or the City would consider exercising their rights to reacquire title to the property.

Staff met with McDonald's real estate representative Melissa Schmidt. She proposed that McDonald's would likely not build in 2017 or 2018, but may be interested in proposing a five-year term, with an agreed upon amount of non-refundable money paid annually to keep the land secured. She will have a plan more defined following a McDonald's regional leadership meeting scheduled for June 29. Staff would intend to meet with McDonald's following this meeting to review the details of their proposal.

Timeframe:

Funding Source:

Responsible Party(ies):

Outcome:

Staff recommends that the Council defer action on this item until McDonald's reports back to the City in July and consider the appropriate action at that time.

Attachments

No file(s) attached.

Form Review

Inbox

Kurt Ulrich

Form Started By: Jo Thieling

Final Approval Date: 06/08/2017

Reviewed By

Kurt Ulrich

Date

06/08/2017 04:23 PM

Started On: 06/07/2017 12:01 PM

CC Work Session

2. 3.

Meeting Date: 06/13/2017

Submitted For: Patrick Brama, Administrative Services

By: Katie Schmidt, Administrative Services

Information

Title:

CBRE Update

Purpose/Background:

Periodic update to the EDA/ Council on CBRE efforts/ leads/ market trends. CBRE will be at the meeting to make a presentation.

Notification:

NA

Observations/Alternatives:

NA

Funding Source:

NA

Recommendation:

NA

Action:

NA

Attachments

CBRE Retail Marketview

CBRE Industrial Marketview

PPTX

Form Review

Inbox

Kurt Ulrich

Form Started By: Patrick Brama

Final Approval Date: 06/08/2017

Reviewed By

Kurt Ulrich

Date

06/08/2017 03:42 PM

Started On: 06/06/2017 11:11 AM

Minneapolis/St. Paul Retail, Q1 2017

Outlook positive for 2017 despite higher vacancy



Vacancy Rate
8.1%



Net Asking Rate
\$16.75



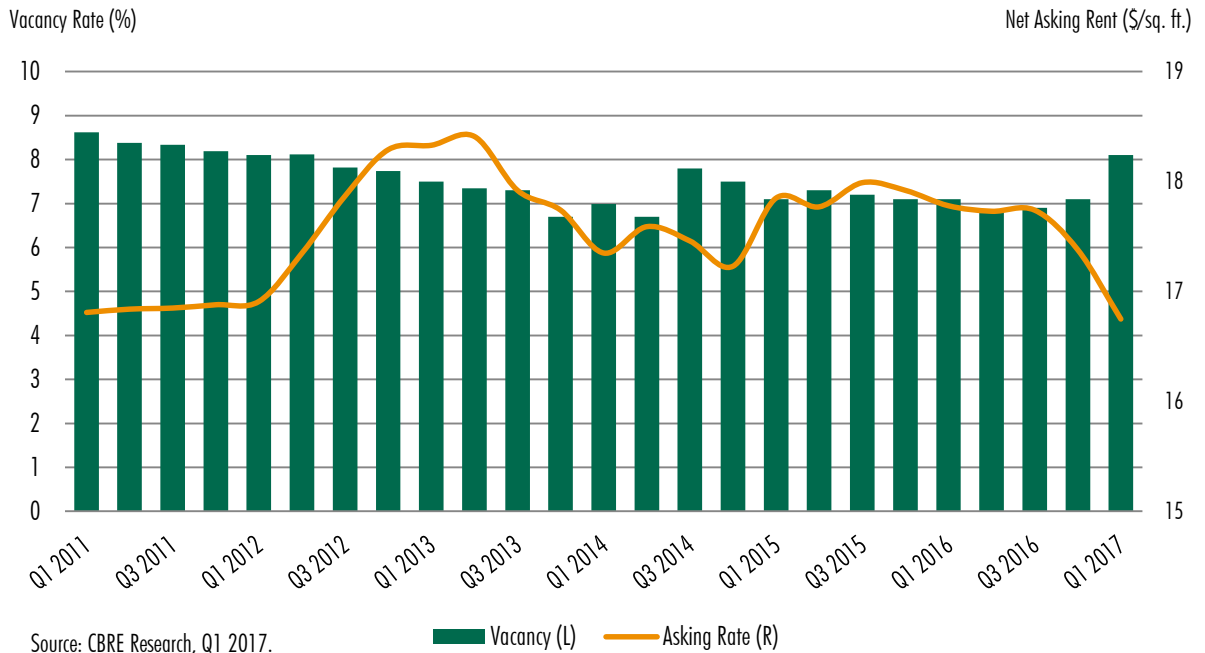
Net Absorption
(380,765) SF



Under Construction
679,893 SF

Figure 1: Direct Vacancy Rate and Lease Rate

*Arrows indicate change from previous quarter.



Source: CBRE Research, Q1 2017.

■ Vacancy (L) — Asking Rate (R)

MARKET OVERVIEW

- Macy's sold its flagship building in downtown Minneapolis and vacated 361,655 sq. ft.
- Grocers continued their push in the Minneapolis/St. Paul retail market, with another Hy-Vee completed in Savage and another set to break ground in Q2 2017.
- Scheels, a sporting goods company, signed the largest lease of Q1 2017, an expansion at Eden Prairie Center totally 204,566 sq. ft.
- Two of the top five sales of Q1 2017 had Walgreens as a tenant, demonstrating the attractiveness of long term leases to investors.

While net asking rates and absorption are down quarter-over-quarter and vacancy rates are up, positive indicators in sales and leasing activity in the Minneapolis/St. Paul retail market signal a robust 2017.

Two large retailers, Macy's and Sears, accounted for the majority of the negative absorption in Q1 2017. Macy's left its flagship store at 700 Nicollet Mall in downtown Minneapolis and Sears vacated Riverdale Village at Round Lake Blvd and Highway 10 in Coon Rapids. However, Hobby Lobby's future occupancy in Riverdale Village will offset some of the negative absorption seen Q1 2017.

TOP LEASE TRANSACTIONS

The top lease of Q1 2017 was Scheels sporting goods executing a 204,566-sq.-ft. lease for the former Sears space in Eden Prairie Center, 8301 Flying Could Dr. The retailer has a smaller space in the mall already, so its occupancy is expected in 2019. The former Sears space was vacated in 2016 and sold in Q3 2016 to the owner of Eden Prairie Center, Cypress REIT LLC. At the time, Sears had occupied 130,800 sq. ft. meaning the mall was able to lease additional vacancy to Scheels.

New-to-market trampoline park franchiser, Urban Air, leased 40,319 sq. ft. in Coon Rapids. The Texas-based company is one of many entertainment and adventure companies to enter the Minneapolis/St. Paul market over the last few years. Urban Air plans to open in Q2 2017.

In 2013, Macy’s vacated a 360,000-sq.-ft. building and the St. Paul Port Authority had been working with partners to redevelop the building. It was renamed in Q1 2017 “Treasure Island Center” after the Prairie Island Sioux Community bought the naming rights and Walgreens signed a 24,928 sq. ft. lease. Treasure Island Center will also be home to the practice facility for the Minnesota Wild hockey team for 15 years. Tria Sports Medicine clinic bought the naming rights of the practice facility and will also open a clinic in 2017.

The fourth largest lease transaction of Q1 2017 was PetSmart leasing 20,700 sq. ft. at Westlake

Center at 112 12th St. in Forest Lake. Westlake Center had been mostly vacant since 2013 when Rainbow Foods vacated. ALDI later filled a portion of the vacancy in 2014.

TOP SALE TRANSACTIONS

The top sale transaction of Q1 2017 the former Macy’s store in downtown Minneapolis. New York-based 601W Cos. bought the building for \$59 million, or \$51 per sq. ft. The retail store vacated towards the end of Q1 2017 but the sale was finalized in January. The new owner plans to redevelop the building and has partnered with Minneapolis-based United Properties on the renovation. Preliminary plans include retail in the new iteration of the building but office and multifamily are also options.

The second largest sale was a Walgreens that sold at 1055 Wayzata Blvd in Wayzata that sold for \$762 per sq. ft. It was sold 20 months after Doran Companies purchased the building.

The Shops at Southwest station was a former Greek-themed restaurant in Eden Prairie that had been closed since 2014. Minnesota-based Venture Pass Partners purchased the building in 2016 from Minnwest Bank and redeveloped it, leasing all available space. A private investor paid \$612 per sq. ft. for the building in Q1 2017, making it the third highest sale.

Figure 2: Notable Retail Lease Transactions

Tenant	Location	City	Size (Sq. Ft.)	Type
Scheels	Eden Prairie Center	Eden Prairie	204,566	New/
Urban Air	Northtown Village Shopping Center	Coon Rapids	40,319	New
Walgreens	Treasure Island Center	St. Paul	24,928	New
PetSmart	Westlake Center	Forest Lake	20,700	New

Source: CBRE Research, Q1 2017.

Figure 3: Top Retail Sales Transactions

Property	Size (Sq. Ft.)	City	Buyer	Price
Macy's	1,161,655	Minneapolis	601W Cos.	\$59,000,000
Walgreens	15,374	Wayzata	POMCO LLC	\$11,720,000
Shops at Southwest Station	10,975	Eden Prairie	Naper Corner TRP LLC	\$6,720,849
Walgreens	14,490	St. Paul	1180 Arcade LLC	\$6,500,000
South Pond Center	12,655	Champlin	Wallingford Properties	\$6,175,000

Source: CBRE Research, Q1 2017.

TOP SALE TRANSACTIONS, CONTINUED

The fourth highest sale was another Walgreens but this time in St. Paul. Located at 1180 Arcade St., it traded to a California-based investor for \$449 per sq. ft. It sold for 10.2% more than it did in 2011 and Walgreens has a long-term, triple net lease in the building.

Rounding out the top five was the sale of South Pond Center in Champlin. The retail center was constructed in 2015 and is currently fully leased to tenants including Pacific Dental, Chipotle and Leann Chin. TOLD Development sold the property for \$488 per sq. ft. to Minnesota-based Wallingford Properties.

NOTABLE CONSTRUCTION PROJECTS AND 2017 EXPECTATIONS

According to the 2016 Midwest Trends report by CBRE Research, mixed-use projects (developments where there is more than one primary use) are the dominant form of development across the Midwest with over 40 completed in 2016 and over 90 are currently underway.

In Minneapolis/St. Paul, developers are favoring

mixed-use developments in the form of both lifestyle-type centers (like Central Park Commons in Eagan) and ground floor retail of multifamily and commercial development (like the currently under construction Rex 20 Apartments in Minneapolis). Of the current large construction projects noted in Figure 4, The Village at Arbor Lakes fits the trend.

Figure 4: Notable Twin Cities Retail Construction Projects

Project	Sq. Ft.	Submarket
Woodbury Costco	164,000	Woodbury
The Village at Arbor Lakes	150,000	Maple Grove
Schneiderman's Furniture	122,000	A.V./Lakeville
Grove Plaza Hy-Vee	95,700	Cottage Grove

Source: CBRE Research, Q1 2017.

Figure 5: Minneapolis/St. Paul Retail Market Statistics

Submarket	Rentable Area (Sq. Ft.)	Direct Vacancy Rate(%)	Average Net Asking Rate (\$/Sq. Ft./Yr)	Q1 Net Absorption (Sq. Ft.)	YTD Net Absorption (Sq. Ft.)	Active Construction (Sq. Ft.)
A.V. — Lakeville	3,499,383	6.1	20.65	3,155	3,155	122,000
Brookdale	3,510,557	14.6	15.70	(24,210)	(24,210)	
Burnsville	3,549,950	4.4	26.08	111,877	111,877	
Calhoun	1,258,636	9.2	29.04	(7,758)	(7,758)	55,707
Coon Rapids	4,168,306	2.5	8.01	(103,376)	(103,376)	
Eagan	2,960,668	6.3	10.90	(11,528)	(11,528)	
Eden Prairie	3,794,209	10.6	17.16	9,162	9,162	
Maple Grove	5,425,652	3.0	20.51	(8,395)	(8,395)	150,000
Maplewood	3,563,352	4.7	18.63	3,860	3,860	20,600
Minneapolis CBD	2,238,390	14.4	25.68	(331,014)	(331,014)	
Northtown	3,063,899	17.0	7.58	(15,964)	(15,964)	48,500
Ridgedale	5,502,483	3.2	14.23	(2,018)	(2,018)	
Rosedale	5,316,025	9.4	15.69	(12,676)	(12,676)	71,665
Southdale	6,848,416	4.4	19.91	(12,676)	(12,676)	
St. Paul Highlands	1,413,147	4.4	16.52	25,741	25,741	
West St. Paul	1,305,502	10.5	13.91	7,095	7,095	
Woodbury	4,821,267	9.5	13.72	(12,170)	(12,170)	259,921
Total (Metro)	62,239,842	8.1	16.75	(380,765)	(308,765)	679,893

Source: CBRE Research, Q1 2017.

* Note: In Q1 2017, the Mall of America was removed from the tracked set.

SUNDAY FUNDAY: MINNESOTA APPROVES SUNDAY WINE AND SPIRIT SALES

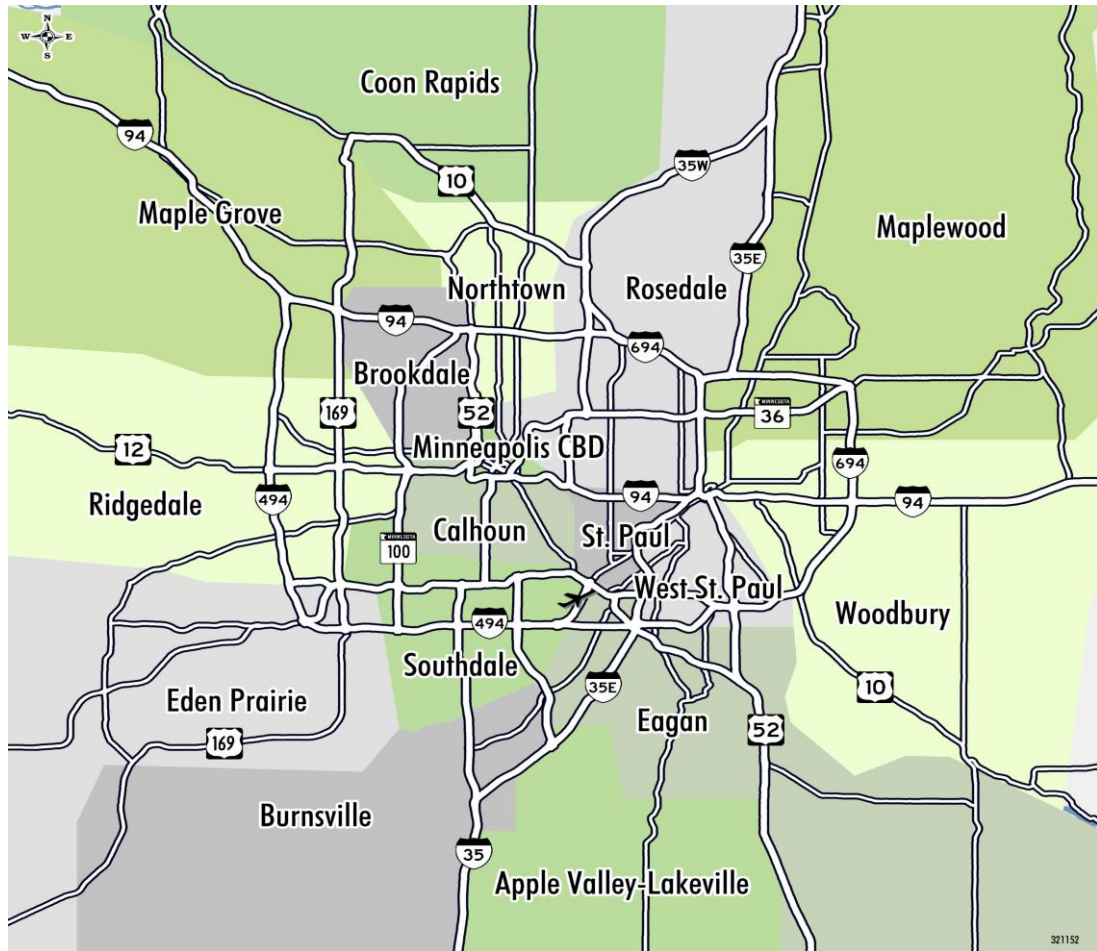
Ending a decades old ban, a March legislative decision abolished the ban on Sunday liquor sales in the State of Minnesota. Beginning in July, retailers will be allowed to open for business on Sundays for the first time since Prohibition. Years in the making, this repeal opens the door to boost retail sales instead of losing out to neighboring states that allowed for Sunday sales.

Figure 6: Wine and Spirit Sale Image



Source: CBRE Research, Q1 2017.

Figure 7: Q1 2017 Submarket Map



Source: CBRE Research, Q1 2017.

CONTACTS

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 Minneapolis, MN 55402

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Minneapolis/St. Paul Industrial, Q1 2017

Strong construction propels market to stay hot

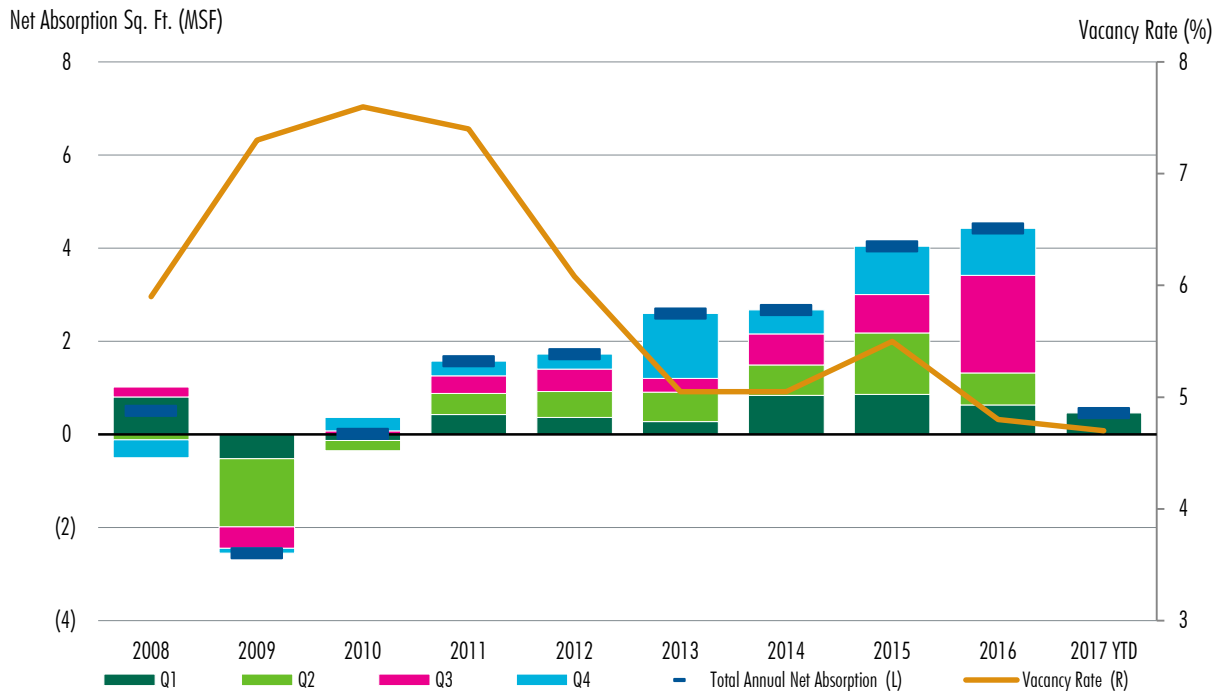
 Vacancy Rate
4.7%

 Lease Rate
\$5.85 PSF

 Net Absorption
458,276 SF

Figure 1: Historical Net Absorption vs Vacancy Rate

*Arrows indicate change from previous quarter.



Source: CBRE Research, Q1 2017.

- The largest lease transaction of Q1 2017 was Dakota Supply, occupying 135,447 SF at 845 Berkshire Ln.
- The largest sale transaction of Q1 2017 was the purchase of Lake Point Distribution Center for \$8.2 million by Haleakala Ranch Co.
- Q1 2017 marked the 27th consecutive quarter of positive net absorption for the Minneapolis/St. Paul industrial market.

MARKET OVERVIEW

The Minneapolis/St. Paul industrial market has yet to see a disruptive force present itself to derail this train of 27 consecutive quarters of positive net absorption. Backed by a strong numbers of new construction, both build-to-suit (BTS) and speculative (spec), completion in Q1 2017. The market finished with 458,276 sq. ft. of positive net absorption.

MARKET OVERVIEW CONT'D

Direct vacancy rates for Q1 2017 ended at 4.7%, which is up 40 basis points (bps) quarter-over-quarter. This change in vacancy reflects the trend of companies downsizing space into newer, more modern locations. For those that did need additional space, the standard has shifted. New construction is the method of choice to fulfill the needs of the tenant, resulting in 1,057,173 sq. ft. of completed construction in Q1 2017 being BTS.

Average net asking rates of the industrial market have had a year-over-year increase of 1.1%, ending at \$5.85 per sq. ft. in Q1 2017.

ABSORPTION BUILDS ON ITS HOT STREAK

Q1 2017 absorption numbers continued the streak of positive net absorption, counting 27 consecutive positive quarters. While 458,276 sq. ft. maintained the streak, it is a year-over-year decrease due, in part, to some large tenants downsizing their operations. Single tenant BTS was the largest driver to push the absorption positive. For those not downsizing, when it was time to expand, BTS construction was the preferred method of expansion.

Dakota Supply had the largest lease transaction, occupying 135,447 sq. ft., followed by MVP Logistics with 108,988 sq. ft. and V-Star Entertainment Group rounding out the top three with 104,818 sq. ft.

Figure 2: Top Lease Transactions

Tenant	Size (Sq. Ft.)	Address	Transaction Type
Dakota Supply	135,447	845 Berkshire Ln.	Renewal/Expansion
MVP Logistics	108,988	14600 N 21 st . Ave	Renewal
V-Star Entertainment Group	104,818	44 E Northern Stacks Dr.	New
Ceva Freight, LLC.	103,407	3169 Dodd Rd.	Relocation
Cojo	88,000	201 Armour Ave.	Renewal

Source: CBRE Research, Q1 2017

CONSTRUCTION

Q1 2017 was a big quarter for construction completions. With ten projects wrapping up, 1,353,231 sq. ft. were added to the market with 89.9% pre-leased upon completion. Many of the projects that finished were BTS, which accounted for the high percentage of pre-leased space.

The largest construction completion in the market was a 192,000 sq. ft. BTS in the bustling town of Hopkins, within the Southwest submarket. Japs-Olson Company was the sole tenant of this project.

The next largest completion also happens to be the largest spec project of the ten finished buildings, at 189,000 sq. ft. Upon completion, the Midway Stadium Business Center was 28% leased. Other Spec completions include Northern Stacks II and Chanhassen West Business Center III.

Ten projects are currently under construction in the market, with half BTS and the other half spec. When all is complete, another 1,368,016 sq. ft. of industrial space will be added with approximately 40% uncommitted and available.

SINGLE PROPERTY SALES DOMINATE Q1

Q1 2017 sales activity consisted of all single tenant transactions totaling \$69 million in total volume. The largest was Lake Point Distribution Center in Plymouth at 15300 25th Ave., which sold for \$83 per sq. ft. between United Properties and private capital source.

Southeast Corporate Center, 2250 Pilot Knob Road in Mendota Heights, was the second largest sale in terms of price. The 58,333-sq.-ft. building sold for \$126 per sq.-ft. to Spectrum Development Group by Alidade Capital.

Of the 14 sales during Q1 2017, half were purchased for occupancy by owner/users. As a comparison, Q1 2016 saw only one third of purchased by users.

INVESTMENT EXPECTATIONS

CBRE expects 2017 industrial sale velocity to increase in Q3 and Q4 with several offerings currently in the market or under contract. Pricing on core industrial offering will continue to be competitive and achieve record high pricing through the first three quarters of 2017.

Figure 3: Southeast Corporate Center



Source: CBRE Research, Q1 2017.

Figure 4: Top Investment Sale Transactions

Property	Buyer	Sale Price (\$) / Size (Sq. Ft.)	City	Transaction Type
Lake Point Distribution Center	Haleakala Ranch Co	8,185,500 / 97,446	Plymouth	Property
Southeast Corporate Center	Spectrum Dev Group	7,350,000 / 58,333	Eagan	Property
2500 County Road C West	Stan Koch & Sons Trucking Inc.	7,020,000 / 60,000	Roseville	Property
20240 South Diamond Lake Rd	Commercial Partners Exchange	7,000,000 / 154,821	Rogers	Property
8650 109 th Ave North	Crown Equipment Inc.	5,350,000 / 82,307	Champlin	Property

Source: CBRE Research, Q1 2017.

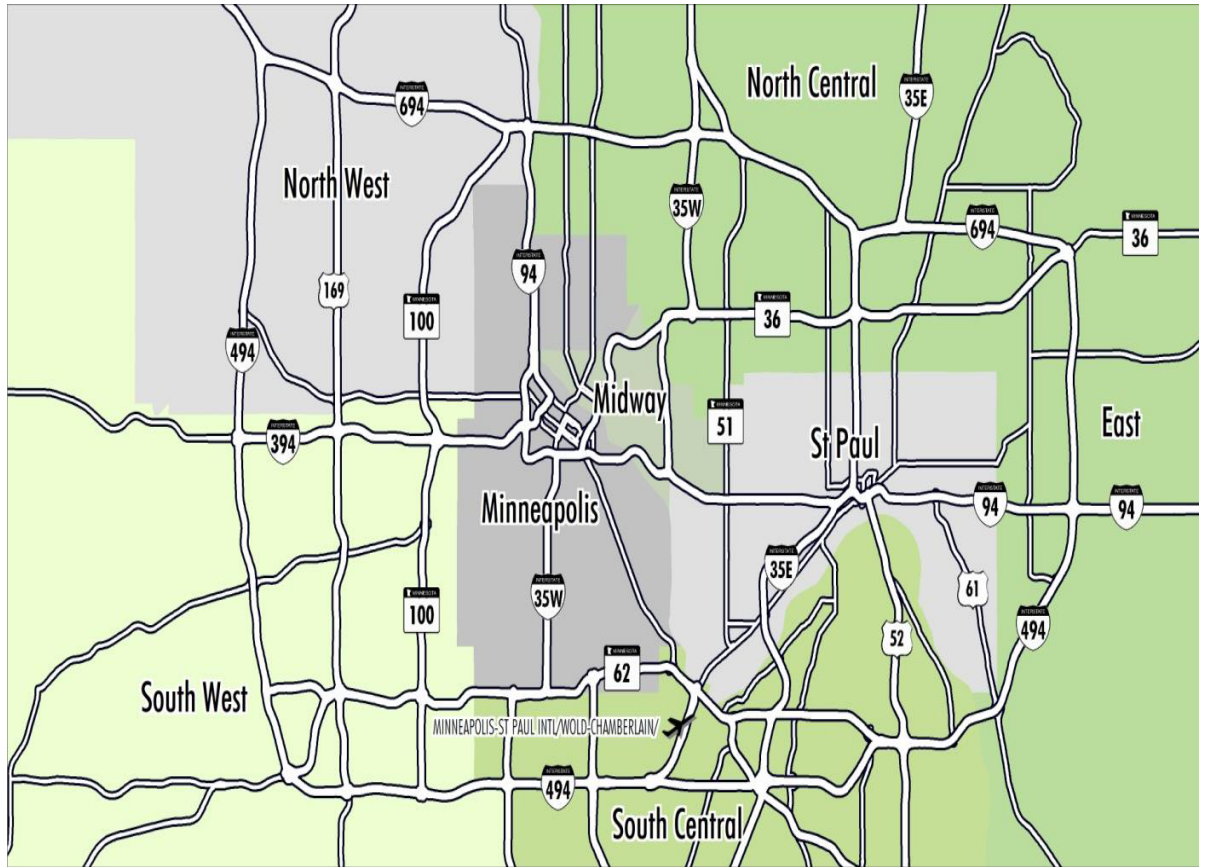
Figure 5: Minneapolis/St. Paul Industrial Market Statistics

Submarket	Rentable Area (Sq. Ft.)	Total Vacancy Rate (%)	Y-o-Y Vacancy Trend	Average Net Asking Rate (\$/Sq. Ft./Yr)	Q4 Net Absorption (Sq. Ft.)	Y-o-Y Net Absorption Trend	YTD Net Absorption (Sq. Ft.)	Under Construction Spec (Sq. Ft.)	Under Construction BTS (Sq. Ft.)
Metro Overall	333,156,356	4.7	↓	5.85	458,276	↓	458,276	415,200	952,816
Bulk Warehouse	70,624,965	5.5	↓	4.62	(233,852)	↑	(233,852)	142,000	402,000
Office Warehouse	144,312,347	4.5	↓	5.64	378,025	↑	378,025	273,200	467,816
Office Showroom	36,776,391	8.5	↓	7.64**	(24,045)	↓	(24,045)	-	-
Northwest	67,708,868	8.1	↑	5.54	(261,041)	↓	(261,041)	142,000	96,000
Bulk Warehouse	17,884,165	12.4	↑	4.71	(200,823)	↓	(200,823)	142,000	-
Office Warehouse	31,685,714	5.6	↓	5.13	304,057	↑	304,057	-	96,000
Office Showroom	7,880,331	11.4	↓	7.53**	(29,696)	↓	(29,696)	-	-
Southwest	72,028,053	4.4	↓	6.25	731,109	↑	731,109	-	-
Bulk Warehouse	14,848,374	4.4	↓	5.97	(73,045)	↓	(73,045)	-	-
Office Warehouse	31,994,142	4.1	↓	5.15	68,405	↓	68,405	-	-
Office Showroom	12,814,707	8.2	↓	8.17**	14,740	↑	14,740	-	-
South Central	52,442,202	3.1	↓	5.62	57,484	↑	57,484	140,000	206,000
Bulk Warehouse	12,113,801	1.2	↓	4.87	111,489	↑	111,489	-	-
Office Warehouse	24,210,105	3.5	↓	4.92	(24,600)	↑	(24,600)	140,000	206,000
Office Showroom	7,148,740	7.6	↓	7.63**	(7,404)	↓	(7,404)	-	-
St. Paul	15,751,362	2.2	↓	5.99	-	↑	-	-	-
Bulk Warehouse	2,850,253	2.7	↓	3.75	-	→	-	-	-
Office Warehouse	6,067,398	3.0	↓	8.25	-	↑	-	-	-
Office Showroom	1,303,721	6.6	→	8.12**	-	→	-	-	-
Minneapolis	27,845,438	2.7	↓	5.74	68,000	↑	68,000	-	-
Bulk Warehouse	2,221,360	6.0	↑	3.87	-	→	-	-	-
Office Warehouse	11,021,281	3.8	↓	7.80	68,000	↑	68,000	-	-
Office Showroom	182,266	5.5	↓	-	-	→	-	-	-
North Central	49,885,447	4.1	↓	5.98	20,000	↓	20,000	133,200	650,816
Bulk Warehouse	10,889,171	1.0	↓	3.87	135,000	↑	135,000	-	402,000
Office Warehouse	23,671,693	5.5	↓	4.90	(154,458)	↓	(154,458)	133,200	248,816
Office Showroom	5,210,370	7.6	↓	7.76**	(1,685)	↓	(1,685)	-	-
East	15,030,875	1.9	↓	5.56	125,000	↑	125,000	-	-
Bulk Warehouse	2,470,518	0.2	↓	4.50	-	→	-	-	-
Office Warehouse	5,614,857	2.0	↓	4.71	-	→	-	-	-
Office Showroom	1,500,977	5.9	↓	8.51**	-	→	-	-	-
Midway	32,464,111	5.8	↓	6.15	(269,852)	↓	(269,852)	-	-
Bulk Warehouse	7,347,323	7.1	↑	4.59	(206,473)	↓	(206,473)	-	-
Office Warehouse	10,077,157	5.8	↓	4.25	116,621	↑	116,621	-	-
Office Showroom	735,279	5.7	↓	7.25**	-	↓	-	-	-

Source: CBRE Research, Q1 2017.

* Single Tenant & Multi Tenant. ** Represents a blended rate of 50% office and 50% warehouse. Total Vacancy Rate May Not Add Up Due To Rounding.

Figure 6: Minneapolis/St. Paul Industrial Submarket Map



CONTACTS

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 +1 952 924 4627
 Tim.Tysk@cbre.com

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 Minneapolis, MN 55402

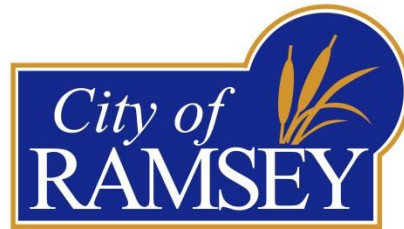
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June 2017 Market Snapshot

Presented to:

The City of Ramsey, MN



Presented by:
Brian Pankratz
Vice President
952 924 4665

CBRE

Markets Overview

CBRE 1st Quarter 2017 Numbers

- **Office**
 - Vacancy Rate 16.7%
 - Net Asking Rate \$14.45 PSF
 - Net Absorption -60,542 SF
 - Under Construction 205.852 SF

- **Industrial**
 - Vacancy Rate 4.7%
 - Lease Rate \$5.85 PSF
 - Net Absorption 458,276 SF
 - Under Construction 1.3 million SF

- **Retail**
 - Vacancy Rate 8.1%
 - Net Asking Rate \$16.75
 - Net Absorption -380,765 SF
 - Under Construction 679,893 SF

Market Feedback

1. Armstrong Interchange Traffic Increasing

2. Residential Market

1. Seeing demand for attached and entry level single family homes
2. Proposed Capstone and Paxmar Proposals are important to offering housing and builder variety
3. DR Horton townhome project
4. AEON moving forward
5. PSD 1st Phase lease up and 2nd phase planned

3. Ramsey Retail Location

1. Located between two large retail nodes of Coon Rapids & Elk River
2. Not directly on Highway 10
3. Additional residential development helps attract retailers
4. Restrictive covenants no longer in force

4. Industrial and Office Market

1. New proposed PSD and Sharp industrial projects are a good sign
2. Medical Office interest

Marketing Overview

- Marketing Overview
 - Monthly Email Blasts on each property
 - Listings on CBRE.com, Loopnet, MNCAR
 - Marketing Brochure Updates
 - Property Signs
 - Tracking New Developments and Market Information
 - Discuss Ramsey with developers, brokers, users
 - Constant conversation with City Staff on inquiries/prospects
- Over 1000 Inquiries
 - Reached out to brokers for top 20 quick service restaurants
 - Reached out to top 20 hard goods retailers brokers
 - Reached out to top 5 gas/c-store operators
 - Discussed Ramsey with top medical office brokers on existing users and potential demand
- Closed deals for single family, apartments, retail
- Under Purchase Agreements/Pending Purchase Agreements -
 - AEON-Multifamily
 - Coastal Living-Detached townhomes-Closed
 - Municipal Site 2nd Takedown
 - Daycare user

Marketing Suggestions and Next Steps

- Press Release at every closing-One going out for Parcel 53
- Create sign plan for large monument signs on Highway 10 that will allow retailers the visibility to the large traffic counts on Highway 10. Most retailers would participate in the cost of the signage and maintenance
- Refine COR Vision for flexible zoning, FAR, density, setbacks, parking
- Continue to actively prospect retail , industrial, residential, and office developers/users showing the attributes of being located in the City of Ramsey
- Take advantage of current market conditions
- Continue discussions with YMCA or other community center type organization

Meeting Date: 06/13/2017

Information

Title:

Review 2016 Comprehensive Annual Financial Report (CAFR), Management Report and Special Purpose Audit Reports

Purpose/Background:

The City's 2016 annual report has been completed. Aaron Nielsen from the auditing firm of MMKR will be present to review the 2016 Comprehensive Annual Financial Report (CAFR), Management Report that provides auditors comments on audit process and the Special Purpose Audit Reports that reports on internal controls and legal compliance.

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

The receipt of the 2016 CAFR and the request for submittal of the CAFR to the Governmental Finance Officers Association for the Certificate of Achievement in Financial Reporting has been placed on the Consent Agenda of tonight's meeting.

Timeframe:

30 minutes

Funding Source:

Auditing services are funded under the Finance Department's budget.

Responsible Party(ies):

Finance Director

Outcome:

Presentation of the CAFR, Management Report, and Special Purpose Audit Reports by the City's Auditing Firm - MMKR.

Attachments

2016 Comprehensive Annual Financial Report (CAFR)

2016 Audit Management Report

2016 Audit Special Purpose Report

Form Review

Inbox

Kurt Ulrich

Form Started By: Diana Lund

Final Approval Date: 06/08/2017

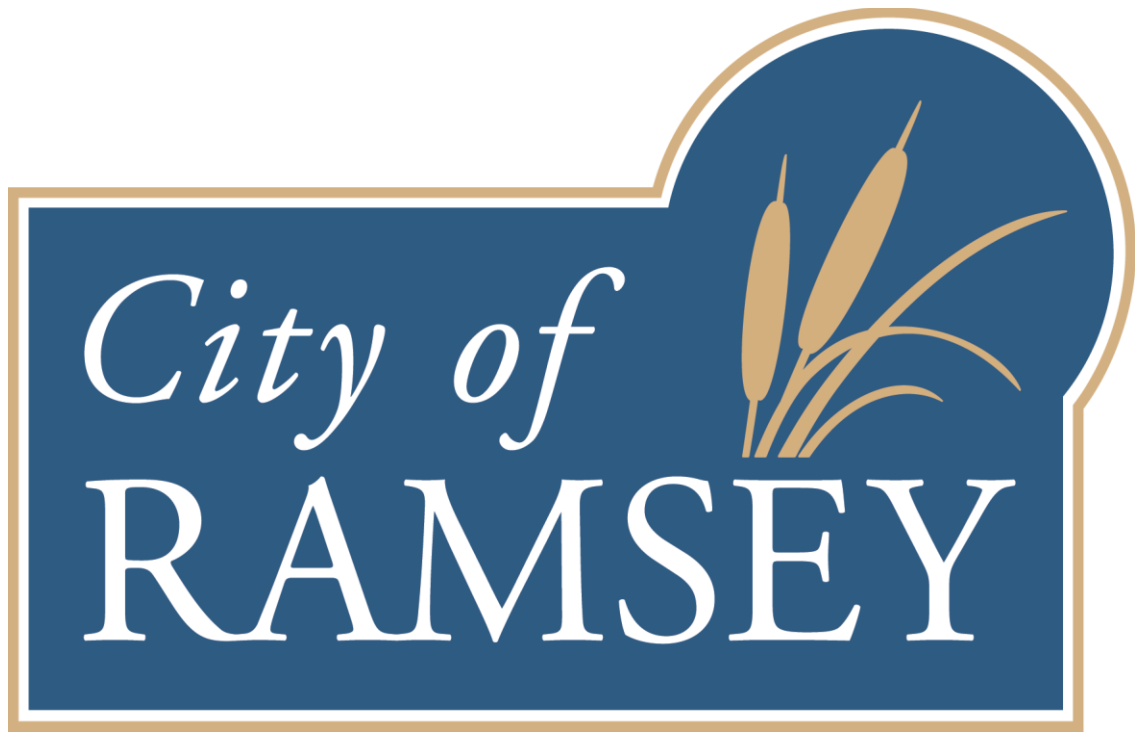
Reviewed By

Kurt Ulrich

Date

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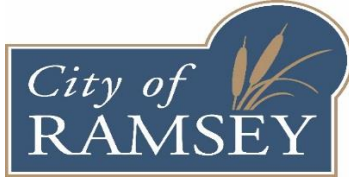
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Minnesota

*Comprehensive
Annual Financial Report*

For the fiscal year December 31, 2016



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CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

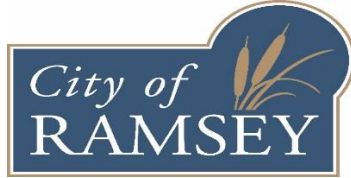
Comprehensive Annual Financial Report
For Year Ended
December 31, 2016

Prepared by
Finance Department

Diana Lund
Finance Director

and

Angela McIntire
Assistant Finance Director



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CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

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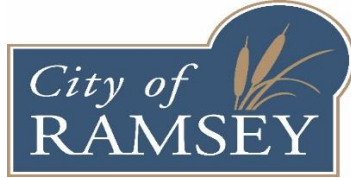
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CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

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INTRODUCTORY SECTION



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CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

City Council and Other Officials
Year Ended December 31, 2016

CITY COUNCIL

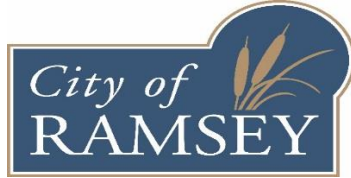
Sarah Strommen	Mayor
Jill Johns	Councilmember
Mark Kuzma	Councilmember
John LeTourneau	Councilmember
Chris Riley	Councilmember
Melody Shryock	Councilmember
Kristine Williams	Councilmember

CITY OFFICIALS

Kurt Ulrich	City Administrator
-------------	--------------------

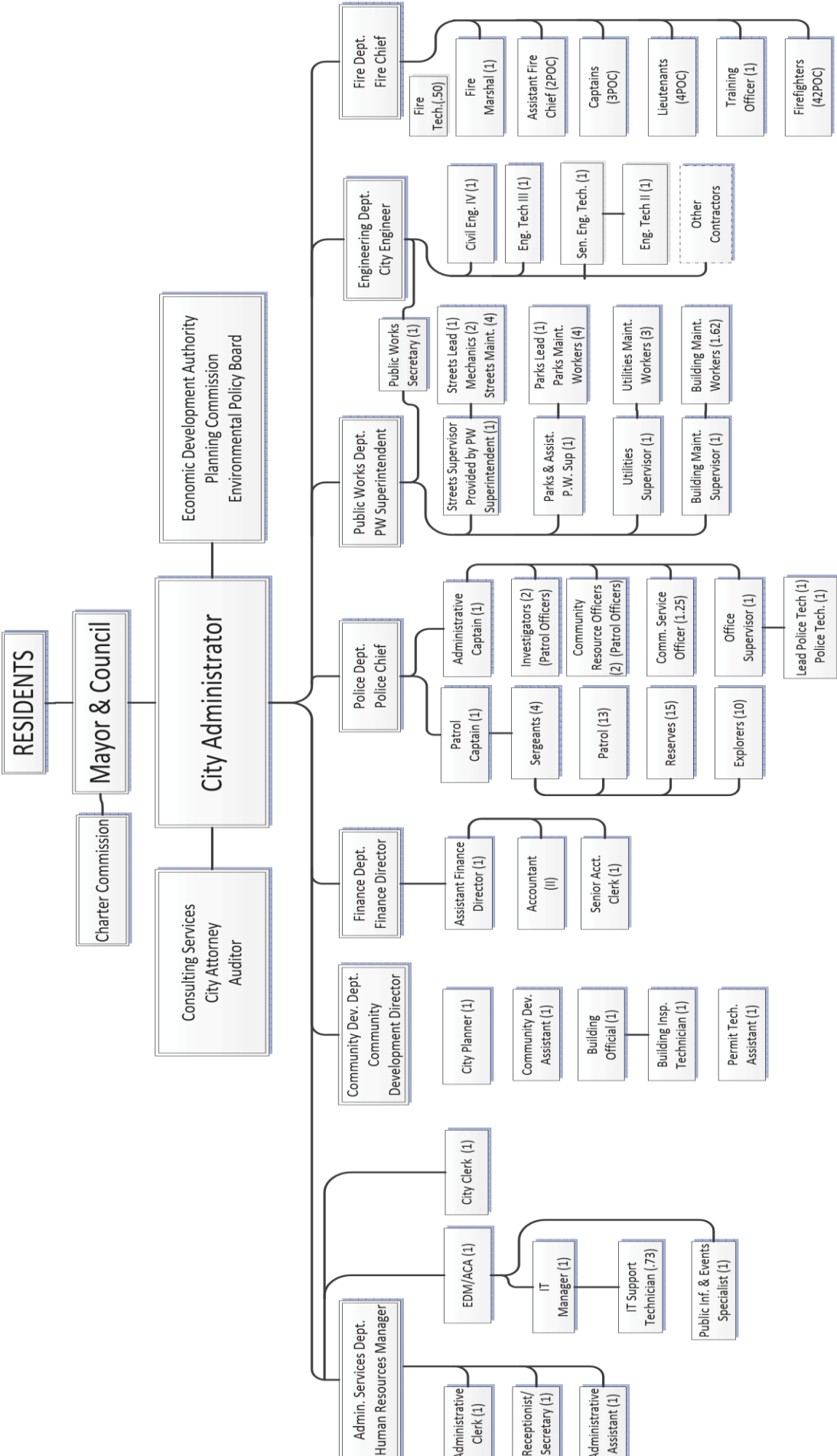
DEPARTMENT HEADS

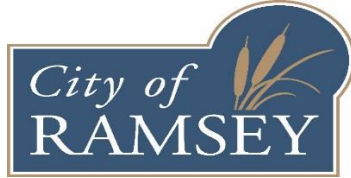
Timothy Gladhill	Community Development Director
Matthew Kohner	Fire Chief
Jeff Katers	Police Chief
Diana Lund	Finance Director
Grant Riemer	Public Works Superintendent
Bruce Westby	City Engineer



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City of Ramsey Organizational Chart





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Goals/Imperatives

Financial Stability

Ensure strategic economic development that complements the City's desired quality of life and builds a stable tax base, all while maintaining a low tax levy

A Connected Community

Ensure that the city is a connected city that is part of a comprehensive regional transportation system that enables all to easily navigate the community and attracts business development

Smart, Citizen-Focused Government

Continue the delivery of quality services to ensure the city will have safe and thriving neighborhoods and business districts, and a clean environment

An Effective Organization

Maintain a highly functional staff, citizen volunteers, and elected officials and governance structure that meets the ever-changing, increasing needs of the organization

Measures for Success

In order to achieve its mission, the City must be accountable. The City defined what success will look like:

The City will look at a "Balanced Scorecard" of financial, internal, external and stakeholder metrics in order to measure success

The City will regularly measure and assess stakeholder satisfaction

The City leadership and staff will hold themselves accountable for results

The City will regularly report back to stakeholders about progress toward results

Core Values

Ethics and Integrity

Fiscal Responsibility

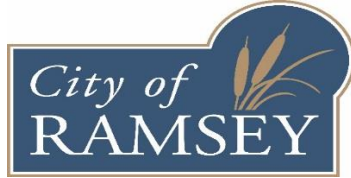
Cooperation and Teamwork

Open and Honest
Communications

Excellence and Quality in
the Delivery of Service

Treating People with Respect
and Fairness

Adaptability and Continuous
Learning



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May 31, 2017

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, 2016 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 unmodified 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) this organization is included as a blended component unit 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 and the EDA 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 3.7% in comparison to the state average of 4.1%. Ramsey has an employed labor force of 14,913. Anoka County, in which Ramsey is located, has an employed labor force of 189,975 and an unemployment rate of 3.9%.

There are approximately 6,692 detached single-family homes and 2,204 multifamily units located within the City. In addition, there were 67 single-family homes and 19 multifamily homes constructed in 2016.

The City has two major industrial districts containing multiple business 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.

LONG-TERM FINANCIAL PLANNING

The City of Ramsey prepares a ten-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.

MAJOR INITIATIVES

In 2016, the city (working with Anoka County, the project coordinator), saw the full completion of the Highway 10/Armstrong Boulevard interchange project which included the construction of a grade-separated interchange for Armstrong Boulevard at Highway 10 and the BNSF rail lines. This project is a major step forward in improving emergency response times and traffic operations on Highway 10.

The city continues to address the maintenance and condition of its local roads using the assessment process that was put in place in 2015. In 2016, a significant road reconstruction project was completed on Andrie Street and 164th Lane.

Ramsey is home to hundreds of successful and growing businesses. The city welcomed seven new businesses in 2016 and five current businesses expanded their sites. One of these expansions was a 100,000 square foot expansion by long-time Ramsey business, Anderson Dahlen – one of the largest expansions in Ramsey history. In looking towards the future, the City Council and Economic Development Authority have initiated planning and consideration of a new business park encompassing 131 acres north of Highway 10 and west of Armstrong Boulevard.

In March 2016, the city opened the new Fire Station #2 building, a multi-disciplinary facility that improves emergency response to eastern and northern Ramsey.

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, 2015. This was the twenty-second 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 2016 CAFR of the City meets the highest professional standards and was prepared in a timely and cost-effective manner. This could never have been accomplished without the excellent work of the entire Finance Department. We would like to express our appreciation to the Finance Department and all members of the City's staff who contributed to its preparation.

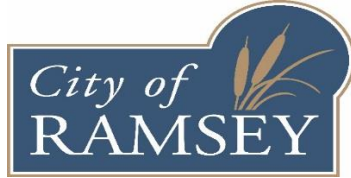
Respectfully submitted,



Kurt Ulrich
City Administrator



Diana Lund
Finance Director



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Government Finance Officers Association

**Certificate of
Achievement for
Excellence in
Financial
Reporting**

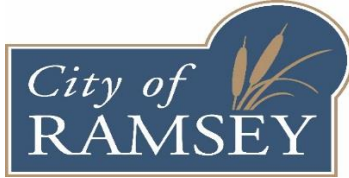
Presented to

**City of Ramsey
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

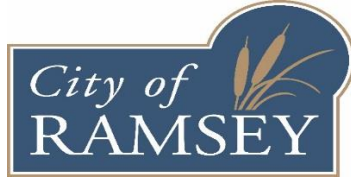
December 31, 2015

Executive Director/CEO



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FINANCIAL SECTION



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PRINCIPALS

Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA

INDEPENDENT AUDITOR'S REPORT

To the City Council and Management
City of Ramsey, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

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

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

(continued)

OPINIONS

In our opinion, the financial statements referred to on the previous page 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

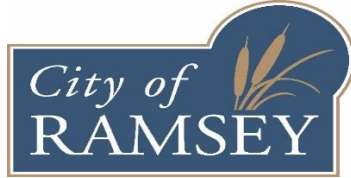
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OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2017, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
June 5, 2017



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CITY OF RAMSEY

Management's Discussion and Analysis Year Ended December 31, 2016

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, 2016.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at December 31, 2016 by \$162,240,236 (net position). The City's total net position increased by \$3,063,947 during the year ended December 31, 2016, excluding the prior period adjustment reported in the current year as discussed below.
- The City reported a prior period adjustment in the current year. The adjustment was to include previously unreported capital contributions from private developers related to streets, water, sewer and storm water improvements. This change increased beginning net position in the government-wide financial statements by \$2,689,667.
- Government-wide revenues totaled \$24,321,823 and were \$3,063,947 more than expenses.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$40,181,259, an increase of \$1,443,884 from the prior fiscal year.

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 Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows, as applicable, (excluding Fiduciary Funds), with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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 and the Economic Development 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, the financial section also presents required supplementary information, and the combining and individual fund statements and schedules (presented as supplementary information) referred to earlier in connection with nonmajor governmental funds, which are presented immediately following the basic financial statements.

Further, a statistical section has been included as part of the comprehensive annual financial report (CAFR) to facilitate additional analysis, and is the third and final section of the report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$162,240,236 at the close of December 2016.

By far, the largest portion of the City's net position (58 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, 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.

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

	Net Position					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Assets						
Current and other assets	\$ 42,387,777	\$ 41,435,416	\$ 36,502,299	\$ 34,682,382	\$ 78,890,076	\$ 76,117,798
Capital assets, net of depreciation	67,880,710	66,751,689	51,959,594	49,340,145	119,840,304	116,091,834
Total assets	\$ 110,268,487	\$ 108,187,105	\$ 88,461,893	\$ 84,022,527	\$ 198,730,380	\$ 192,209,632
Deferred outflows of resources						
Pension plan deferments	\$ 7,553,638	\$ 949,100	\$ 267,548	\$ 57,996	\$ 7,821,186	\$ 1,007,096
Liabilities						
Current and other liabilities	\$ 811,993	\$ 1,457,170	\$ 120,669	\$ 98,503	\$ 932,662	\$ 1,555,673
Long-term liabilities	41,407,533	34,206,246	639,331	408,072	42,046,864	34,614,318
Total liabilities	\$ 42,219,526	\$ 35,663,416	\$ 760,000	\$ 506,575	\$ 42,979,526	\$ 36,169,991
Deferred inflows of resources						
Pension plan deferments	\$ 1,275,498	\$ 532,988	\$ 56,306	\$ 27,127	\$ 1,331,804	\$ 560,115
Net position						
Net investment in capital assets	\$ 42,170,710	\$ 41,216,689	\$ 51,959,594	\$ 49,340,145	\$ 94,130,304	\$ 90,556,834
Restricted	18,323,930	18,430,141	-	-	18,323,930	18,430,141
Unrestricted	13,832,461	13,292,971	35,953,541	34,206,676	49,786,002	47,499,647
Total net position	\$ 74,327,101	\$ 72,939,801	\$ 87,913,135	\$ 83,546,821	\$ 162,240,236	\$ 156,486,622

Total net position increased by \$5,753,614 which reflects an increase of \$3,063,947 from current year operating results, while the prior period adjustment mentioned earlier increased net position by \$2,689,667.

The City's financial position is the product of many factors. For example, the determination of the City's net investment in capital assets 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 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 July 2016. This has also allowed the City to continue to provide quality public services at a tax rate that is affordable.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

Increases in the City's proportionate share of state-wide pension obligations contributed to the changes in amounts presented as deferred outflows, noncurrent liabilities, and deferred inflows in the previous table.

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

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues						
Charges for services	\$ 1,901,596	\$ 2,640,202	\$ 4,950,585	\$ 4,706,138	\$ 6,852,181	\$ 7,346,340
Operating grants and contributions	508,694	9,999,527	67,100	39,423	575,794	10,038,950
Capital grants and contributions	3,809,965	3,124,565	1,799,057	1,185,135	5,609,022	4,309,700
General revenues						
Property taxes	10,674,696	10,064,621	-	-	10,674,696	10,064,621
General grants and contributions	3,905	4,204	-	-	3,905	4,204
Investment earnings	280,597	422,405	325,628	385,490	606,225	807,895
Gain on sale of capital assets	-	8,914	-	-	-	8,914
Total revenues	17,179,453	26,264,438	7,142,370	6,316,186	24,321,823	32,580,624
Expenses						
General government	4,528,920	4,075,505	-	-	4,528,920	4,075,505
Public safety	5,875,567	4,349,763	-	-	5,875,567	4,349,763
Highways and streets	3,826,143	3,197,571	-	-	3,826,143	3,197,571
Culture and recreation	1,931,537	1,867,274	-	-	1,931,537	1,867,274
Interest and fiscal charges	890,305	983,379	-	-	890,305	983,379
Water utility	-	-	1,489,070	1,278,204	1,489,070	1,278,204
Sewer utility	-	-	1,438,141	1,291,509	1,438,141	1,291,509
Street light utility	-	-	176,732	178,666	176,732	178,666
Recycling utility	-	-	359,418	320,901	359,418	320,901
Storm water utility	-	-	742,043	557,267	742,043	557,267
Total expenses	17,052,472	14,473,492	4,205,404	3,626,547	21,257,876	18,100,039
Changes in net position before transfers	126,981	11,790,946	2,936,966	2,689,639	3,063,947	14,480,585
Transfers	214,445	124,000	(214,445)	(124,000)	-	-
Changes in net position	341,426	11,914,946	2,722,521	2,565,639	3,063,947	14,480,585
Net position - beginning, as previously reported	72,939,801	61,024,855	83,546,821	80,981,182	156,486,622	142,006,037
Prior period adjustment	1,045,874	-	1,643,793	-	2,689,667	-
Net position - beginning, restated	73,985,675	61,024,855	85,190,614	80,981,182	159,176,289	142,006,037
Net position - ending	\$ 74,327,101	\$ 72,939,801	\$ 87,913,135	\$ 83,546,821	\$ 162,240,236	\$ 156,486,622

Governmental Activities – Governmental activities account for \$341,426 of the increase in the City's net position net of the prior period adjustment as previously noted. The public safety function experienced a \$1,525,804 increase or 35% due to an increase in the reporting of pension expense related to the Public Employees Police and Fire Fund (PEPFF). Highways and streets increased \$628,572 due to the related non-capitalized street improvements to Jarvis Street.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

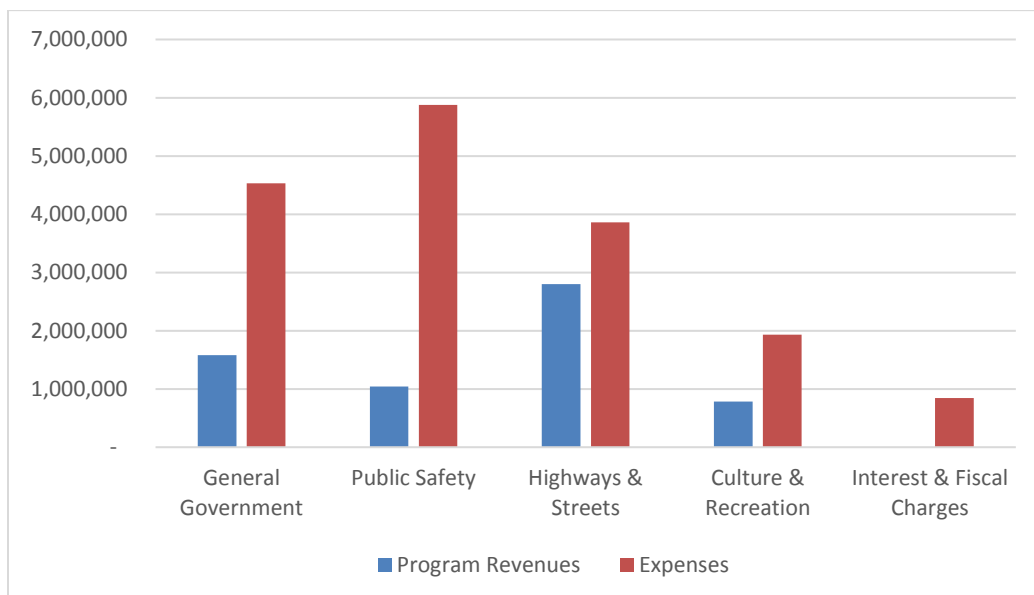
Investment earnings decreased \$141,808. The city is required per the Governmental Accounting Standards Board to reflect all investments at market value as of December 31st of the current year. The city reflects any changes in market value against interest earnings. The continuation of low interest rates has resulted in the decrease in earnings. Operating grants and contributions saw a large decrease of \$9,490,833 which was attributed to the Residence at the COR apartment building in 2015. Charges for services decreased by \$738,606 resulting from decreased building and development activity and the permit/development fees that it generated.

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 position by \$2,722,521 net of the prior period adjustment as previously reported. Key elements of this increase are as follows.

- Revenues exceeded expenses before transfers by \$2,936,966, increasing \$247,327 from the prior year.
- Capital grants and contributions increased \$613,922 from the prior year. This is primarily due to capital contributions from developers for water, sewer, and storm water utility improvements.
- Investment earnings decreased \$59,862. The city is required per the Governmental Accounting Standards Board to reflect all investments at market value as of December 31st of the current year. The city reflects any changes in market value against interest earnings. The continuation of low interest rates has resulted in the decrease in earnings.

Governmental Activities – The following graph illustrates the City’s governmental activities:

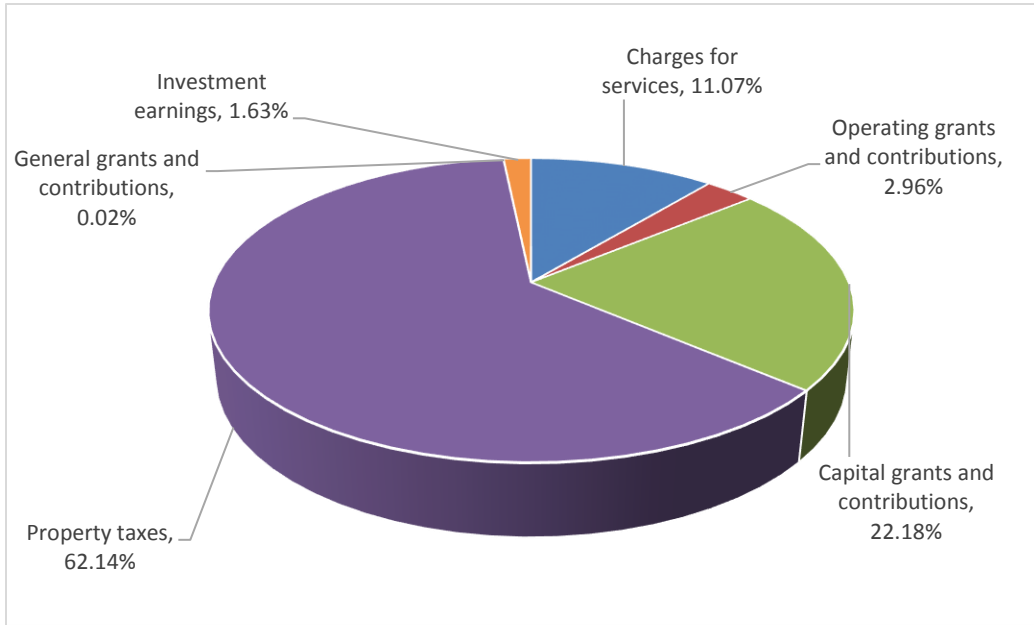
Expenses and Program Revenues – Governmental Activities



The graph clearly reflects the need for property taxes to supplement the governmental activities of the City. The trend of property taxes shows an increasing reliance on this source of revenue.

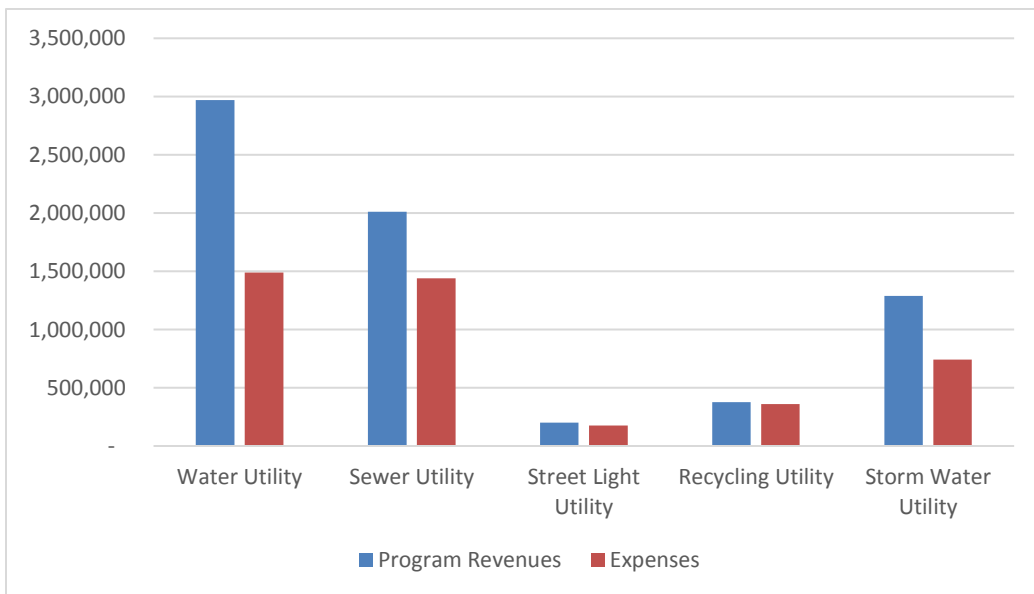
Governmental Activities – The following chart illustrates the City’s governmental activities:

Revenue by Source – Governmental Activities



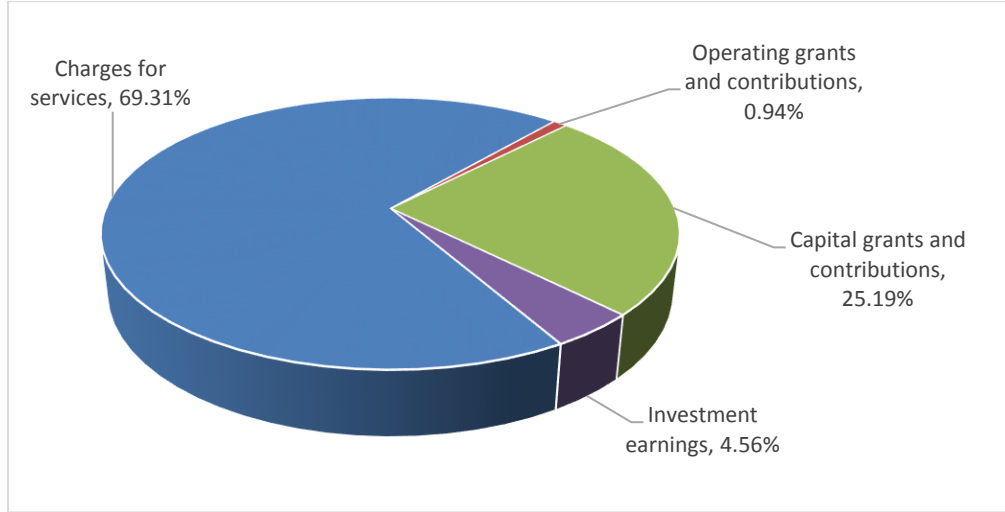
Business-Type Activities – The following graph illustrate the City’s business-type activities:

Expenses and Program Revenues – Business-Type Activities



Business-Type Activities – The following graph illustrate the City’s 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. Charges for services are the main source of revenue (69.31%) for all Utility Funds.

Governmental Funds – At the end of the fiscal year, the City’s Governmental Funds reported combined ending fund balances of \$40,181,259, an increase of \$1,443,884 in comparison with the prior year. The largest fund balance increase of \$348,545 was in the Road Reconstruction/Overlay fund which is mostly attributed to revenues and other sources exceeding expenditures to be used towards future road reconstruction/overlay projects.

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	\$ 10,032,871	\$ 10,032,871	\$ 10,110,798	\$ 77,927	0.78%
Expenditures	10,925,127	10,925,127	10,446,084	(479,043)	-4.38%
Excess (deficiency) of revenue over expenditures	(892,256)	(892,256)	(335,286)	556,970	
Other financing sources (uses)	892,256	892,256	579,634	(312,622)	
Net change in fund balances	\$ –	\$ –	244,348	\$ 244,348	
Fund balances					
Beginning of year			7,273,045		
End of year			\$ 7,517,393		

The fund balance of the General Fund increased \$244,348. General Fund revenues came in \$77,927 higher than budgeted or 0.78 percent, of budget. General Fund expenditures were \$479,043 less than budgeted. The variance was mostly attributed to personnel expenditure savings from retirements and a mild winter resulting in greatly reduced costs in salt and plowing related costs such as gas and diesel.

Tax Increment Fund – This Special Revenue Fund had a year-end fund balance of \$4,997,213 which reflects a \$173,820 increase from 2015. The increase was due to additional property tax increments received for the current year.

COR Land Fund – This Special Revenue Fund had a year-end fund balance of \$8,537,701. The decrease of \$229,538 is attributed to a transfer of funds for costs associated with marketing and developing The COR. Expenses related to The COR, and eligible tax increment financing activities, are now reported under the City's Tax Increment Fund.

2012A G.O. Improvement Bond Refund Fund – This Debt Service Fund had a year-end fund balance of \$729,521 with current year tax levies and investment earnings exceeding debt service expenditures.

Public Improvement Revolving Fund – This Capital Project Fund saw an overall increase in fund balance of \$218,579 which was attributed to the excess revenue transfer per the City's fund balance policy.

Landfill Fund – This Capital Project Fund showed an overall increase in fund balance of \$19,670, which is attributable to annual interest earnings. This fund was originally established to account for certain landfill-related revenue and the expenditures the City may incur in relation to the landfill. The landfill is now closed and per state statute, funds may be used for expenditures related to improvements that provide a benefit to the entire city.

Equipment Revolving Fund – This Capital Project Fund reported a year-end fund balance of \$1,945,183 which represented a \$9,812 increase in fund balance from 2015.

Road Reconstruction/Overlay Fund – This capital project fund increased overall fund balance \$348,545. The increase is attributable to funds received from bond proceeds and other sources to be used for the reconstruction and overlay projects as outlined in the City's Long-Term Street Maintenance Plan.

Public Facilities Construction Fund – This Capital Project Fund had a year-end fund balance of \$986,170, or an increase of \$37,172 which was mostly attributed to the excess revenue transfer per the City's fund balance policy.

Fire Station #2 Fund – This Capital Project Fund was created to fund the construction of the City's second fire station which was completed in 2016. The fund balance at year end 2016 was \$200,355.

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 position balance of \$87,913,135 at December 31, 2016. The City's Internal Service Fund had an ending net position of \$494,463. 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 net position reflects 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, 2016 are as follows:

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 6,848,022	\$ 6,772,024	\$ 868,513	\$ 868,513	\$ 7,716,535	\$ 7,640,537
Construction in progress	2,369,983	7,429,397	597,780	1,199,547	2,967,763	8,628,944
Buildings and structures	30,685,842	26,636,674	6,058,847	6,058,847	36,744,689	32,695,521
Improvements other than buildings	11,385,776	11,385,776	14,412,553	13,214,332	25,798,329	24,600,108
Office equipment	657,196	657,196	-	-	657,196	657,196
Motor vehicles	3,832,880	3,879,691	-	-	3,832,880	3,879,691
Machinery and equipment	6,336,603	6,146,967	834,318	639,505	7,170,921	6,786,472
Infrastructure	33,733,257	28,922,328	-	-	33,733,257	28,922,328
Water and sewer lines	-	-	48,637,880	45,346,485	48,637,880	45,346,485
	95,849,559	91,830,053	71,409,891	67,327,229	167,259,450	159,157,282
Less accumulated depreciation	27,968,849	25,078,364	19,450,297	17,987,084	47,419,146	43,065,448
Total capital assets, net of depreciation	\$ 67,880,710	\$ 66,751,689	\$ 51,959,594	\$ 49,340,145	\$ 119,840,304	\$ 116,091,834
Depreciation expense	\$ 3,181,236	\$ 2,875,485	\$ 1,463,213	\$ 1,359,825	\$ 4,644,449	\$ 4,235,310

The City’s investment in capital assets for its governmental and business-type activities as of December 31, 2016 amounts to approximately \$120 million (net of accumulated depreciation).

The governmental activities show an increase of \$1,129,021 in capital assets attributable to an increase in capitalized projects. Business-type activities show an increase of \$2,619,449 in capital assets. The increase is attributable to developer contributions to the City’s utility system as part of their private developments. The prior period adjustment mentioned earlier also increased capital assets for governmental and business-type activities. 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, major debt service fund balance was \$729,521 and non-major debt service fund balance was \$1,083,053 for a total of \$1,812,574 in fund balance restricted for debt service.

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

	2016	2015
Governmental Activities		
Bonds	\$ 27,120,000	\$ 27,060,000
Capital equipment certificates	1,165,000	1,310,000
Compensated absences	774,743	777,297
Net Pension Liability	11,832,779	4,599,377
Other Post-Employment Benefits (OPEB)	515,011	459,572
Subtotal	41,407,533	34,206,246
Business-type Activities		
Net Pension Liability	639,331	408,072
Total	\$ 42,046,864	\$ 34,614,318

During the current fiscal year, the City saw a decrease of \$85,000 in bonds and certificates. The City had one debt issuance during the current year. The Series 2016A, were \$1,650,000 General Obligation Street Reconstruction Bonds used to finance the road reconstruction of Andrie Street and 164th Lane. Even though new personnel was added in 2016, the compensated absence liability decreased slightly by \$2,554 due to the retirement of a few long-term employees. Net pension liability saw a significant increase of \$7,464,661 to reflect the change in the City’s proportionate share of the state-wide PERA pension plan obligation. Other Post-Employment Benefits (OPEB) increased \$55,439 due to the annual OPEB costs exceeding contributions 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 legal debt margin for the City is \$44,032,776.

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 3.7%, which is a decrease from a rate of 3.8% a year ago. The state of Minnesota shows an average unemployment rate of 4.1%, whereas, nationally the unemployment rate is 4.5%.
- The number of foreclosures in the City of Ramsey decreased from 27 units in 2015 to 21 in 2016. In comparison, the State of Minnesota saw a decrease in foreclosures from 7,212 in 2015 to 5,306 in 2016.
- 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 access to the Ramsey Station for the Minnesota Northstar commuter rail, the construction of the Armstrong interchange and continued development within The COR.

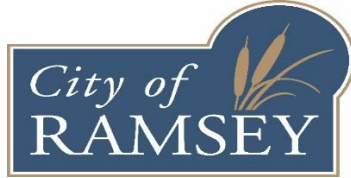
All of these factors were considered in preparing the City of Ramsey's budget for the 2017 fiscal year.

The water, sewer and storm water utility rates were increased for the 2017 budget year. The water utility, which has a tiered rate structure, will increase by an average of 2% for all customers. Sewer utility rates will increase by 5% and storm water utilities will increase an average of 10%. The increased rates are to not only offset current maintenance costs and depreciation, but to help finance future utility improvements that are documented in the City's ten-year Capital Improvement Plan.

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.

BASIC FINANCIAL STATEMENTS



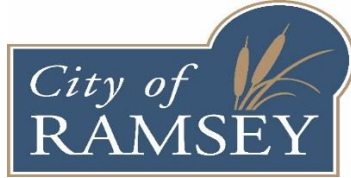
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CITY OF RAMSEY

Statement of Net Position
December 31, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and temporary investments	\$ 32,584,393	\$ 31,819,980	\$ 64,404,373
Receivables			
Unremitted taxes	151,417	-	151,417
Delinquent taxes	143,075	-	143,075
Unremitted special assessments	2,310	-	2,310
Delinquent special assessments	3,428	13,886	17,314
Deferred special assessments	818,561	176,720	995,281
Accounts	24,537	1,435,523	1,460,060
Notes	16,821	-	16,821
Interest	206,503	-	206,503
Internal balances	(2,953,689)	2,953,689	-
Due from other governmental units	133,028	39,534	172,562
Prepays	15,881	62,967	78,848
Land held for resale	11,241,512	-	11,241,512
Capital assets			
Land	6,848,022	868,513	7,716,535
Construction in progress	2,369,983	597,780	2,967,763
Buildings and structures	30,685,842	6,058,847	36,744,689
Improvements other than buildings	11,385,776	14,412,553	25,798,329
Office equipment	657,196	-	657,196
Motor vehicles	3,832,880	-	3,832,880
Machinery and equipment	6,336,603	834,318	7,170,921
Infrastructure	33,733,257	-	33,733,257
Water and sewer lines	-	48,637,880	48,637,880
Less accumulated depreciation	(27,968,849)	(19,450,297)	(47,419,146)
Total capital assets, net of depreciation	<u>67,880,710</u>	<u>51,959,594</u>	<u>119,840,304</u>
Total assets	110,268,487	88,461,893	198,730,380
Deferred outflows of resources			
Pension plan deferrals	<u>7,553,638</u>	<u>267,548</u>	<u>7,821,186</u>
Total assets and deferred outflows of resources	<u>\$ 117,822,125</u>	<u>\$ 88,729,441</u>	<u>\$ 206,551,566</u>
Liabilities			
Accounts and contracts payable	\$ 594,889	\$ 16,527	\$ 611,416
Salaries and benefits payable	124,011	-	124,011
Accrued interest payable	81,822	-	81,822
Due to other governmental units	11,271	93,068	104,339
Unearned revenue	-	11,074	11,074
Long-term liabilities			
Due within one year	2,588,583	-	2,588,583
Due in more than one year	<u>38,818,950</u>	<u>639,331</u>	<u>39,458,281</u>
Total long-term liabilities	<u>41,407,533</u>	<u>639,331</u>	<u>42,046,864</u>
Total liabilities	42,219,526	760,000	42,979,526
Deferred inflows of resources			
Pension plan deferrals	1,275,498	56,306	1,331,804
Net Position			
Net investment in capital assets	42,170,710	51,959,594	94,130,304
Restricted for			
Capital improvements	1,486,996	-	1,486,996
Debt service	1,750,900	-	1,750,900
Economic development	1,315,555	-	1,315,555
Housing and redevelopment	8,537,701	-	8,537,701
Recreation/community programs	140,583	-	140,583
Law enforcement programs	89,033	-	89,033
Tax increment	5,003,162	-	5,003,162
Unrestricted	<u>13,832,461</u>	<u>35,953,541</u>	<u>49,786,002</u>
Total net position	<u>74,327,101</u>	<u>87,913,135</u>	<u>\$ 162,240,236</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 117,822,125</u>	<u>\$ 88,729,441</u>	<u>\$ 206,551,566</u>

See notes to basic financial statements



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CITY OF RAMSEY

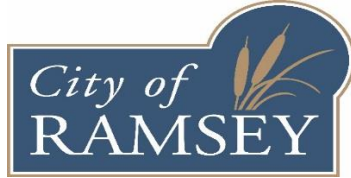
Balance Sheet
Governmental Funds
December 31, 2016

	Special Revenue Funds			Debt Service Fund
	General	Tax Increment	COR Land	2012A G.O. Improvement Bond Refund
Assets				
Cash and temporary investments	\$ 8,226,609	\$ 5,025,072	\$ 9,355	\$ 716,679
Receivables				
Unremitted taxes	99,225	32,029	—	12,842
Delinquent taxes	115,315	5,949	—	13,418
Unremitted special assessments	—	—	—	—
Delinquent special assessments	—	—	—	—
Deferred special assessments	—	—	—	—
Accounts	16,822	—	—	—
Notes	—	—	—	—
Interest	206,503	—	—	—
Due from other funds	—	—	—	—
Due from other governmental units	16,419	—	—	—
Prepays	15,431	—	—	—
Land held for resale	—	—	10,300,616	—
Total assets	\$ 8,696,324	\$ 5,063,050	\$ 10,309,971	\$ 742,939
Liabilities				
Accounts and contracts payable	\$ 232,200	\$ 36,773	\$ —	\$ —
Salaries and benefits payable	124,011	—	—	—
Due to other governmental units	5,477	3,243	—	—
Due to other funds	—	19,872	—	—
Advances from other funds	701,928	—	1,772,270	—
Total liabilities	1,063,616	59,888	1,772,270	—
Deferred inflows of resources				
Unavailable revenue - property taxes	115,315	5,949	—	13,418
Unavailable revenue - special assessments	—	—	—	—
Unavailable revenue - notes receivable	—	—	—	—
Total deferred inflows of resources	115,315	5,949	—	13,418
Fund balances (deficits)				
Nonspendable	15,431	—	—	—
Restricted	—	4,997,213	8,537,701	729,521
Committed	—	—	—	—
Assigned	—	—	—	—
Unassigned	7,501,962	—	—	—
Total fund balances (deficits)	7,517,393	4,997,213	8,537,701	729,521
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,696,324	\$ 5,063,050	\$ 10,309,971	\$ 742,939

See notes to basic financial statements

Capital Project Funds

Public Improvement Revolving	Landfill	Equipment Revolving	Road Reconstruction/ Overlay	Public Facilities Construction	Fire Station #2	Nonmajor	Totals
\$ 4,229,402	\$ 2,061,539	\$ 1,945,183	\$ 895,207	\$ 1,468,961	\$ 200,355	\$ 7,310,672	\$ 32,089,034
-	-	-	-	-	-	7,321	151,417
1	-	-	-	-	-	8,392	143,075
2,310	-	-	-	-	-	-	2,310
3,428	-	-	-	-	-	-	3,428
818,561	-	-	-	-	-	-	818,561
-	-	-	-	-	-	7,715	24,537
-	-	-	-	-	-	16,821	16,821
-	-	-	-	-	-	-	206,503
-	-	-	-	-	-	105,928	105,928
-	-	-	-	-	-	116,609	133,028
-	-	-	-	-	-	450	15,881
-	-	-	-	-	-	940,896	11,241,512
<u>\$ 5,053,702</u>	<u>\$ 2,061,539</u>	<u>\$ 1,945,183</u>	<u>\$ 895,207</u>	<u>\$ 1,468,961</u>	<u>\$ 200,355</u>	<u>\$ 8,514,804</u>	<u>\$ 44,952,035</u>
\$ -	\$ -	\$ -	\$ 244,986	\$ 3,300	\$ -	\$ 77,630	\$ 594,889
-	-	-	-	-	-	-	124,011
-	-	-	1,655	-	-	-	10,375
-	-	-	-	-	-	86,056	105,928
-	-	-	-	479,491	-	-	2,953,689
-	-	-	246,641	482,791	-	163,686	3,788,892
-	-	-	-	-	-	8,392	143,074
821,989	-	-	-	-	-	-	821,989
-	-	-	-	-	-	16,821	16,821
821,989	-	-	-	-	-	25,213	981,884
-	-	-	-	-	-	450	15,881
-	-	-	-	-	200,355	3,913,203	18,377,993
-	-	-	-	-	-	1,041,932	1,041,932
4,231,713	2,061,539	1,945,183	648,566	986,170	-	3,457,979	13,331,150
-	-	-	-	-	-	(87,659)	7,414,303
<u>4,231,713</u>	<u>2,061,539</u>	<u>1,945,183</u>	<u>648,566</u>	<u>986,170</u>	<u>200,355</u>	<u>8,325,905</u>	<u>40,181,259</u>
<u>\$ 5,053,702</u>	<u>\$ 2,061,539</u>	<u>\$ 1,945,183</u>	<u>\$ 895,207</u>	<u>\$ 1,468,961</u>	<u>\$ 200,355</u>	<u>\$ 8,514,804</u>	<u>\$ 44,952,035</u>



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CITY OF RAMSEY

Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2016

Total fund balances – Governmental Funds \$ 40,181,259

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

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

Cost of capital assets	95,849,559
Less accumulated depreciation	(27,968,849)

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	(28,285,000)
Compensated absences payable	(774,743)
Net Pension Liability	(11,832,779)

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

981,884

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

(81,822)

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

(515,011)

Governmental funds do not report certain amounts related to pensions.

Deferred outflows of resources for pension plan deferments	7,553,638
Deferred inflows of resources for pension plan deferments	(1,275,498)

Internal Service Funds are used to manage insurance-related activity. The assets and liabilities of the Internal Service Funds (including capital assets) are included in governmental activities in the Statement of Net Position.

494,463

Total net position – governmental activities \$ 74,327,101

See notes to basic financial statements

CITY OF RAMSEY

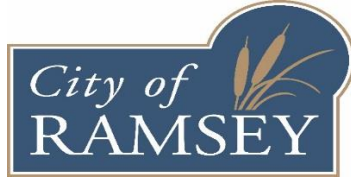
Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2016

	Special Revenue Funds			Debt Service Fund
	General	Tax Increment	COR Land	2012A G.O. Improvement Bond Refund
Revenue				
Property taxes	\$ 8,261,529	\$ 700,001	\$ 462	\$ 1,068,562
Special assessments	—	—	—	—
Licenses and permits	526,008	—	—	—
Intergovernmental revenue	482,243	—	—	—
Charges for services	679,223	—	—	—
Fines and forfeits	66,410	—	—	—
Other revenue				
Investment earnings	59,317	45,957	—	7,923
Miscellaneous	36,068	157	—	—
Total revenue	<u>10,110,798</u>	<u>746,115</u>	<u>462</u>	<u>1,076,485</u>
Expenditures				
Current				
General government	2,802,965	462,308	—	380
Public safety	4,234,482	—	—	—
Highways and streets	1,788,385	—	—	—
Culture and recreation	1,027,267	—	—	—
Capital outlay	516,156	—	—	—
Debt service				
Principal retirement	—	—	—	580,000
Interest and fiscal charges	76,829	—	—	492,013
Total expenditures	<u>10,446,084</u>	<u>462,308</u>	<u>—</u>	<u>1,072,393</u>
Excess (deficiency) of revenue over expenditures	(335,286)	283,807	462	4,092
Other financing sources (uses)				
Debt issued	—	—	—	—
Premium on debt issued	—	—	—	—
Transfers in	896,353	—	—	—
Transfers (out)	(316,719)	(109,987)	(230,000)	—
Total other financing sources (uses)	<u>579,634</u>	<u>(109,987)</u>	<u>(230,000)</u>	<u>—</u>
Net change in fund balances	244,348	173,820	(229,538)	4,092
Fund balances				
Beginning of year	<u>7,273,045</u>	<u>4,823,393</u>	<u>8,767,239</u>	<u>725,429</u>
End of year	<u>\$ 7,517,393</u>	<u>\$ 4,997,213</u>	<u>\$ 8,537,701</u>	<u>\$ 729,521</u>

See notes to basic financial statements

Capital Project Funds

Public Improvement Revolving	Landfill	Equipment Revolving	Road Reconstruction/ Overlay	Public Facilities Construction	Fire Station #2	Nonmajor	Totals
\$ -	\$ -	\$ -	\$ -	\$ 44,520	\$ -	\$ 609,822	\$ 10,684,896
210,165	-	-	-	-	-	234,070	444,235
-	-	-	-	-	-	-	526,008
-	-	-	-	-	-	1,313,745	1,795,988
-	-	-	-	-	-	618,862	1,298,085
-	-	-	-	-	-	-	66,410
38,535	19,670	18,538	-	13,786	-	72,416	276,142
1,242	-	143,289	10,389	-	5,670	577,021	773,836
<u>249,942</u>	<u>19,670</u>	<u>161,827</u>	<u>10,389</u>	<u>58,306</u>	<u>5,670</u>	<u>3,425,936</u>	<u>15,865,600</u>
-	-	-	-	-	4,971	267,301	3,537,925
-	-	-	-	-	-	-	4,234,482
249,026	-	-	-	56,104	-	106,100	2,199,615
-	-	-	-	-	-	450,823	1,478,090
-	-	31,326	1,674,752	-	375,428	158,531	2,756,193
-	-	-	-	-	-	1,155,000	1,735,000
-	-	-	46,113	10,275	-	340,244	965,474
<u>249,026</u>	<u>-</u>	<u>31,326</u>	<u>1,720,865</u>	<u>66,379</u>	<u>380,399</u>	<u>2,477,999</u>	<u>16,906,779</u>
916	19,670	130,501	(1,710,476)	(8,073)	(374,729)	947,937	(1,041,179)
-	-	-	1,650,000	-	-	-	1,650,000
-	-	-	69,482	-	-	-	69,482
242,663	-	135,737	339,539	45,245	-	524,394	2,183,931
(25,000)	-	(256,426)	-	-	-	(480,218)	(1,418,350)
<u>217,663</u>	<u>-</u>	<u>(120,689)</u>	<u>2,059,021</u>	<u>45,245</u>	<u>-</u>	<u>44,176</u>	<u>2,485,063</u>
218,579	19,670	9,812	348,545	37,172	(374,729)	992,113	1,443,884
<u>4,013,134</u>	<u>2,041,869</u>	<u>1,935,371</u>	<u>300,021</u>	<u>948,998</u>	<u>575,084</u>	<u>7,333,792</u>	<u>38,737,375</u>
<u>\$ 4,231,713</u>	<u>\$ 2,061,539</u>	<u>\$ 1,945,183</u>	<u>\$ 648,566</u>	<u>\$ 986,170</u>	<u>\$ 200,355</u>	<u>\$ 8,325,905</u>	<u>\$ 40,181,259</u>



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CITY OF RAMSEY

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended December 31, 2016

Total net change in fund balances – Governmental Funds \$ 1,443,884

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	2,756,193
Contributed assets from developers	1,082,388
Assets contributed to enterprise funds	(551,136)
Disposals	(23,062)
Depreciation expense	(3,181,236)

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 position.

Issuance of new debt	(1,650,000)
Repayment of principal on long-term debt	1,735,000

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.

5,687

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

128,440

Certain expenses are included in the change in net position, 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	2,554
Governmental activities – pension expense	(1,371,374)

Net other postemployment benefit obligations 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.

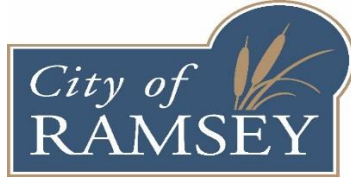
(55,439)

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 position of the Internal Service Fund, which is reported with governmental activities.

19,527

Change in net position – governmental activities \$ 341,426

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, 2016

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Property taxes	\$ 8,292,716	\$ 8,292,716	\$ 8,261,529	\$ (31,187)
Licenses and permits	447,100	447,100	526,008	78,908
Intergovernmental revenue	434,555	434,555	482,243	47,688
Charges for services	611,700	611,700	679,223	67,523
Fines and forfeits	71,000	71,000	66,410	(4,590)
Other revenue				
Investment earnings	160,000	160,000	59,317	(100,683)
Miscellaneous	15,800	15,800	36,068	20,268
Total revenue	<u>10,032,871</u>	<u>10,032,871</u>	<u>10,110,798</u>	<u>77,927</u>
Expenditures				
Current				
General government	2,927,673	2,927,673	2,802,965	(124,708)
Public safety	4,314,819	4,314,819	4,234,482	(80,337)
Highways and streets	2,007,258	2,007,258	1,788,385	(218,873)
Culture and recreation	1,043,452	1,043,452	1,027,267	(16,185)
Capital outlay	508,756	508,756	516,156	7,400
Debt service				
Interest and fiscal charges	123,169	123,169	76,829	(46,340)
Total expenditures	<u>10,925,127</u>	<u>10,925,127</u>	<u>10,446,084</u>	<u>(479,043)</u>
Excess (deficiency) of revenue over expenditures	(892,256)	(892,256)	(335,286)	556,970
Other financing sources (uses)				
Transfers in	892,256	892,256	896,353	4,097
Transfers (out)	–	–	(316,719)	(316,719)
Total other financing sources (uses)	<u>892,256</u>	<u>892,256</u>	<u>579,634</u>	<u>(312,622)</u>
Net change in fund balances	<u>\$ –</u>	<u>\$ –</u>	244,348	<u>\$ 244,348</u>
Fund balances				
Beginning of year			<u>7,273,045</u>	
End of year			<u>\$ 7,517,393</u>	

See notes to basic financial statements

CITY OF RAMSEY

Statement of Net Position
Proprietary Funds
December 31, 2016

	Business-Type Activities – Enterprise Funds		
	Water Utility	Sewer Utility	Street Light Utility
Assets			
Current assets			
Cash and temporary investments	\$ 18,470,981	\$ 10,803,291	\$ 1,111,803
Receivables			
Delinquent special assessments	6,943	6,943	–
Deferred special assessments	88,360	88,360	–
Accounts	411,508	441,815	63,202
Due from other governmental units	–	–	–
Prepays	–	62,967	–
Total current assets	<u>18,977,792</u>	<u>11,403,376</u>	<u>1,175,005</u>
Noncurrent assets			
Advances to other Funds	1,365,626	1,588,063	–
Capital assets			
Land	868,513	–	–
Construction in progress	155,233	118,033	–
Buildings and structures	6,058,847	–	–
Improvements other than buildings	430,070	92,057	1,101,960
Machinery and equipment	133,568	481,015	–
Water and sewer lines	26,160,818	22,477,062	–
	<u>33,807,049</u>	<u>23,168,167</u>	<u>1,101,960</u>
Less accumulated depreciation	8,988,480	7,186,645	505,437
Net capital assets	<u>24,818,569</u>	<u>15,981,522</u>	<u>596,523</u>
Total noncurrent assets	<u>26,184,195</u>	<u>17,569,585</u>	<u>596,523</u>
Total assets	<u>45,161,987</u>	<u>28,972,961</u>	<u>1,771,528</u>
Deferred Outflows of Resources			
Pension plan deferments	<u>138,089</u>	<u>60,414</u>	<u>–</u>
Total assets and deferred outflows of resources	<u>\$ 45,300,076</u>	<u>\$ 29,033,375</u>	<u>\$ 1,771,528</u>
Liabilities			
Current liabilities			
Accounts and contracts payable	\$ 10,163	\$ 867	\$ 31
Due to other governmental units	20,704	72,247	117
Unearned revenue	–	–	11,074
Total current liabilities	<u>30,867</u>	<u>73,114</u>	<u>11,222</u>
Non-Current liabilities			
Net pension liability	<u>329,977</u>	<u>144,365</u>	<u>–</u>
Total liabilities	<u>360,844</u>	<u>217,479</u>	<u>11,222</u>
Deferred Inflows of Resources			
Pension plan deferments	29,060	12,715	–
Net Position			
Investment in capital assets	24,818,569	15,981,522	596,523
Unrestricted	20,091,603	12,821,659	1,163,783
Total net position	<u>44,910,172</u>	<u>28,803,181</u>	<u>1,760,306</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 45,300,076</u>	<u>\$ 29,033,375</u>	<u>\$ 1,771,528</u>

See notes to basic financial statements

			Governmental Activities
Recycling Utility	Storm Water Utility	Totals	Internal Service
\$ 272,630	\$ 1,161,275	\$ 31,819,980	\$ 495,359
-	-	13,886	-
-	-	176,720	-
95,952	423,046	1,435,523	-
39,534	-	39,534	-
-	-	62,967	-
<u>408,116</u>	<u>1,584,321</u>	<u>33,548,610</u>	<u>495,359</u>
-	-	2,953,689	-
-	-	868,513	-
-	324,514	597,780	-
-	-	6,058,847	-
-	12,788,466	14,412,553	-
-	219,735	834,318	-
-	-	48,637,880	-
-	<u>13,332,715</u>	<u>71,409,891</u>	-
-	<u>2,769,735</u>	<u>19,450,297</u>	-
-	<u>10,562,980</u>	<u>51,959,594</u>	-
-	<u>10,562,980</u>	<u>54,913,283</u>	-
408,116	12,147,301	88,461,893	495,359
-	<u>69,045</u>	<u>267,548</u>	-
<u>\$ 408,116</u>	<u>\$ 12,216,346</u>	<u>\$ 88,729,441</u>	<u>\$ 495,359</u>
\$ 30	\$ 5,436	\$ 16,527	\$ -
-	-	93,068	896
-	-	11,074	-
<u>30</u>	<u>5,436</u>	<u>120,669</u>	<u>896</u>
-	<u>164,989</u>	<u>639,331</u>	-
30	170,425	760,000	896
-	14,531	56,306	-
-	10,562,980	51,959,594	-
408,086	1,468,410	35,953,541	494,463
<u>408,086</u>	<u>12,031,390</u>	<u>87,913,135</u>	<u>494,463</u>
<u>\$ 408,116</u>	<u>\$ 12,216,346</u>	<u>\$ 88,729,441</u>	<u>\$ 495,359</u>

CITY OF RAMSEY

Statement of Revenue, Expenses, and Changes in Net Position
 Proprietary Funds
 Year Ended December 31, 2016

	Business-Type Activities – Enterprise Funds		
	Water Utility	Sewer Utility	Street Light Utility
Operating revenue			
Charges for services	\$ 1,953,478	\$ 1,455,889	\$ 196,253
Sewer access surcharge	-	2,361	-
Other	-	-	-
Total operating revenue	<u>1,953,478</u>	<u>1,458,250</u>	<u>196,253</u>
Operating expenses			
Personal services	372,772	169,256	-
Supplies	148,232	16,155	-
Service charges			
Disposal charges	-	717,861	-
Other	302,221	45,489	136,449
Depreciation	<u>665,845</u>	<u>489,380</u>	<u>40,283</u>
Total operating expenses	<u>1,489,070</u>	<u>1,438,141</u>	<u>176,732</u>
Operating income (loss)	464,408	20,109	19,521
Nonoperating revenue			
Intergovernmental revenue	-	-	-
Investment earnings	<u>179,334</u>	<u>116,355</u>	<u>10,535</u>
Total nonoperating revenue	<u>179,334</u>	<u>116,355</u>	<u>10,535</u>
Income before contributions and transfers	643,742	136,464	30,056
Capital contributions	1,161,025	654,818	3,900
Transfers out	<u>(194,233)</u>	<u>(151,033)</u>	<u>(18,000)</u>
Change in net position	1,610,534	640,249	15,956
Net position			
Beginning of year, as previously reported	42,754,778	27,542,246	1,744,350
Prior period adjustment	<u>544,860</u>	<u>620,686</u>	<u>-</u>
Beginning of year, restated	<u>43,299,638</u>	<u>28,162,932</u>	<u>1,744,350</u>
End of year	<u>\$ 44,910,172</u>	<u>\$ 28,803,181</u>	<u>\$ 1,760,306</u>

See notes to basic financial statements

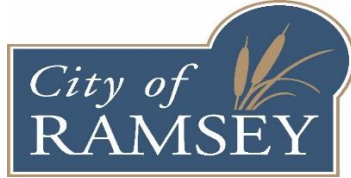
<u>Recycling Utility</u>	<u>Storm Water Utility</u>	<u>Totals</u>	<u>Governmental Activities Internal Service</u>
\$ 308,052	\$ 868,129	\$ 4,781,801	\$ -
-	-	2,361	-
-	166,423	166,423	98,570
<u>308,052</u>	<u>1,034,552</u>	<u>4,950,585</u>	<u>98,570</u>
28,004	204,002	774,034	-
17,093	18,184	199,664	-
-	-	717,861	-
314,321	252,152	1,050,632	83,498
-	267,705	1,463,213	-
<u>359,418</u>	<u>742,043</u>	<u>4,205,404</u>	<u>83,498</u>
(51,366)	292,509	745,181	15,072
67,100	-	67,100	-
2,818	16,586	325,628	4,455
<u>69,918</u>	<u>16,586</u>	<u>392,728</u>	<u>4,455</u>
18,552	309,095	1,137,909	19,527
-	530,450	2,350,193	-
<u>(10,500)</u>	<u>(391,815)</u>	<u>(765,581)</u>	<u>-</u>
8,052	447,730	2,722,521	19,527
400,034	11,105,413	83,546,821	474,936
-	478,247	1,643,793	-
<u>400,034</u>	<u>11,583,660</u>	<u>85,190,614</u>	<u>474,936</u>
<u>\$ 408,086</u>	<u>\$ 12,031,390</u>	<u>\$ 87,913,135</u>	<u>\$ 494,463</u>

CITY OF RAMSEY
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2016

	Business-Type Activities – Enterprise Funds		
	Water Utility	Sewer Utility	Street Light Utility
Cash flows from operating activities			
Receipts from customers and users	\$ 1,979,172	\$ 1,443,534	\$ 198,989
Receipts from interfund services provided	–	–	–
Paid to suppliers/service providers	(437,987)	(734,442)	(146,702)
Paid to employees	(346,509)	(157,765)	–
Net cash flows from operating activities	<u>1,194,676</u>	<u>551,327</u>	<u>52,287</u>
Cash flows from capital and related financing activities			
Capital contributions	348,839	108,864	3,900
Acquisition of capital assets	–	(74,174)	(7,172)
Net cash flows from capital and related financing activities	<u>348,839</u>	<u>34,690</u>	<u>(3,272)</u>
Cash flows from investing activities			
Interest received on investments	179,334	116,355	10,535
Cash flows from noncapital financing activities			
Intergovernmental revenue	–	–	–
Transfers (out)	(194,233)	(151,033)	(18,000)
Advances to other funds	34,246	46,877	–
Net cash flows from noncapital financing activities	<u>(159,987)</u>	<u>(104,156)</u>	<u>(18,000)</u>
Net increase (decrease) in cash and temporary investments/cash equivalents	1,562,862	598,216	41,550
Cash and temporary investments/cash equivalents			
Beginning of year	<u>16,908,119</u>	<u>10,205,075</u>	<u>1,070,253</u>
End of year	<u>\$ 18,470,981</u>	<u>\$ 10,803,291</u>	<u>\$ 1,111,803</u>
Reconciliation of operating income (loss) to net cash flows from operating activities			
Operating income (loss)	\$ 464,408	\$ 20,109	\$ 19,521
Adjustments to reconcile operating income (loss) to net cash flows from operating activities			
Depreciation	665,845	489,380	40,283
Change in assets, deferred inflows, liabilities and deferred outflows			
Receivables			
Delinquent and deferred special assessments	14,953	14,953	–
Accounts	10,741	(29,669)	(1,772)
Due from other governmental units	–	–	–
Prepays	–	(2,545)	–
Deferred outflows - pension plan deferment	(108,156)	(47,318)	–
Accounts payable	1,767	(2,498)	(10,256)
Unearned revenue	–	–	4,508
Due to other governmental units	10,699	50,106	3
Net pension liability	119,359	52,220	–
Deferred inflows - pension plan deferment	15,060	6,589	–
Net cash flow from operating activities	<u>\$ 1,194,676</u>	<u>\$ 551,327</u>	<u>\$ 52,287</u>
Noncash, investing, capital, and financing activities			
Contributions of capital assets from government activities	<u>\$ 155,233</u>	<u>\$ 118,033</u>	<u>\$ -</u>
Contributions of capital assets from developers	<u>\$ 656,953</u>	<u>\$ 427,921</u>	<u>\$ -</u>

See notes to basic financial statements

			Governmental Activities
Recycling Utility	Storm Water Utility	Totals	Internal Service
\$ 266,438	\$ 848,969	\$ 4,737,102	\$ -
-	-	-	98,570
(368,603)	(265,310)	(1,953,044)	(82,716)
(28,004)	(190,870)	(723,148)	-
<u>(130,169)</u>	<u>392,789</u>	<u>2,060,910</u>	<u>15,854</u>
-	-	461,603	-
-	(468,933)	(550,279)	-
<u>-</u>	<u>(468,933)</u>	<u>(88,676)</u>	<u>-</u>
2,818	16,586	325,628	4,455
67,100	-	67,100	-
(10,500)	(391,815)	(765,581)	-
-	-	81,123	-
<u>56,600</u>	<u>(391,815)</u>	<u>(617,358)</u>	<u>-</u>
(70,751)	(451,373)	1,680,504	20,309
<u>343,381</u>	<u>1,612,648</u>	<u>30,139,476</u>	<u>475,050</u>
<u>\$ 272,630</u>	<u>\$ 1,161,275</u>	<u>\$ 31,819,980</u>	<u>\$ 495,359</u>
\$ (51,366)	\$ 292,509	\$ 745,181	\$ 15,072
-	267,705	1,463,213	-
-	-	29,906	-
(2,080)	(185,583)	(208,363)	-
(39,534)	-	(39,534)	-
-	-	(2,545)	-
-	(54,078)	(209,552)	-
(226)	5,026	(6,187)	(28)
-	-	4,508	-
(36,963)	-	23,845	810
-	59,680	231,259	-
<u>-</u>	<u>7,530</u>	<u>29,179</u>	<u>-</u>
<u>\$ (130,169)</u>	<u>\$ 392,789</u>	<u>\$ 2,060,910</u>	<u>\$ 15,854</u>
<u>\$ -</u>	<u>\$ 277,870</u>	<u>\$ 551,136</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 252,580</u>	<u>\$ 1,337,454</u>	<u>\$ -</u>



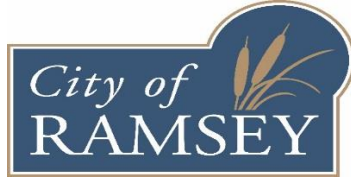
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CITY OF RAMSEY

Statement of Fiduciary Net Position
December 31, 2016

	<u>Agency Fund</u>
Assets	
Cash and temporary investments	\$ 2,086,880
Receivables	
Accounts	17,425
Assets held for resale	<u>12,734,868</u>
Total assets	<u>\$ 14,839,173</u>
Liabilities	
Accounts payable	\$ 12,545
Deposits payable	2,091,760
Loans Payable to Met Council	<u>12,734,868</u>
Total liabilities	<u>\$ 14,839,173</u>

See notes to basic financial statements



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CITY OF RAMSEY

Notes to Basic Financial Statements
December 31, 2016

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 Units

The Ramsey Economic Development Authority (EDA) is included as a blended component unit of the City (primary government). Financial data is reflected as separate Special Revenue Funds. The basis for blending the EDA includes: 1.) the component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it. Voting authority rests with the City Council. This organization is considered a blended component unit of the City and reported as though its funds were funds of the City. Separate financial reporting for this unit is not produced in addition to this report.

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 2016 fiscal year, the City paid LOGIS approximately \$168,393 for services and equipment provided.

C. Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position 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, which 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. 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. Proceeds of long-term debt is reported as other financing sources.

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the 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 non-operating revenues and expenses.

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

Information for the Internal Service Fund 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 Fund 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.

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 resources received from general property taxes in the form of tax increments.

COR Land Special Revenue Fund – This fund is used to account for revenues and expenditures associated with land transactions within the COR area.

2012A G.O. Improvement Bond Refund Debt Service Fund – The 2005A Public Project Lease Revenue Bond was issued to finance the construction of the city's municipal center. Series 2012A G.O. Capital Improvement Bond was used to refund this original bond issue.

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.

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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Road Reconstruction/Overlay Capital Project Fund – This fund is used to account for all expenditures related to the reconstruction and overlay projects as outlined in the city’s Long-Term Street Maintenance Plan.

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

Fire Station #2 Capital Project Fund – This fund is used to account for the resources used to finance the construction of the city’s second fire station.

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.

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). 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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City reports all investments at fair value. The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 2 for the City's recurring fair value measurements as of the current year-end.

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. In governmental funds, prepaids are recognized by the consumption method, proportionately over the periods that service is provided.

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. Pensions

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

The PERA has a special funding situation created by a direct aid contribution made by the state of Minnesota. The direct aid is a result of the merger of the Minneapolis Employees Retirement Fund into the PERA on January 1, 2015.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has only one item that qualifies for reporting in this category. It is the deferred outflows of resources related to pensions reported in the government-wide and enterprise funds Statement of Net Position. This deferred outflow results from differences between expected and actual experience, changes of assumptions, differences between projected and actual earnings on pension plan investments, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension standards.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items which qualify for reporting in this category.

The first item, unavailable revenue, arises under a modified accrual basis of accounting and is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from three sources: property taxes, special assessments, and notes receivable. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

The second item, deferred inflows of resources related to pensions, is reported in the government-wide and enterprise funds Statement of Net Position. This deferred inflow results from differences between expected and actual experience, changes of assumptions, and the difference between projected and actual earnings on pension plan investments. These amounts are deferred and amortized as required under pension standards.

M. 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 fair value. Land held for resale has a level 2 fair value measurement category using the same accounting principles generally accepted in the United States of America hierarchy as discussed earlier in these notes.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. 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 acquisition value at the date of donation. The City defines capital assets as those with an initial, individual cost of \$10,000 or more 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.

O. 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.

P. Long-Term Liabilities

In the government-wide and Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are immaterial and are recognized in the year of bond issuance. Bond issuance costs are expensed in the period incurred.

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.

Q. Net Position

In the government-wide and proprietary fund financial statements, net position represents the difference between assets, liabilities, deferred inflows/outflows as applicable. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments, or enabling legislation.
- **Unrestricted Net Position** – All remaining net position that do not meet the definition of “restricted” or “net investment in capital assets.”

The City applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

R. 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, inventory, and other long-term assets.
- **Restricted** – Consists of amounts where there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments, or enabling legislation.
- **Committed** – Consists of amounts that can be used only for the specific purposes determined by a formal action of the City’s highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.
- **Assigned** – Consists of internally imposed constraints for amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. Assigned amounts represent intended uses established by the City Council itself or by an official to which the City Council delegates the authority. Pursuant to City Council Resolution, the City’s Finance Director is authorized to establish assignments of fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, the City first uses restricted resources, then use unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use, the City uses resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

S. Budgets and Budgetary Accounting

Each fall the City Council adopts a General Fund budget for the following fiscal year beginning January 1. In addition, an annual budget is legally adopted for the Economic Development Authority, a nonmajor special revenue fund. The City has established budgetary control at the function level based upon GAAP serving as the basis of budgeting. Budget appropriations lapse at year-end.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

T. 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.

U. 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 2016.

V. 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.

W. 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.

X. Prior Period Adjustments

In fiscal year 2016, the City recorded a prior period adjustment in the government-wide financial statements increasing net position by \$2,689,667 to record 2015 capital contributions from developers. \$1,045,874 was recorded as governmental activities and \$1,643,793 as business-type activities/enterprise funds.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$	4,449,793
Investments		62,041,260
Cash on hand		200
Total	\$	<u>66,491,253</u>

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

Cash and temporary investments - Statement of Net Position	\$	64,404,373
Cash and temporary investments - Statement of Fiduciary Net Position		2,086,880
Total	\$	<u>66,491,253</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 \$4,449,793 while the balance on the bank records was \$4,908,823. At December 31, 2016, all deposits were fully covered by federal depository insurance, surety bonds, or by collateral held by the City’s agent in the City’s name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The City has the following investments at year end:

Investment Type	Credit Risk		Fair Value	Interest Risk- Maturity Duration in Years				Total
	Rating	Agency	Measurements Using	Less Than 1	1 to 5	6 to 10	11 to 15	
U.S. Treasuries	N/A	N/A	Level 1	\$ -	\$ -	\$ 2,026	\$ -	\$ 2,026
U.S. Agencies	AAA	Moodys	Level 2	-	549,223	-	-	549,223
U.S. Agencies	AA+	S&P	Level 2	350,038	2,417,083	1,876,715	-	4,643,836
Municipal Bonds	Aa1-Ba2	Moodys	Level 2	291,790	7,996,942	1,945,604	522,417	10,756,753
Municipal Bonds	A-AAA	S&P	Level 2	1,504,309	11,518,334	3,321,563	-	16,344,206
Negotiable Certificates of Deposit	N/R	N/A	Level 1	9,829,925	9,134,879	242,894	-	19,207,698
Investment pools								
Minnesota Municipal Money Market	N/R	N/A	N/A	10,537,518	-	-	-	10,537,518
Total Investments								<u>\$ 62,041,260</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.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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
Nonmajor Governmental Fund Economic Development Authority Special Revenue Fund	Major Governmental Fund Tax Increment Special Revenue Fund	\$ 19,872
Nonmajor Governmental Fund State-Aid Construction Capital Project Fund	Nonmajor Governmental Fund 2012 Riverdale Drive Capital Project Fund	86,056
		\$ 105,928

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 Proprietary Fund; Sewer Utility	General Fund	\$ 701,928	Internally finance facility loan
Major Proprietary Fund; Water Utility	Major Special Revenue Fund; COR Land	886,135	Internally finance development land purchase
Major Proprietary Fund; Sewer Utility	Major Special Revenue Fund; COR Land	886,135	Internally finance development land purchase
Major Proprietary Fund; Water Utility	Major Capital Project Fund; Public Facilities Construction Fund	479,491	Internally finance facility loan
		\$ 2,953,689	

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

C. Interfund Transfers

Transfers Out	Transfers In						Total
	General Fund	Public Improvement Revolving Capital Project Fund	Equipment Revolving Capital Project Fund	Road Reconstruction/ Overlay Capital Project Fund	Public Facilities Construction Capital Project Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 135,737	\$ 135,737	\$ -	\$ 45,245	\$ -	\$ 316,719
Tax Increment Special Revenue Fund	-	-	-	-	-	109,987	109,987
COR Land Special Revenue Fund	230,000	-	-	-	-	-	230,000
Public Improvement Revolving							
Capital Projects Fund	25,000	-	-	-	-	-	25,000
Equipment Revolving Capital Project Fund	256,426	-	-	-	-	-	256,426
Nonmajor Governmental Funds	256,427	20,981	-	-	-	-	480,218
Water Utility Proprietary Fund	39,000	-	-	155,233	-	-	194,233
Sewer Utility Proprietary Fund	33,000	-	-	118,033	-	-	151,033
Street Light Utility Proprietary Fund	18,000	-	-	-	-	-	18,000
Recycling Utility Proprietary Fund	10,500	-	-	-	-	-	10,500
Storm Water Utility Proprietary Fund	28,000	85,945	-	66,273	-	211,597	391,815
	<u>\$ 896,353</u>	<u>\$ 242,663</u>	<u>\$ 135,737</u>	<u>\$ 339,539</u>	<u>\$ 45,245</u>	<u>\$ 524,394</u>	<u>\$2,183,931</u>

The interfund receivables, payables and transfers are used to move funds to finance various programs or projects that the City must account for in other funds in accordance with budgetary authorizations and to move revenues from the fund with collection authorization to funds where related expenditures are occurring.

NOTE 4 – CAPITAL ASSETS

A. Changes in Capital Assets Used in Governmental Activities

	Balance – Beginning of Year	Prior Year Adjustment	Additions	Completed Construction	Deletions	Balance – End of Year
Capital assets, not depreciated						
Land	\$ 6,772,024	\$ -	\$ 75,998	\$ -	\$ -	\$ 6,848,022
Construction in progress	7,429,397	-	2,054,217	(7,090,569)	(23,062)	2,369,983
Capital assets, depreciated						
Buildings and structures	26,636,674	-	-	4,049,168	-	30,685,842
Improvements other than buildings	11,385,776	-	-	-	-	11,385,776
Office equipment	657,196	-	-	-	-	657,196
Motor vehicles	3,879,691	-	243,940	-	(290,751)	3,832,880
Machinery and equipment	6,146,967	-	189,636	-	-	6,336,603
Infrastructure	28,922,328	1,045,874	1,274,790	2,490,265	-	33,733,257
Total capital assets	<u>91,830,053</u>	<u>1,045,874</u>	<u>3,838,581</u>	<u>(551,136)</u>	<u>(313,813)</u>	<u>95,849,559</u>
Less accumulated depreciation on						
Buildings and structures	(6,097,038)	-	(656,638)	-	-	(6,753,676)
Improvements other than buildings	(3,746,720)	(204,159)	(542,387)	-	-	(4,493,266)
Office equipment	(337,226)	-	(31,810)	-	-	(369,036)
Motor vehicles	(3,060,980)	-	(249,937)	-	290,751	(3,020,166)
Machinery and equipment	(2,952,041)	-	(370,502)	-	-	(3,322,543)
Infrastructure	(8,884,359)	204,159	(1,329,962)	-	-	(10,010,162)
Total accumulated depreciation	<u>(25,078,364)</u>	<u>-</u>	<u>(3,181,236)</u>	<u>-</u>	<u>290,751</u>	<u>(27,968,849)</u>
Net capital assets	<u>\$ 66,751,689</u>	<u>\$ 1,045,874</u>	<u>\$ 657,345</u>	<u>\$ (551,136)</u>	<u>\$ (23,062)</u>	<u>\$ 67,880,710</u>

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

	Balance – Beginning of Year	Prior Year Adjustment	Additions	Completed Construction	Deletions	Balance – End of Year
Capital assets, not depreciated						
Land	\$ 868,513	\$ -	\$ -	\$ -	\$ -	\$ 868,513
Construction in progress	1,199,547	-	258,240	(860,007)	-	597,780
Capital assets, depreciated						
Buildings and structures	6,058,847	-	-	-	-	6,058,847
Improvements other than buildings	13,214,332	478,247	349,806	370,168	-	14,412,553
Machinery and equipment	639,505	-	194,813	-	-	834,318
Water and sewer lines	45,346,485	1,165,546	1,084,874	1,040,975	-	48,637,880
Total capital assets	<u>67,327,229</u>	<u>1,643,793</u>	<u>1,887,733</u>	<u>551,136</u>	<u>-</u>	<u>71,409,891</u>
Less accumulated depreciation on						
Buildings and structures	(1,258,501)	-	(121,423)	-	-	(1,379,924)
Improvements other than buildings	(2,996,093)	-	(317,643)	-	-	(3,313,736)
Machinery and equipment	(312,767)	-	(51,011)	-	-	(363,778)
Water and sewer lines	(13,419,723)	-	(973,136)	-	-	(14,392,859)
Total accumulated depreciation	<u>(17,987,084)</u>	<u>-</u>	<u>(1,463,213)</u>	<u>-</u>	<u>-</u>	<u>(19,450,297)</u>
Net capital assets	<u>\$49,340,145</u>	<u>\$ 1,643,793</u>	<u>\$ 424,520</u>	<u>\$ 551,136</u>	<u>\$ -</u>	<u>\$ 51,959,594</u>

NOTE 4 – CAPITAL ASSETS (CONTINUED)

C. Depreciation Expense by Function

Governmental activities	
General government	\$ 900,772
Public safety	327,930
Highways and streets	1,537,734
Culture and recreation	414,800
Total depreciation expense – governmental activities	<u>\$ 3,181,236</u>
Business-type activities	
Water Utility	\$ 665,845
Sewer Utility	489,380
Street Light Utility	40,283
Storm Water Utility	267,705
Total depreciation expense – business-type activities	<u>\$ 1,463,213</u>

NOTE 5 – LONG-TERM DEBT

A. Components of Long-Term Debt

	Original Issue	Interest Rate	Issue Date	Final Maturity Date	Balance – End of Year
Governmental activities					
Bonds payable					
General Obligation Capital Improvement Capital Improvement Refunding Bonds, Series 2004A	\$ 1,480,000	1.80–4.00%	11/1/2004	2/1/2017	\$ 135,000
General Obligation Improvement Bonds					
Series 2009A	\$ 1,340,000	0.85-4.50%	11/19/2009	10/1/2019	425,000
Series 2011A	\$ 4,365,000	2.00-3.15%	9/7/2011	2/1/2026	3,235,000
Series 2011B	\$ 3,090,000	2.00-2.70%	12/29/2011	12/15/2025	2,575,000
Series 2012A	\$ 16,875,000	3.00-3.75%	6/7/2012	12/15/2031	14,125,000
Series 2015A	\$ 3,880,000	2.00-3.50%	6/15/2015	12/1/2035	3,880,000
Series 2015B	\$ 1,205,000	2.00-2.25%	6/15/2015	12/1/2025	1,095,000
Series 2016A	\$ 1,650,000	2.00%	7/21/2016	12/15/2026	1,650,000
Total general obligation improvement bonds					<u>26,985,000</u>
Total bonds payable					<u>27,120,000</u>
Capital Equipment Certificates					
Series 2013A	\$ 635,000	0.50-3.00%	9/5/2013	9/1/2023	455,000
Series 2014A	\$ 875,000	0.60-2.35%	12/3/2014	12/15/2024	710,000
Total capital equipment certificates					<u>1,165,000</u>
Compensated absences payable					774,743
Net pension liability					11,832,779
OPEB					515,011
Total governmental activities					<u>41,407,533</u>
Business-type activities					
Net pension liability					<u>639,331</u>
Total government and business-type activities					<u>\$ 42,046,864</u>

B. Descriptions of Long-Term Debt

- **Capital Improvement Refunding Bonds Series 2004A** – These bonds were issued to finance Fire Station #1 and will be repaid via ad valorem levies.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

- **General Obligation Improvement Bonds –**

The 2009A Series bonds will be repaid with annual allotments of Municipal State Aid and interest will be subsidized up to 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 were called on December 15, 2014.

The Series 2012A bonds were issued to refund Public Facility Lease Revenue Bonds Series 2005A, dated June 1, 2005, issued by the Economic Development Authority (EDA) of the city of Ramsey.

The Series 2015A bonds were issued to finance the construction of Fire Station #2 in the City.

The Series 2015B were issued to fund the road improvements related to the reconstruction of Garnet and 168th Avenue and some overlay projects.

The Series 2016A were issued to fund the road improvements related to the reconstruction of Andrie Street and 164th Lane and some overlay projects.

- **Capital Equipment Certificates –**

Series 2013A certificates were issued to finance various capital equipment purchases and will be repaid via ad valorem levies.

Series 2014A 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.
- **Net Pension Liability (NPL) –** The liability represents the City's proportionate share of PERA's collective net pension liability. The General, Water Utility, Sewer Utility and Storm Water Utility funds will be 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.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

C. Changes in Long-Term Debt

	Balance - Beginning of Year	Additions	Deletions	Balance – End of Year	Due Within One Year
Governmental activities					
G.O. Capital Improvement Bonds	\$ 265,000	\$ –	\$ 130,000	\$ 135,000	\$ 135,000
G.O. Improvement Bonds	26,795,000	1,650,000	1,460,000	26,985,000	1,805,000
Capital Equipment Certificates	1,310,000	–	145,000	1,165,000	145,000
Compensated absences payable	777,297	539,167	541,721	774,743	503,583
Net pension liability	4,599,377	8,847,136	1,613,734	11,832,779	–
OPEB	459,572	55,439	–	515,011	–
Total governmental activities	34,206,246	11,091,742	3,890,455	41,407,533	2,588,583
Business type Activities					
Net pension liability	408,072	318,910	87,651	639,331	-
Total governmental and business type activities	<u>\$ 34,614,318</u>	<u>\$ 11,410,652</u>	<u>\$ 3,978,106</u>	<u>\$ 42,046,864</u>	<u>\$ 2,588,583</u>

D. Minimum Debt Payments

Minimum annual principal and interest payments required to retire bonds and capital equipment certificates are as follows:

Year Ending December 31,	Governmental Activities	
	Bonded and Capital Equipment Certificate Debt	
	Principal	Interest
2017	\$ 2,085,000	\$ 823,695
2018	2,020,000	754,233
2019	2,100,000	697,507
2020	2,025,000	640,426
2021	2,095,000	582,793
2022-2026	9,510,000	2,085,061
2027-2031	7,335,000	1,022,393
2032-2035	1,115,000	88,650
	<u>\$ 28,285,000</u>	<u>\$ 6,694,758</u>

NOTE 6 – FUND BALANCE POLICY AND CLASSIFICATION

A. Classifications

City of Ramsey had the following classifications of fund balances in its Governmental Funds:

	Special Revenue Funds			Debt Service Fund	Capital Project Funds							
	General	Tax Increment	COR Land	2012A G.O. Improvement Bond Refund	Public Improvement Revolving	Landfill	Equipment Revolving	Road Reconstruction/ Overlay	Public Facilities Construction	Fire Station #2	Nonmajor	Total
Fund balances												
Nonspendable												
Prepays	\$ 15,431	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 450	\$ 15,881
Restricted for												
Public safety (fire) building	-	-	-	-	-	-	-	-	-	200,355	-	200,355
Road improvements	-	-	-	-	-	-	-	-	-	-	1,286,641	1,286,641
Debt service	-	-	-	729,521	-	-	-	-	-	-	1,083,053	1,812,574
Economic development	-	-	-	-	-	-	-	-	-	-	1,313,893	1,313,893
Housing and redevelopment	-	-	8,537,701	-	-	-	-	-	-	-	-	8,537,701
Recreation/community programs	-	-	-	-	-	-	-	-	-	-	140,583	140,583
Law enforcement programs	-	-	-	-	-	-	-	-	-	-	89,033	89,033
Tax increment financing	-	4,997,213	-	-	-	-	-	-	-	-	-	4,997,213
	-	4,997,213	8,537,701	729,521	-	-	-	-	-	200,355	3,913,203	18,377,993
Committed												
Stormwater development projects	-	-	-	-	-	-	-	-	-	-	625,293	625,293
Community/business programs	-	-	-	-	-	-	-	-	-	-	416,639	416,639
	-	-	-	-	-	-	-	-	-	-	1,041,932	1,041,932
Assigned												
Road improvements	-	-	-	-	4,231,713	-	-	648,566	-	-	470,448	5,350,727
Public facilities construction	-	-	-	-	-	-	-	-	986,170	-	-	986,170
Capital equipment replacement	-	-	-	-	-	-	1,945,183	-	-	-	263,302	2,208,485
Cemetery improvements	-	-	-	-	-	-	-	-	-	-	53,001	53,001
Development of projects	-	-	-	-	-	2,061,539	-	-	-	-	-	2,061,539
Park improvements	-	-	-	-	-	-	-	-	-	-	2,442,103	2,442,103
Right-of-way acquisitions	-	-	-	-	-	-	-	-	-	-	183,021	183,021
Parking ramp maintenance	-	-	-	-	-	-	-	-	-	-	46,104	46,104
	-	-	-	-	4,231,713	2,061,539	1,945,183	648,566	986,170	-	3,457,979	13,331,150
Unassigned	7,501,962	-	-	-	-	-	-	-	-	-	(87,659)	7,414,303
Total fund balances	<u>\$ 7,517,393</u>	<u>\$ 4,997,213</u>	<u>\$ 8,537,701</u>	<u>\$ 729,521</u>	<u>\$ 4,231,713</u>	<u>\$ 2,061,539</u>	<u>\$ 1,945,183</u>	<u>\$ 648,566</u>	<u>\$ 986,170</u>	<u>\$ 200,355</u>	<u>\$ 8,325,905</u>	<u>\$ 40,181,259</u>

NOTE 6 – FUND BALANCE POLICY AND CLASSIFICATION (CONTINUED)

B. Fund Balance Policy

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:

Thirty percent (30%) to Fund #234 - Equipment Revolving Fund
Thirty percent (30%) to Fund #810 – Capital Maintenance Fund (reported in General Fund)
Ten percent (10%) to Fund #412 – Public Facilities Construction Fund
Thirty percent (30%) to Fund #400 - Public Improvement Revolving Fund

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:

Thirty percent (30%) to Fund #234 - Equipment Revolving Fund
Thirty percent (30%) to Fund #810 – Capital Maintenance Fund (reported in General Fund)
Ten percent (10%) to Fund #412 – Public Facilities Construction Fund
Thirty percent (30%) to Fund #400 - Public Improvement Revolving Fund

At December 31, 2016, the city fund has met its general fund balance policy.

NOTE 7 – INDIVIDUAL FUND DISCLOSURES

Fund Deficits

The 2012 Riverdale Drive, Non Major Capital Project Fund was the only fund that had a fund balance deficit at December 31, 2016 of \$(87,659).

The City intends to fund this deficit 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 Descriptions

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

1. General Employees Retirement Fund (GERF)

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

2. Public Employees Police and Fire Fund (PEPFF)

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

Benefits Provided

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

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

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

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

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

2. PEPFF Benefits

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

B. Contributions

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

1. GERS Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2016. The City was required to contribute 7.50% for Coordinated Plan members in calendar year 2016. The City's contributions to the GERS for the year ended December 31, 2016, were \$247,279. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2016. The City was required to contribute 16.20% of pay for PEPFF members in calendar year 2016. The City's regular contributions to the PEPFF for the year ended December 31, 2016, were \$339,699. The City's contributions were equal to the required contributions as set by state statute.

C. Pension Costs

1. GERS Pension Costs

At December 31, 2016, the City reported a liability of \$4,124,708 for its proportionate share of the GERS's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of six million to the fund in 2016. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$53,908. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the City's proportion share was 0.0508% which was the same proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City recognized pension expense of \$575,668 for its proportionate share of the GERS's pension expense. In addition, the City recognized an additional \$16,074 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of six million to GERS.

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

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

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual economic experience	\$ -	\$335,071
Changes in actuarial assumptions	807,621	-
Difference between projected and actual investment earnings	782,888	-
Changes in proportion	-	28,185
Contributions paid to PERA subsequent to the measurement date	<u>135,603</u>	-
Total	<u>\$1,726,112</u>	<u>\$363,256</u>

\$135,603 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Pension Expense Amount</u>
2017	\$ 339,975
2018	339,975
2019	398,312
2020	148,991

2. PEPFF Pension Costs

At December 31, 2016, the City reported a liability of \$8,347,402 for its proportionate share of the PEPFF’s net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2016, the City of Ramsey’s proportion was 0.208 % which was a decrease of 0.001 % from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City recognized pension expense of \$1,452,913 for its proportionate share of the PEPFF’s pension expense. The City also recognized \$18,720 for the year ended December 31, 2016, as revenue for its proportionate share of the State of Minnesota’s on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

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

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

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual economic experience	\$ -	\$959,079
Changes in actuarial assumptions	4,593,940	-
Difference between projected and actual investment earnings	1,275,357	-
Changes in proportion	36,001	9,469
Contributions paid to PERA subsequent to the measurement date	<u>189,776</u>	<u>-</u>
Total	<u>\$6,095,074</u>	<u>\$968,548</u>

\$189,776 reported as deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Pension Expense Amount</u>
2017	\$ 1,063,374
2018	1,063,374
2019	1,063,374
2020	959,934
2021	786,694

D. Actuarial Assumptions

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

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for GERF and RP-2000 tables for PEPFF for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: one percent per year for all future years for GERF and PEPFF.

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

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

The following changes in actuarial assumptions occurred in 2016:

GERF:

- The assumed post-retirement benefit increase rate was changed from 1% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

PEPFF:

- The assumed post-retirement benefit increase rate was changed from 1% per year through 2037 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

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

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

E. Discount Rate

The discount rate used to measure the total pension liability in 2016 was 7.5%, a reduction from the 7.9% used in 2015. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

F. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate <u>(6.5%)</u>	Discount Rate <u>(7.5%)</u>	1% Increase in Discount Rate <u>(8.5%)</u>
The City’s Proportionate Share of the GERP Net Pension Liability:	\$5,858,308	\$4,124,708	\$2,696,694

	1% Decrease in Discount Rate <u>(4.6%)</u>	Discount Rate <u>(5.6%)</u>	1% Increase in Discount Rate <u>(6.6%)</u>
The City’s Proportionate Share of the PEPFF Net Pension Liability:	\$11,685,255	\$8,347,402	\$5,620,123

G. Pension Plan Fiduciary Net Position

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

NOTE 9 – DEFINED CONTRIBUTION PLAN – STATE-WIDE

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

Total contributions made by the City of Ramsey for the last three fiscal years were:

For the Year Ended:	Contribution Amount		Percentage of Covered Payroll		Required Rate for Employees and Employers
	Employee	Employer	Employee	Employer	
December 31, 2016	\$600	\$600	5%	5%	5%
December 31, 2015	\$600	\$600	5%	5%	5%
December 31, 2014	\$900	\$900	5%	5%	5%

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, 2016 was \$191,019, compared to a total city payroll of \$6,452,923.

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.

**NOTE 10 – DEFINED CONTRIBUTION PENSION PLAN – FIRE RELIEF ASSOCIATION
(CONTINUED)**

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 2016, including both city and state fire aid passed through the City totaled \$177,210. This contribution represents nearly 93% of the current 2016 covered payroll of \$191,019.

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.

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

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	\$	52,071
Interest on net OPEB obligation		20,681
Adjustment to annual required contribution		<u>(17,313)</u>
Annual OPEB cost (expense)		55,439
Contributions made		<u>-</u>
Increase in net OPEB obligation		55,439
Net OPEB obligation - beginning of year		<u>459,572</u>
Net OPEB obligation - end of year	\$	<u><u>515,011</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Plan Sponsor Contribution	Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2014	\$ 62,922	\$ 5,374	9%	\$ 404,555
December 31, 2015	\$ 65,577	\$ 10,560	16%	\$ 459,572
December 31, 2016	\$ 55,439	\$ -	0%	\$ 515,011

D. Funded Status and Funding Progress

As of January 1, 2016, the most recent actuarial valuation date, the actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$368,949 as the plan is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$5,019,000, and the ratio of the UAAL to the covered payroll was 7%.

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.

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

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 using the percentage of projected payroll method, a 4.50% discount rate, Pay-As-You-Go funding, Projected Unit Credit actuarial cost method, 30-year open amortization of the UAAL increasing at 3.50% per year (the payroll growth rate). 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 4.5 percent investment rate of return (net of administrative expenses) based on the City's own investments, a 3.0% general inflation rate, and an annual healthcare trend rate of 9.0% initially, reduced by decrements to an ultimate rate of 5.0 percent after 12 years. Both rates include a 3.50% payroll growth rate 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.

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 ABATEMENT AGREEMENTS

The City, in order to spur economic development, housing and redevelopment will enter into private development and redevelopment agreements to encourage a developer to construct, expand, or improve new or existing properties and buildings or clean-up and redevelop blighted properties. The City has three private development agreements: two redevelopment and one housing that would be considered a tax abatement under GASB Statement 77 as of December 31, 2016.

The City issued these three agreements through the economic development vehicle known as tax increment financing whereby tax increment revenue is generated on the incremental increase in value above a base established on the date that the tax increment district is created. Per these agreements, the developer shall initially pay for the development property and any site improvements with the City reimbursing these expenses through the issuance of a tax increment revenue note payable solely from the tax increments generated from the project.

The City is authorized to create a tax increment financing plan under Minnesota Statute 469.175. Under this statute, the following criteria must be met:

- Proposed development or redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future;
- The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the plan. The requirements of this item do not apply if the district is a housing district;
- The tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole;
- The tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the project by private enterprise.

For the fiscal year ended December 31, 2016, the City abated property taxes totaling \$58,220 related to the following:

- Housing Development: \$20,700 abated towards a \$711,000 Tax Increment Revenue Note issued in 2004 for the construction of a 31 unit townhome project. Final note payment date is February 2025 or sooner if the revenue note is retired.
- Redevelopment: \$15,899 abated for a \$238,491 Tax Increment Revenue note issued in 2007 for the construction of an office and warehouse building. Final note payment date is December 2028.
- Redevelopment: \$21,621 abated towards a \$3,000,000 Tax Increment Revenue note issued in 2015 for the construction of a 230 unit apartment building. Final note payment date is February 2038.

NOTE 13 – TAX ABATEMENT AGREEMENTS (CONTINUED)

The outstanding principal balance as of December 31, 2016 for all of these agreements was \$3,207,707. 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 2016 changes in deposits is as follows:

Total deposits payable at January 1, 2016	\$ 1,734,077
Add deposits received	2,093,979
Less payments from deposit account	<u>(1,736,296)</u>
Total deposits payable at December 31, 2016	<u>\$ 2,091,760</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, 2016, there was one series of Industrial Revenue Bonds and one Lease Revenue Bond outstanding with aggregate principal amounts payable of \$2,090,000 and \$10,080,000 respectively.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

A. Commitments for Construction

At December 31, 2016, the City is committed to various construction contracts for the improvement of city property. The City’s remaining commitment under these contracts is \$109,858. 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.

NOTE 16 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

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.

D. Tax Increment Districts

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

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. As part of the original lease, the tenant may extend the contract for three (3) five (5) year terms. Anoka County authorized a five (5) year extension in March 2015. The cost of the leased spaced is included in the total municipal center building cost of \$12,856,588, of which \$2,571,599 has been depreciated to date. These amounts are recorded in the City’s capital assets. The City of Ramsey collected \$46,582 in lease revenue for the fiscal year ended December 31, 2016. The following is an estimate of the future lease payments:

<u>Year Ending December 31,</u>	<u>Lease Payments</u>
2017	\$ 47,514
2018	48,464
2019	49,433
January 1 -June 30, 2020	<u>25,211</u>
Total	<u>\$ 170,622</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).

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RAMSEY

PERA – General Employees Retirement Fund
 Schedule of City’s and Non-Employer Proportionate Share of Net Pension Liability

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City’s Proportion of the Net Pension Liability	City’s Proportionate Share of the Net Pension Liability	City’s Proportionate Share of the State of Minnesota’s Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the City’s Share of the State of Minnesota’s Share of the Net Pension Liability	City’s Covered Payroll	City’s Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	06/30/2015	0.0508%	\$ 2,632,720	\$ –	\$ 2,632,720	\$ 2,984,866	88.20%	78.20%
12/31/2016	06/30/2016	0.0508%	\$ 4,124,708	\$ 53,908	\$ 4,178,616	\$ 3,154,867	130.74%	68.90%

PERA – General Employees Retirement Fund
 Schedule of City Contributions

City Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 238,004	\$ 238,004	\$ –	\$ 3,173,387	7.50%
12/31/2016	\$ 247,279	\$ 247,279	\$ –	\$ 3,297,053	7.50%

Note 1: **Changes in Plan Provisions.** On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the GERF, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

Note 2: **Changes in Actuarial Assumptions.** (1) 2015 Changes – The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter. (2) 2016 Changes – The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all future years. The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Note 3: The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This information is not available for previous fiscal years. Additional years' information will be displayed as it becomes available.

CITY OF RAMSEY

PERA – Public Employees Police and Fire Fund
 Schedule of City’s Proportionate Share of Net Pension Liability

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City’s Proportion of the Net Pension Liability	City’s Proportionate Share of the Net Pension Liability	City’s Covered Payroll	City’s Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	06/30/2015	0.2090%	\$ 2,374,729	\$ 1,917,443	123.85%	86.60%
12/31/2016	06/30/2016	0.2080%	\$ 8,347,402	\$ 2,000,574	417.25%	63.90%

PERA – Public Employees Police and Fire Fund
 Schedule of City Contributions

City Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 326,419	\$ 326,419	\$ –	\$ 2,014,315	16.20%
12/31/2016	\$ 339,699	\$ 339,699	\$ –	\$ 2,096,907	16.20%

Note 1: **Changes in Plan Provisions.** The post-retirement benefit increase to be paid after attainment of the 90.0 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

Note 2: **Changes in Actuarial Assumptions.** (1) 2015 Changes – The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2037 and 2.50 percent per year thereafter. (2) 2016 Changes – The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent thereafter to 1.00 percent per year for all future years. The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

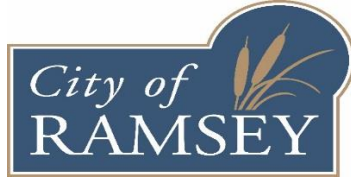
Note 3: The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This information is not available for previous fiscal years. Additional years' information will be displayed as it becomes available.

CITY OF RAMSEY

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, 2012	\$ 539,281	\$ -	\$ 539,281	0.00%	\$ 4,555,326	11.84%
January 1, 2014	\$ 463,871	\$ -	\$ 463,871	0.00%	\$ 4,344,941	10.68%
January 1, 2016	\$ 368,949	\$ -	\$ 368,949	0.00%	\$ 5,019,000	7.35%

COMBINING AND INDIVIDUAL FUND STATEMENTS
AND SCHEDULES

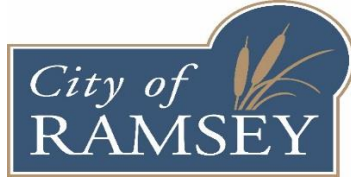


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CITY OF RAMSEY

Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2016

	Special Revenue	Debt Service	Capital Project	Totals
Assets				
Cash and temporary investments	\$ 2,097,540	\$ 1,076,613	\$ 4,136,519	\$ 7,310,672
Receivables				
Unremitted taxes	881	6,440	-	7,321
Delinquent taxes	1,662	6,730	-	8,392
Accounts	5,220	-	2,495	7,715
Notes	16,821	-	-	16,821
Due from other funds	19,872	-	86,056	105,928
Due from other governmental units	-	-	116,609	116,609
Prepays	450	-	-	450
Land held for resale	470,448	-	470,448	940,896
	<u>\$ 2,612,894</u>	<u>\$ 1,089,783</u>	<u>\$ 4,812,127</u>	<u>\$ 8,514,804</u>
Liabilities				
Accounts and contracts payable	\$ 8,520	\$ -	\$ 69,110	\$ 77,630
Due to other funds	-	-	86,056	86,056
Total liabilities	8,520	-	155,166	163,686
Deferred inflows of resources				
Unavailable revenue - property taxes	1,662	6,730	-	8,392
Unavailable revenue - notes receivable	16,821	-	-	16,821
Total deferred inflows of resources	18,483	6,730	-	25,213
Fund balances (deficits)				
Nonspendable	450	-	-	450
Restricted	1,543,509	1,083,053	1,286,641	3,913,203
Committed	1,041,932	-	-	1,041,932
Assigned	-	-	3,457,979	3,457,979
Unassigned	-	-	(87,659)	(87,659)
Total fund balance (deficits)	<u>2,585,891</u>	<u>1,083,053</u>	<u>4,656,961</u>	<u>8,325,905</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,612,894</u>	<u>\$ 1,089,783</u>	<u>\$ 4,812,127</u>	<u>\$ 8,514,804</u>

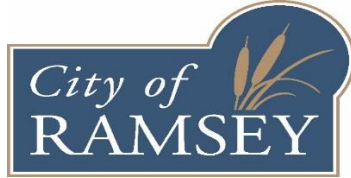


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CITY OF RAMSEY

Nonmajor Governmental Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2016

	Special Revenue	Debt Service	Capital Project	Totals
Revenue				
Property taxes	\$ 73,937	\$ 535,885	\$ -	\$ 609,822
Special assessments	-	234,070	-	234,070
Intergovernmental revenues	31,665	804,125	477,955	1,313,745
Charges for services	-	-	618,862	618,862
Other revenue				
Investment earnings	18,096	7,850	46,470	72,416
Miscellaneous	424,005	-	153,016	577,021
Total revenue	<u>547,703</u>	<u>1,581,930</u>	<u>1,296,303</u>	<u>3,425,936</u>
Expenditures				
Current				
General government	171,596	-	95,705	267,301
Highways and streets	-	-	106,100	106,100
Culture and recreation	-	-	450,823	450,823
Capital outlay	-	-	158,531	158,531
Debt service				
Principal retirement	-	1,155,000	-	1,155,000
Interest and fiscal charges	-	340,244	-	340,244
Total expenditures	<u>171,596</u>	<u>1,495,244</u>	<u>811,159</u>	<u>2,477,999</u>
Excess (deficiency) of revenue over expenditures	376,107	86,686	485,144	947,937
Other financing sources (uses)				
Transfers in	-	-	524,394	524,394
Transfers (out)	(139,890)	-	(340,328)	(480,218)
Total other financing sources (uses)	<u>(139,890)</u>	<u>-</u>	<u>184,066</u>	<u>44,176</u>
Net change in fund balances	236,217	86,686	669,210	992,113
Fund balances				
Beginning of year	<u>2,349,674</u>	<u>996,367</u>	<u>3,987,751</u>	<u>7,333,792</u>
End of year	<u>\$ 2,585,891</u>	<u>\$ 1,083,053</u>	<u>\$ 4,656,961</u>	<u>\$ 8,325,905</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.

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. The city is no longer collecting contributions from developers/owners as per a change in city policy.

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, 2016

	<u>Revolving Loan</u>	<u>Future Sealcoating</u>	<u>Lawful Gambling</u>
Assets			
Cash and temporary investments	\$ 306,245	\$ 95,402	\$ 135,363
Receivables			
Unremitted taxes	-	-	-
Delinquent taxes	-	-	-
Accounts	-	-	5,220
Notes	16,821	-	-
Due from other funds	-	-	-
Prepays	-	-	-
Land held for resale	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 323,066</u>	<u>\$ 95,402</u>	<u>\$ 140,583</u>
Liabilities			
Accounts and contracts payable	\$ -	\$ -	\$ -
Deferred inflows of resources			
Unavailable revenue - property taxes	-	-	-
Unavailable revenue - notes receivable	16,821	-	-
Total deferred inflows of resources	<u>16,821</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable	-	-	-
Restricted	-	-	140,583
Committed	306,245	95,402	-
Total fund balances	<u>306,245</u>	<u>95,402</u>	<u>140,583</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 323,066</u>	<u>\$ 95,402</u>	<u>\$ 140,583</u>

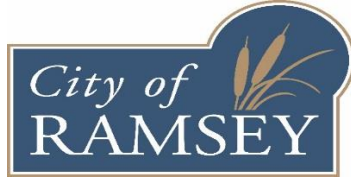
<u>Peace Officers</u>	<u>Developer's Fees</u>	<u>General Govt Special Projects</u>	<u>Economic Development Authority</u>	<u>Totals</u>
\$ 90,704	\$ 529,891	\$ 110,394	\$ 829,541	\$ 2,097,540
-	-	-	881	881
-	-	-	1,662	1,662
-	-	-	-	5,220
-	-	-	-	16,821
-	-	-	19,872	19,872
-	-	-	450	450
-	-	-	470,448	470,448
<u>\$ 90,704</u>	<u>\$ 529,891</u>	<u>\$ 110,394</u>	<u>\$ 1,322,854</u>	<u>\$ 2,612,894</u>
\$ 1,671	\$ -	\$ -	\$ 6,849	\$ 8,520
-	-	-	1,662	1,662
-	-	-	-	16,821
-	-	-	1,662	18,483
-	-	-	450	450
89,033	-	-	1,313,893	1,543,509
-	529,891	110,394	-	1,041,932
<u>89,033</u>	<u>529,891</u>	<u>110,394</u>	<u>1,314,343</u>	<u>2,585,891</u>
<u>\$ 90,704</u>	<u>\$ 529,891</u>	<u>\$ 110,394</u>	<u>\$ 1,322,854</u>	<u>\$ 2,612,894</u>

CITY OF RAMSEY

Nonmajor Special Revenue Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2016

	<u>Revolving Loan</u>	<u>Future Sealcoating</u>	<u>Lawful Gambling</u>
Revenue			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-
Other revenue			
Investment earnings	2,895	-	1,064
Miscellaneous	<u>5,597</u>	<u>-</u>	<u>64,015</u>
Total revenue	8,492	-	65,079
Expenditures			
Current			
General government	<u>-</u>	<u>-</u>	<u>20,000</u>
Excess (deficiency) of revenue over expenditures	8,492	-	45,079
Other financing sources (uses)			
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	8,492	-	45,079
Fund balances			
Beginning of year	<u>297,753</u>	<u>95,402</u>	<u>95,504</u>
End of year	<u><u>\$ 306,245</u></u>	<u><u>\$ 95,402</u></u>	<u><u>\$ 140,583</u></u>

<u>Peace Officers</u>	<u>Developer's Fees</u>	<u>General Govt Special Projects</u>	<u>Economic Development Authority</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ 73,937	\$ 73,937
31,665	-	-	-	31,665
847	4,618	1,111	7,561	18,096
9,785	276,620	39,488	28,500	424,005
<u>42,297</u>	<u>281,238</u>	<u>40,599</u>	<u>109,998</u>	<u>547,703</u>
<u>33,533</u>	<u>-</u>	<u>39,110</u>	<u>78,953</u>	<u>171,596</u>
8,764	281,238	1,489	31,045	376,107
<u>-</u>	<u>(139,890)</u>	<u>-</u>	<u>-</u>	<u>(139,890)</u>
8,764	141,348	1,489	31,045	236,217
<u>80,269</u>	<u>388,543</u>	<u>108,905</u>	<u>1,283,298</u>	<u>2,349,674</u>
<u>\$ 89,033</u>	<u>\$ 529,891</u>	<u>\$ 110,394</u>	<u>\$ 1,314,343</u>	<u>\$ 2,585,891</u>

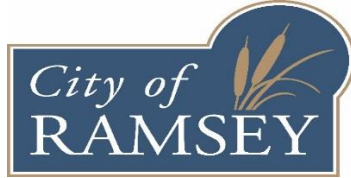


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CITY OF RAMSEY

Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Economic Development Authority – Budget and Actual
 Year Ended December 31, 2016

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Property taxes	\$ 73,618	\$ 73,618	\$ 73,937	\$ 319
Other revenue				
Investment earnings	10,000	10,000	7,561	(2,439)
Miscellaneous	–	–	28,500	28,500
Total revenue	<u>83,618</u>	<u>83,618</u>	<u>109,998</u>	<u>26,380</u>
Expenditures				
Current				
General government	<u>83,618</u>	<u>83,618</u>	<u>78,953</u>	<u>(4,665)</u>
Net change in fund balances	<u>\$ –</u>	<u>\$ –</u>	31,045	<u>\$ 31,045</u>
Fund balances				
Beginning of year			<u>1,283,298</u>	
End of year			<u>\$ 1,314,343</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.

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.

2011B Refund GO Improvement Bonds – In 2011, \$3,090,000 Series 2011B Improvement Crossover Refunding bonds were issued to refund the 2005B Series AUAR roadway bonds that were called on December 15, 2014.

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.

2013A Capital Equipment Certificates – The Series 2013A \$635,000 General Obligation Capital Equipment Certificate of Indebtedness is to finance the acquisition of capital equipment.

2014A Capital Equipment Certificates – The Series 2014A \$875,000 General Obligation Capital Equipment Certificate of Indebtedness is to finance the acquisition of capital equipment.

2015A GO Capital Improvement Bond – The \$3,880,000 General Obligation Capital Improvement Bond is to finance the construction of the city's Fire Station #2.

2015B GO Street Reconstruction Bond – The \$1,205,000 General Obligation Street Reconstruction Bonds is to finance the reconstruction of Garnet Street and 168th Avenue.

2016A GO Street Reconstruction Bond – The \$1,650,000 General Obligation Street Reconstruction Bonds is to finance the reconstruction of Andrie Street and 164th Lane.

CITY OF RAMSEY

Nonmajor Debt Service Funds
 Combining Balance Sheet
 December 31, 2016

	2004A Capital Improvement Refunding Bond	2011B Refund G.O. Improvement Bonds	2009A State Aid Road Bond	2011A Armstrong/Bunker Bond
Assets				
Cash and temporary investments	\$ 223,491	\$ 117,707	\$ 79,921	\$ 394,666
Receivables				
Unremitted taxes	1,766	-	-	-
Delinquent taxes	1,846	-	-	-
	<u>227,103</u>	<u>117,707</u>	<u>79,921</u>	<u>394,666</u>
Total assets	<u>\$ 227,103</u>	<u>\$ 117,707</u>	<u>\$ 79,921</u>	<u>\$ 394,666</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	\$ 1,846	\$ -	\$ -	\$ -
Fund balances				
Restricted	<u>225,257</u>	<u>117,707</u>	<u>79,921</u>	<u>394,666</u>
Total deferred inflows of resources and fund balances	<u>\$ 227,103</u>	<u>\$ 117,707</u>	<u>\$ 79,921</u>	<u>\$ 394,666</u>

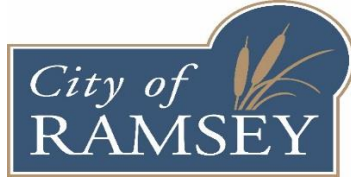
2013A Capital Equipment Certificates	2014A Capital Equipment Certificates	2015A GO Capital Improvement Bond	2015B GO Street Reconstruction Bond	2016A GO Street Reconstruction Bond	Totals
\$ 24,471	\$ 7,477	\$ 2,914	\$ 138,743	\$ 87,223	\$ 1,076,613
893	1,238	1,307	1,236	–	6,440
933	1,294	1,366	1,291	–	6,730
<u>\$ 26,297</u>	<u>\$ 10,009</u>	<u>\$ 5,587</u>	<u>\$ 141,270</u>	<u>\$ 87,223</u>	<u>\$ 1,089,783</u>
\$ 933	\$ 1,294	\$ 1,366	\$ 1,291	\$ –	\$ 6,730
<u>25,364</u>	<u>8,715</u>	<u>4,221</u>	<u>139,979</u>	<u>87,223</u>	<u>1,083,053</u>
<u>\$ 26,297</u>	<u>\$ 10,009</u>	<u>\$ 5,587</u>	<u>\$ 141,270</u>	<u>\$ 87,223</u>	<u>\$ 1,089,783</u>

CITY OF RAMSEY

Nonmajor Debt Service Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2016

	2004A Capital Improvement Refunding Bonds	2011B Refund G.O. Improvement Bonds	2009A State Aid Road Bond	2011A Armstrong/Bunker Bond
Revenue				
Property taxes	\$ 146,967	\$ -	\$ -	\$ -
Special assessments	-	-	-	128,615
Intergovernmental revenue	-	338,511	162,744	302,870
Other revenue				
Investment earnings (charges)	1,248	3,337	738	768
Total revenue	<u>148,215</u>	<u>341,848</u>	<u>163,482</u>	<u>432,253</u>
Expenditures				
Debt service				
Principal retirement	130,000	260,000	135,000	375,000
Interest and fiscal charges	8,875	63,613	21,795	90,615
Total expenditures	<u>138,875</u>	<u>323,613</u>	<u>156,795</u>	<u>465,615</u>
Net change in fund balances	9,340	18,235	6,687	(33,362)
Fund balances				
Beginning of year	<u>215,917</u>	<u>99,472</u>	<u>73,234</u>	<u>428,028</u>
End of year	<u>\$ 225,257</u>	<u>\$ 117,707</u>	<u>\$ 79,921</u>	<u>\$ 394,666</u>

<u>2013A Capital Equipment Certificates</u>	<u>2014A Capital Equipment Certificates</u>	<u>2015A GO Capital Improvement Bond</u>	<u>2015B GO Street Reconstruction Bond</u>	<u>2016A GO Street Reconstruction Bond</u>	<u>Totals</u>
\$ 74,286	\$ 103,005	\$ 108,782	\$ 102,845	\$ -	\$ 535,885
-	-	-	18,232	87,223	234,070
-	-	-	-	-	804,125
123	207	(98)	1,527	-	7,850
<u>74,409</u>	<u>103,212</u>	<u>108,684</u>	<u>122,604</u>	<u>87,223</u>	<u>1,581,930</u>
60,000	85,000	-	110,000	-	1,155,000
<u>11,338</u>	<u>14,345</u>	<u>104,463</u>	<u>25,200</u>	<u>-</u>	<u>340,244</u>
<u>71,338</u>	<u>99,345</u>	<u>104,463</u>	<u>135,200</u>	<u>-</u>	<u>1,495,244</u>
3,071	3,867	4,221	(12,596)	87,223	86,686
22,293	4,848	-	152,575	-	996,367
<u>\$ 25,364</u>	<u>\$ 8,715</u>	<u>\$ 4,221</u>	<u>\$ 139,979</u>	<u>\$ 87,223</u>	<u>\$ 1,083,053</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) Funded Project Fund – This fund is used to account for resources and expenditures related to the purchase of property for future state road development.

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

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.

2012 Riverdale Drive Fund – used to account for all costs that are associated with reconstructing Riverdale Drive.

Public Improvement Revolving The COR Fund – used to account for all costs associated with the construction of public improvements related to The COR project.

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

Center Street Fund – used to account for all costs that are associated with construction of Center Street.

2014 Capital Equipment Fund – used to account for resources and expenditures related to the 2014 purchases of capital equipment.

CITY OF RAMSEY

Nonmajor Capital Project Funds
 Combining Balance Sheet
 December 31, 2016

	<u>State-Aid Construction</u>	<u>RALF Funded Projects</u>	<u>Trott Brook Cemetery Perpetual Care</u>	<u>Park Improvement</u>
Assets				
Cash and temporary investments	\$ 1,200,585	\$ 186,763	\$ 53,001	\$ 2,384,259
Receivables				
Accounts	-	2,495	-	-
Due from other funds	86,056	-	-	-
Due from other governmental units	-	-	-	116,609
Land held for resale	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,286,641</u>	<u>\$ 189,258</u>	<u>\$ 53,001</u>	<u>\$ 2,500,868</u>
Liabilities				
Accounts and contracts payable	\$ -	\$ 6,237	\$ -	\$ 58,765
Due to other funds	-	-	-	-
Total liabilities	<u> -</u>	<u> 6,237</u>	<u> -</u>	<u> 58,765</u>
Fund balances (deficits)				
Restricted	1,286,641	-	-	-
Assigned	-	183,021	53,001	2,442,103
Unassigned	-	-	-	-
Total fund balances (deficits)	<u>1,286,641</u>	<u>183,021</u>	<u>53,001</u>	<u>2,442,103</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 1,286,641</u>	<u>\$ 189,258</u>	<u>\$ 53,001</u>	<u>\$ 2,500,868</u>

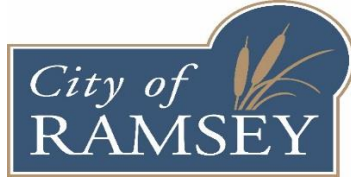
<u>Parking Ramp Maintenance</u>	<u>2012 Riverdale Drive</u>	<u>Public Improvement Revolving The COR</u>	<u>Sunwood Drive Realignment</u>	<u>Center Street</u>	<u>2014 Capital Equipment</u>	<u>Totals</u>
\$ 48,609	\$ -	\$ -	\$ -	\$ -	\$ 263,302	\$ 4,136,519
-	-	-	-	-	-	2,495
-	-	-	-	-	-	86,056
-	-	-	-	-	-	116,609
-	-	-	470,448	-	-	470,448
<u>\$ 48,609</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 470,448</u>	<u>\$ -</u>	<u>\$ 263,302</u>	<u>\$ 4,812,127</u>
\$ 2,505	\$ 1,603	\$ -	\$ -	\$ -	\$ -	\$ 69,110
-	86,056	-	-	-	-	86,056
2,505	87,659	-	-	-	-	155,166
-	-	-	-	-	-	1,286,641
46,104	-	-	470,448	-	263,302	3,457,979
-	(87,659)	-	-	-	-	(87,659)
<u>46,104</u>	<u>(87,659)</u>	<u>-</u>	<u>470,448</u>	<u>-</u>	<u>263,302</u>	<u>4,656,961</u>
<u>\$ 48,609</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 470,448</u>	<u>\$ -</u>	<u>\$ 263,302</u>	<u>\$ 4,812,127</u>

CITY OF RAMSEY

Nonmajor Capital Project Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2016

	<u>State-Aid Construction</u>	<u>RALF Funded Projects</u>	<u>Trott Brook Cemetery Perpetual Care</u>	<u>Park Improvement</u>
Revenue				
Intergovernmental revenue	\$ 240,030	\$ -	\$ -	\$ 237,925
Charges for services	-	142,393	-	476,469
Other revenue				
Investment earnings (charges)	12,064	-	459	33,966
Miscellaneous	-	-	8,100	-
Total revenue	<u>252,094</u>	<u>142,393</u>	<u>8,559</u>	<u>748,360</u>
Expenditures				
Current				
General government	-	-	-	-
Highways and streets	40,129	65,637	-	-
Culture and recreation	-	-	-	450,823
Capital outlay	-	-	-	82,751
Total expenditures	<u>40,129</u>	<u>65,637</u>	<u>-</u>	<u>533,574</u>
Excess (deficiency) of revenue over expenditures	211,965	76,756	8,559	214,786
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	<u>(62,920)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(62,920)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	149,045	76,756	8,559	214,786
Fund balances (deficits)				
Beginning of year	<u>1,137,596</u>	<u>106,265</u>	<u>44,442</u>	<u>2,227,317</u>
End of year	<u>\$ 1,286,641</u>	<u>\$ 183,021</u>	<u>\$ 53,001</u>	<u>\$ 2,442,103</u>

<u>Parking Ramp Maintenance</u>	<u>2012 Riverdale Drive</u>	<u>Public Improvement Revolving The COR</u>	<u>Sunwood Drive Realignment</u>	<u>Center Street</u>	<u>2014 Capital Equipment</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 477,955
-	-	-	-	-	-	618,862
12	(4,085)	-	-	-	4,054	46,470
99,649	-	23,647	-	21,616	4	153,016
<u>99,661</u>	<u>(4,085)</u>	<u>23,647</u>	<u>-</u>	<u>21,616</u>	<u>4,058</u>	<u>1,296,303</u>
95,705	-	-	-	-	-	95,705
-	334	-	-	-	-	106,100
-	-	-	-	-	-	450,823
-	75,780	-	-	-	-	158,531
<u>95,705</u>	<u>76,114</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>811,159</u>
3,956	(80,199)	23,647	-	21,616	4,058	485,144
-	524,394	-	-	-	-	524,394
-	-	-	-	(20,982)	(256,426)	(340,328)
<u>-</u>	<u>524,394</u>	<u>-</u>	<u>-</u>	<u>(20,982)</u>	<u>(256,426)</u>	<u>184,066</u>
3,956	444,195	23,647	-	634	(252,368)	669,210
42,148	(531,854)	(23,647)	470,448	(634)	515,670	3,987,751
<u>\$ 46,104</u>	<u>\$ (87,659)</u>	<u>\$ -</u>	<u>\$ 470,448</u>	<u>\$ -</u>	<u>\$ 263,302</u>	<u>\$ 4,656,961</u>

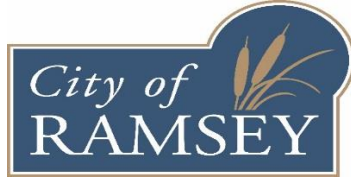


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AGENCY FUND

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.

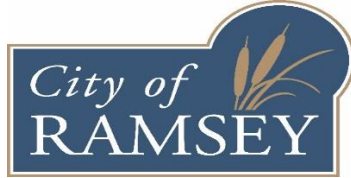


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CITY OF RAMSEY

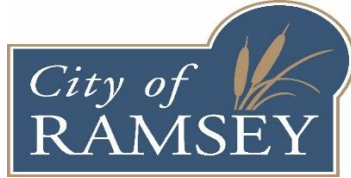
Agency Fund
Statement of Changes in Assets and Liabilities
Year Ended December 31, 2016

	Beginning Balance	Additions	Deletions	Ending Balance
Assets				
Cash and temporary investments	\$ 1,715,558	\$ 1,068,934	\$ 697,612	\$ 2,086,880
Receivables				
Accounts	26,316	8,891	17,782	17,425
Assets held for resale	12,734,868	-	-	12,734,868
	<u>\$ 14,476,742</u>	<u>\$ 1,077,825</u>	<u>\$ 715,394</u>	<u>\$ 14,839,173</u>
Liabilities				
Accounts payable	\$ 7,797	\$ 578,743	\$ 573,995	\$ 12,545
Deposits payable	1,734,077	2,093,979	1,736,296	2,091,760
Loans Payable to Met Council	12,734,868	-	-	12,734,868
	<u>\$ 14,476,742</u>	<u>\$ 2,672,722</u>	<u>\$ 2,310,291</u>	<u>\$ 14,839,173</u>



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STATISTICAL SECTION (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.	<u>130-135</u>
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	<u>136-139</u>
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.	<u>140-143</u>
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.	<u>144-145</u>
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.	<u>146-148</u>

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 Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities										
Net investment in capital assets	\$ 27,548,267	\$ 31,255,476	\$ 34,736,969	\$ 38,466,812	\$ 39,794,321	\$ 41,998,822	\$ 40,374,256	\$ 41,657,601	\$ 41,216,689	\$ 42,170,710
Restricted	16,626,010	20,919,497	21,780,289	21,604,295	22,103,948	14,632,006	16,128,452	15,273,582	18,430,141	18,323,930
Unrestricted	17,500,206	18,403,564	16,902,526	14,450,911	14,433,838	7,298,825	8,107,485	8,120,953	13,292,971	13,832,461
Total governmental activities net position	<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>	<u>\$ 63,929,653</u>	<u>\$ 64,610,193</u>	<u>\$ 65,052,136</u>	<u>\$ 72,939,801</u>	<u>\$ 74,327,101</u>
Business-type activities										
Net investment in capital assets	\$ 49,173,058	\$ 49,355,232	\$ 51,823,362	\$ 52,500,049	\$ 51,748,092	\$ 50,843,868	\$ 50,494,576	\$ 50,427,367	\$ 49,340,145	\$ 51,959,594
Unrestricted	20,926,874	22,525,196	21,633,010	22,845,759	23,764,060	27,486,732	28,969,730	30,915,832	34,206,676	35,953,541
Total business-type activities net position	<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>	<u>\$ 78,330,600</u>	<u>\$ 79,464,306</u>	<u>\$ 81,343,199</u>	<u>\$ 83,546,821</u>	<u>\$ 87,913,135</u>
Total government										
Net investment in capital assets	\$ 76,721,325	\$ 80,610,708	\$ 86,560,331	\$ 90,966,861	\$ 91,542,413	\$ 92,842,690	\$ 90,868,832	\$ 92,084,968	\$ 90,556,834	\$ 94,130,304
Restricted	16,626,010	20,919,497	21,780,289	21,604,295	22,103,948	14,632,006	16,128,452	15,273,582	18,430,141	18,323,930
Unrestricted	38,427,080	40,928,760	38,535,536	37,296,670	38,197,898	34,785,557	37,077,215	39,036,785	47,499,647	49,786,002
Total government net position	<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>	<u>\$ 142,260,253</u>	<u>\$ 144,074,499</u>	<u>\$ 146,395,335</u>	<u>\$ 156,486,622</u>	<u>\$ 162,240,236</u>

Note 1: The City implemented GASB Statement No. 68 in fiscal 2015, recording a change in accounting principle that decreased unrestricted net position. Prior year balances are not restated.

Note 2: The City reported a prior period adjustment in fiscal 2016 that increased the net investment in capital assets. Prior year balances are not restated.

City of Ramsey
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses										
Governmental activities:										
General government	\$ 3,878,438	\$ 4,862,284	\$ 4,690,824	\$ 4,998,807	\$ 5,559,732	\$ 18,976,842	\$ 3,735,657	\$ 4,087,755	\$ 4,075,505	\$ 4,528,920
Public safety	3,809,016	4,313,520	4,438,324	4,153,361	4,307,045	4,218,066	4,074,688	4,079,362	4,349,763	5,875,567
Highways and streets	2,689,259	3,756,861	4,795,460	5,791,896	6,129,272	5,659,428	5,215,260	4,263,552	3,197,571	3,826,143
Culture and recreation	977,766	1,064,587	1,067,125	1,048,690	1,267,292	1,216,583	1,415,736	1,422,810	1,867,274	1,931,537
Interest and fiscal charges	1,415,874	1,342,305	1,330,224	1,316,893	1,302,228	2,555,567	1,220,471	1,168,513	983,379	890,305
Total governmental activities expenses	<u>12,770,353</u>	<u>15,339,557</u>	<u>16,321,957</u>	<u>17,309,647</u>	<u>18,565,569</u>	<u>32,626,486</u>	<u>15,661,812</u>	<u>15,021,992</u>	<u>14,473,492</u>	<u>17,052,472</u>
Business-type activities:										
Water utility	912,094	1,247,248	1,291,952	1,295,721	1,358,050	1,228,012	1,293,201	1,221,211	1,278,204	1,489,070
Sewer utility	838,452	883,214	1,076,451	1,101,554	1,149,318	1,152,760	1,190,551	1,282,302	1,291,509	1,438,141
Street light utility	110,837	123,839	148,140	158,369	163,758	165,651	176,736	161,733	178,666	176,732
Recycling utility	283,746	300,755	298,631	307,662	302,947	302,936	308,629	321,321	320,901	359,418
Storm water utility	440,697	300,444	358,522	350,521	410,666	496,309	491,370	509,709	557,267	742,043
Total business-type activities	<u>2,585,826</u>	<u>2,855,500</u>	<u>3,173,696</u>	<u>3,213,827</u>	<u>3,384,739</u>	<u>3,345,668</u>	<u>3,460,487</u>	<u>3,496,276</u>	<u>3,626,547</u>	<u>4,205,404</u>
Total government expenses	<u>\$ 15,356,179</u>	<u>\$ 18,195,057</u>	<u>\$ 19,495,653</u>	<u>\$ 20,523,474</u>	<u>\$ 21,950,308</u>	<u>\$ 35,972,154</u>	<u>\$ 19,122,299</u>	<u>\$ 18,518,268</u>	<u>\$ 18,100,039</u>	<u>\$ 21,257,876</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 395,697	\$ 347,633	\$ 303,122	\$ 344,922	\$ 313,195	\$ 416,152	\$ 479,970	\$ 461,538	\$ 529,820	\$ 457,901
Public safety	654,796	1,048,086	802,196	979,828	918,296	1,177,840	901,570	626,844	946,887	698,310
Highways and streets	537,660	494,996	284,026	487,507	738,136	81,159	239,234	266,447	347,984	261,658
Culture and recreation	668,521	6,905	19,763	27,016	9,910	628,571	158,376	173,310	815,511	483,727
Operating grants and contributions	3,025,480	2,201,372	614,816	326,986	298,077	2,008,709	1,180,725	385,574	9,999,527	508,694
Capital grants and contributions	522,815	5,122,028	2,700,471	2,828,240	4,187,265	3,866,331	3,208,950	3,023,145	3,124,565	3,809,965
Total governmental activities program revenues	<u>5,804,969</u>	<u>9,221,020</u>	<u>4,724,394</u>	<u>4,994,499</u>	<u>6,464,879</u>	<u>8,178,762</u>	<u>6,168,825</u>	<u>4,936,858</u>	<u>15,764,294</u>	<u>6,220,255</u>
Business-type activities:										
Charges for services:										
Water utility	1,440,658	1,539,665	1,693,581	1,633,461	1,821,386	2,131,460	1,997,302	1,860,380	2,045,225	1,953,478
Sewer utility	1,100,948	1,208,843	1,214,953	1,261,609	1,236,771	1,324,342	1,341,674	1,393,157	1,392,101	1,458,250
Street light utility	173,541	183,560	172,897	179,272	178,850	179,124	177,158	188,185	190,872	196,253
Recycling utility	291,152	332,682	284,515	294,617	297,226	296,358	298,034	309,160	307,128	308,052
Storm water utility	503,553	566,506	578,666	617,598	617,579	647,169	677,936	706,135	770,812	1,034,552
Operating grants and contributions	-	-	59,963	49,873	50,279	57,239	79,358	65,817	39,423	67,100
Capital grants and contributions	2,242,294	373,612	102,512	310,040	88,349	1,315,030	488,687	101,107	1,185,135	1,799,057
Total business-type activities program revenues	<u>5,752,146</u>	<u>4,204,868</u>	<u>4,107,087</u>	<u>4,346,470</u>	<u>4,290,440</u>	<u>5,950,722</u>	<u>5,060,149</u>	<u>4,623,941</u>	<u>5,930,696</u>	<u>6,816,742</u>
Total government program revenues	<u>\$ 11,557,115</u>	<u>\$ 13,425,888</u>	<u>\$ 8,831,481</u>	<u>\$ 9,340,969</u>	<u>\$ 10,755,319</u>	<u>\$ 14,129,484</u>	<u>\$ 11,228,974</u>	<u>\$ 9,560,799</u>	<u>\$ 21,694,990</u>	<u>\$ 13,036,997</u>
Net (expense)/revenue										
Governmental activities	\$ (6,965,384)	\$ (6,118,537)	\$ (11,597,563)	\$ (12,315,148)	\$ (12,100,690)	\$ (24,447,724)	\$ (9,492,987)	\$ (10,085,134)	\$ 1,290,802	\$ (10,832,217)
Business-type activities	3,166,320	1,349,368	933,391	1,132,643	905,701	2,605,054	1,599,662	1,127,665	2,304,149	2,611,338
Total government net expense	<u>\$ (3,799,064)</u>	<u>\$ (4,769,169)</u>	<u>\$ (10,664,172)</u>	<u>\$ (11,182,505)</u>	<u>\$ (11,194,989)</u>	<u>\$ (21,842,670)</u>	<u>\$ (7,893,325)</u>	<u>\$ (8,957,469)</u>	<u>\$ 3,594,951</u>	<u>\$ (8,220,879)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 11,562,407	\$ 12,345,279	\$ 13,019,854	\$ 12,144,908	\$ 11,671,760	\$ 11,454,519	\$ 10,421,456	\$ 9,423,457	\$ 10,064,621	\$ 10,674,696
General grants and contributions	508,664	310,111	204,752	114,692	120,932	9,175	38,577	3,198	4,204	3,905
Investment earnings (charges)	1,648,318	1,736,468	1,116,588	1,283,533	903,786	474,076	(411,446)	980,922	422,405	280,597
Gan on sale of capital assets	24,795	57,975	5,816	-	14,716	-	12,940	-	8,914	-
Transfers	(818,207)	572,758	91,800	(125,751)	1,199,585	107,500	112,000	119,500	124,000	214,445
Total governmental activities	<u>12,925,977</u>	<u>15,022,591</u>	<u>14,438,810</u>	<u>13,417,382</u>	<u>13,910,779</u>	<u>12,045,270</u>	<u>10,173,527</u>	<u>10,527,077</u>	<u>10,624,144</u>	<u>11,173,643</u>
Business-type activities:										
Investment earnings (charges)	1,041,621	1,003,886	734,353	631,042	460,228	320,894	(353,956)	870,728	385,490	325,628
Transfers	818,207	(572,758)	(91,800)	125,751	(1,199,585)	(107,500)	(112,000)	(119,500)	(124,000)	(214,445)
Total business-type activities	<u>1,859,828</u>	<u>431,128</u>	<u>642,553</u>	<u>756,793</u>	<u>(739,357)</u>	<u>213,394</u>	<u>(465,956)</u>	<u>751,228</u>	<u>261,490</u>	<u>111,183</u>
Total government	<u>\$ 14,785,805</u>	<u>\$ 15,453,719</u>	<u>\$ 15,081,363</u>	<u>\$ 14,174,175</u>	<u>\$ 13,171,422</u>	<u>\$ 12,258,664</u>	<u>\$ 9,707,571</u>	<u>\$ 11,278,305</u>	<u>\$ 10,885,634</u>	<u>\$ 11,284,826</u>
Change in Net Position										
Governmental activities	\$ 5,960,593	\$ 8,904,054	\$ 2,841,247	\$ 1,102,234	\$ 1,810,089	\$ (12,402,454)	\$ 680,540	\$ 441,943	\$ 11,914,946	\$ 341,426
Business-type activities	5,026,148	1,780,496	1,575,944	1,889,436	166,344	2,818,448	1,133,706	1,878,893	2,565,639	2,722,521
Total government	<u>\$ 10,986,741</u>	<u>\$ 10,684,550</u>	<u>\$ 4,417,191</u>	<u>\$ 2,991,670</u>	<u>\$ 1,976,433</u>	<u>\$ (9,584,006)</u>	<u>\$ 1,814,246</u>	<u>\$ 2,320,836</u>	<u>\$ 14,480,585</u>	<u>\$ 3,063,947</u>

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Tax Increment</u>	<u>Total</u>
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
2012	8,750,754	2,703,765	11,454,519
2013	8,186,852	2,234,604	10,421,456
2014	8,755,276	668,181	9,423,457
2015	9,393,365	671,256	10,064,621
2016	9,974,695	700,001	10,674,696

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General fund										
Reserved	\$ 109,775	\$ 5,351	\$ 6,794	\$ 14,115	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,902,495	6,973,197	7,010,159	6,045,644	-	-	-	-	-	-
Nonspendable	-	-	-	-	9,929	4,042	50,561	4,805	1,613	15,431
Assigned	-	-	-	-	125,015	142,419	175,008	-	-	-
Unassigned	-	-	-	-	6,253,688	6,578,822	6,545,825	6,977,764	7,271,432	7,501,962
Total general fund	<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>	<u>\$ 6,725,283</u>	<u>\$ 6,771,394</u>	<u>\$ 6,982,569</u>	<u>\$ 7,273,045</u>	<u>\$ 7,517,393</u>
All other governmental funds										
Reserved	\$ 1,028,346	\$ 2,864,874	\$ 12,898,120	\$ 12,906,280	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	6,994,395	9,131,758	5,973,123	6,632,439	-	-	-	-	-	-
Debt service funds	2,001,431	2,393,118	2,344,463	2,524,951	-	-	-	-	-	-
Capital projects funds	13,721,728	13,190,165	12,777,036	10,291,562	-	-	-	-	-	-
Nonspendable	-	-	-	-	304	-	590	-	-	450
Restricted	-	-	-	-	25,032,219	17,606,291	19,148,705	15,295,400	18,484,179	18,377,993
Committed	-	-	-	-	819,839	946,312	927,557	743,944	890,603	1,041,932
Assigned	-	-	-	-	10,552,354	9,962,381	10,719,398	10,651,554	12,645,683	13,331,150
Unassigned	-	-	-	-	(853,086)	(456,692)	(282,159)	(110,979)	(556,135)	(87,659)
Total all other governmental funds	<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>	<u>\$ 28,058,292</u>	<u>\$ 30,514,091</u>	<u>\$ 26,579,919</u>	<u>\$ 31,464,330</u>	<u>\$ 32,663,866</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.

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues										
Property taxes	\$ 11,359,235	\$ 12,101,523	\$ 13,238,885	\$ 12,151,317	\$ 11,709,649	\$ 11,545,803	\$ 10,490,825	\$ 9,544,771	\$ 10,175,399	\$ 10,684,896
Special assessments	597,562	503,718	446,452	492,870	545,764	436,854	370,791	326,465	468,844	444,235
Licenses and permits	680,717	855,914	373,462	412,071	368,153	534,910	718,875	458,532	784,954	526,008
Intergovernmental revenue	1,763,110	2,622,219	1,733,329	2,029,558	3,140,747	3,736,095	2,919,701	2,615,851	2,052,791	1,795,988
Charges for services	1,401,329	609,223	947,307	1,319,586	1,517,320	1,681,400	877,849	966,951	1,779,697	1,298,085
Fines and forfeits	130,325	126,559	113,661	100,199	105,833	75,562	73,110	72,216	60,236	66,410
Investment earnings (charges)	1,623,146	1,715,220	1,102,245	1,269,263	895,184	468,032	(403,836)	965,382	416,508	276,142
Other	1,910,172	4,041,273	1,422,878	838,148	746,505	1,909,229	1,402,508	596,208	10,679,794	773,836
Total Revenues	<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>	<u>20,387,885</u>	<u>16,449,823</u>	<u>15,546,376</u>	<u>26,418,223</u>	<u>15,865,600</u>
Expenditures										
General government	3,955,708	4,227,391	3,933,652	4,280,825	4,847,669	18,291,512	2,837,610	3,175,959	3,119,273	3,537,925
Public safety	3,822,983	3,941,648	3,945,154	3,779,318	3,886,613	3,860,697	3,740,132	3,809,209	4,011,871	4,234,482
Highways and streets	1,904,031	2,868,137	2,282,505	2,753,505	4,944,097	4,391,415	3,883,519	2,930,144	1,815,409	2,199,615
Culture and recreation	820,780	901,042	861,406	817,538	857,927	836,452	1,013,089	1,004,750	1,428,116	1,478,090
Capital outlay	4,165,759	4,484,807	4,429,123	6,353,954	6,589,201	3,370,128	705,383	3,688,952	6,314,573	2,756,193
Debt service										
Principal	1,702,000	2,010,000	3,430,000	2,235,000	1,810,000	1,485,000	1,315,000	1,580,000	8,780,000	1,735,000
Interest	1,412,972	1,352,656	1,331,563	1,322,871	1,220,906	2,681,176	1,213,120	1,179,859	1,103,614	965,474
Total Expenditures	<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>	<u>34,916,380</u>	<u>14,707,853</u>	<u>17,368,873</u>	<u>26,572,856</u>	<u>16,906,779</u>
Excess of revenues over (under) expenditures	1,681,363	2,789,968	(835,184)	(2,929,999)	(5,127,258)	(14,528,495)	1,741,970	(1,822,497)	(154,633)	(1,041,179)
Other financing sources (uses)										
Bonds issued	1,735,000	-	1,340,000	-	4,365,000	7,320,000	635,000	875,000	5,085,000	1,650,000
Refunding bonds issued	-	-	-	-	3,090,000	16,875,000	-	-	-	-
Premium/(Discount) on debt issues	-	-	(25,125)	-	(22,036)	284,907	-	-	111,606	69,482
Payments on refunded bonds	(920,000)	-	-	-	-	(17,227,352)	-	(2,895,000)	-	-
Proceeds on sale of capital assets	24,795	57,975	28,545	8,361	19,980	11,753	12,940	-	8,914	-
Transfers in	4,169,062	4,364,931	5,620,998	7,782,837	3,864,855	6,237,727	2,606,637	2,329,539	3,642,196	2,183,931
Transfers (out)	(4,461,897)	(3,412,581)	(5,529,198)	(7,455,903)	(2,665,270)	(6,130,227)	(2,494,637)	(2,210,039)	(3,518,196)	(1,418,350)
Total other financing sources (uses)	<u>546,960</u>	<u>1,010,325</u>	<u>1,435,220</u>	<u>335,295</u>	<u>8,652,529</u>	<u>7,371,808</u>	<u>759,940</u>	<u>(1,900,500)</u>	<u>5,329,520</u>	<u>2,485,063</u>
Special item	-	-	5,851,196	-	-	-	-	-	-	-
Net change in fund balances	<u>\$ 2,228,323</u>	<u>\$ 3,800,293</u>	<u>\$ 6,451,232</u>	<u>\$ (2,594,704)</u>	<u>\$ 3,525,271</u>	<u>\$ (7,156,687)</u>	<u>\$ 2,501,910</u>	<u>\$ (3,722,997)</u>	<u>\$ 5,174,887</u>	<u>\$ 1,443,884</u>
Debt service as a percentage of noncapital expenditures	<u>22.87%</u>	<u>21.98%</u>	<u>30.17%</u>	<u>23.42%</u>	<u>17.25%</u>	<u>13.21%</u>	<u>18.05%</u>	<u>20.17%</u>	<u>48.79%</u>	<u>19.08%</u>

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>Total</u>
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
2012	8,842,038	2,703,765	11,545,803
2013	8,256,221	2,234,604	10,490,825
2014	8,876,590	668,181	9,544,771
2015	9,504,143	671,256	10,175,399
2016	9,984,895	700,001	10,684,896

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	Total Taxable Market Value	Tax Capacity Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Market Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Other					
2007	\$ 1,880,483,000	\$ 269,566,300	\$ 15,262,600	\$ 2,165,311,900	\$ 22,640,697	39.222%	\$ 2,210,610,800	97.95%
2008	1,966,005,400	306,596,800	15,820,200	2,288,422,400	23,857,278	39.282%	2,336,127,900	97.96%
2009	2,005,067,600	347,622,600	16,932,200	2,369,622,400	25,040,188	39.263%	2,408,464,200	98.39%
2010	1,845,420,600	327,882,200	17,277,000	2,190,579,800	23,787,900	37.811%	2,232,018,600	98.14%
2011	1,659,908,100	301,333,900	18,253,100	1,979,495,100	20,609,005	39.801%	2,015,100,000	98.23%
2012	1,606,421,000	282,627,300	17,640,900	1,906,689,200	19,881,220	44.174%	1,939,707,200	98.30%
2013	1,498,299,700	257,979,400	18,811,000	1,775,090,100	18,068,054	44.290%	1,806,808,800	98.24%
2014	1,500,637,400	245,491,800	17,567,700	1,763,696,900	19,356,717	44.237%	1,795,975,400	98.20%
2015	1,720,911,700	251,254,300	16,579,800	1,988,745,800	21,196,036	42.259%	2,025,977,100	98.16%
2016	1,797,814,500	259,553,800	20,929,000	2,078,297,300	22,262,546	43.316%	2,116,664,200	98.19%

Note: The tax capacity value of property is calculated by applying a statutory formula to the estimated market value of the property.
Source: Anoka County records were the source of taxable market value and estimated actual values.

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

Fiscal Year	City of Ramsey			County	School District		Other	Total	
	General Operating Levy	Debt Service Levy	Total City Levy	Anoka County	ISD No 11	ISD No 728	Special Taxing Districts (3)	Direct & Overlapping Rates-ISD No 11	Direct & Overlapping Rates-ISD No 728
Tax rates per \$100 of tax capacity									
2007	33.234	5.988	39.222	32.391	19.353	33.208	4.016	94.982	108.837
2008	35.093	4.189	39.282	33.888	16.983	32.344	3.967	94.120	109.481
2009	34.685	4.578	39.263	33.563	18.247	36.088	3.803	94.876	112.717
2010	33.080	4.731	37.811	36.855	19.939	39.967	4.961	99.566	119.594
2011	35.840	3.961	39.801	41.708	23.999	43.489	4.905	110.413	129.903
2012	37.186	6.988	44.174	43.298	23.325	45.548	4.124	114.921	137.144
2013	41.500	2.790	44.290	45.453	26.751	51.290	4.146	120.640	145.179
2014	37.073	7.164	44.237	44.495	28.265	51.286	6.031	123.028	146.049
2015	36.208	6.051	42.259	38.443	22.482	42.483	5.226	108.410	128.411
2016	36.185	7.131	43.316	39.398	20.885	39.266	5.448	109.047	127.428

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.

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

Taxpayer	2016			2007		
	<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>
Residence at the COR Apartments	\$ 27,019,400	1	1.30%	\$ -	-	NA
Connexus Energy/Anoka Electric Co-op	15,020,600	2	0.72%	19,109,800	1	0.88%
PSD LLC	10,553,600	3	0.51%	-	-	NA
S & A Partners, LLC	9,371,200	4	0.45%	14,046,700	3	0.65%
Sophia-Ramsey LLC	8,373,900	5	0.40%	8,534,100	5	0.39%
Brunswick Corporation	7,966,700	6	0.38%	9,262,200	4	0.43%
Northstar Marketplace Station	7,415,900	7	0.36%	-	-	NA
Centerpoint/Minnegasco	6,531,300	8	0.31%	4,922,300	8	0.23%
Vision Ease/Insight Equity	5,724,900	9	0.28%	6,587,200	6	0.30%
Zero Zone Refrigeration, LLC	4,385,100	10	0.21%	5,097,400	7	0.24%
Ramsey Professional Center	-	-	NA	14,720,000	2	0.68%
Olcastle Precast Inc	-	-	NA	4,496,500	9	0.21%
Knoll Properties	-	-	NA	4,368,400	10	0.20%

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>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2007	\$ 8,880,134	\$ 8,677,815	97.72%	\$ 201,814	\$ 8,879,629	99.99%
2008	9,371,616	8,917,124	95.15%	453,894	9,371,018	99.99%
2009	9,831,529	9,374,414	95.35%	454,367	9,828,781	99.97%
2010	8,994,443	8,432,354	93.75%	554,882	8,987,236	99.92%
2011	8,497,158	7,975,431	93.86%	514,177	8,489,608	99.91%
2012	8,782,330	8,616,750	98.11%	159,565	8,776,315	99.93%
2013	8,185,481	7,961,650	97.27%	215,684	8,177,334	99.90%
2014	8,772,143	8,649,053	98.60%	112,139	8,761,192	99.88%
2015	9,407,821	9,330,900	99.18%	59,827	9,390,727	99.82%
2016	9,971,075	9,890,058	99.19%	-	9,890,058	99.19%

Source: Anoka County records

(1) Includes general, debt service and HRA levy.

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

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

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income(1)	Per Capita(1)
	General Obligation Bonded Debt	Capital Equipment Certificates			
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
2012	36,345,000	-	36,345,000	5.02%	1,525
2013	35,030,000	635,000	35,665,000	4.69%	1,467
2014	30,615,000	1,450,000	32,065,000	4.04%	1,286
2015	27,060,000	1,310,000	28,370,000	3.40%	1,108
2016	27,120,000	1,165,000	28,285,000	3.28%	1,093

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund (3)	Total	Percentage of Estimated Actual Taxable Value of Property(1)	Per Capita(2)
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
2012	36,345,000	5,618,631	30,726,369	1.58%	1,289
2013	35,030,000	4,963,143	30,066,857	1.66%	1,237
2014	30,615,000	1,914,472	28,700,528	1.60%	1,151
2015	27,060,000	1,721,796	25,338,204	1.25%	990
2016	27,120,000	1,778,495	25,341,505	1.20%	980

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) The City is using governmental fund net position restricted for debt service. We believe this to be the best amount available to present a consistent net amount when refunding bonds are held for payment, which are not restricted on entity-wide statements due to conversion for full accrual accounting.

**City of Ramsey
Direct and Overlapping Governmental Activities Debt
As of December 31, 2016**

<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	\$ 104,955,000	7.30%	\$ 7,661,820
ISD No. 11, Anoka-Hennepin	49,795,000	9.83%	4,893,404
ISD No. 728, Elk River	229,915,000	3.49%	8,016,216
Metropolitan Council	1,877,450	0.66%	12,481
Subtotal, overlapping debt			<u>20,583,922</u>
City of Ramsey direct debt	28,285,000	100.00%	<u>28,285,000</u>
Total direct and overlapping debt			<u>\$ 48,868,922</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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit*	\$ 43,306,238	\$ 68,652,672	\$ 71,088,672	\$ 65,717,394	\$ 59,384,853	\$ 57,200,676	\$ 53,252,703	\$ 52,910,907	\$ 59,662,374	\$ 62,348,919
Total net debt applicable to limit	<u>20,073,569</u>	<u>19,046,615</u>	<u>17,825,537</u>	<u>16,465,049</u>	<u>12,206,870</u>	<u>15,675,147</u>	<u>15,993,070</u>	<u>16,141,727</u>	<u>19,191,513</u>	<u>18,316,143</u>
Legal debt margin	<u>\$ 23,232,669</u>	<u>\$ 49,606,057</u>	<u>\$ 53,263,135</u>	<u>\$ 49,252,345</u>	<u>\$ 47,177,983</u>	<u>\$ 41,525,529</u>	<u>\$ 37,259,633</u>	<u>\$ 36,769,180</u>	<u>\$ 40,470,861</u>	<u>\$ 44,032,776</u>
Total net debt applicable to limit as a percentage of debt limit	46.35%	27.74%	25.08%	25.05%	20.56%	27.40%	30.03%	30.51%	32.17%	29.38%

Legal Debt Margin Calculation for Fiscal Year 2016

Taxable Market value	\$ 2,078,297,300
Debt limit (3%* of market value)	62,348,919
Debt applicable to limit:	
Total bonded debt	\$ 28,285,000
Less:	
Obligations issued with special assessments	(8,980,000)
Amounts available in respective Debt Service Funds	<u>(988,857)</u>
Total deductions	<u>(9,968,857)</u>
	<u>18,316,143</u>
Legal debt margin	<u>\$ 44,032,776</u>

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.

**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>
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%
2012	23,835	724,488,660	30,396	3,714	5.2%
2013	24,306	760,381,280	31,754	4,979	5.0%
2014	24,935	793,032,740	31,804	5,012	5.3%
2015	25,598	834,034,036	32,582	5,126	3.8%
2016	25,868	863,189,292	33,369	5,217	3.7%

(1) Years 2007-2009 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-current year 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 #11 and Elk River School District #728.

(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>2016</u>			<u>2007</u>		
	<u>Employees</u>		<u>Percentage of</u>	<u>Employees</u>		<u>Percentage of</u>
	<u>(1)</u>	<u>Rank</u>	<u>Total City</u> <u>Employment</u>	<u>(1)</u>	<u>Rank</u>	<u>Total City</u> <u>Employment</u>
Life Fitness/Parabody Inc.	460	1	7.48%	780	1 & 3	15.32%
BMC Vision Ease Lens	300	2	4.88%	400	2	7.86%
Showdown Displays/Sign Zone	252	3	4.10%	120	7	2.36%
Connexus Energy/Anoka Electric	250	4	4.07%	230	4	4.52%
Anderson & Dahlen (Knoll Properties)	150	5	2.44%	165	5	3.24%
Coborns	130	6	2.11%	-	-	0.00%
ISD No. 11 (Anoka-Hennepin)	126	7	2.05%	116	8	2.28%
Ham Lake Haulers	104	8	1.69%	-	-	0.00%
RJM Distributing	100	9	1.63%	103	9	2.02%
City of Ramsey	86	10	1.40%	-	-	0.00%
Altron Inc.	-	-	0.00%	140	6	2.75%
Ace Solid Waste	-	-	0.00%	83	10	1.63%

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government	23.02	23.02	21.22	20.22	19.10	18.60	16.00	20.00	19.13	17.36
Public safety										
Police										
Officers	24.00	25.00	23.00	23.00	23.00	23.00	22.00	22.00	24.00	24.00
Civilians	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.50	4.00	4.00
Fire										
Firefighters and officers	9.58	9.58	9.58	9.58	9.58	9.58	9.58	9.58	9.58	9.58
Civilians	1.00	1.00	1.00	1.00	1.00	0.50	0.50	0.50	0.50	1.00
Protective Inspections	7.00	7.00	3.00	2.00	1.00	1.00	2.00	3.25	3.75	3.75
Highways and streets										
Engineering	8.48	8.48	7.48	6.48	6.60	6.60	6.30	6.30	7.00	7.00
Streets	8.00	8.00	7.00	7.00	7.00	7.00	7.00	7.00	7.50	8.50
Maintenance	7.00	7.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00
Culture and recreation	4.22	4.22	2.47	2.47	3.47	3.47	5.47	3.97	3.97	3.97
Water	1.00	1.00	2.00	2.00	2.00	2.00	4.00	3.00	4.00	4.00
Total	97.30	98.30	87.75	84.75	82.75	81.75	82.85	86.10	88.43	88.16

Source: City Budget documents

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

Function	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police										
Number of arrests	642	574	437	352	463	416	465	377	358	273
Motor Vehicle Accidents	383	451	545	465	631	471	493	279	238	289
Traffic violations	2,156	2,913	2,875	4,008	3,488	3,292	4,453	4,182	5,378	4,855
Fire										
Number of calls answered	489	491	453	481	483	459	443	486	460	498
Inspections	527	163	194	177	260	303	205	177	196	134
Highways and streets										
Street resurfacing (miles)	20.70	17.90	15.65	16.59	14.86	22.00	14.50	14.25	15.74	19.84
Culture and recreation										
Park Acreage maintained	565	565	565	565	565	565	571	571	571	571
Trails/sidewalks maintained (miles)	30	30	30	40	45	45	46	50	50	50
Water										
Number of connections	3,709	3,850	3,914	3,962	4,013	4,087	4,228	4,308	4,406	4,510
Water main breaks	-	-	-	-	2	-	-	-	-	1
Average daily consumption (gallons)	1,917,808	1,717,808	1,754,130	1,753,425	1,616,376	1,890,290	1,697,771	1,610,006	1,811,752	1,645,027

Source: Various City departments

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

Function	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	6	6	6	6	6	6	6	6	6	10
Fire stations	2	2	2	2	2	2	2	2	2	2
Highways and streets										
Streets (miles)	167.80	168.00	168.00	168.00	168.00	172.88	172.88	172.88	180.40	183.27
Streetlights	603	603	626	626	631	659	659	1,060	1,166	1,179
Culture and recreation										
Parks acreage	565	565	565	565	565	565	565	565	565	585
Parks *	35	35	35	35	35	35	38	38	38	38
Tennis courts	16	16	16	12	12	10	10	10	10	10
Water										
Water mains (miles)	87	87	87	87	89	90	90	91	91	91
Fire hydrants	1,000	1,000	1,000	1,000	1,020	1,030	1,030	1,045	1,047	1,047
Maximum daily capacity **	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000	5,256,000	5,256,000	5,256,000	5,256,000	5,256,000
Sewer										
Sanitary sewers (miles)	48	48	48	48	63	63	63	64	65	65
Storm sewers (miles)	15	17	19	21	25	28	34	36	39	43

Source: Various City departments

* The city has 38 total parks with 32 receiving some form of maintenance

** Maximum water city is able to produce in 12 hour period

Management Report

for

City of Ramsey
Anoka County, Minnesota

December 31, 2016

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PRINCIPALS

Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA

To the City Council and Management
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, 2016. We have organized this report into the following sections:

- Audit Summary
- Governmental Funds Overview
- Enterprise Funds Overview
- Government-Wide Financial Statements
- Legislative Updates
- 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.

The purpose of this report is solely to provide those charged with governance of the City, management, and those who have responsibility for oversight of the financial reporting process comments resulting from our audit process and information relevant to city finances in Minnesota. Accordingly, this report is not suitable for any other purpose.

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

Minneapolis, Minnesota
June 5, 2017

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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, 2016, and the related notes to the financial statements. 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, 2016:

- We have issued an unmodified opinion on the City's basic financial statements.
- We reported one deficiency involving the City's internal control over financial reporting that we consider to be a material weakness:
 - The City recorded a prior period adjustment to correct a material error in the previous year's financial statements.
- The results of our testing disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.
- We reported no findings based on our testing of the City's compliance with Minnesota laws and regulations.

AUDIT COMMENTS

Land Held for Resale – The City currently holds a material amount of land for resale, which management reports at the lower of cost or fair 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.

FOLLOW-UP ON PRIOR YEAR FINDINGS AND RECOMMENDATIONS

As a part of our audit of the City's financial statements for the year ended December 31, 2016, we performed procedures to follow-up on the findings and recommendations that resulted from our prior year audit. We reported the following finding in the prior year that the City corrected in the current year:

- In the prior year audit, we reported a compliance finding with Minnesota laws and regulations that the responsible contractor documentation was not obtained as required by state statute. We are pleased to report this is not a finding in the current year.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 of the notes to basic financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2016. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

Accounting estimates are an integral part of the 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:

- **Value of Land Held for Resale** – Management's estimates of these assets are based on net realizable value (lower of cost or fair value).
- **Depreciation** – Management's estimates of depreciation expense are based on the estimated useful lives of the assets.
- **Net Other Post-Employment Benefit (OPEB) and Pension Liabilities** – The City has recorded liabilities and activity for other post-employment benefits (OPEB) and pension benefits. These obligations are calculated using actuarial methodologies described in the Governmental Accounting Standards Board (GASB) Statement Nos. 45 and 68. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, proportionate share, and employee turnover.
- **Compensated Absences** – Management's estimate is based on current rates of pay and unused compensated absence balances.

We evaluated the key factors and assumptions used by management to develop these 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.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly 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.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

DISAGREEMENTS WITH MANAGEMENT

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

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated June 5, 2017.

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 MATTERS

We applied certain limited procedures to management's discussion and analysis and the remaining required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund statements and schedules, reported as supplemental information accompanying the financial statements which are not RSI. With respect to this supplemental information, 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 financial statements. We compared and reconciled the supplemental information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements, but are not RSI. Such information has 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 it.

GOVERNMENTAL FUNDS OVERVIEW

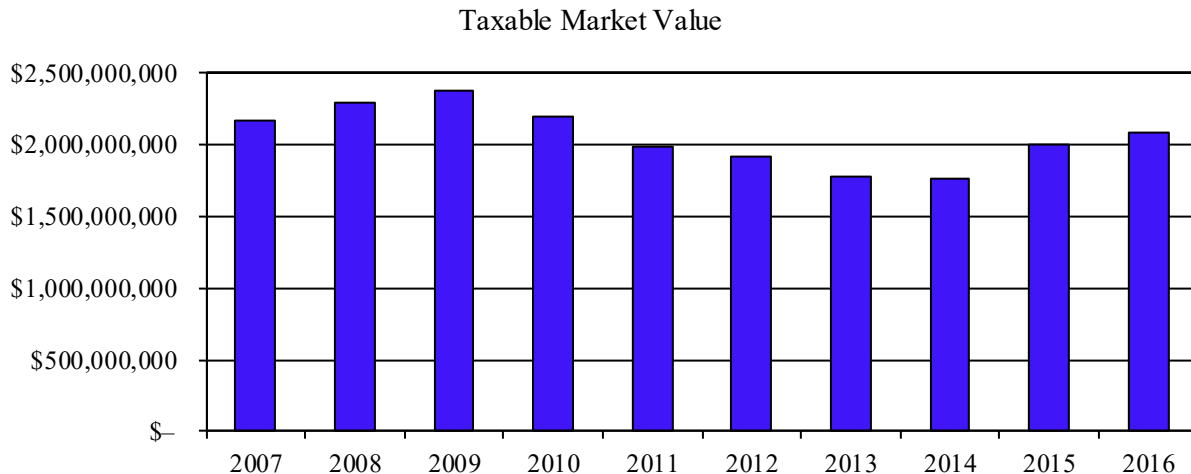
This section of the report provides you with an overview of the financial trends and activities of the City's governmental funds, which includes the General, special revenue, debt service, and capital project funds. These funds are used to account for the basic services the City provides to all of its citizens, which are financed primarily with property taxes. The governmental fund information in the City's financial statements focuses on budgetary compliance and the sufficiency of each governmental fund's current assets to finance its current liabilities.

PROPERTY TAXES

Minnesota cities rely heavily on local property tax levies to support their governmental fund activities. For the 2015 fiscal year, local ad valorem property tax levies provided 39.8 percent of the total governmental fund revenues for cities over 2,500 in population, and 35.6 percent for cities under 2,500 in population. Property tax levies certified by Minnesota cities for 2016 increased about 4.8 percent over 2015, compared to an increase of 4.0 percent the prior year.

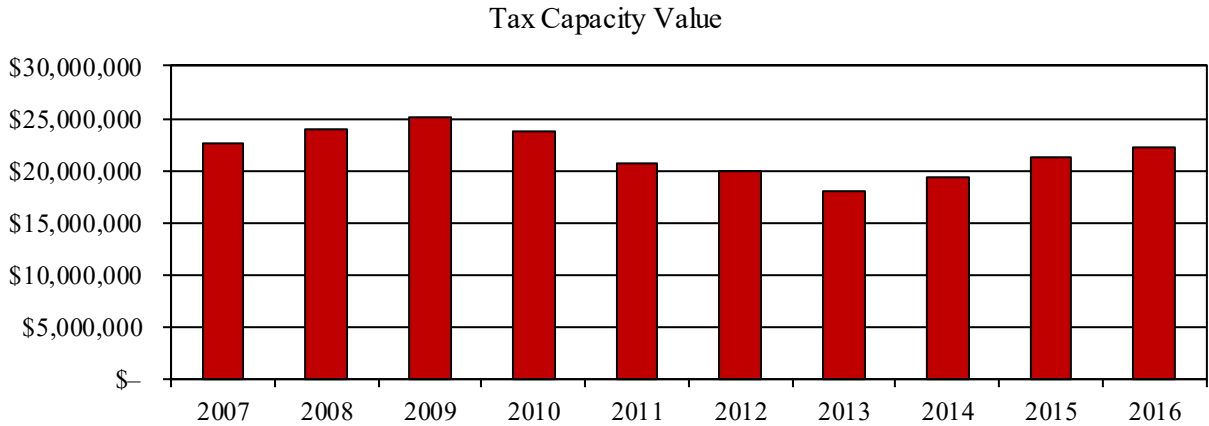
The total market value of property in Minnesota cities increased about 5.7 percent for the 2016 levy year. While the percentage of market value growth was less than the 8.5 percent increase for levy year 2015, it was considerably larger than the 1.1 percent growth experienced in levy year 2014. Market values increased across all property categories for 2016, with gains in the market values of nonhomestead residential properties (9.1 percent) and other properties (7.3 percent) outpacing the market value gain of residential homestead properties (5.0 percent), commercial/industrial properties (4.9 percent), and farms (0.1 percent). The market values used for levying property taxes are based on the previous fiscal year (e.g., market values for taxes levied in 2016 were based on assessed values as of January 1, 2015), so the trend of change in these market values lags somewhat behind the housing market and economy in general.

The City's taxable market value increased 12.8 percent for 2015 and increased 4.5 percent for taxes payable in 2016. The following graph shows the City's changes in taxable market value over the past 10 years:



Tax capacity is considered the actual base available for taxation. It is calculated by applying the state’s property classification system to each property’s market value. Each property classification, such as commercial or residential, has a different calculation and uses different rates. Consequently, a city’s total tax capacity will change at a different rate than its total market value, as tax capacity is affected by the proportion of the City’s tax base that is in each property classification from year-to-year, as well as legislative changes to tax rates. The City’s tax capacity increased 9.5 percent for 2015 and 5.0 percent for taxes payable in 2016.

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



The city portion of the average state-wide and metro area tax rates for 2016 both showed small decreases from the prior year, as levy increases were offset by improvements in property tax capacities. 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:

Rates expressed as a percentage of net tax capacity						
	All Cities State-Wide		Seven-County Metro Area		City of Ramsey	
	2015	2016	2015	2016	2015	2016
Average tax rate						
City	46.9	46.5	43.4	43.0	42.3	43.3
County	44.7	44.1	42.9	42.3	38.4	39.4
School	27.1	27.5	28.3	28.6	24.6	22.8
Special taxing	6.9	6.9	8.8	8.7	5.2	5.5
Total	<u>125.6</u>	<u>125.0</u>	<u>123.4</u>	<u>122.6</u>	<u>110.5</u>	<u>111.0</u>

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

As presented in the table above, the average tax rates for the City and other taxing authorities are similar to the state-wide and metro area averages. In total, the City is below both averages for both the current year and prior year presented.

GOVERNMENTAL FUND BALANCES

The following table summarizes the changes in the fund balances of the City's governmental funds during the year ended December 31, 2016, presented both by fund balance classification and by fund:

Governmental Fund Changes in Fund Balance			
	Fund Balance as of December 31,		Increase (Decrease)
	<u>2016</u>	<u>2015</u>	
Fund balances of governmental funds			
Total by classification			
Nonspendable	\$ 15,881	\$ 1,613	\$ 14,268
Restricted	18,377,993	18,484,179	(106,186)
Committed	1,041,932	890,603	151,329
Assigned	13,331,150	12,645,683	685,467
Unassigned	<u>7,414,303</u>	<u>6,715,297</u>	<u>699,006</u>
Total – governmental funds	<u>\$ 40,181,259</u>	<u>\$ 38,737,375</u>	<u>\$ 1,443,884</u>
Total by fund			
Major funds			
General	\$ 7,517,393	\$ 7,273,045	\$ 244,348
Special revenue funds			
Tax Increment	4,997,213	4,823,393	173,820
COR Land	8,537,701	8,767,239	(229,538)
Debt Service Fund			
2012A G.O. Improvement Bond Refund	729,521	725,429	4,092
Capital Project Fund			
Public Improvement Revolving	4,231,713	4,013,134	218,579
Landfill	2,061,539	2,041,869	19,670
Equipment Revolving	1,945,183	1,935,371	9,812
Road Reconstruction and Overlay	648,566	300,021	348,545
Public Facilities Construction	986,170	948,998	37,172
Fire Station #2	200,355	575,084	(374,729)
Nonmajor funds	<u>8,325,905</u>	<u>7,333,792</u>	<u>992,113</u>
Total – governmental funds	<u>\$ 40,181,259</u>	<u>\$ 38,737,375</u>	<u>\$ 1,443,884</u>

As reflected in the table above, total governmental fund balance increased by \$1,443,884. The increase is due in part to continued development in the City and favorable operating results in the current year.

GOVERNMENTAL FUNDS REVENUE

The following table presents the per capita revenue of the City's governmental funds for the past three years, along with state-wide averages.

We have included the most recent comparative state-wide averages available from the Office of the State Auditor to provide a benchmark for interpreting the City's data. The amounts received from the typical major sources of governmental fund revenue will naturally vary between cities based on factors such as a city's stage of development, location, size and density of its population, property values, services it provides, and other attributes. It will also differ from year-to-year due to the effect of inflation and changes in its operation. Also, certain data in these tables may be classified differently than how it appears in 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 the 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 per Capita					
With State-Wide Averages by Population Class					
Year	State-Wide		City of Ramsey		
	2014	2015	2014	2015	2016
Population	20,000–100,000	20,000–100,000	24,935	25,598	25,868
Property taxes	\$ 427	\$ 443	\$ 356	\$ 371	\$ 386
Tax increments	46	37	27	26	27
Franchise and other taxes	37	39	–	–	–
Special assessments	64	59	13	18	17
Licenses and permits	41	43	18	31	20
Intergovernmental revenues	166	156	105	80	69
Charges for services	90	94	39	70	50
Other	65	58	66	436	43
Total revenue	<u>\$ 936</u>	<u>\$ 929</u>	<u>\$ 624</u>	<u>\$ 1,032</u>	<u>\$ 612</u>

A city's stage of development, along with the way a city finances various capital projects, will impact the mix of revenue sources it receives.

The City's governmental fund revenues for 2016 were \$15,865,600, a decrease of \$10,552,623 from the prior year. On a per capita basis, the City received \$612 in governmental fund revenue for 2016, a decrease of \$420 from the prior year.

The City has generally generated less revenue per capita than the average City. The largest change in the table above occurred in the "other" category of revenues, which decreased \$393 per capita from the prior year. This decrease was caused by significant developer reimbursements and gains on the sale of land held for resale related to the Center of Ramsey in the prior year. The City also had more development activity in the prior year that increased licenses and permits and charges for services last year.

GOVERNMENTAL FUND EXPENDITURES

The expenditures of governmental funds will also 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 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:

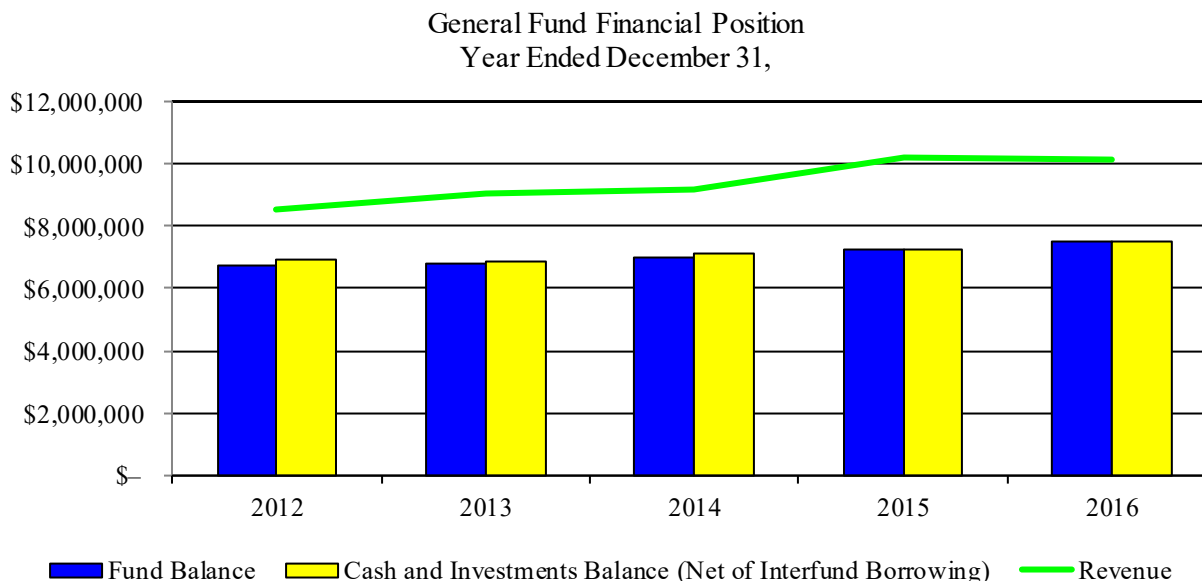
Year	State-Wide		City of Ramsey		
	2014	2015	2014	2015	2016
Population	20,000–100,000	20,000–100,000	24,935	25,598	25,868
Current					
General government	\$ 87	\$ 89	\$ 127	\$ 122	\$ 137
Public safety	254	261	153	157	164
Public works	114	99	118	71	85
Recreation	92	94	40	56	57
All other	98	89	–	–	–
	<u>645</u>	<u>632</u>	<u>438</u>	<u>406</u>	<u>443</u>
Capital outlay and construction	276	286	148	247	107
Debt service					
Principal	115	117	63	343	67
Interest and fiscal	34	33	47	43	37
	<u>149</u>	<u>150</u>	<u>110</u>	<u>386</u>	<u>104</u>
Total expenditures	<u>\$ 1,070</u>	<u>\$ 1,068</u>	<u>\$ 696</u>	<u>\$ 1,039</u>	<u>\$ 654</u>

The City has historically and consistently used limited expenditure functions for financial statement reporting purposes. As the City has grown and increased spending for community development and other areas, we encourage the City to review the format and level of functional detail presented in future comprehensive annual financial reports. We believe this will enhance comparisons to state-wide averages and improve financial statement transparency, identifying changes from year-to-year.

Total expenditures in the City's governmental funds for 2016 were \$16,906,779, a decrease of \$9,666,077 from the prior year. On a per capita basis, the City expended a total of \$654 in 2016. Current expenditures increased \$37 per capita over the prior year, which was primarily in general government and public works expenditures. Capital outlay expenditures were \$140 less per capita than the prior year, due to more street construction and Fire Station #2 expenditures in the prior year. The decrease of \$282 per capita in debt service activity was due to scheduled debt repayment plans and the prepayment of bonds from the developer reimbursement proceeds that occurred in the prior year.

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 parks and recreation. The graph below illustrates the change in the General Fund financial position over the last five years. We have also included a line representing annual revenues to reflect the change in the size of the General Fund operation over the same period.



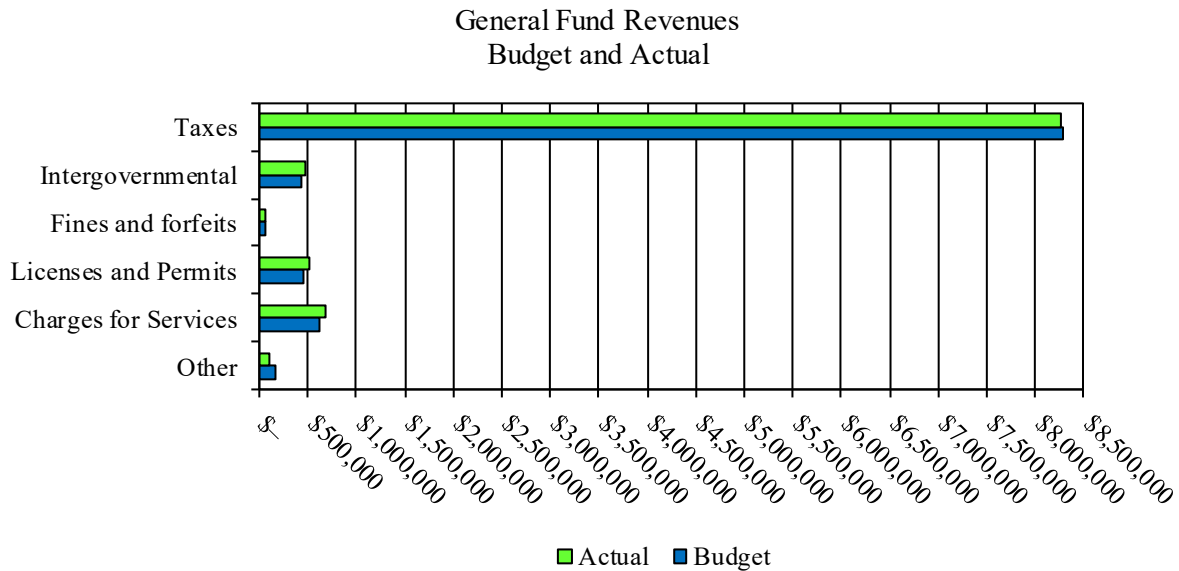
The City's General Fund cash and investments balance (net of interfund borrowing) at December 31, 2016 was \$7,524,681, an increase of \$244,374 from the previous year. Total fund balance at year-end was \$7,517,393, an increase of \$244,348 from the prior year.

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.

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.

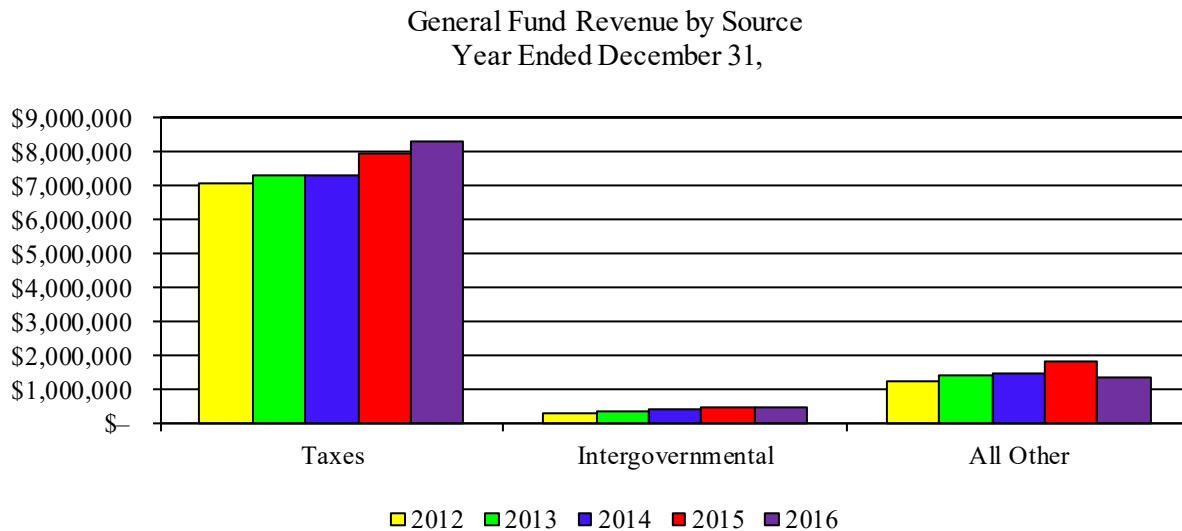
A trend that is typical to Minnesota local governments, especially the General Fund of cities, is the unusual cash flow experienced throughout the year. The City's General Fund cash disbursements are made fairly evenly during the year other than the impact of seasonal services such as snowplowing, street maintenance, and park activities. Cash receipts of the General Fund are quite a different story. Property taxes comprise 81.7 percent of the fund's total annual revenue. Approximately half of these revenues are received by the City in July and the rest in December. Consequently, the City needs to have adequate cash reserves to finance its everyday operations between these payments.

The following graph reflects the City’s General Fund revenues, budget and actual, for 2016:



Total General Fund revenues for 2016 were \$10,110,798, a decrease of \$112,597 (1.1 percent) from the previous year and \$77,927 (0.8 percent) more than budget. The change from prior year and favorable variance was primarily in licenses and permits and charges for services which fluctuate with development levels in the City. Conservative budgeting for these categories contributed to revenues surpassing budget even with the decrease in the volume of activity in the current year.

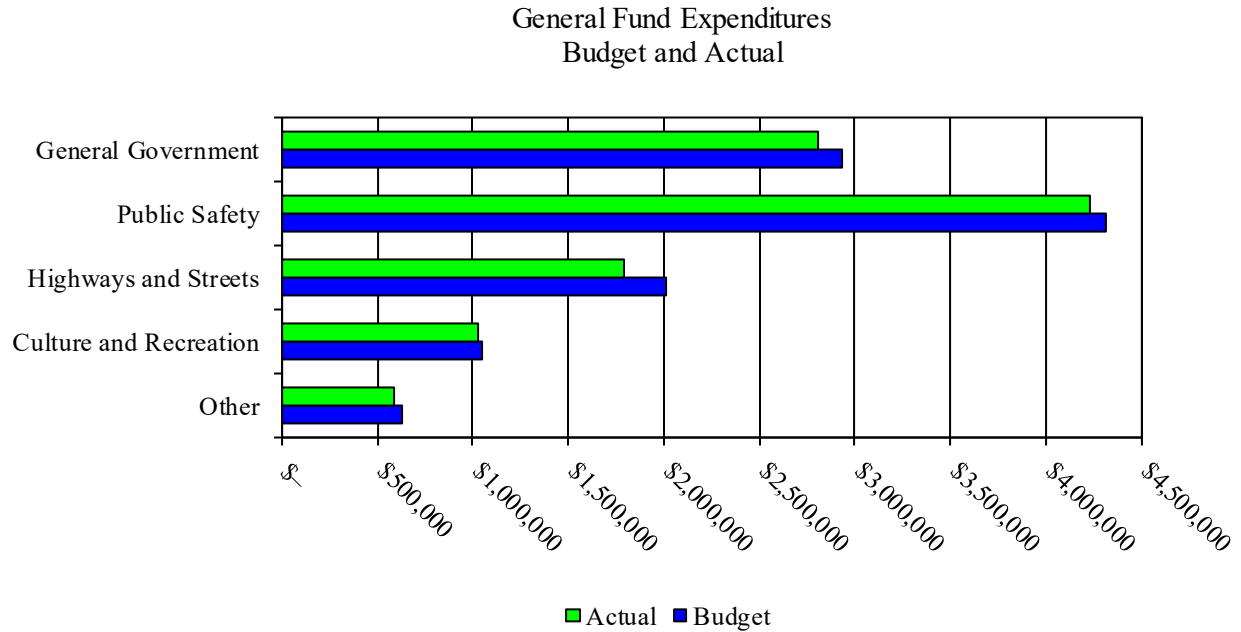
The following graph presents the City’s General Fund revenues by source for the last five years:



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 81.7 percent of General Fund revenues.

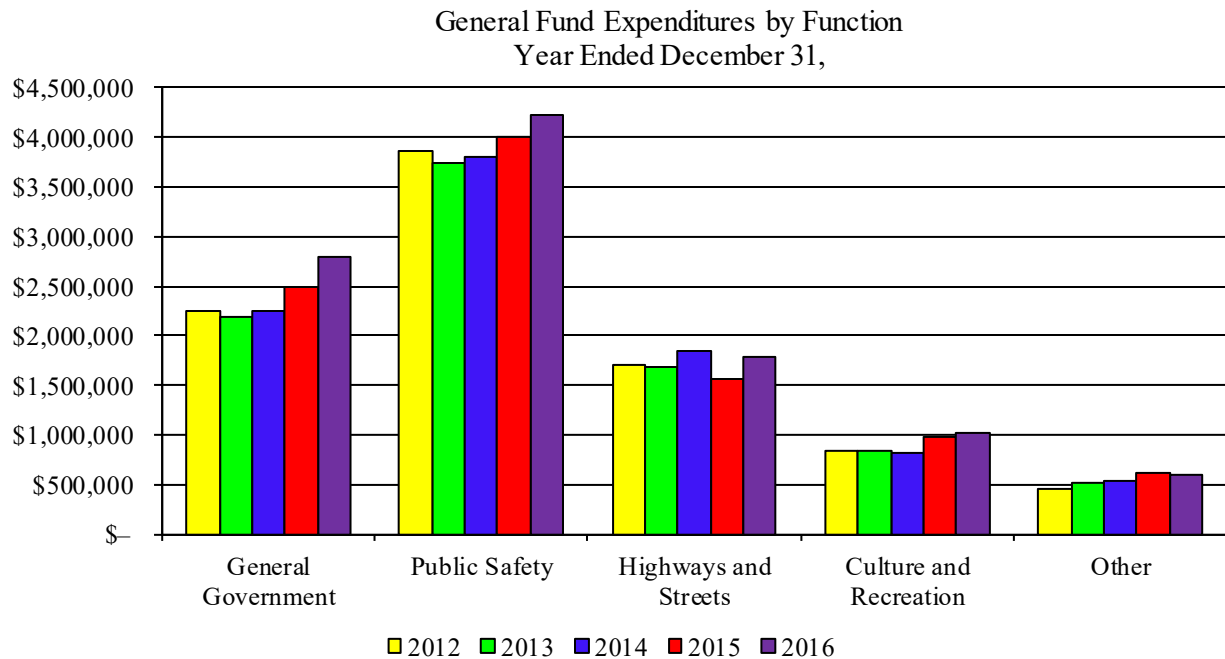
During 2016, tax sources reflect an increase of \$299,658 due to an increase in the approved General Fund levy. The City received \$11,530 more intergovernmental revenue in 2016. The 2016 decrease in the category for “all other” (\$423,785) above includes licenses, permits, and charges for services related to less development in the City in the current year.

The following graph reflects the City’s General Fund expenditures, budget and actual, for 2016:



General Fund expenditures totaled \$10,446,084 in 2016, a decrease of \$796,623 (or 8.3 percent) from the prior year, and were \$479,043 (or 4.4 percent) under the final budget. The variance to budget was mostly related to personnel savings from retirements and a mild winter resulting in reduced costs of salt and plowing-related expenditures.

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



As the graph displays, expenditures increased in all categories presented above, with the exception of the “other” category, which decreased slightly. Natural inflationary increases and the continued growth in development in the City contributed to the overall increase in expenditures.

ENTERPRISE FUNDS OVERVIEW

The City maintains several enterprise funds to account for services the City provides that are financed primarily through fees charged to those utilizing the service. This section of the report provides you with an overview of the financial trends and activities of the City's enterprise funds, which includes the Water, Sewer, Street Light, Recycling, and Storm Water Utility Funds.

The utility funds comprise a considerable portion of the City's activities. These funds help to defray overhead and administrative costs and provide additional support to general government operations by way of annual transfers. We understand that the City is proactive in reviewing these activities on an ongoing basis and we want to reiterate the importance of continually monitoring these operations. Over the years, we have emphasized to our city clients the importance of these utility operations being self-sustaining, preventing additional burdens on general governmental funds. This would include the accumulation of net position for future capital improvements and to provide a cushion in the event of a negative trend in operations.

ENTERPRISE FUNDS FINANCIAL POSITION

The following table summarizes the changes in the financial position of the City's enterprise funds during the year ended December 31, 2016, presented both by classification and by fund:

Enterprise Funds Change in Financial Position			
	Net Position as of December 31,		Increase (Decrease)
	2016	2015	
Net position of enterprise funds			
Total by classification			
Net investment in capital assets	\$ 51,959,594	\$ 49,340,145	\$ 2,619,449
Unrestricted	<u>35,953,541</u>	<u>34,206,676</u>	<u>1,746,865</u>
Total – enterprise funds	<u>\$ 87,913,135</u>	<u>\$ 83,546,821</u>	<u>\$ 4,366,314</u>
Total by fund			
Water Utility	\$ 44,910,172	\$ 42,754,778	\$ 2,155,394
Sewer Utility	28,803,181	27,542,246	1,260,935
Street Light Utility	1,760,306	1,744,350	15,956
Recycling Utility	408,086	400,034	8,052
Storm Water Utility	<u>12,031,390</u>	<u>11,105,413</u>	<u>925,977</u>
Total – enterprise funds	<u>\$ 87,913,135</u>	<u>\$ 83,546,821</u>	<u>\$ 4,366,314</u>

In total, the net position of the City's enterprise funds increased by \$4,366,314 as presented in the table above. Current year operations increased equity by \$2,722,521, with the remaining increase of \$1,643,793, due to the prior period adjustment recorded in the current year to record developer contributions of capital assets received in the prior year. Capital contribution receipts and positive operating results contributed to the total overall increase in enterprise funds.

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

	2012	2013	2014	2015	2016
Utility enterprise funds					
Water					
Operating revenue	\$ 2,131,460	\$ 1,997,302	\$ 1,860,380	\$ 2,045,225	\$ 1,953,478
Operating expenses	<u>1,228,012</u>	<u>1,293,201</u>	<u>1,221,211</u>	<u>1,278,204</u>	<u>1,489,070</u>
Operating income	<u>\$ 903,448</u>	<u>\$ 704,101</u>	<u>\$ 639,169</u>	<u>\$ 767,021</u>	<u>\$ 464,408</u>
Operating income as a % of operating revenue	<u>42.4 %</u>	<u>35.3 %</u>	<u>34.4 %</u>	<u>37.5 %</u>	<u>23.8 %</u>
Sewer					
Operating revenue	\$ 1,324,342	\$ 1,341,674	\$ 1,393,157	\$ 1,392,101	\$ 1,458,250
Operating expenses	<u>1,152,760</u>	<u>1,190,551</u>	<u>1,282,302</u>	<u>1,291,509</u>	<u>1,438,141</u>
Operating income	<u>\$ 171,582</u>	<u>\$ 151,123</u>	<u>\$ 110,855</u>	<u>\$ 100,592</u>	<u>\$ 20,109</u>
Operating income as a % of operating revenue	<u>13.0 %</u>	<u>11.3 %</u>	<u>8.0 %</u>	<u>7.2 %</u>	<u>1.4 %</u>
Street Light					
Operating revenue	\$ 179,124	\$ 177,158	\$ 188,185	\$ 190,872	\$ 196,253
Operating expenses	<u>165,651</u>	<u>176,736</u>	<u>161,733</u>	<u>178,666</u>	<u>176,732</u>
Operating income	<u>\$ 13,473</u>	<u>\$ 422</u>	<u>\$ 26,452</u>	<u>\$ 12,206</u>	<u>\$ 19,521</u>
Operating income as a % of operating revenue	<u>7.5 %</u>	<u>0.2 %</u>	<u>14.1 %</u>	<u>6.4 %</u>	<u>9.9 %</u>
Recycling					
Operating revenue	\$ 296,358	\$ 298,034	\$ 309,160	\$ 307,128	\$ 308,052
Operating expenses	<u>302,936</u>	<u>308,629</u>	<u>321,321</u>	<u>320,901</u>	<u>359,418</u>
Operating income (loss)	<u>\$ (6,578)</u>	<u>\$ (10,595)</u>	<u>\$ (12,161)</u>	<u>\$ (13,773)</u>	<u>\$ (51,366)</u>
Operating income (loss) as a % of operating revenue	<u>(2.2) %</u>	<u>(3.6) %</u>	<u>(3.9) %</u>	<u>(4.5) %</u>	<u>(16.7) %</u>
Storm Water					
Operating revenue	\$ 647,169	\$ 677,936	\$ 706,135	\$ 770,812	\$ 1,034,552
Operating expenses	<u>496,309</u>	<u>491,370</u>	<u>509,709</u>	<u>557,267</u>	<u>742,043</u>
Operating income	<u>\$ 150,860</u>	<u>\$ 186,566</u>	<u>\$ 196,426</u>	<u>\$ 213,545</u>	<u>\$ 292,509</u>
Operating income as a % of operating revenue	<u>23.3 %</u>	<u>27.5 %</u>	<u>27.8 %</u>	<u>27.7 %</u>	<u>28.3 %</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, 2016, with the exception of the Recycling Fund. This loss was covered by the County Recycling Grant which typically subsidizes these operations.

Overall operating revenues totaled \$4,950,585 in 2016 compared to \$4,706,138 in the prior year. Increases for rate adjustments and new customers contributed to the 5.2 percent overall growth compared to the prior year. Operating expenses also increased over the prior year, with \$4,205,404 in 2016 compared to \$3,626,547 of spending incurred in 2015, or an overall increase of 16.0 percent. Expense increases were spread across personal services, supplies, depreciation, and services changes. Additional service changes included an increase of \$107,347, or 17.6 percent, in disposal charges in the Sewer Utility Fund.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

In addition to fund-based information, the current reporting model for governmental entities 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 financial statements provide information on the total cost of delivering services, including capital assets and long-term liabilities.

STATEMENT OF NET POSITION

The Statement of Net Position essentially tells you what the City owns and owes at a given point in time, the last day of the fiscal year. Theoretically, net position represents 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, net position is divided into three components: net investment in capital assets, restricted, and unrestricted.

- **Net Investment in Capital Assets** – The portion of net position reflecting equity in capital assets (i.e., capital assets minus related debt).
- **Restricted Net Position** – The portion of net position equal to resources whose use is legally restricted minus any noncapital-related liabilities payable from those same resources.
- **Unrestricted Net Position** – The residual balance of net position after the elimination of *net investment in capital assets* and *restricted net position*.

The following table presents the components of the City’s net position as of December 31, 2016 and 2015, for governmental activities and business-type activities:

	As of December 31,		Increase (Decrease)
	2016	2015	
Net position			
Governmental activities			
Net investment in capital assets	\$ 42,170,710	\$ 41,216,689	\$ 954,021
Restricted	18,323,930	18,430,141	(106,211)
Unrestricted	13,832,461	13,292,971	539,490
Total governmental activities	<u>74,327,101</u>	<u>72,939,801</u>	1,387,300
Business-type activities			
Net investment in capital assets	51,959,594	49,340,145	2,619,449
Unrestricted	35,953,541	34,206,676	1,746,865
Total business-type activities	<u>87,913,135</u>	<u>83,546,821</u>	4,366,314
Total net position	<u>\$ 162,240,236</u>	<u>\$ 156,486,622</u>	<u>\$ 5,753,614</u>

Net position for governmental activities increased by \$5,753,614 in the current year as presented above, which reflects an increase of \$3,063,947 from current year operating results, while the prior period adjustment mentioned earlier increased net position by \$2,689,667. At the end of the current fiscal year, the City is able to present positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

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 position. 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 the net position (excluding the prior period adjustment) of the City for the years ended December 31, 2016 and 2015:

	2016			2015
	Expenses	Program Revenues	Net Change	Net Change
Net (expense) revenue				
Governmental activities				
General government	\$ 4,528,920	\$ 1,590,112	\$ (2,938,808)	\$ 6,956,186
Public safety	5,875,567	1,044,090	(4,831,477)	(2,557,535)
Highways and streets	3,826,143	2,800,386	(1,025,757)	(1,222,145)
Culture and recreation	1,931,537	785,667	(1,145,870)	(902,325)
Interest and fiscal charges	890,305	-	(890,305)	(983,379)
Business-type activities				
Water utility	1,489,070	2,959,270	1,470,200	1,477,854
Sewer utility	1,438,141	1,995,035	556,894	379,294
Street light utility	176,732	200,153	23,421	27,806
Recycling utility	359,418	375,152	15,734	25,650
Storm water utility	742,043	1,287,132	545,089	393,545
Total net (expense) revenue	<u>\$ 21,257,876</u>	<u>\$ 13,036,997</u>	(8,220,879)	3,594,951
General revenues				
Property taxes			10,674,696	10,064,621
General grants and contributions			3,905	4,204
Investment earnings			606,225	807,895
Gain on sale of capital assets			-	8,914
Total general revenues			<u>11,284,826</u>	<u>10,885,634</u>
Change in net position			<u>\$ 3,063,947</u>	<u>\$ 14,480,585</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 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.

The change in general government reflects the recognition of developer reimbursements in the prior year as previously mentioned. The swing in public safety was primarily due to increases in pension obligations allocated to this function in the current year.

LEGISLATIVE UPDATES

The 2016 legislative session, falling in the second half of the state's fiscal biennium, was scheduled to be a short session lasting only 11 weeks. Since biennial budgets are adopted in odd-year legislative sessions, less time is usually needed for the even-year sessions. However, because the 2015 Legislature adjourned without passing funding bills in several significant areas, it was anticipated that the 2016 legislative session would be considerably more active than the typical short session. In spite of this, only a few funding bills were brought forth to the Governor by the end of the 2016 regular legislative session, including a supplemental budget bill and an omnibus tax bill. The Governor chose not to sign the tax bill due to a drafting error that would have resulted in an unintended reduction of state revenues. When the framework for a special session could not be agreed upon, the fiscal year ended without the adoption of a new tax bill, capital bonding bill, or transportation funding package.

The following is a summary of recent legislation affecting Minnesota cities:

Border-to-Border Broadband Grants – The 2016 supplemental budget act appropriated \$35 million in fiscal 2017 for a Border-to-Border Broadband Grant Program. The grants, available through the Office of Broadband Development in the Department of Employment and Economic Development (DEED), provide funding to help communities meet state goals for the development of state-wide high-speed broadband access, focusing on areas currently considered to be underserved or with a high concentration of low-income households.

Equity-Related Programs and Grants – The 2016 supplemental budget act also appropriated \$35 million in fiscal 2017 for the financing of equity-related programs through DEED, the majority of which was allocated for programs and grants for communities of color, people with disabilities, seniors, and youth.

Sales Tax Exemption – Effective January 1, 2017, the sales tax exemption on the purchase of goods or services enacted for cities in 2014 is expanded to include all special districts; city, county, or township instrumentalities; economic development authorities; housing and redevelopment authorities; and all joint power boards or organizations.

Taxes Covered Under Debt Management Services – Amendments were made to the statutes governing debt management and debt settlement services to clarify the status of delinquent taxes owed to Minnesota local governments and political subdivisions as debt with regard to those services, and include those entities as creditors for the purpose of debt management services.

Elections – An omnibus elections law was passed making several changes to elections administration requirements. In addition to establishing a presidential primary to take the place of the current caucus system beginning in 2020, the law modified election procedures in a number of areas, including: absentee balloting, voting station dimensions, election canvassing, candidate filing, the extension of polling hours to accommodate voters in line at closing, and emergency election plans.

Police-Worn Body Cameras – A number of new laws were enacted related to portable recording systems (police-worn body cameras) and the data derived from their use, addressing: data retention and destruction, permitted uses of the systems, audits of the data, and vendor practices. Among the changes are a requirement for gathering public input before purchasing or implementing the use of portable recording systems, and requirements for the adoption and dissemination of written policies over the use of portable recording systems.

Veteran Preference Act – New language was added to state statutes clarifying that Minnesota cities and towns may require a veteran to complete an initial probationary period when hired.

Charitable Gambling – Cities that require charitable gambling organizations to contribute 10 percent of their net profits to the city for charitable purposes are now required to acknowledge the source of the funds, either in communications about the receipt or distribution of the funds.

Donation of Surplus Equipment – Local governments are now permitted to donate surplus public works equipment, cell phones, or emergency medical and firefighting equipment to nonprofit organizations. The donation of surplus equipment was added to the list of exceptions to municipal tort liability. Prior to making any such donations, a city must adopt a policy on how it will determine what equipment is considered surplus and eligible for donation and how it will determine which nonprofit organizations will receive such donations. The policy must address the city’s obligation to disclose that the donated equipment may be defective and cannot be relied upon for safety.

Temporary Family Health Care Housing Permits – A new special land use permit system was established for a specific type of mobile health care-related mobile housing, intended to provide transitional housing for seniors. Cities will be required to implement the new permit system unless they officially act to opt out of the program. The program sets forth requirements for structure and placement, the permit process and duration, applicants, inspections, and the process for opting out.

Partition Fence Viewing Exemption – Cities now have the authority to pass a resolution to exempt adjoining owners or occupants from the partition fence law when their land is considered to be less than 20 acres combined, thereby relieving the city of the responsibility of participating in a potentially costly “fence-viewing” process to mediate disputes between adjoining landowners required to share the costs of constructing fences.

ACCOUNTING AND AUDITING UPDATES

GASB STATEMENT NO. 73, ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS AND RELATED ASSETS THAT ARE NOT WITHIN THE SCOPE OF GASB STATEMENT 68, AND AMENDMENTS TO CERTAIN PROVISIONS OF GASB STATEMENTS 67 AND 68

This statement extends the approach to accounting and financial reporting established in GASB Statement No. 68 to all pensions, including those not administered through a trust. Governmental employers participating in such plans will be required to report the total of any unfunded pension liability related to the plan in their accrual basis financial statements, rather than the net pension liability. The requirements of this statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions not within the scope of GASB Statement No. 68, are effective for financial statements for fiscal years beginning after June 15, 2016.

This statement also clarified the application of certain provisions of GASB Statement Nos. 67 and 68 regarding 10-year schedules of required supplementary information (RSI) and other recognition issues pertaining to employers and nonemployer contributing entities effective for financial statements for fiscal years beginning after June 15, 2015.

GASB STATEMENT NO. 74, FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS

This statement establishes new accounting and financial reporting requirements for other post-employment benefits (OPEB) plans, replacing GASB Statement Nos. 43 and 57. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in GASB Statement Nos. 25, 43, and 50.

This statement will improve financial reporting primarily through enhanced note disclosures and schedules of RSI that will be presented by OPEB plans administered through trusts meeting the specified criteria. The new information will enhance the decision-usefulness of the financial reports of those OPEB plans, their value for assessing accountability, and their transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year-to-year. The net OPEB liability information, including ratios, will offer an up-to-date indication of the extent to which the total OPEB liability is covered by the fiduciary net position of the OPEB plan. The comparability of the reported information for similar types of OPEB plans will be improved by the changes related to the attribution method used to determine the total OPEB liability. The contribution schedule will provide measures to evaluate decisions related to the assessment of contribution rates in comparison with actuarially determined rates, if such rates are determined. In addition, new information about rates of return on OPEB plan investments will inform financial report users about the effects of market conditions on the OPEB plan's assets over time and provide information for users to assess the relative success of the OPEB plan's investment strategy and the relative contribution that investment earnings provide to the OPEB plan's ability to pay benefits to plan members when they come due.

This statement is effective for financial statements for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

**GASB STATEMENT NO. 75, ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This statement replaces the requirements of GASB Statement Nos. 45 and 57.

This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Similar to changes implemented for pensions, this statement requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. Note disclosure and RSI requirements about defined benefit OPEB also are addressed.

This statement is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

**GASB STATEMENT NO. 80, BLENDING REQUIREMENTS FOR CERTAIN COMPONENT UNITS—AN
AMENDMENT OF GASB STATEMENT NO. 14**

The objective of this statement is to clarify the financial statement presentation requirements for certain component units. This statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14*.

The requirements of this statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.

GASB STATEMENT NO. 81, IRREVOCABLE SPLIT-INTEREST AGREEMENTS

This statement provides recognition and measurement guidance for the accounting and financial reporting of irrevocable split-interest agreements by governments that are the beneficiary of such an agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments.

This statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement (1) recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement, (2) recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party if the government controls the present service capacity of the beneficial interests, and (3) recognize revenue when the resources become applicable to the reporting period.

The requirements of this statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.

GASB STATEMENT NO. 82, *PENSION ISSUES—AN AMENDMENT OF GASB STATEMENTS NO. 67, NO. 68, AND NO. 73*

The intent of this statement is to address certain issues raised with respect to GASB Statement Nos. 67, 68, and 73.

This statement amends GASB Statement Nos. 67 and 68, changing the definition of “covered payroll” utilized in schedules of RSI from the payroll of employees that are provided with pensions through the pension plan, to the payroll on which contributions to a pension plan are based. It clarifies that a deviation, as the term is used in Actuarial Standards of Practice, is not considered to be in conformity with the requirements of GASB Statement Nos. 67, 68, or 73 for the selection of assumptions used in determining the total pension liability and related measures. It also clarifies that payments made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement No. 67 and as employee contributions for purposes of Statement No. 68, and requires that an employer’s expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions.

The requirements of this statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this statement for the selection of assumptions in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

GASB STATEMENT NO. 83, *CERTAIN ASSET RETIREMENT OBLIGATIONS*

This statement addresses accounting and financial reporting for certain asset retirement obligations (ARO), which are legally enforceable liabilities associated with the retirement of a tangible capital asset.

This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for ARO. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability when it is both incurred and reasonably estimable. The measurement of an ARO is required to be based on the best estimate of the current value of outlays expected to be incurred, and a deferred outflow of resources associated with an ARO is required to be measured at the amount of the corresponding liability upon initial measurement.

This statement requires the current value of a government’s AROs to be adjusted for the effects of general inflation or deflation at least annually, and a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. A government should remeasure an ARO only when the result of the evaluation indicates there is a significant change in the estimated outlays. Deferred outflows of resources should be reduced and recognized as outflows of resources in a systematic and rational manner over the estimated useful life of the tangible capital asset.

If a government owns a minority interest in a jointly owned tangible asset where a nongovernmental entity is the majority owner or has operational responsibility for the jointly owned asset, the government’s minority share of an ARO should be reported using the measurement produced by the nongovernmental majority owner or the nongovernmental minority owner that has operational responsibility, without adjustment to conform to the liability measurement and recognition requirements of this statement.

The statement also requires disclosures of any funding or financial assurance requirements a government has related to the performance of asset retirement activities, along with any assets restricted for the payment of the government's AROs. This statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This statement requires similar disclosures for a government's minority shares of AROs.

The requirements of this statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

GASB STATEMENT NO. 84, *FIDUCIARY ACTIVITIES*

This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements, which should present a statement of fiduciary net position and a statement of changes in fiduciary net position. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources, defined as when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

Special Purpose Audit Reports

Year Ended
December 31, 2016

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CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

Special Purpose Audit Reports
Year Ended December 31, 2016

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council and Management
City of Ramsey, Minnesota

We have audited, 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, the 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 5, 2017.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2016-001, that we consider to be a material weakness.

(continued)

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

CITY'S RESPONSE TO FINDING

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

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

Minneapolis, Minnesota
June 5, 2017

INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

To the City Council and Management
City of Ramsey, Minnesota

We have audited, 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, the 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 5, 2017.

MINNESOTA LEGAL COMPLIANCE

The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minnesota Statute § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

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

Minneapolis, Minnesota
June 5, 2017

CITY OF RAMSEY

Schedule of Findings and Responses
Year Ended December 31, 2016

FINDINGS – INTERNAL CONTROL OVER FINANCIAL REPORTING

2016-001 PRIOR PERIOD ADJUSTMENT

Criteria – Management is responsible for establishing and maintaining effective internal controls over the financial reporting process. These controls include the responsibility for the preparation of the City of Ramsey, Minnesota’s (the City) annual financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition – During our audit, we noted a material prior period adjustment, as detailed in the notes to basic financial statements, that was necessary to correct the recording of capital asset contributions by developers in the prior year. Auditing standards consider the necessity of recording a material prior period adjustment to be indicative of a material weakness in the related internal controls.

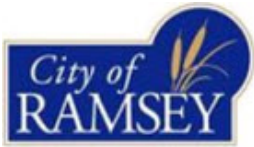
Context – Capital assets reported for the City’s governmental activities and business-type activities for the year ended December 31, 2015 were understated by \$1,045,874 and \$1,643,793, respectively. Consequently, net position reported for the combined governmental activities and business-type activities as of December 31, 2015 was understated by \$2,689,667. This is a current year finding.

Cause – This was an oversight by city staff.

Effect – The City’s basic financial statements, as of and for the year ended December 31, 2015, contained a material misstatement.

Recommendation – We recommend that the City review its accounting procedures and internal controls for recording capital assets and capital asset contributions to assure transactions such as these are properly reported in the future.

Management Response – There is no disagreement with the audit finding. The error was discovered by city staff during their preparation for the current year audit. The nature and details of the misstatement have been reviewed with the individuals responsible, and appropriate guidance has been given to assure such transactions are reported correctly in the future. The finance director will monitor the implementation of these corrective actions.



Our Mission: To work together to responsibly grow our community, and to provide quality, cost-effective, and efficient government services.

CC Work Session

3. 1.

Meeting Date: 06/13/2017

Submitted For: Kurt Ulrich, Administrative Services

By: Jo Thieling, Administrative Services

Information

Title:

Review Future Topics/Calendar

Purpose/Background:

Attached is the current list of future topics for work session discussion. Items are drawn from Council requests at meetings, or are related to topics that have been identified in the City's strategic plan. Dates will be assigned in the future.

Recommendation:

N/A

Action:

For Council review - no formal action necessary.

Attachments

Future Topics

Form Review

Inbox

Kurt Ulrich

Form Started By: Jo Thieling

Final Approval Date: 06/08/2017

Reviewed By

Kurt Ulrich

Date

06/08/2017 03:47 PM

Started On: 06/07/2017 01:00 PM

City Council Future Topics – Work Session
(Draft)

Date	Topics for Discussion – Council Action
Future	Discuss Ordinance Governing Unmanned Aerial Vehicle Use (<i>Katers</i>)
Future	Review and Potentially Adopt Ramsey’s Portion of Previous Highway 47 Study (<i>Westby</i>)
Future	Cost Share a Corridor Study for Nowthen Blvd/CR5 (<i>Westby</i>)
Future	Intersection Control Evaluation for Spot Improvements on Armstrong (<i>Westby</i>)
Future	Discussion re tap Rooms/Brew Pubs (<i>Thieling/Katers</i>)
Future	Assessment Policy Review (<i>Westby</i>)
July 11	2018 Budget Discussion (<i>Lund</i>)
Date	Topics for Discussion – Regulatory
Future	Commercial Signage Standards and Community Sign Plan(<i>Gladhill</i>)
Future	Property Maintenance Code (Maintenance of Buildings and Structures) (<i>Gladhill</i>)
Date	Topics for Discussion – Policy
Future	Public Facilities Naming Policy (<i>Riverblood</i>)
Future	Trail Maintenance Policy (<i>Westby</i>)
Future	Stormwater Pond Maintenance Policy (<i>Westby</i>)
Future	Citizen Volunteer and Recognition Program (<i>Ulrich</i>)
Future	Newsletter Policy to Address Advertising and Content Control (<i>Brama</i>)
August	Discussion re Updating the City’s Personnel Policy (<i>Lasher</i>)
Date	Topics for Discussion – Planning and Budget
Future	Summary of Compensation/Development Plan for Employees (<i>Lasher</i>)
Future	Review Comprehensive Plan for Long-Term Water Supply (<i>Westby</i>)
Date	Topics for Discussion – Information