City of Ramsey
Agenda
City Council Work Session
Tuesday, June 12, 2018
5:30 pm
Lake Itasca Room, 7550 Sunwood Drive NW

1. **Call to Order**

2. **Topics for Discussion**

   1. Road Funding Option Discussion

   2. Review 2017 Comprehensive Annual Financial Report (CAFR), Management Report and Special Purpose Audit Reports

   3. Report regarding Highway 10 Entry Sign Repair

   4. Update and Discussion regarding NW COR Development Concepts

   5. Reschedule Monday, August 13 City Council Meeting to Monday, August 6, 2018

3. **Topics for Future Discussion**

   1. Review Future Topics/Calendar

4. **Mayor/Council/Staff Input**

5. **Adjournment**

CC Work Session **2. 1.**

Meeting Date: 06/12/2018

Information

Title:

Road Funding Option Discussion

Purpose/Background:

Road funding options were last discussed at the May 22 Council work session (see minutes on Council consent agenda). Previously, this topic was also recently discussed at the March 27 and April 24 work sessions. At these sessions, the City Council reviewed draft scenarios of possible future debt for the next 10 years which included funding for roads, capital equipment and a public works campus. Staff also presented the net debt impact if road related debt was removed and other funding was identified. The Council previously adoprted a public improvement assessment policy in 2014, and has constructed several projects using this method. The accumlation of general obligation debt, using the assessment method to reconstruct all City roads in the future, is one of the issues that needs to be addressed.

Staff would like to continue the discussion of other road funding opportunities and review a possible timeframe for community engagement regarding the road funding issue.

Attached is a proposal from WSB Engineering to do a review of financing options and a citizen engagement procees over a six-month period to identify the best funding options. This period of time would allow for a thorough discussion of the issue among all stakeholders as layed out in the attached plan.

Timeframe:

15 - 20 minutes

Funding Source:

Funding for a communications and citizen engagement program for city roads is recommended to come from the Public Improvement Revolving Fund.

Responsible Party(ies):

City Administrator

Outcome:

Determine next steps and timeframe for possible future road funding communications and citizen outreach.

Attachments

WSB road funding

Form Review

Inbox	Reviewed By	Date
Kurt Ulrich	Kurt Ulrich	06/07/2018 04:56 PM
Form Started By: Jo Thieling		Started On: 06/07/2018 02:38 PM
Final Approval Date: 06/07/2018		

701 Xenia Avenue South | Suite 300 | Minneapolis, MN 55416 | (763) 541-4800

June 7, 2018

Honorable Mayor and City Council
Attn: Kurt Ulrich, City Administrator
City of Ramsey
7550 Sunwood Drive NW
Ramsey, MN 55303

Re: Proposal for Communications Plan for the Development of Franchise Fees

Dear Mayor and Council Members:

WSB & Associates, Inc. is pleased to provide you with the following proposal for services related to a proposed Communications Plan that will assist the City with informing its residents, boards, commissions, and councils of the ways in which a franchise fee could be utilized by the City as a funding method for maintaining the City's streets. The City of Ramsey currently maintains 175-miles of paved streets, which is one of the largest assets of the City. City Council and staff recognize the importance of pavement management to reduce the long-term cost of maintaining this asset and the challenges of identifying consistent and sustainable funding for this purpose. A franchise fee program offers many advantages over traditional methods of funding and has been implemented successfully by many cities for this purpose.

WSB successfully assisted with the implementation of a franchise fees program in the City of Rogers in 2015, and are currently undergoing the process in the City of Princeton. We understand the steps that are necessary to create a successful program, including identifying the needs/program along with the required funding for the needs/program, evaluating other methods of funding and providing comparison, developing a communication plan for the City to follow, and coordinating with the private utility companies to obtain necessary user information to determine the projected revenue. Each step of the process is important and our experience will provide the City of Ramsey with a guide to the process for the implementation of franchise fees. Ramsey has previously developed a program for this funding approach and has much of the information, albeit a few years old. This information will be very helpful in streamlining our approach and role in that phase of the project. If the City chooses to move forward in following this communication plan, there are a series of implementation steps that would need to be performed. This proposal does not include engaging the utility companies at this time.

WSB has a strong history of providing communications solutions for projects, plans, and sensitive political issues. All our projects involve some level of communication needs, and this demand is increasing. Recently, the City of Minnetonka hired WSB communications staff to help them lead community engagement and navigate a difficult trail project through the public process. WSB has also helped Mahtomedi through a collaborative communication process with key stakeholders on a controversial, neighborhood sewer project. Another applicable example is that WSB staff provided support for several bond referendum projects, including a parks infrastructure referendum in Coon Rapids and Eden Prairie (both of which were successful). Our communications team includes planners, communication specialists, and technical leads to increase the likelihood of successful projects.

The scope of services as described in this proposal is based on discussions with City staff:

PROPOSED SERVICES & SCHEDULE

The following tasks will be completed as part of a proposed six (6) month communications plan for the consideration of franchise fees:

Phase 1 - (Month 1)

- Development of schedule and milestones
- Assessment of current pavement management program
- Assist the Finance Director to evaluate other funding methods and develop graphics to compare/contrast
- Meeting with Charter Commission

Phase 2 - (Month 2 and Month 3)
- Develop informational mailer
- Develop short video
- Press notification/coordination
- Public meetings (2)
- Board/Commission/Council informational open house (1)
- Internal staff meetings (3)
- Develop PowerPoint to be posted to City website
- Develop newsletter article

Phase 3 - (Month 4, 5, & 6)
- Develop "frequently asked questions" for posting on City social media sites
- Develop newsletter article for publication in the Ramsey Resident
- Work with the press to write a news article
- Provide City monthly information for posting website and social media updates

Future Steps (not part of this scope)
- Authorize moving forward with the implantation of franchise fees
- Authorize the review and re-negotiation of franchise agreement with private utilities
- Authorize the drafting of franchise fee ordinance for adoption
- Authorize contacting private utilities to request meter information and to discuss the fee

COMMUNICATIONS SCOPE OF SERVICES FEE
We are proposing to complete the above outlined scope of services for a lump sum fee of **$35,000.00.** Provided below is a fee breakout by phase of the proposed lump sum fee identified above.

- Phase 1 - $2,500.00
- Phase 2 - $24,000.00
- Phase 3 - $8,500.00

Total - $35,000.00

If this proposal is acceptable, please execute the signature block below and return as our authorization to proceed.

Please give me a call at 763-762-2870 if you have any questions. Thank you.

Sincerely,

WSB & Associates, Inc.

Kirsten Gray
Public Involvement Manager

Bret A. Weiss, PE
President/CEO

ACCEPTED BY:

City of Ramsey

Name: ____

CC Work Session **2. 2.**

Meeting Date: 06/12/2018

Information

Title:

Review 2017 Comprehensive Annual Financial Report (CAFR), Management Report and Special Purpose Audit Reports

Purpose/Background:

The City's 2017 annual report has been completed. Aaron Nielsen from the auditing firm of MMKR will be present to review the 2017 Comprehensive Annual Financial Report (CAFR), Management Report that provides auditors comments on audit process and the Special Purpose Audit Reports that report on Single Audit (related to grant funding of over $750,000 for the Mississippi Skyway and Mississippi River Trail projects), 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 2017 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 Reports by the City's auditing firm - MMKR.

Attachments

2017 Comprehensive Annual Financial Report (CAFR)

2017 Audit Management Report

2017 Audit Special Purpose Report

Form Review

Inbox	Reviewed By	Date
Kurt Ulrich	Kurt Ulrich	06/07/2018 11:28 AM
Form Started By: Diana Lund		Started On: 05/18/2018 11:32 AM
Final Approval Date: 06/07/2018		

City of RAMSEY

Minnesota

Comprehensive Annual Financial Report

For the fiscal year December 31, 2017

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CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

Comprehensive Annual Financial Report
For Year Ended
December 31, 2017

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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Table of Contents (continued)

INTRODUCTORY SECTION

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CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

City Council and Other Officials
Year Ended December 31, 2017

CITY COUNCIL

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

City of RAMSEY

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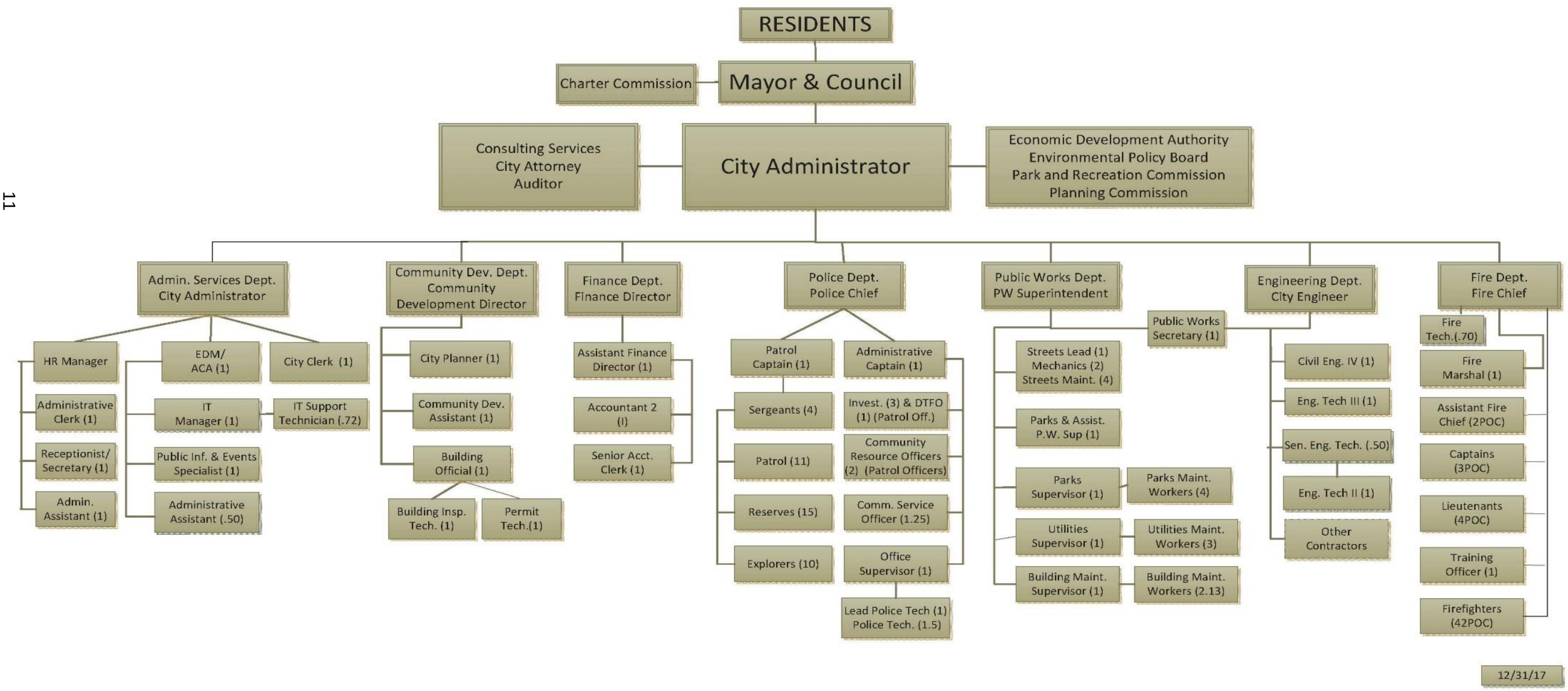
City of Ramsey Organizational Chart



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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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City of RAMSEY

7550 Sunwood Drive NW • Ramsey, Minnesota 55303
City Hall: 763-427-1410 • Fax: 763-427-5543
www.cityoframsey.com

May 21, 2018

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, 2017 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 analyis 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 3.0% in comparison to the state average of 3.4%. Ramsey has an employed labor force of 15,123. Anoka County, in which Ramsey is located, has an employed labor force of 194,590 and an unemployment rate of 3.1%.

There are approximately 6,776 detached single-family homes and 2,382 multifamily units located within the City. In addition, there were 82 single-family homes and 122 multifamily homes constructed in 2017.

The City has two major industrial districts containing multiple business parks with a combined capacity of 320 acres and 25 businesses. A new 115 acre new business park, west of Armstrong Boulevard has begun construction. A 20-year build-out of this park is estimated to generate about two million dollars in total annual property taxes and create about 3,000 jobs. In addition, the city is actively developing a 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 2017, city staff has worked with various individuals across the community to develop a 20-year vision for the community known as Ramsey 2040 – the city's comprehensive plan. Four key themes have emerged: 1. Balanced rural character and urban growth. 2. An active community (parks and recreation). 3. A connected community (transportation). 4. A positive learning environment (planning for schools).

The Anoka-Hennepin School District #11 passed a bond referendum that will allow for a new elementary school to be built in Ramsey near 170th Avenue and Nowthen Boulevard with construction to begin in 2018 and be completed by the 2019 school year.

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 2017, a significant road reconstruction project was completed on Alpine Drive and Sunwood Drive.

Ramsey is home to hundreds of successful and growing businesses. The city welcomed 17 new businesses in 2017 that generated approximately 200,000 square feet of new commercial and industrial space. Total new construction value of both residential and commercial/industrial projects invested in the community in 2017 was $35 million.

Year 2017 saw the city's community development department implement electronic plan review and project management which will reduce plan review time by 50% and provide self-service for customers. The IT department finished out the year with redesigning the city's website. The new updated site is expected to go live in the spring of 2018.

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, 2016. This was the twenty-third 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 2017 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, 2016

Christopher P. Morrill

Executive Director/CEO

City of RAMSEY

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FINANCIAL SECTION

City of RAMSEY

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MMKR
CERTIFIED PUBLIC ACCOUNTANTS

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, 2017, 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)

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
5353 Wayzata Boulevard • Suite 410 • Minneapolis, MN 55416 • Phone: 952-545-0424 • Fax: 952-545-0569 • www.mmkr.com

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, 2017, 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.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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
May 21, 2018

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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, 2017.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at December 31, 2017 by $167,530,536 (net position).
- The City reported a prior period adjustment in the current year. The adjustment was to include a previously unreported $500,000 internal loan between the Major Governmental Fund of Public Improvement Revolving and the Major Governmental Fund of Tax Increment. The loan was established to repay the Public Improvement Revolving Fund for tax increment expenditures that were incurred prior to tax increment being received. This change had no effect on net position in the government-wide financial statements.
- Government-wide revenues totaled $27,755,655 and were $5,290,300 more than expenses.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $40,721,908, an increase of $540,649 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 $167,530,536 at the close of December 2017. Whereas, total net position increased by $5,290,300 from current year operating results.

By far, the largest portion of the City's net position (57 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 Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	$ 43,770,999	$ 42,387,777	$ 39,362,619	$ 36,502,299	$ 83,133,618	$ 78,890,076
Capital assets, net of depreciation	66,914,791	67,880,710	53,855,285	51,959,594	120,770,076	119,840,304
Total assets	$ 110,685,790	$ 110,268,487	$ 93,217,904	$ 88,461,893	$ 203,903,694	$ 198,730,380
Deferred outflows of resources						
Pension plan deferments	$ 5,165,609	$ 7,553,638	$ 203,009	$ 267,548	$ 5,368,618	$ 7,821,186
Liabilities						
Current and other liabilities	$ 595,650	$ 811,993	$ 598,232	$ 120,669	$ 1,193,882	$ 932,662
Long-term liabilities	34,400,353	41,407,533	581,651	639,331	34,982,004	42,046,864
Total liabilities	$ 34,996,003	$ 42,219,526	$ 1,179,883	$ 760,000	$ 36,175,886	$ 42,979,526
Deferred inflows of resources						
Pension plan deferments	$ 5,486,996	$ 1,275,498	$ 78,894	$ 56,306	$ 5,565,890	$ 1,331,804
Net position						
Net investment in capital assets	$ 42,129,791	$ 42,170,710	$ 53,855,285	$ 51,959,594	$ 95,985,076	$ 94,130,304
Restricted	19,679,434	18,323,930	-	-	19,679,434	18,323,930
Unrestricted	13,559,175	13,832,461	38,306,851	35,953,541	51,866,026	49,786,002
Total net position	$ 75,368,400	$ 74,327,101	$ 92,162,136	$ 87,913,135	$ 167,530,536	$ 162,240,236

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 June 2017. 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.

Changes in the City's proportionate share of state-wide pension obligations contributed to the differences 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	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues						
Charges for services	$ 2,269,658	$ 1,901,596	$ 6,030,607	$ 4,950,585	$ 8,300,265	$ 6,852,181
Operating grants and contributions	379,185	508,694	92,602	67,100	471,787	575,794
Capital grants and contributions	5,026,857	3,809,965	1,864,137	1,799,057	6,890,994	5,609,022
General revenues						
Property taxes	11,136,810	10,674,696	-	-	11,136,810	10,674,696
General grants and contributions	3,586	3,905	-	-	3,586	3,905
Investment earnings	454,089	280,597	492,594	325,628	946,683	606,225
Gain on sale of capital assets	5,530	-	-	-	5,530	-
Total revenues	19,275,715	17,179,453	8,479,940	7,142,370	27,755,655	24,321,823
Expenses						
General government	4,992,809	4,528,920	-	-	4,992,809	4,528,920
Public safety	5,782,563	5,875,567	-	-	5,782,563	5,875,567
Highways and streets	4,254,234	3,826,143	-	-	4,254,234	3,826,143
Culture and recreation	2,384,845	1,931,537	-	-	2,384,845	1,931,537
Interest and fiscal charges	952,965	890,305	-	-	952,965	890,305
Water utility	-	-	1,396,021	1,489,070	1,396,021	1,489,070
Sewer utility	-	-	1,535,664	1,438,141	1,535,664	1,438,141
Street light utility	-	-	159,378	176,732	159,378	176,732
Recycling utility	-	-	373,775	359,418	373,775	359,418
Storm water utility	-	-	633,101	742,043	633,101	742,043
Total expenses	18,367,416	17,052,472	4,097,939	4,205,404	22,465,355	21,257,876
Changes in net position before transfers	908,299	126,981	4,382,001	2,936,966	5,290,300	3,063,947
Transfers	133,000	214,445	(133,000)	(214,445)	-	-
Changes in net position	1,041,299	341,426	4,249,001	2,722,521	5,290,300	3,063,947
Net position - beginning	74,327,101	73,985,675	87,913,135	85,190,614	162,240,236	159,176,289
Net position - ending	$ 75,368,400	$ 74,327,101	$ 92,162,136	$ 87,913,135	$ 167,530,536	$ 162,240,236

Governmental Activities – Governmental activities account for a $1,041,299 increase in the City's net position. Capital grants and contributions increased by $1,216,892 due to the deferred special assessment attributed to the former Legacy School project. The general government function experienced a $463,889 increase due to increased personnel costs and getting projects "shovel-ready" in the COR. Culture and recreation increased $453,308 due to the related consulting services for the Mississippi Skyway design.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

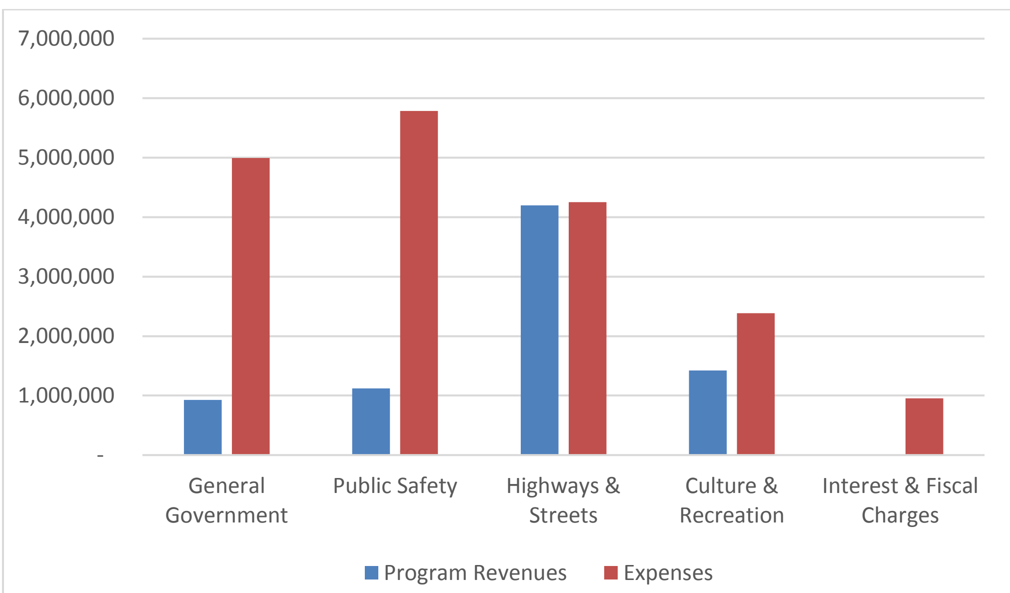
Investment earnings increased $173,492. The city is required per the Governmental Accounting Standards Board to reflect most investments at market value as of December 31st of the current year. The city reflects any changes in market value against interest earnings. An increase in invested funds along with interest rates that have slowly began to rise, has resulted in the increase in earnings. Property tax collections saw an increase of $462,114 or 4% which was attributed to the city increasing their 2017 tax levy by 5% over the 2016 adopted levy.

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 $4,249,001. Key elements of this increase are as follows.

- Revenues exceeded expenses before transfers by $4,382,001, with this excess increasing $1,445,035 from the prior year.
- Charges for services increased $1,080,022 from the prior year. This is primarily due to an increase in utility rates and developer fees for water, sewer, and storm water utility connections.
- Investment earnings increased $166,966. The city is required per the Governmental Accounting Standards Board to reflect most investments at market value as of December 31st of the current year. The city reflects any changes in market value against interest earnings. An increase in invested funds along with interest rates that have slowly began to rise, has resulted in the increase in earnings.

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

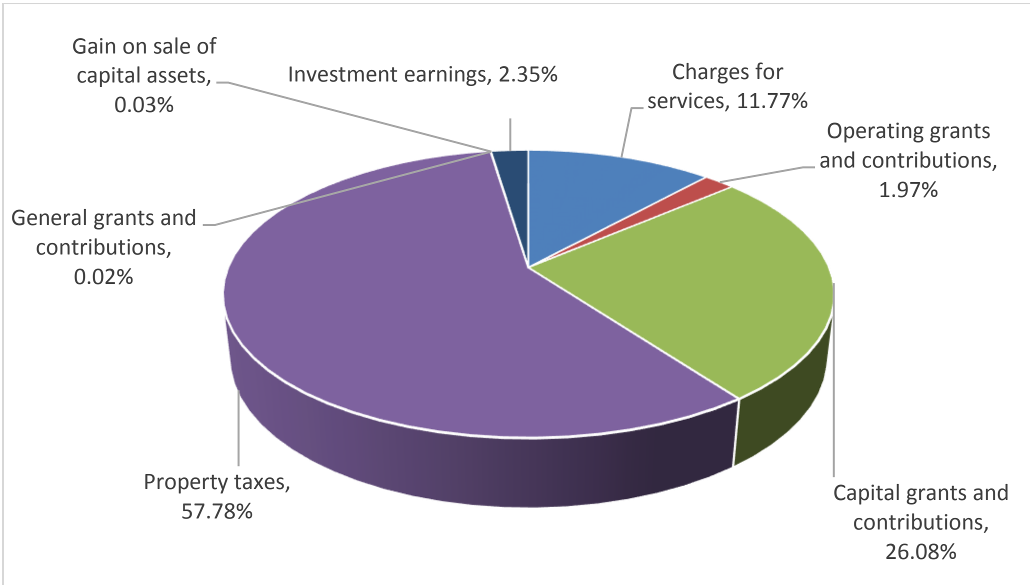
Expenses and Program Revenues – Governmental Activities



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.

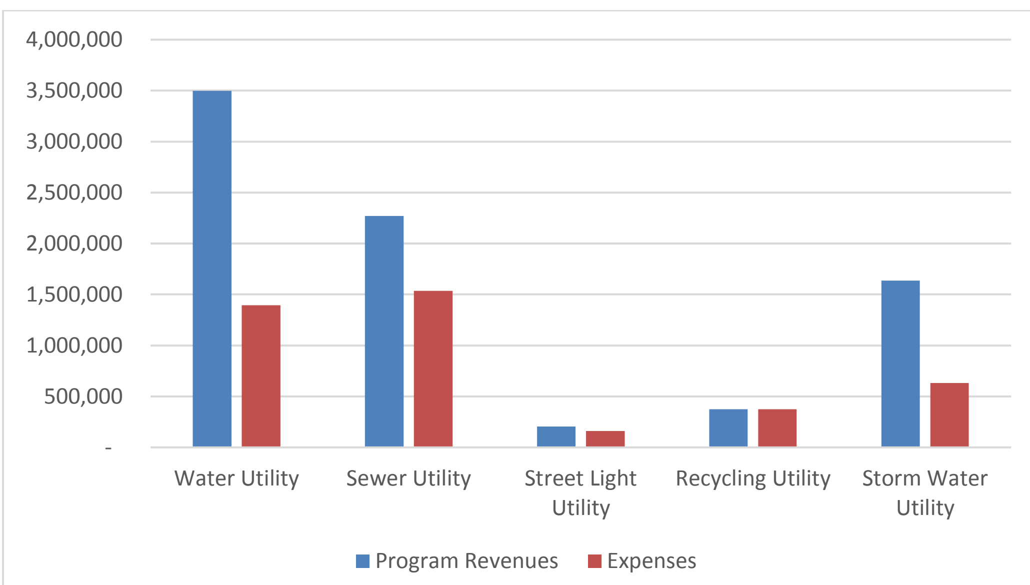
Governmental Activities – The following chart illustrates the City's governmental activities:

Revenue by Source – Governmental Activities



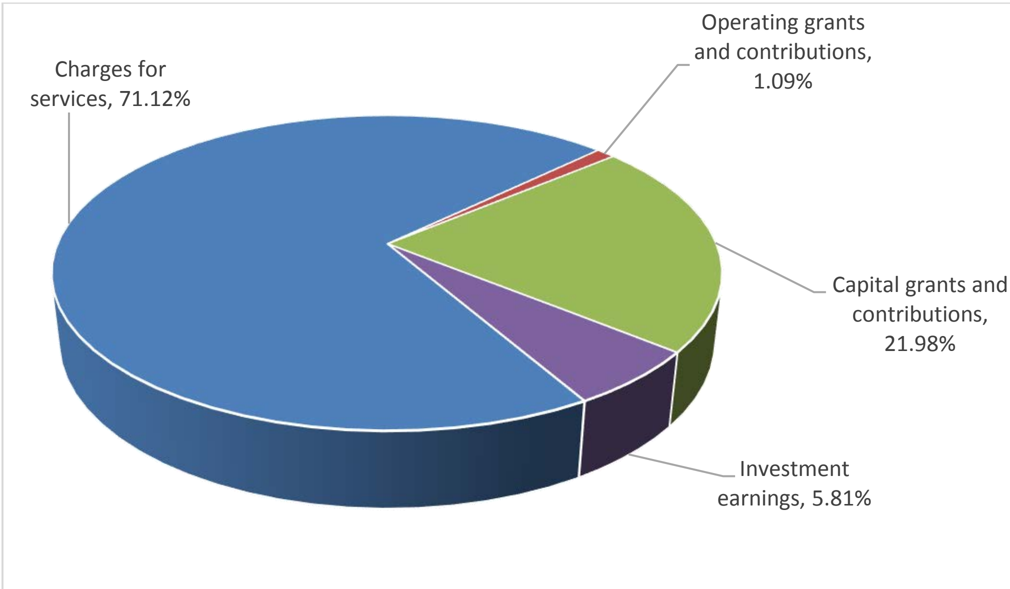
Business-Type Activities – The following graph illustrate the City's business-type activities:

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 (71.12%) for all Utility Funds.

Governmental Funds – At the end of the fiscal year, the City's Governmental Funds reported combined ending fund balances of $40,721,908, an increase of $540,649 in comparison with the prior year. The General Fund reported a fund balance increase of $395,225 in the current year. The increase is attributed to the City's fund balance policy which states that ending fund balance shall be equal to fifty percent (50%) of the next years adopted operating budget, plus prior-year encumbrances (if any) plus compensated absences.

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	$ 10,365,947	$ 10,365,947	$ 10,583,302	$ 217,355	2.10%
Expenditures	11,128,759	11,128,759	10,493,772	(634,987)	-5.71%
Excess (deficiency) of revenue over expenditures	(762,812)	(762,812)	89,530	852,342	
Other financing sources (uses)	762,812	762,812	305,695	(457,117)	
Net change in fund balances	$ –	$ –	395,225	$ 395,225	
Fund balances					
Beginning of year			7,517,393		
End of year			$ 7,912,618		

General Fund Budgetary Highlights

The city does not formally amend its original budget during the calendar year except for extraordinary circumstances. Budget to actual reports are reported monthly to City Council and responsible staff.

The difference between the final expenditure budget and actual was a net decrease of $634,987 and can be summarized as follows:

- $213,997 savings for personnel costs budgeted for, but not expensed due to police officer on leave and more personnel costs accounted for in the Proprietary Funds of Water, Sewer and Storm Water Utility.
- $120,097 savings for amounts unspent on supplies such as gasoline and salt. Reduction due to current market prices versus history trends and weather.
- $185,150 savings attributed to several budgeted line items related to services and charges that came in lower than expected. Final budget numbers are based on past history and expected needs.
- $115,743 savings in capital costs related to three-year funding for Anoka County radio system. Funds were held in the Equipment Revolving Fund for this purchase.

Overall fund balance increased by $395,225 to an ending fund balance of $7,912,618. The city's ending fund balance increase of $395,255 is determined by its fund balance policy which for year ending 2017 is summarized as follows:

- $497,263 increase based on 50% increase in next years adopted budget
- $72,459 increase in compensated absences liability
- $174,497 decrease in prior year encumbrances related to 3-year radio funding.

Tax Increment Fund – This Special Revenue Fund had a prior period adjustment to fund balance of ($500,000) due to an internal loan from the Public Improvement Revolving Fund that had not been previously recorded. After taking into consideration the prior period adjustment, the fund had a year-end fund balance of $4,633,143 which reflects a $135,930 increase from 2016. 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 $8,629,937. The increase of $92,236 is attributed to a soil escrow reimbursement from McDonalds and from the gain on sale of land that the City sold in the COR area.

2012A G.O. Improvement Bond Refund Fund – This Debt Service Fund had a year-end fund balance of $734,418 with current year tax levies and investment earnings exceeding debt service expenditures.

2011A Armstrong/Bunker Bond Fund – This Debt Service Fund had a year-end fund balance of $997,504. The increase of $602,838 is attributed to the prepayment of special assessments on the former Legacy School project and will be used to pay off future debt service.

Public Improvement Revolving Fund – This Capital Project Fund had a prior period adjustment to fund balance of $500,000 due to an internal loan to Tax Increment District #8 that had not been previously recorded. The ending fund balance, excluding the prior period adjustment, saw a decrease of $44,303 which was attributed to highway 10 consulting expenditures.

Landfill Fund – This Capital Project Fund showed an overall increase in fund balance of $29,043, 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 $1,673,000 which represented a $272,183 decrease in fund balance due to a 50% share of the 2017 capital equipment purchases as outlined in the 2017 General Fund adopted budget.

Road Reconstruction/Overlay Fund – This capital project fund increased overall fund balance $66,090. 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 $964,900, or a decrease of $21,270 which was mostly attributed to expenditures to demolish the old city hall/police building.

Fire Station #2 Fund – This Capital Project Fund was created to fund the construction of the City's second fire station. Remaining bond proceeds are being used to reduce debt service. The fund balance at year end 2017 was $74,822.

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 $92,162,136 at December 31, 2017. The City's Internal Service Fund had an ending net position of $497,361. 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, 2017 are as follows:

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	$ 6,848,022	$ 6,848,022	$ 868,513	$ 868,513	$ 7,716,535	$ 7,716,535
Construction in progress	1,615,891	2,369,983	1,214,149	597,780	2,830,040	2,967,763
Buildings and structures	29,402,849	30,685,842	6,058,847	6,058,847	35,461,696	36,744,689
Improvements other than buildings	11,089,703	11,385,776	15,744,605	14,554,985	26,834,308	25,940,761
Office equipment	668,396	657,196	-	-	668,396	657,196
Motor vehicles	3,968,685	3,832,880	-	-	3,968,685	3,832,880
Machinery and equipment	6,635,538	6,336,603	834,318	834,318	7,469,856	7,170,921
Infrastructure	36,965,046	33,733,257	-	-	36,965,046	33,733,257
Water and sewer lines	-	-	50,097,118	48,495,448	50,097,118	48,495,448
	97,194,130	95,849,559	74,817,550	71,409,891	172,011,680	167,259,450
Less accumulated depreciation	30,279,339	27,968,849	20,962,265	19,450,297	51,241,604	47,419,146
Total capital assets, net of depreciation	$ 66,914,791	$ 67,880,710	$ 53,855,285	$ 51,959,594	$ 120,770,076	$ 119,840,304
Depreciation expense	$ 3,335,799	$ 3,181,236	$ 1,511,968	$ 1,463,213	$ 4,847,767	$ 4,644,449

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2017 amounts to approximately $121 million (net of accumulated depreciation).

The governmental activities show a decrease of $965,919 in capital assets attributable to the demolition of the old city hall. Business-type activities show an increase of $1,895,691 in capital assets. The increase is attributable to developer contributions to the City's utility system as part of their private developments. 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 $1,731,922 and non-major debt service fund balance was $689,105 for a total of $2,421,027 in fund balance restricted for debt service.

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

	2017	2016
Governmental Activities		
Bonds	$ 26,075,000	$ 27,120,000
Capital equipment certificates	1,020,000	1,165,000
Compensated absences payable	847,202	774,743
Net pension liability	5,892,660	11,832,779
Other post-employment benefits (OPEB)	565,491	515,011
Subtotal	34,400,353	41,407,533
Business-type Activities		
Net pension liability	581,651	639,331
Total	$ 34,982,004	$ 42,046,864

During the current fiscal year, the City saw a decrease of $1,190,000 in bonds and certificates. The City had one debt issuance during the current year. The Series 2017A, were $895,000 General Obligation Street Reconstruction Bonds used to finance the road reconstruction of Alpine Drive and Sunwood Drive. Due to an increase in personnel in 2017 and employees retaining larger balances at year end, the compensated absence liability increased by $72,459. Net pension liability saw a significant decrease of $5,997,799 to reflect the change in the City's proportionate share of the state-wide PERA pension plan obligation. Other Post-Employment Benefits (OPEB) increased $50,480 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 $48,386,083.

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 3.0%, which is a decrease from a rate of 3.7% a year ago. The state of Minnesota shows an average unemployment rate of 3.4%, whereas, nationally the unemployment rate is 3.9%.
- The number of foreclosures in the City of Ramsey increased from 21 units in 2016 to 29 in 2017. In comparison, the State of Minnesota saw a decrease in foreclosures from 5,306 in 2016 to 4,718 in 2017.
- 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, a new industrial business park and continued development within The COR.

All of these factors were considered in preparing the City of Ramsey's budget for the 2018 fiscal year.

The water and storm water utility rates were increased for the 2018 budget year. The water utility, which has a tiered rate structure, will increase by an average of 2% for all customers. Storm water utilities will increase an average of 8%. 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.

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BASIC FINANCIAL STATEMENTS

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CITY OF RAMSEY

Statement of Net Position
December 31, 2017

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and temporary investments	$ 33,220,092	$ 35,138,407	$ 68,358,499
Receivables			
Unremitted taxes	20,003	–	20,003
Delinquent taxes	129,274	–	129,274
Unremitted special assessments	1,084	–	1,084
Delinquent special assessments	3,588	15,484	19,072
Deferred special assessments	1,884,620	240,138	2,124,758
Accounts	99,520	1,494,222	1,593,742
Notes	11,695	–	11,695
Interest	232,504	–	232,504
Internal balances	(2,387,936)	2,387,936	–
Due from other governmental units	96,967	23,331	120,298
Prepaids	13,313	63,101	76,414
Land held for resale	10,446,275	–	10,446,275
Capital assets			
Land	6,848,022	868,513	7,716,535
Construction in progress	1,615,891	1,214,149	2,830,040
Buildings and structures	29,402,849	6,058,847	35,461,696
Improvements other than buildings	11,089,703	15,744,605	26,834,308
Office equipment	668,396	–	668,396
Motor vehicles	3,968,685	–	3,968,685
Machinery and equipment	6,635,538	834,318	7,469,856
Infrastructure	36,965,046	–	36,965,046
Water and sewer lines	–	50,097,118	50,097,118
Less accumulated depreciation	(30,279,339)	(20,962,265)	(51,241,604)
Total capital assets, net of depreciation	66,914,791	53,855,285	120,770,076
Total assets	110,685,790	93,217,904	203,903,694
Deferred outflows of resources			
Pension plan deferments	5,165,609	203,009	5,368,618
Total assets and deferred outflows of resources	$ 115,851,399	$ 93,420,913	$ 209,272,312
Liabilities			
Accounts and contracts payable	$ 367,537	$ 518,069	$ 885,606
Salaries and benefits payable	143,727	–	143,727
Accrued interest payable	73,096	–	73,096
Due to other governmental units	11,290	47,847	59,137
Unearned revenue	–	32,316	32,316
Long-term liabilities			
Due within one year	2,650,681	–	2,650,681
Due in more than one year	31,749,672	581,651	32,331,323
Total long-term liabilities	34,400,353	581,651	34,982,004
Total liabilities	34,996,003	1,179,883	36,175,886
Deferred inflows of resources			
Pension plan deferments	5,486,996	78,894	5,565,890
Net Position			
Net investment in capital assets	42,129,791	53,855,285	95,985,076
Restricted for			
Capital improvements	1,057,892	–	1,057,892
Debt service	3,905,885	–	3,905,885
Economic development	1,202,042	–	1,202,042
Housing and redevelopment	8,629,937	–	8,629,937
Recreation/community programs	185,086	–	185,086
Law enforcement programs	59,810	–	59,810
Tax increment	4,638,782	–	4,638,782
Unrestricted	13,559,175	38,306,851	51,866,026
Total net position	75,368,400	92,162,136	167,530,536
Total liabilities, deferred inflows of resources and net position	$ 115,851,399	$ 93,420,913	$ 209,272,312

See notes to basic financial statements

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CITY OF RAMSEY

Statement of Activities
Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Governmental Activities	Net (Expenses) Revenue and Changes in Net Position: Business-Type Activities	Total
Governmental activities							
General government	$ 4,992,809	$ 571,464	$ 138,867	$ 218,117	$ (4,064,361)	$ –	$ (4,064,361)
Public safety	5,782,563	878,141	238,241	6,469	(4,659,712)	–	(4,659,712)
Highways and streets	4,254,234	235,020	1,558	3,963,797	(53,859)	–	(53,859)
Culture and recreation	2,384,845	585,033	519	838,474	(960,819)	–	(960,819)
Interest and fiscal charges	952,965	–	–	–	(952,965)	–	(952,965)
Total governmental activities	18,367,416	2,269,658	379,185	5,026,857	(10,691,716)	–	(10,691,716)
Business-type activities							
Water utility	1,396,021	2,772,003	–	726,667	–	2,102,649	2,102,649
Sewer utility	1,535,664	1,784,755	27,207	459,305	–	735,603	735,603
Street light utility	159,378	204,418	–	–	–	45,040	45,040
Recycling utility	373,775	310,471	65,395	–	–	2,091	2,091
Storm water utility	633,101	958,960	–	678,165	–	1,004,024	1,004,024
Total business-type activities	4,097,939	6,030,607	92,602	1,864,137	–	3,889,407	3,889,407
Total governmental and business-type activities	$22,465,355	$ 8,300,265	$ 471,787	$ 6,890,994	(10,691,716)	3,889,407	(6,802,309)
General revenues							
Property taxes					11,136,810	–	11,136,810
General grants and contributions					3,586	–	3,586
Investment earnings					454,089	492,594	946,683
Gain on sale of capital assets					5,530	–	5,530
Transfers					133,000	(133,000)	–
Total general revenues and transfers					11,733,015	359,594	12,092,609
Change in net position					1,041,299	4,249,001	5,290,300
Net position - beginning					74,327,101	87,913,135	162,240,236
Net position – ending					$ 75,368,400	$ 92,162,136	$ 167,530,536

See notes to basic financial statements

CITY OF RAMSEY

Balance Sheet
Governmental Funds
December 31, 2017

		Special Revenue Funds		Debt Service Funds	
	General	Tax Increment	COR Land	2012A G.O. Improvement Bond Refund	2011A Armstrong/Bunker Bond
Assets					
Cash and temporary investments	$ 8,659,071	$ 5,103,677	$ –	$ 732,309	$ 997,504
Receivables					
Unremitted taxes	16,345	189	–	2,109	–
Delinquent taxes	103,360	5,639	–	12,029	–
Unremitted special assessments	–	–	–	–	–
Delinquent special assessments	–	–	–	–	–
Deferred special assessments	–	–	–	–	1,210,056
Accounts	6,957	–	–	–	–
Notes	–	–	–	–	–
Interest	232,504	–	–	–	–
Due from other funds	–	–	–	–	–
Due from other governmental units	12,174	–	–	–	–
Prepaids	12,393	–	–	–	–
Land held for resale	–	–	9,919,199	–	–
Advances to other funds	–	–	–	–	–
Total assets	$ 9,042,804	$ 5,109,505	$ 9,919,199	$ 746,447	$ 2,207,560
Liabilities					
Accounts and contracts payable	$ 222,641	$ 47,347	$ –	$ –	$ –
Salaries and benefits payable	143,727	–	–	–	–
Due to other governmental units	6,346	2,304	–	–	–
Due to other funds	–	19,872	–	–	–
Advances from other funds	654,113	401,200	1,289,262	–	–
Total liabilities	1,026,827	470,723	1,289,262	–	–
Deferred inflows of resources					
Unavailable revenue - property taxes	103,359	5,639	–	12,029	–
Unavailable revenue - special assessments	–	–	–	–	1,210,056
Unavailable revenue - notes receivable	–	–	–	–	–
Total deferred inflows of resources	103,359	5,639	–	12,029	1,210,056
Fund balances					
Nonspendable	12,393	–	–	–	–
Restricted	–	4,633,143	8,629,937	734,418	997,504
Committed	–	–	–	–	–
Assigned	–	–	–	–	–
Unassigned	7,900,225	–	–	–	–
Total fund balances	7,912,618	4,633,143	8,629,937	734,418	997,504
Total liabilities, deferred inflows of resources, and fund balances	$ 9,042,804	$ 5,109,505	$ 9,919,199	$ 746,447	$ 2,207,560

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
$ 4,285,126	$ 2,090,582	$ 1,673,000	$ 722,187	$ 1,409,461	$ 74,822	$ 6,973,262	$ 32,721,001
–	–	–	–	–	–	1,360	20,003
1	–	–	–	–	–	8,245	129,274
1,084	–	–	–	–	–	–	1,084
3,000	–	–	–	–	–	588	3,588
345,912	–	–	–	–	–	328,652	1,884,620
–	–	–	–	–	–	92,563	99,520
–	–	–	–	–	–	11,695	11,695
–	–	–	–	–	–	–	232,504
–	–	–	–	–	–	19,872	19,872
–	–	–	–	–	–	84,793	96,967
–	–	–	–	–	–	920	13,313
–	–	–	–	–	–	527,076	10,446,275
401,200	–	–	–	–	–	–	401,200
$ 5,036,323	$ 2,090,582	$ 1,673,000	$ 722,187	$ 1,409,461	$ 74,822	$ 8,049,026	$ 46,080,916
$ –	$ –	$ –	$ 7,531	$ –	$ –	$ 90,018	$ 367,537
–	–	–	–	–	–	–	143,727
–	–	–	–	–	–	910	9,560
–	–	–	–	–	–	–	19,872
–	–	–	–	444,561	–	–	2,789,136
–	–	–	7,531	444,561	–	90,928	3,329,832
–	–	–	–	–	–	8,245	129,272
348,913	–	–	–	–	–	329,240	1,888,209
–	–	–	–	–	–	11,695	11,695
348,913	–	–	–	–	–	349,180	2,029,176
–	–	–	–	–	–	920	13,313
–	–	–	–	–	74,822	3,117,497	18,187,321
–	–	–	–	–	–	1,226,234	1,226,234
4,687,410	2,090,582	1,673,000	714,656	964,900	–	3,264,267	13,394,815
–	–	–	–	–	–	–	7,900,225
4,687,410	2,090,582	1,673,000	714,656	964,900	74,822	7,608,918	40,721,908
$ 5,036,323	$ 2,090,582	$ 1,673,000	$ 722,187	$ 1,409,461	$ 74,822	$ 8,049,026	$ 46,080,916

City of RAMSEY

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CITY OF RAMSEY

Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2017

Total fund balances – Governmental Funds	$ 40,721,908
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	97,194,130
Less accumulated depreciation	(30,279,339)
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	(27,095,000)
Compensated absences payable	(847,202)
Net Pension Liability	(5,892,660)
Certain revenues (including delinquent taxes, special assessments and notes receivable) are included in net position, but are excluded from fund balances until they are available to liquidate liabilities of the current period.	2,029,176
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.	(73,096)
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.	(565,491)
Governmental funds do not report certain amounts related to pensions.	
Deferred outflows of resources for pension plan deferments	5,165,609
Deferred inflows of resources for pension plan deferments	(5,486,996)
Internal Service Funds are used to manage insurance-related activity. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.	497,361
Total net position – governmental activities	$ 75,368,400

See notes to basic financial statements

CITY OF RAMSEY

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2017

		Special Revenue Funds		Debt Service Funds	
	General	Tax Increment	COR Land	2012A G.O. Improvement Bond Refund	2011A Armstrong/Bunker Bond
Revenue					
Property taxes	$ 8,594,143	$ 712,946	$ –	$ 1,093,190	$ –
Special assessments	–	–	–	–	723,012
Licenses and permits	732,129	–	–	–	–
Intergovernmental revenue	375,045	–	–	–	302,570
Charges for services	711,805	–	–	–	–
Fines and forfeits	59,701	–	–	–	–
Other revenue					
Investment earnings	88,753	68,913	–	10,899	5,671
Miscellaneous	21,726	–	101,591	–	–
Total revenue	10,583,302	781,859	101,591	1,104,089	1,031,253
Expenditures					
Current					
General government	3,009,414	516,387	–	380	–
Public safety	4,499,681	–	–	–	–
Highways and streets	1,702,747	–	–	–	–
Culture and recreation	1,019,376	–	–	–	–
Capital outlay	186,663	47,936	–	–	–
Debt service					
Principal retirement	–	–	–	630,000	345,000
Interest and fiscal charges	75,891	16,200	–	468,812	83,415
Total expenditures	10,493,772	580,523	–	1,099,192	428,415
Excess (deficiency) of revenue over expenditures	89,530	201,336	101,591	4,897	602,838
Other financing sources (uses)					
Debt issued	–	–	–	–	–
Premium on debt issued	–	–	–	–	–
Proceeds on sale of capital assets	–	–	–	–	–
Transfers in	762,812	–	–	–	–
Transfers (out)	(457,117)	(65,406)	(9,355)	–	–
Total other financing sources (uses)	305,695	(65,406)	(9,355)	–	–
Net change in fund balances	395,225	135,930	92,236	4,897	602,838
Fund balances					
Beginning of year, as previously stated	7,517,393	4,997,213	8,537,701	729,521	394,666
Prior period adjustment	–	(500,000)	–	–	–
Beginning of year, restated	7,517,393	4,497,213	8,537,701	729,521	394,666
End of year	$ 7,912,618	$ 4,633,143	$ 8,629,937	$ 734,418	$ 997,504

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	$ –	$ 705,812	$ 11,150,611
87,869	–	–	–	–	–	148,336	959,217
–	–	–	–	–	–	–	732,129
–	–	–	–	–	–	1,535,419	2,213,034
–	–	–	–	–	–	757,898	1,469,703
–	–	–	–	–	–	–	59,701
75,995	29,043	28,228	11,507	19,336	1,861	106,994	447,200
17,319	–	20,000	1,635	–	–	545,404	707,675
181,183	29,043	48,228	13,142	63,856	1,861	3,799,863	17,739,270
–	–	–	–	–	2,394	503,358	4,031,933
–	–	227,812	–	–	–	–	4,727,493
249,762	–	–	23,557	125,295	–	441,102	2,542,463
–	–	–	–	–	–	941,248	1,960,624
–	–	116,075	786,969	–	–	785,304	1,922,947
–	–	–	–	–	–	1,110,000	2,085,000
–	–	–	37,116	9,590	–	276,257	967,281
249,762	–	343,887	847,642	134,885	2,394	4,057,269	18,237,741
(68,579)	29,043	(295,659)	(834,500)	(71,029)	(533)	(257,406)	(498,471)
–	–	–	895,000	–	–	–	895,000
–	–	–	5,590	–	–	–	5,590
–	–	–	–	–	–	5,530	5,530
149,276	–	264,986	–	49,759	–	309,192	1,536,025
(125,000)	–	(241,510)	–	–	(125,000)	(379,637)	(1,403,025)
24,276	–	23,476	900,590	49,759	(125,000)	(64,915)	1,039,120
(44,303)	29,043	(272,183)	66,090	(21,270)	(125,533)	(322,321)	540,649
4,231,713	2,061,539	1,945,183	648,566	986,170	200,355	7,931,239	40,181,259
500,000	–	–	–	–	–	–	–
4,731,713	2,061,539	1,945,183	648,566	986,170	200,355	7,931,239	40,181,259
$ 4,687,410	$ 2,090,582	$ 1,673,000	$ 714,656	$ 964,900	$ 74,822	$ 7,608,918	$ 40,721,908

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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, 2017

Total net change in fund balances – Governmental Funds	$	540,649
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Capital outlays		1,922,947
Contributed assets from developers		1,085,299
Disposals		(638,366)
Depreciation expense		(3,335,799)
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		(895,000)
Repayment of principal on long-term debt		2,085,000
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.		8,726
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.		1,047,292
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		(72,459)
Governmental activities – pension expense		(659,408)
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.		(50,480)
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.		2,898
Change in net position – governmental activities	$	1,041,299

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, 2017

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenue				
Property taxes	$ 8,685,635	$ 8,685,635	$ 8,594,143	$ (91,492)
Licenses and permits	511,800	511,800	732,129	220,329
Intergovernmental revenue	352,050	352,050	375,045	22,995
Charges for services	619,462	619,462	711,805	92,343
Fines and forfeits	66,000	66,000	59,701	(6,299)
Other revenue				
Investment earnings	100,000	100,000	88,753	(11,247)
Miscellaneous	31,000	31,000	21,726	(9,274)
Total revenue	10,365,947	10,365,947	10,583,302	217,355
Expenditures				
Current				
General government	3,179,574	3,179,574	3,009,414	(170,160)
Public safety	4,553,862	4,553,862	4,499,681	(54,181)
Highways and streets	1,982,775	1,982,775	1,702,747	(280,028)
Culture and recreation	989,730	989,730	1,019,376	29,646
Capital outlay	302,406	302,406	186,663	(115,743)
Debt service				
Interest and fiscal charges	120,412	120,412	75,891	(44,521)
Total expenditures	11,128,759	11,128,759	10,493,772	(634,987)
Excess (deficiency) of revenue over expenditures	(762,812)	(762,812)	89,530	852,342
Other financing sources (uses)				
Transfers in	762,812	762,812	762,812	–
Transfers (out)	–	–	(457,117)	(457,117)
Total other financing sources (uses)	762,812	762,812	305,695	(457,117)
Net change in fund balances	$ –	$ –	395,225	$ 395,225
Fund balances				
Beginning of year			7,517,393	
End of year			$ 7,912,618	

See notes to basic financial statements

CITY OF RAMSEY

Statement of Net Position
Proprietary Funds
December 31, 2017

	Business-Type Activities – Enterprise Funds		
	Water Utility	Sewer Utility	Street Light Utility
Assets			
Current assets			
Cash and temporary investments	$ 20,651,238	$ 11,578,115	$ 1,163,168
Receivables			
Delinquent special assessments	7,742	7,742	–
Deferred special assessments	110,134	130,004	–
Accounts	418,985	465,227	64,546
Due from other governmental units	–	–	–
Prepaids	–	63,101	–
Total current assets	21,188,099	12,244,189	1,227,714
Noncurrent assets			
Advances to other Funds	1,089,192	1,298,744	–
Capital assets			
Land	868,513	–	–
Construction in progress	413,011	620,089	–
Buildings and structures	6,058,847	–	–
Improvements other than buildings	572,502	92,057	1,135,881
Machinery and equipment	133,568	481,015	–
Water and sewer lines	27,042,718	23,054,400	–
	35,089,159	24,247,561	1,135,881
Less accumulated depreciation	9,670,239	7,686,227	545,991
Net capital assets	25,418,920	16,561,334	589,890
Total noncurrent assets	26,508,112	17,860,078	589,890
Total assets	47,696,211	30,104,267	1,817,604
Deferred Outflows of Resources			
Pension plan deferments	107,518	46,827	–
Total assets and deferred outflows of resources	$ 47,803,729	$ 30,151,094	$ 1,817,604
Liabilities			
Current liabilities			
Accounts and contracts payable	$ 183,638	$ 280,230	$ 2,673
Due to other governmental units	23,125	24,602	120
Unearned revenue	–	19,870	12,446
Total current liabilities	206,763	324,702	15,239
Non-Current liabilities			
Net pension liability	302,655	132,222	–
Total liabilities	509,418	456,924	15,239
Deferred Inflows of Resources			
Pension plan deferments	39,760	17,470	–
Net Position			
Investment in capital assets	25,418,920	16,561,334	589,890
Unrestricted	21,835,631	13,115,366	1,212,475
Total net position	47,254,551	29,676,700	1,802,365
Total liabilities, deferred inflows of resources and net position	$ 47,803,729	$ 30,151,094	$ 1,817,604

See notes to basic financial statements

			Governmental Activities
Recycling Utility	Storm Water Utility	Totals	Internal Service
$ 286,938	$ 1,458,948	$ 35,138,407	$ 499,091
–	–	15,484	–
–	–	240,138	–
95,581	449,883	1,494,222	–
23,331	–	23,331	–
–	–	63,101	–
405,850	1,908,831	36,974,683	499,091
–	–	2,387,936	–
–	–	868,513	–
–	181,049	1,214,149	–
–	–	6,058,847	–
–	13,944,165	15,744,605	–
–	219,735	834,318	–
–	–	50,097,118	–
–	14,344,949	74,817,550	–
–	3,059,808	20,962,265	–
–	11,285,141	53,855,285	–
–	11,285,141	56,243,221	–
405,850	13,193,972	93,217,904	499,091
–	48,664	203,009	–
$ 405,850	$ 13,242,636	$ 93,420,913	$ 499,091
$ 2,661	$ 48,867	$ 518,069	$ –
–	–	47,847	1,730
–	–	32,316	–
2,661	48,867	598,232	1,730
–	146,774	581,651	–
2,661	195,641	1,179,883	1,730
–	21,664	78,894	–
–	11,285,141	53,855,285	–
403,189	1,740,190	38,306,851	497,361
403,189	13,025,331	92,162,136	497,361
$ 405,850	$ 13,242,636	$ 93,420,913	$ 499,091

CITY OF RAMSEY

Statement of Revenue, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2017

	Business-Type Activities – Enterprise Funds		
	Water Utility	Sewer Utility	Street Light Utility
Operating revenue			
Charges for services	$ 2,772,003	$ 1,779,213	$ 204,418
Sewer access surcharge	-	5,542	-
Other	-	-	-
Total operating revenue	2,772,003	1,784,755	204,418
Operating expenses			
Personal services	337,041	170,863	-
Supplies	136,345	23,451	-
Service charges			
Disposal charges	-	755,600	-
Other	240,876	86,168	118,824
Depreciation	681,759	499,582	40,554
Total operating expenses	1,396,021	1,535,664	159,378
Operating income (loss)	1,375,982	249,091	45,040
Nonoperating revenue			
Intergovernmental revenue	-	27,207	-
Investment earnings	281,730	171,916	16,019
Total nonoperating revenue	281,730	199,123	16,019
Income before contributions and transfers	1,657,712	448,214	61,059
Capital contributions	726,667	459,305	-
Transfers out	(40,000)	(34,000)	(19,000)
Change in net position	2,344,379	873,519	42,059
Net position			
Beginning of year	44,910,172	28,803,181	1,760,306
End of year	$ 47,254,551	$ 29,676,700	$ 1,802,365

See notes to basic financial statements

	Recycling Utility	Storm Water Utility	Totals	Governmental Activities Internal Service
	$ 310,471	$ 958,822	$ 6,024,927	$ -
	-	-	5,542	-
	-	138	138	22,963
	310,471	958,960	6,030,607	22,963
	26,836	202,460	737,200	-
	29,202	20,314	209,312	-
	-	-	755,600	-
	317,737	120,254	883,859	26,954
	-	290,073	1,511,968	-
	373,775	633,101	4,097,939	26,954
	(63,304)	325,859	1,932,668	(3,991)
	65,395	-	92,602	-
	4,012	18,917	492,594	6,889
	69,407	18,917	585,196	6,889
	6,103	344,776	2,517,864	2,898
	-	678,165	1,864,137	-
	(11,000)	(29,000)	(133,000)	-
	(4,897)	993,941	4,249,001	2,898
	408,086	12,031,390	87,913,135	494,463
	$ 403,189	$ 13,025,331	$ 92,162,136	$ 497,361

CITY OF RAMSEY

Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2017

	Business-Type Activities – Enterprise Funds		
	Water Utility	Sewer Utility	Street Light Utility
Cash flows from operating activities			
Receipts from customers and users	$ 2,741,953	$ 1,738,770	$ 204,446
Receipts from interfund services provided	–	–	–
Paid to suppliers/service providers	(201,325)	(633,635)	(116,179)
Paid to employees	(323,092)	(164,664)	-
Net cash flows from operating activities	2,217,536	940,471	88,267
Cash flows from capital and related financing activities			
Acquisition of capital assets	(555,443)	(620,089)	(33,921)
Cash flows from investing activities			
Interest received on investments	281,730	171,916	16,019
Cash flows from noncapital financing activities			
Intergovernmental revenue	–	27,207	–
Transfers (out)	(40,000)	(34,000)	(19,000)
Repayment of advances to other funds	276,434	289,319	–
Net cash flows from noncapital financing activities	236,434	282,526	(19,000)
Net increase (decrease) in cash and temporary investments/cash equivalents	2,180,257	774,824	51,365
Cash and temporary investments/cash equivalents			
Beginning of year	18,470,981	10,803,291	1,111,803
End of year	$ 20,651,238	$ 11,578,115	$ 1,163,168
Reconciliation of operating income (loss) to net cash flows from operating activities			
Operating income (loss)	$ 1,375,982	$ 249,091	$ 45,040
Adjustments to reconcile operating income (loss) to net cash flows from operating activities			
Depreciation	681,759	499,582	40,554
Change in assets, deferred inflows, liabilities and deferred outflows			
Receivables			
Delinquent and deferred special assessments	(22,573)	(42,443)	–
Accounts	(7,477)	(23,412)	(1,344)
Due from other governmental units	–	–	–
Prepaids	–	(134)	–
Deferred outflows - pension plan deferment	30,571	13,587	–
Accounts payable	173,475	279,363	2,642
Unearned revenue	–	19,870	1,372
Due to other governmental units	2,421	(47,645)	3
Net pension liability	(27,322)	(12,143)	–
Deferred inflows - pension plan deferment	10,700	4,755	–
Net cash flow from operating activities	$ 2,217,536	$ 940,471	$ 88,267
Noncash, investing, capital, and financing activities			
Contributions of capital assets from developers	$ 726,667	$ 459,305	$ -

See notes to basic financial statements

Recycling Utility	Storm Water Utility	Totals	Governmental Activities Internal Service
$ 327,045	$ 932,123	$ 5,944,337	$ –
–	–	–	22,963
(344,308)	(97,137)	(1,392,584)	(26,120)
(26,836)	(193,161)	(707,753)	–
(44,099)	641,825	3,844,000	(3,157)
–	(334,069)	(1,543,522)	–
4,012	18,917	492,594	6,889
65,395	–	92,602	–
(11,000)	(29,000)	(133,000)	–
–	–	565,753	–
54,395	(29,000)	525,355	–
14,308	297,673	3,318,427	3,732
272,630	1,161,275	31,819,980	495,359
$ 286,938	$ 1,458,948	$ 35,138,407	$ 499,091
$ (63,304)	$ 325,859	$ 1,932,668	$ (3,991)
–	290,073	1,511,968	–
–	–	(65,016)	–
371	(26,837)	(58,699)	–
16,203	–	16,203	–
–	–	(134)	–
–	20,381	64,539	–
2,631	43,431	501,542	–
–	–	21,242	–
–	–	(45,221)	834
–	(18,215)	(57,680)	–
–	7,133	22,588	–
$ (44,099)	$ 641,825	$ 3,844,000	$ (3,157)
$ -	$ 678,165	$ 1,864,137	$ -

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CITY OF RAMSEY

Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2017

	Agency Fund
Assets	
Cash and temporary investments	$ 2,686,429
Receivables	
Accounts	10,704
Assets held for resale	13,582,499
Total assets	$ 16,279,632
Liabilities	
Accounts payable	$ 8,072
Deposits payable	2,689,061
Loans Payable to Met Council	13,582,499
Total liabilities	$ 16,279,632

See notes to basic financial statements

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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.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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 City has one component unit - the Ramsey Economic Development Authority (EDA). The EDA is considered a component unit of the City (primary government) because voting authority rests with the City Council and the City is in a relationship of financial benefit or burden with the entity.

The financial position and results of operations of the EDA component unit is presented using the blended method. This blended component unit, although a legally separate entity, is, in substance part of the City's operations. The component unit consists of a Nonmajor Special Revenue Fund using the modified accrual basis of accounting, and as such is included in the other governmental funds. Separate financial statements for the EDA are not prepared.

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 2017 fiscal year, the City paid LOGIS approximately $181,050 for services and equipment provided.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. **Revenue Recognition (Continued)** – 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.

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.

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.

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

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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2011A Armstrong/Bunker Bond Fund – 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.

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.

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The City reports all other 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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Special Assessments

Special assessments primarily represent the financing for public improvements paid for by the benefiting property owners. As previously mentioned under receivables, the City is also generally able to certify delinquent amounts to the county for collection as special assessments. Special assessments are recorded as receivables upon certification to the county. Special assessments are recognized as revenue in the year levied in the government-wide financial statements and proprietary fund financial statements. In the governmental fund financial statements, special assessments are recognized as revenue when received in cash or within 60 days after year end. Governmental fund special assessments receivable which remain unpaid on December 31 are offset by a deferred inflow of resources in the governmental fund financial statements.

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."

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 and liabilities, the Statement of Financial Position will sometimes report a separate section for deferred outflows or inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of resources (revenue) until that time.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City reports deferred outflows and inflows of resources related to pensions reported in the government-wide and enterprise funds Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual experience, changes of assumptions, changes in proportion, 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.

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.

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 acquisition value.

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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

- **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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **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.

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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Expenses 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 2017.

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 2017, the City recorded a prior period adjustment with no effect on net position in the government-wide financial statements. The adjustment was made to reflect a Tax Increment interfund loan in the amount of $500,000 from the Major Governmental Fund of Public Improvement Revolving Fund to the Major Governmental Fund of Tax Increment.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	$	6,744,839
Investments		64,299,889
Cash on hand		200
Total	$	71,044,928

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

Cash and temporary investments - Statement of Net Position	$	68,358,499
Cash and temporary investments - Statement of Fiduciary Net Position		2,686,429
Total	$	71,044,928

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Deposits

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

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

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

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

At year end, the carrying amount of the City's deposits was $6,744,839 while the balance on the bank records was $7,588,381. At December 31, 2017, 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.

C. Investments

The City has the following investments at year end:

Investment Type	Credit Risk Rating	Credit Risk Agency	Fair Value Measurements Using	Interest Risk-Maturity Duration in Years Less Than 1	1 to 5	6 to 10	Total
U.S. Treasuries	N/A	N/A	Level 2	$ -	$ 2,121	$ -	$ 2,121
U.S. Agencies	AA+	S&P	Level 2	1,252,552	1,034,573	1,359,194	3,646,319
Municipal Bonds	AA-AAA	Moodys	Level 2	2,386,953	7,311,962	2,048,787	11,747,702
Municipal Bonds	A-AAA	S&P	Level 2	2,123,258	11,350,114	2,011,802	15,485,174
Negotiable Certificates of Deposit	N/R	N/A	Level 1	-	484,039	239,830	723,869
Negotiable Certificates of Deposit	N/R	N/A	Level 2	8,767,906	12,575,319	-	21,343,225
Investment pools							
Minnesota Municipal Money Market	N/R	N/A	Amortized Cost	11,351,479	-	-	11,351,479
Total Investments							$ 64,299,889

N/A Not Applicable
N/R Not Rated

Note: The Minnesota Municipal Money Market Fund is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. The fair value of the position in the pool is the same as the value of the pool shares.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

Custodial credit risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy addressing this risk, but typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

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

Concentration risk – This is the risk associated with investing a significant portion of the City's investment (considered 5 percent or more) in the securities of a single issuer, excluding United States guaranteed investments (such as Treasuries), investment pools and mutual funds. The City's investment policies do not limit the concentration of investments.

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

This internal loan was utilized for cash flow purposes.

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

B. Advances To and From Other Funds

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

Receivable Fund	Payable Fund	Amount	Purpose
Major Capital Project Fund; Public Improvement Revolving	Major Special Revenue Fund; Tax Increment	$ 401,200	Internally finance TIF loan
Major Proprietary Fund; Sewer Utility	General Fund	654,113	Internally finance facility loan
Major Proprietary Fund; Water Utility	Major Special Revenue Fund; COR Land	644,631	Internally finance development land purchase
Major Proprietary Fund; Sewer Utility	Major Special Revenue Fund; COR Land	644,631	Internally finance development land purchase
Major Proprietary Fund; Water Utility	Major Capital Project Fund; Public Facilities Construction Fund	444,561	Internally finance facility loan
		$ 2,789,136	

C. Interfund Transfers

	Transfers In					
Transfers Out	General Fund	Public Improvement Revolving Capital Project Fund	Equipment Revolving Capital Project Fund	Public Facilities Construction Capital Project Fund	Nonmajor Governmental Funds	Total
General Fund	$ –	$ 149,276	$ 258,082	$ 49,759	$ –	$ 457,117
Tax Increment Special Revenue Fund	–	–	–	–	65,406	65,406
COR Land Special Revenue Fund	–	–	–	–	9,355	9,355
Public Improvement Revolving Capital Projects Fund	125,000	–	–	–	–	125,000
Equipment Revolving Capital Project Fund	241,510	–	–	–	–	241,510
Fire Station #2 Capital Project Fund	–	–	–	–	125,000	125,000
Nonmajor Governmental Funds	–	–	6,904	–	109,431	379,637
Water Utility Proprietary Fund	40,000	–	–	–	–	40,000
Sewer Utility Proprietary Fund	34,000	–	–	–	–	34,000
Street Light Utility Proprietary Fund	19,000	–	–	–	–	19,000
Recycling Utility Proprietary Fund	11,000	–	–	–	–	11,000
Storm Water Utility Proprietary Fund	29,000	–	–	–	–	29,000
	$ 762,812	$ 149,276	$ 264,986	$ 49,759	$ 309,192	$1,536,025

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

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. Interfund activity is eliminated as needed for entity-wide financial statement reporting.

NOTE 4 – CAPITAL ASSETS

A. Changes in Capital Assets Used in Governmental Activities

	Balance – Beginning of Year	Additions	Completed Construction	Deletions	Balance – End of Year
Capital assets, not depreciated					
Land	$ 6,848,022	$ -	$ -	$ -	$ 6,848,022
Construction in progress	2,369,983	1,725,084	(2,479,176)	-	1,615,891
Capital assets, depreciated					
Buildings and structures	30,685,842	-	-	(1,282,993)	29,402,849
Improvements other than buildings	11,385,776			(296,073)	11,089,703
Office equipment	657,196	11,200	-		668,396
Motor vehicles	3,832,880	186,663	-	(50,858)	3,968,685
Machinery and equipment	6,336,603	-	332,686	(33,751)	6,635,538
Infrastructure	33,733,257	1,085,299	2,146,490	-	36,965,046
Total capital assets	95,849,559	3,008,246	-	(1,663,675)	97,194,130
Less accumulated depreciation on					
Buildings and structures	(6,753,676)	(654,844)	-	810,455	(6,598,065)
Improvements other than buildings	(4,084,948)	(527,312)	-	130,245	(4,482,015)
Office equipment	(367,402)	(35,596)	-	-	(402,998)
Motor vehicles	(3,020,166)	(304,296)	-	50,858	(3,273,604)
Machinery and equipment	(3,324,177)	(358,237)	-	33,751	(3,648,663)
Infrastructure	(10,418,480)	(1,455,514)	-	-	(11,873,994)
Total accumulated depreciation	(27,968,849)	(3,335,799)	-	1,025,309	(30,279,339)
Net capital assets	$ 67,880,710	$ (327,553)	$ -	$ (638,366)	$ 66,914,791

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

	Balance – Beginning of Year	Additions	Completed Construction	Balance – End of Year
Capital assets, not depreciated				
Land	$ 868,513	$ -	$ -	$ 868,513
Construction in progress	597,780	1,206,853	(590,484)	1,214,149
Capital assets, depreciated				
Buildings and structures	6,058,847	-	-	6,058,847
Improvements other than buildings	14,554,985	872,402	317,218	15,744,605
Machinery and equipment	834,318	-	-	834,318
Water and sewer lines	48,495,448	1,328,404	273,266	50,097,118
Total capital assets	71,409,891	3,407,659	-	74,817,550
Less accumulated depreciation on				
Buildings and structures	(1,379,924)	(121,091)	-	(1,501,015)
Improvements other than buildings	(3,313,736)	(343,103)	-	(3,656,839)
Machinery and equipment	(363,778)	(48,130)	-	(411,908)
Water and sewer lines	(14,392,859)	(999,644)	-	(15,392,503)
Total accumulated depreciation	(19,450,297)	(1,511,968)	-	(20,962,265)
Net capital assets	$51,959,594	$ 1,895,691	$ -	$ 53,855,285

NOTE 4 – CAPITAL ASSETS (CONTINUED)

C. Depreciation Expense by Function

Governmental activities		
General government	$	856,788
Public safety		429,718
Highways and streets		1,658,030
Culture and recreation		391,263
Total depreciation expense – governmental activities	$	3,335,799
Business-type activities		
Water Utility	$	681,759
Sewer Utility		499,582
Street Light Utility		40,554
Storm Water Utility		290,073
Total depreciation expense – business-type activities	$	1,511,968

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 Improvement Bonds					
Series 2009A	$ 1,340,000	0.85-4.50%	11/19/2009	10/1/2019	$ 285,000
Series 2011A	$ 4,365,000	2.00-3.15%	9/7/2011	2/1/2026	2,890,000
Series 2011B	$ 3,090,000	2.00-2.70%	12/29/2011	12/15/2025	2,310,000
Series 2012A	$ 16,875,000	3.00-3.75%	6/7/2012	12/15/2031	13,495,000
Series 2015A	$ 3,880,000	2.00-3.50%	6/15/2015	12/1/2035	3,715,000
Series 2015B	$ 1,205,000	2.00-2.25%	6/15/2015	12/1/2025	980,000
Series 2016A	$ 1,650,000	2.00%	7/21/2016	12/15/2026	1,505,000
Series 2017A	$ 895,000	1.15-2.50%	8/17/2017	12/15/2027	895,000
Total general obligation improvement bonds					26,075,000
Capital Equipment Certificates					
Series 2013A	$ 635,000	0.50-3.00%	9/5/2013	9/1/2023	395,000
Series 2014A	$ 875,000	0.60-2.35%	12/3/2014	12/15/2024	625,000
Total capital equipment certificates					1,020,000
Compensated absences payable					847,202
Net pension liability					5,892,660
OPEB					565,491
Total governmental activities					34,400,353
Business-type activites					
Net pension liability					581,651
Total government and business-type activities					$ 34,982,004

B. Descriptions of Long-Term Debt

- **Capital Improvement Refunding Bonds Series 2004A –** These bonds were issued to finance Fire Station #1 and were repaid via ad valorem levies. The City made the final payment during fiscal 2017.

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 168^{th} Avenue and some overlay projects.

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

  The Series 2017A were issued to fund road improvements related to the reconstruction of Alpine Drive and Sunwood Drive.

- **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	$ 135,000	$ –	$ 135,000	$ –	$ –
G.O. Improvement Bonds	26,985,000	895,000	1,805,000	26,075,000	1,955,000
Capital Equipment Certificates	1,165,000	–	145,000	1,020,000	145,000
Compensated absences payable	774,743	611,349	538,890	847,202	550,681
Net pension liability	11,832,779	1,996,518	7,936,637	5,892,660	–
OPEB	515,011	57,318	6,838	565,491	–
Total governmental activities	41,407,533	3,560,185	10,567,365	34,400,353	2,650,681
Business type Activities					
Net pension liability	639,331	83,240	140,920	581,651	-
Total governmental and business type activities	$ 42,046,864	$ 3,643,425	$ 10,708,285	$ 34,982,004	$ 2,650,681

D. Minimum Debt Payments

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

December 31,	Principal	Interest
2018	$ 2,100,000	$ 774,889
2019	2,185,000	712,145
2020	2,115,000	654,086
2021	2,185,000	595,193
2022	2,270,000	532,580
2023-2027	9,170,000	1,864,525
2028-2032	6,315,000	674,249
2033-2035	755,000	52,763
	$ 27,095,000	$ 5,860,430

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 GO Improvement Bond Refund	2011A Armstrong/Bunker Bond	Public Improvement Revolving	Landfill	Equipment Revolving	Road Reconstruction/ Overlay	Public Facilities Construction	Fire Station #2	Nonmajor	Total
Fund balances													
Nonspendable													
Prepaids	$ 12,393	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 920	$ 13,313
Restricted for													
Public safety (fire) building	-	-	-	-	-	-	-	-	-	-	74,822	-	74,822
Road improvements	-	-	-	-	-	-	-	-	-	-	-	983,070	983,070
Debt service	-	-	-	734,418	997,504	-	-	-	-	-	-	689,105	2,421,027
Economic development	-	-	-	-	-	-	-	-	-	-	-	1,200,426	1,200,426
Housing and redevelopment	-	-	8,629,937	-	-	-	-	-	-	-	-	-	8,629,937
Recreation/community programs	-	-	-	-	-	-	-	-	-	-	-	185,086	185,086
Law enforcement programs	-	-	-	-	-	-	-	-	-	-	-	59,810	59,810
Tax increment financing	-	4,633,143	-	-	-	-	-	-	-	-	-	-	4,633,143
	-	4,633,143	8,629,937	734,418	997,504	-	-	-	-	-	74,822	3,117,497	18,187,321
Committed													
Stormwater development projects	-	-	-	-	-	-	-	-	-	-	-	791,602	791,602
Community/business programs	-	-	-	-	-	-	-	-	-	-	-	434,632	434,632
	-	-	-	-	-	-	-	-	-	-	-	1,226,234	1,226,234
Assigned													
Road improvements	-	-	-	-	-	4,687,410	-	-	714,656	-	-	263,538	5,665,604
Public facilities construction	-	-	-	-	-	-	-	-	-	964,900	-	-	964,900
Capital equipment replacement	-	-	-	-	-	-	-	1,673,000	-	-	-	3	1,673,003
Cemetery improvements	-	-	-	-	-	-	-	-	-	-	-	55,571	55,571
Development of projects	-	-	-	-	-	-	2,090,582	-	-	-	-	-	2,090,582
Park improvements	-	-	-	-	-	-	-	-	-	-	-	2,659,298	2,659,298
Right-of-way acquisitions	-	-	-	-	-	-	-	-	-	-	-	184,252	184,252
Parking ramp maintenance	-	-	-	-	-	-	-	-	-	-	-	101,605	101,605
	-	-	-	-	-	4,687,410	2,090,582	1,673,000	714,656	964,900	-	3,264,267	13,394,815
Unassigned	7,900,225	-	-	-	-	-	-	-	-	-	-	-	7,900,225
Total fund balances	$ 7,912,618	$ 4,633,143	$ 8,629,937	$ 734,418	$ 997,504	$ 4,687,410	$ 2,090,582	$ 1,673,000	$ 714,656	$ 964,900	$ 74,822	$ 7,608,918	$ 40,721,908

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, 2017, the city fund has met its general fund balance policy.

NOTE 7 – INDIVIDUAL FUND DISCLOSURES

Expenditures in excess of budget

For the year ended December 31, 2017, expenditures in the Economic Development Authority Special Revenue Fund were $177,159 more than the amount approved in the budget. This variance was funded by revenues in excess of budget, transfers in, and available fund balance.

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 the PERA of Minnesota. The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. The 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 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.

B. Benefits Provided

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

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.

C. Contributions

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

1. GERF Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2017. The City was required to contribute 7.50% for Coordinated Plan members in calendar year 2017. The City's contributions to the GERF for the year ended December 31, 2017, were $261,117. 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 2017. The City was required to contribute 16.20% of pay for PEPFF members in calendar year 2017. The City's regular contributions to the PEPFF for the year ended December 31, 2017, were $357,524. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. GERF Pension Costs

At December 31, 2017, the City reported a liability of $3,517,550 for its proportionate share of the GERF'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 2017. 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 $44,220. The net pension liability was measured as of June 30, 2017, 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportion share was 0.0551% which was an increase of 0.0043% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City recognized pension expense of $571,542 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional $1,278 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of six million to GERF.

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

At December 31, 2017, the City reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 115,928	$208,633
Changes in actuarial assumptions	538,414	352,634
Difference between projected and actual investment earnings	-	25,664
Changes in proportion	261,854	14,092
Contributions paid to PERA subsequent to the measurement date	130,556	-
Total	$1,046,752	$601,023

$130,556 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, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2018	$ 199,044
2019	257,381
2020	8,061
2021	(149,313)

2. PEPFF Pension Costs

At December 31, 2017, the City reported a liability of $2,956,761 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City of Ramsey's proportion was 0.219% which was an increase of 0.011% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City recognized pension expense of $756,861 for its proportionate share of the PEPFF's pension expense. The City also recognized $19,710 for the year ended December 31, 2017, 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, 2017, 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 Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 68,059	$751,859
Changes in actuarial assumptions	3,675,152	4,197,866
Difference between projected and actual investment earnings	-	7,566
Changes in proportion	394,875	7,576
Contributions paid to PERA subsequent to the measurement date	183,780	-
Total	$4,321,866	$4,964,867

$183,780 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, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2018	$ 76,431
2019	76,431
2020	(27,008)
2021	(200,247)
2022	(752,388)

E. Actuarial Assumptions

The total pension liability in the June 30, 2017, 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 all plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be: one percent per year for GERF through 2044 and PEPFF through 2064 and then 2.5 percent thereafter for both plans.

Actuarial assumptions used in the June 30, 2017, 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 most recent five-year experience study for PEPFF was completed in 2016.

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

The following changes in actuarial assumptions occurred in 2017:

1. GERF:
   - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.
   - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent thereafter.

2. PEPFF:
   - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
   - Assumed rates of retirement were changed, resulting in fewer retirements.
   - The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
   - The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
   - Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
   - Assumed percentage of married female members was decreased from 65 percent to 60 percent.
   - Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
   - The assumed percentage of female members electing Joint and Survivor annuities increased.
   - The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent through year 2064 and 2.50 percent thereafter.
   - The single discount rate changed from 5.60 percent to 7.50 percent.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	39%	5.10%
International Stocks	19%	5.30%
Bonds	20%	0.75%
Alternative Assets	20%	5.90%
Cash	2%	0.00%
Total	100%	

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

F. Discount Rate

The discount rate used to measure the total pension liability in 2017 was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of GERF and PEPFF 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.

G. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
The City's Proportionate Share of the GERF Net Pension Liability:	$5,455,978	$3,517,550	$1,930,590
The City's Proportionate Share of the PEPFF Net Pension Liability:	$5,568,443	$2,956,761	$800,673

H. Pension Plan Fiduciary Net Position

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

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

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:

	Contribution Amount		Percentage of Covered Payroll		Required Rate for Employees and
For the Year Ended:	Employee	Employer	Employee	Employer	Employers
December 31, 2017	$600	$600	5%	5%	5%
December 31, 2016	$600	$600	5%	5%	5%
December 31, 2015	$600	$600	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, 2017 was $238,439, compared to a total city payroll of $6,591,701.

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

B. Pension Benefits

Minnesota Statutes Chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. In order to be entitled to a pension benefit, a firefighter must have completed a minimum of 10 years of service with the fire department, 10 years membership in the Association, and attain the age of 50 years.

The firefighter will then be 60% vested with every year after that at 4% per year until the 20th year when 100% vesting will occur. Because this plan is a defined contribution plan, the amount of the retirement benefit is not predetermined, but rather is based on the individual member's allocable portion of contributions made during the participation period.

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

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 2017, including both city and state fire aid passed through the City totaled $175,678. This contribution represents nearly 74% of the current 2017 covered payroll of $238,439.

There were no current year changes in plan provisions.

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS PLAN

A. Plan Description

The City provides post-employment healthcare benefits as required by Minnesota Statute 471.61 subdivision 2b. Active employees, who retire from the City when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the City health benefits program. Retirees are required to pay 100% of the total group rate. Since the premium is a blended rate determined on the entire active and retiree population, the retirees, whose costs are statistically higher than the group average, are receiving an implicit rate "subsidy".

The City has used the alternative valuation method set forth in GASB Statement No. 45 to determine the materiality of Other Post-Employment Benefits, OPEB. The plan does not issue a publicly available financial report.

B. Funding Policy

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

C. Annual OPEB Cost and Net OPEB Obligation

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

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

Annual required contribution	$	54,248
Interest on net OPEB obligation		23,175
Adjustment to annual required contribution		(20,105)
Annual OPEB cost (expense)		57,318
Contributions made		(6,838)
Increase in net OPEB obligation		50,480
Net OPEB obligation - beginning of year		515,011
Net OPEB obligation - end of year	$	565,491

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, 2015	$	65,577	$	10,560	16%	$	459,572
December 31, 2016	$	55,439	$	-	0%	$	515,011
December 31, 2017	$	57,318	$	6,838	12%	$	565,491

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.

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.

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

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 Total Administrative Services Corporation (TASC) - 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 five private development agreements: three redevelopment and two housing that would be considered a tax abatement under GASB Statement 77 as of December 31, 2017.

NOTE 13 – TAX ABATEMENT AGREEMENTS (CONTINUED)

The City issued these five 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, 2017, the City abated property taxes totaling $116,384 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: $77,345 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.

- Redevelopment: $2,440 abated for a $224,000 Tax Increment Revenue note issued in 2017 for a 48,325 square foot expansion of an office and warehouse building. Final note payment is February 2033.

- Housing: $0 abated towards a $500,000 Tax Increment Revenue note issued in 2017 for the construction of a 121 unit apartment building. Final note payment date is February 2022.

The outstanding principal balance as of December 31, 2017 for all of these agreements was $3,815,323.

NOTE 13 – TAX ABATEMENT AGREEMENTS (CONTINUED)

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 2017 changes in deposits is as follows:

Total deposits payable at January 1, 2017	$ 2,091,760
Add deposits received	2,689,061
Less payments from deposit account	(2,091,760)
Total deposits payable at December 31, 2017	$ 2,689,061

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, 2017, there was one series of Industrial Revenue Bonds and one Lease Revenue Bond outstanding with aggregate principal amounts payable of $1,860,000 and $9,760,000 respectively.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

A. Commitments for Construction

At December 31, 2017, the City is committed to various construction contracts for the improvement of city property. The City's remaining commitment under these contracts is $265,220. 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 $2,828,548 has been depreciated to date. These amounts are recorded in the City's capital assets. The City of Ramsey collected $47,502 in lease revenue for the fiscal year ended December 31, 2017. The following is an estimate of the future lease payments:

Year Ending December 31,		Lease Payments
2018	$	48,464
2019		49,433
January 1 – June 30, 2020		25,211
Total	$	123,108

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

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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%
12/31/2017	06/30/2017	0.0551%	$ 3,517,550	$ 44,220	$ 3,561,770	$ 3,550,067	99.08%	75.90%

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%
12/31/2017	$ 261,117	$ 261,117	$ –	$ 3,481,560	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. (3) 2017 Changes - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.00 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years, to 1.0 percent per year through 2044, and 2.5 percent per year thereafter.

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%
12/31/2017	06/30/2017	0.2190%	$ 2,956,761	$ 2,243,957	131.77%	85.40%

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%
12/31/2017	$ 357,524	$ 357,524	$ –	$ 2,206,938	16.20%

Note 1: **2015 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. (3) 2017 Changes - The assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. The assumed rates of retirement were changed, resulting in fewer retirements. The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. The assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. The assumed percentage of married female members was decreased from 65 percent to 60 percent. The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing Joint and Survivor annuities was increased. The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate changed from 5.60 percent to 7.50 percent.

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, 2017

	Special Revenue	Debt Service	Capital Project	Totals
Assets				
Cash and temporary investments	$ 2,387,149	$ 687,942	$ 3,898,171	$ 6,973,262
Receivables				
Unremitted taxes	197	1,163	–	1,360
Delinquent taxes	1,616	6,629	–	8,245
Delinquent special assessments	–	588	–	588
Deferred special assessments	–	328,652	–	328,652
Accounts	8,562	–	84,001	92,563
Notes	11,695	–	–	11,695
Due from other funds	19,872	–	–	19,872
Due from other governmental units	–	–	84,793	84,793
Prepaids	920	–	–	920
Land held for resale	263,538	–	263,538	527,076
Total assets	$ 2,693,549	$ 1,024,974	$ 4,330,503	$ 8,049,026
Liabilities				
Accounts and contracts payable	$ 7,762	$ –	$ 82,256	$ 90,018
Due to other governmental units	–	–	910	910
Total liabilities	7,762	–	83,166	90,928
Deferred inflows of resources				
Unavailable revenue - property taxes	1,616	6,629	–	8,245
Unavailable revenue - special assessments	–	329,240	–	329,240
Unavailable revenue - notes receivable	11,695	–	–	11,695
Total deferred inflows of resources	13,311	335,869	–	349,180
Fund balances				
Nonspendable	920	–	–	920
Restricted	1,445,322	689,105	983,070	3,117,497
Committed	1,226,234	–	–	1,226,234
Assigned	–	–	3,264,267	3,264,267
Total fund balance	2,672,476	689,105	4,247,337	7,608,918
Total liabilities, deferred inflows of resources, and fund balances	$ 2,693,549	$ 1,024,974	$ 4,330,503	$ 8,049,026

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CITY OF RAMSEY

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2017

	Special Revenue	Debt Service	Capital Project	Totals
Revenue				
Property taxes	$ 103,345	$ 602,467	$ –	$ 705,812
Special assessments	–	148,336	–	148,336
Intergovernmental revenue	14,647	499,041	1,021,731	1,535,419
Charges for services	–	–	757,898	757,898
Other revenue				
Investment earnings	29,183	12,130	65,681	106,994
Miscellaneous	337,275	–	208,129	545,404
Total revenue	484,450	1,261,974	2,053,439	3,799,863
Expenditures				
Current				
General government	405,846	–	97,512	503,358
Highways and streets	–	–	441,102	441,102
Culture and recreation	–	–	941,248	941,248
Capital outlay	–	–	785,304	785,304
Debt service				
Principal retirement	–	1,110,000	–	1,110,000
Interest and fiscal charges	–	276,257	–	276,257
Total expenditures	405,846	1,386,257	2,265,166	4,057,269
Excess (deficiency) of revenue over expenditures	78,604	(124,283)	(211,727)	(257,406)
Other financing sources (uses)				
Proceeds on sale of capital assets	5,530	–	–	5,530
Transfers in	9,355	212,178	87,659	309,192
Transfers (out)	(6,904)	(87,177)	(285,556)	(379,637)
Total other financing sources (uses)	7,981	125,001	(197,897)	(64,915)
Net change in fund balances	86,585	718	(409,624)	(322,321)
Fund balances				
Beginning of year	2,585,891	688,387	4,656,961	7,931,239
End of year	$ 2,672,476	$ 689,105	$ 4,247,337	$ 7,608,918

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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, 2017

	Revolving Loan	Future Sealcoating	Lawful Gambling
Assets			
Cash and temporary investments	$ 315,729	$ 95,402	$ 176,990
Receivables			
Unremitted taxes	–	–	–
Delinquent taxes	–	–	–
Accounts	466	–	8,096
Notes	11,695	–	–
Due from other funds	–	–	–
Prepaids	–	–	–
Land held for resale	–	–	–
Total assets	$ 327,890	$ 95,402	$ 185,086
Liabilities			
Accounts and contracts payable	$ –	$ –	$ –
Deferred inflows of resources			
Unavailable revenue - property taxes	–	–	–
Unavailable revenue - notes receivable	11,695	–	–
Total deferred inflows of resources	11,695	–	–
Fund balances			
Nonspendable	–	–	–
Restricted	–	–	185,086
Committed	316,195	95,402	–
Total fund balances	316,195	95,402	185,086
Total liabilities, deferred inflows of resources, and fund balances	$ 327,890	$ 95,402	$ 185,086

Peace Officers	Developer's Fees	General Govt Special Projects	Economic Development Authority	Totals
$ 63,259	$ 696,200	$ 118,437	$ 921,132	$ 2,387,149
–	–	–	197	197
–	–	–	1,616	1,616
–	–	–	–	8,562
–	–	–	–	11,695
–	–	–	19,872	19,872
–	–	–	920	920
–	–	–	263,538	263,538
$ 63,259	$ 696,200	$ 118,437	$ 1,207,275	$ 2,693,549
$ 3,449	$ –	$ –	$ 4,313	$ 7,762
–	–	–	1,616	1,616
–	–	–	–	11,695
–	–	–	1,616	13,311
–	–	–	920	920
59,810	–	–	1,200,426	1,445,322
–	696,200	118,437	–	1,226,234
59,810	696,200	118,437	1,201,346	2,672,476
$ 63,259	$ 696,200	$ 118,437	$ 1,207,275	$ 2,693,549

CITY OF RAMSEY

Nonmajor Special Revenue Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2017

	Revolving Loan	Future Sealcoating	Lawful Gambling
Revenue			
Property taxes	$ –	$ –	$ –
Intergovernmental revenue	–	–	–
Other revenue			
Investment earnings	4,353	–	2,164
Miscellaneous	5,597	–	66,704
Total revenue	9,950	–	68,868
Expenditures			
Current			
General government	–	–	24,365
Excess (deficiency) of revenue over expenditures	9,950	–	44,503
Other financing sources (uses)			
Proceeds on sale of capital assets	–	–	–
Transfers in	–	–	–
Transfers (out)	–	–	–
Total other financing sources (uses)	–	–	–
Net change in fund balances	9,950	–	44,503
Fund balances			
Beginning of year	306,245	95,402	140,583
End of year	$ 316,195	$ 95,402	$ 185,086

Peace Officers	Developer's Fees	General Govt Special Projects	Economic Development Authority	Totals
$ –	$ –	$ –	$ 103,345	$ 103,345
14,647	–	–	–	14,647
973	8,164	1,630	11,899	29,183
12,069	158,145	41,216	53,544	337,275
27,689	166,309	42,846	168,788	484,450
50,008	–	40,333	291,140	405,846
(22,319)	166,309	2,513	(122,352)	78,604
–	–	5,530	–	5,530
–	–	–	9,355	9,355
(6,904)	–	–	–	(6,904)
(6,904)	–	5,530	9,355	7,981
(29,223)	166,309	8,043	(112,997)	86,585
89,033	529,891	110,394	1,314,343	2,585,891
$ 59,810	$ 696,200	$ 118,437	$ 1,201,346	$ 2,672,476

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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, 2017

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenue				
Property taxes	$ 103,981	$ 103,981	$ 103,345	$ (636)
Other revenue				
Investment earnings	10,000	10,000	11,899	1,899
Miscellaneous	–	–	53,544	53,544
Total revenue	113,981	113,981	168,788	54,807
Expenditures				
Current				
General government	113,981	113,981	291,140	177,159
Excess (deficiency) of revenue over expenditures	–	–	(122,352)	(122,352)
Other financing sources				
Transfers in	–	–	9,355	9,355
Net change in fund balances	$ –	$ –	(112,997)	$ (112,997)
Fund balances				
Beginning of year			1,314,343	
End of year			$ 1,201,346	

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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 Bond – 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.

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.

2017A GO Street Reconstruction Bond – The $895,000 General Obligation Street Reconstruction Bonds is to finance the reconstruction of Alpine Drive and Sunwood Drive.

CITY OF RAMSEY

Nonmajor Debt Service Funds
Combining Balance Sheet
December 31, 2017

	2004A Capital Improvement Refunding Bond	2011B Refund G.O. Improvement Bonds	2009A State Aid Road Bond	2013A Capital Equipment Certificates
Assets				
Cash and temporary investments	$ –	$ 138,023	$ 85,253	$ 28,135
Receivables				
Unremitted taxes	–	–	–	142
Delinquent taxes	–	–	–	808
Delinquent special assessments	–	–	–	–
Deferred special assessments	–	–	–	–
Total assets	$ –	$ 138,023	$ 85,253	$ 29,085
Deferred inflows of resources				
Unavailable revenue - property taxes	$ –	$ –	$ –	$ 808
Unavailable revenue - special assessments	–	–	–	–
Total deferred inflows of resources	–	–	–	808
Fund balances				
Restricted	–	138,023	85,253	28,277
Total deferred inflows of resources and fund balances	$ –	$ 138,023	$ 85,253	$ 29,085

2014A Capital Equipment Certificates	2015A GO Capital Improvement Bond	2015B GO Street Reconstruction Bond	2016A GO Street Reconstruction Bond	2017A GO Street Reconstruction Bond	Totals
$ 12,271	$ 105,391	$ 142,702	$ 127,625	$ 48,542	$ 687,942
198	302	229	292	–	1,163
1,127	1,724	1,304	1,666	–	6,629
–	–	109	479	–	588
–	–	–	276,457	52,195	328,652
$ 13,596	$ 107,417	$ 144,344	$ 406,519	$ 100,737	$ 1,024,974
$ 1,127	$ 1,724	$ 1,304	$ 1,666	$ –	$ 6,629
–	–	109	276,936	52,195	329,240
1,127	1,724	1,413	278,602	52,195	335,869
12,469	105,693	142,931	127,917	48,542	689,105
$ 13,596	$ 107,417	$ 144,344	$ 406,519	$ 100,737	$ 1,024,974

CITY OF RAMSEY

Nonmajor Debt Service Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2017

	2004A Capital Improvement Refunding Bonds	2011B Refund G.O. Improvement Bonds	2009A State Aid Road Bond	2013A Capital Equiptment Certificates
Revenue				
Property taxes	$ –	$ –	$ –	$ 73,422
Special assessments	–	–	–	–
Intergovernmental revenue	–	338,510	160,531	–
Other revenue				
Investment earnings	–	4,838	1,161	229
Total revenue	–	343,348	161,692	73,651
Expenditures				
Debt service				
Principal retirement	135,000	265,000	140,000	60,000
Interest and fiscal charges	3,080	58,032	16,360	10,738
Total expenditures	138,080	323,032	156,360	70,738
Excess (deficiency) of revenues over expenditures	(138,080)	20,316	5,332	2,913
Other financing sources (uses)				
Transfers in	–	–	–	–
Transfers out	(87,177)	–	–	–
Total other financing sources (uses)	(87,177)	–	–	–
Net change in fund balances	(225,257)	20,316	5,332	2,913
Fund balances				
Beginning of year	225,257	117,707	79,921	25,364
End of year	$ –	$ 138,023	$ 85,253	$ 28,277

2014A Capital Equipment Certificates	2015A GO Capital Improvement Bond	2015B GO Street Reconstruction Bond	2016A GO Street Reconstruction Bond	2017A GO Street Reconstruction Bond	Totals
$ 102,418	$ 156,678	$ 118,527	$ 151,422	$ –	$ 602,467
–	–	20,310	79,484	48,542	148,336
–	–	–	–	–	499,041
271	2,078	2,115	1,438	–	12,130
102,689	158,756	140,952	232,344	48,542	1,261,974
85,000	165,000	115,000	145,000	–	1,110,000
13,935	104,462	23,000	46,650	–	276,257
98,935	269,462	138,000	191,650	–	1,386,257
3,754	(110,706)	2,952	40,694	48,542	(124,283)
–	212,178	–	–	–	212,178
–	–	–	–	–	(87,177)
–	212,178	–	–	–	125,001
3,754	101,472	2,952	40,694	48,542	718
8,715	4,221	139,979	87,223	–	688,387
$ 12,469	$ 105,693	$ 142,931	$ 127,917	$ 48,542	$ 689,105

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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 were associated with reconstructing Riverdale Drive.

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

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, 2017

	State-Aid Construction	RALF Funded Projects	Trott Brook Cemetery Perpetual Care	Park Improvement
Assets				
Cash and temporary investments	$ 985,986	$ 247,037	$ 55,571	$ 2,590,606
Receivables				
Accounts	–	1,095	–	–
Due from other governmental units	–	–	–	84,793
Land held for resale	–	–	–	–
Total assets	$ 985,986	$ 248,132	$ 55,571	$ 2,675,399
Liabilities				
Accounts and contracts payable	$ 2,006	$ 63,880	$ –	$ 16,101
Due to other governmental units	910	–	–	–
Total liabilities	2,916	63,880	–	16,101
Fund balances				
Restricted	983,070	–	–	–
Assigned	–	184,252	55,571	2,659,298
Total fund balances	983,070	184,252	55,571	2,659,298
Total liabilities and fund balance	$ 985,986	$ 248,132	$ 55,571	$ 2,675,399

Parking Ramp Maintenance	2012 Riverdale Drive	Sunwood Drive Realignment	2014 Capital Equipment	Totals
$ 18,968	$ –	$ –	$ 3	$ 3,898,171
82,906	–	–	–	84,001
–	–	–	–	84,793
–	–	263,538	–	263,538
$ 101,874	$ –	$ 263,538	$ 3	$ 4,330,503
$ 269	$ –	$ –	$ –	$ 82,256
–	–	–	–	910
269	–	–	–	83,166
–	–	–	–	983,070
101,605	–	263,538	3	3,264,267
101,605	–	263,538	3	4,247,337
$ 101,874	$ –	$ 263,538	$ 3	$ 4,330,503

CITY OF RAMSEY

Nonmajor Capital Project Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2017

	State-Aid Construction	RALF Funded Projects	Trott Brook Cemetery Perpetual Care	Park Improvement
Revenue				
Intergovernmental revenue	$ 249,961	$ –	$ –	$ 771,770
Charges for services	–	181,583	–	576,315
Other revenue				
Investment earnings	15,131	–	770	49,673
Miscellaneous	–	53,420	1,800	–
Total revenue	265,092	235,003	2,570	1,397,758
Expenditures				
Current				
General government	–	–	–	–
Highways and streets	420	233,772	–	–
Culture and recreation	–	–	–	941,248
Capital outlay	545,989	–	–	239,315
Total expenditures	546,409	233,772	–	1,180,563
Excess (deficiency) of revenue over expenditures	(281,317)	1,231	2,570	217,195
Other financing sources (uses)				
Transfers in	–	–	–	–
Transfers (out)	(22,254)	–	–	–
Total other financing sources (uses)	(22,254)	–	–	–
Net change in fund balances	(303,571)	1,231	2,570	217,195
Fund balances (deficits)				
Beginning of year	1,286,641	183,021	53,001	2,442,103
End of year	$ 983,070	$ 184,252	$ 55,571	$ 2,659,298

Parking Ramp Maintenance	2012 Riverdale Drive	Sunwood Drive Realignment	2014 Capital Equipment	Totals
$ –	$ –	$ –	$ –	$ 1,021,731
–	–	–	–	757,898
107	–	–	–	65,681
152,906	–	–	3	208,129
153,013	–	–	3	2,053,439
97,512	–	–	–	97,512
–	–	206,910	–	441,102
–	–	–	–	941,248
–	–	–	–	785,304
97,512	–	206,910	–	2,265,166
55,501	–	(206,910)	3	(211,727)
–	87,659	–	–	87,659
–	–	–	(263,302)	(285,556)
–	87,659	–	(263,302)	(197,897)
55,501	87,659	(206,910)	(263,299)	(409,624)
46,104	(87,659)	470,448	263,302	4,656,961
$ 101,605	$ –	$ 263,538	$ 3	$ 4,247,337

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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.

City of RAMSEY

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CITY OF RAMSEY

Agency Fund
Statement of Changes in Assets and Liabilities
Year Ended December 31, 2017

	Beginning Balance	Additions	Deletions	Ending Balance
Assets				
Cash and temporary investments	$ 2,086,880	$ 1,387,975	$ 788,426	$ 2,686,429
Receivables				
Accounts	17,425	6,721	13,442	10,704
Assets held for resale	12,734,868	847,631	–	13,582,499
Total assets	$ 14,839,173	$ 2,242,327	$ 801,868	$ 16,279,632
Liabilities				
Accounts payable	$ 12,545	$ 619,860	$ 624,333	$ 8,072
Deposits payable	2,091,760	2,689,061	2,091,760	2,689,061
Loans Payable to Met Council	12,734,868	847,631	–	13,582,499
Total liabilities	$ 14,839,173	$ 4,156,552	$ 2,716,093	$ 16,279,632

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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.	134-139
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	140-143
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.	144-147
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.	148-149
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.	150-152

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)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	$ 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	$ 42,129,791
Restricted	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	19,679,434
Unrestricted	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	13,559,175
Total governmental activities net position	$ 70,578,537	$ 73,419,784	$ 74,522,018	$ 76,332,107	$ 63,929,653	$ 64,610,193	$ 65,052,136	$ 72,939,801	$ 74,327,101	$ 75,368,400
Business-type activities										
Net investment in capital assets	$ 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	$ 53,855,285
Unrestricted	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	38,306,851
Total business-type activities net position	$ 71,880,428	$ 73,456,372	$ 75,345,808	$ 75,512,152	$ 78,330,600	$ 79,464,306	$ 81,343,199	$ 83,546,821	$ 87,913,135	$ 92,162,136
Total government										
Net investment in capital assets	$ 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	$ 95,985,076
Restricted	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	19,679,434
Unrestricted	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	51,866,026
Total government net position	$ 142,458,965	$ 146,876,156	$ 149,867,826	$ 151,844,259	$ 142,260,253	$ 144,074,499	$ 146,395,335	$ 156,486,622	$ 162,240,236	$ 167,530,536

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)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	$ 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	$ 4,992,809
Public safety	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	5,782,563
Highways and streets	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	4,254,234
Culture and recreation	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	2,384,845
Interest and fiscal charges	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	952,965
Total governmental activities expenses	15,339,557	16,321,957	17,309,647	18,565,569	32,626,486	15,661,812	15,021,992	14,473,492	17,052,472	18,367,416
Business-type activities:										
Water utility	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	1,396,021
Sewer utility	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	1,535,664
Street light utility	123,839	148,140	158,369	163,758	165,651	176,736	161,733	178,666	176,732	159,378
Recycling utility	300,755	298,631	307,662	302,947	302,936	308,629	321,321	320,901	359,418	373,775
Storm water utility	300,444	358,522	350,521	410,666	496,309	491,370	509,709	557,267	742,043	633,101
Total business-type activities	2,855,500	3,173,696	3,213,827	3,384,739	3,345,668	3,460,487	3,496,276	3,626,547	4,205,404	4,097,939
Total government expenses	$ 18,195,057	$ 19,495,653	$ 20,523,474	$ 21,950,308	$ 35,972,154	$ 19,122,299	$ 18,518,268	$ 18,100,039	$ 21,257,876	$ 22,465,355
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 347,633	$ 303,122	$ 344,922	$ 313,195	$ 416,152	$ 479,970	$ 461,538	$ 529,820	$ 457,901	$ 571,464
Public safety	1,048,086	802,196	979,828	918,296	1,177,840	901,570	626,844	946,887	698,310	878,141
Highways and streets	494,996	284,026	487,507	738,136	81,159	239,234	266,447	347,984	261,658	235,020
Culture and recreation	6,905	19,763	27,016	9,910	628,571	158,376	173,310	815,511	483,727	585,033
Operating grants and contributions	2,201,372	614,816	326,986	298,077	2,008,709	1,180,725	385,574	9,999,527	508,694	379,185
Capital grants and contributions	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	5,026,857
Total governmental activities program revenues	9,221,020	4,724,394	4,994,499	6,464,879	8,178,762	6,168,825	4,936,858	15,764,294	6,220,255	7,675,700
Business-type activities:										
Charges for services:										
Water utility	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	2,772,003
Sewer utility	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	1,784,755
Street light utility	183,560	172,897	179,272	178,850	179,124	177,158	188,185	190,872	196,253	204,418
Recycling utility	332,682	284,515	294,617	297,226	296,358	298,034	309,160	307,128	308,052	310,471
Storm water utility	566,506	578,666	617,598	617,579	647,169	677,936	706,135	770,812	1,034,552	958,960
Operating grants and contributions	-	59,963	49,873	50,279	57,239	79,358	65,817	39,423	67,100	92,602
Capital grants and contributions	373,612	102,512	310,040	88,349	1,315,030	488,687	101,107	1,185,135	1,799,057	1,864,137
Total business-type activities program revenues	4,204,868	4,107,087	4,346,470	4,290,440	5,950,722	5,060,149	4,623,941	5,930,696	6,816,742	7,987,346
Total government program revenues	$ 13,425,888	$ 8,831,481	$ 9,340,969	$ 10,755,319	$ 14,129,484	$ 11,228,974	$ 9,560,799	$ 21,694,990	$ 13,036,997	$ 15,663,046
Net (expense)/revenue										
Governmental activities	$ (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)	$ (10,691,716)
Business-type activities	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	3,889,407
Total government net expense	$ (4,769,169)	$ (10,664,172)	$ (11,182,505)	$ (11,194,989)	$ (21,842,670)	$ (7,893,325)	$ (8,957,469)	$ 3,594,951	$ (8,220,879)	$ (6,802,309)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	$ 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	$ 11,136,810
General grants and contributions	310,111	204,752	114,692	120,932	9,175	38,577	3,198	4,204	3,905	3,586
Investment earnings (charges)	1,736,468	1,116,588	1,283,533	903,786	474,076	(411,446)	980,922	422,405	280,597	454,089
Gan on sale of capital assets	57,975	5,816	-	14,716	-	12,940	-	8,914	-	5,530
Transfers	572,758	91,800	(125,751)	1,199,585	107,500	112,000	119,500	124,000	214,445	133,000
Total governmental activities	15,022,591	14,438,810	13,417,382	13,910,779	12,045,270	10,173,527	10,527,077	10,624,144	11,173,643	11,733,015
Business-type activities:										
Investment earnings (charges)	1,003,886	734,353	631,042	460,228	320,894	(353,956)	870,728	385,490	325,628	492,594
Transfers	(572,758)	(91,800)	125,751	(1,199,585)	(107,500)	(112,000)	(119,500)	(124,000)	(214,445)	(133,000)
Total business-type activities	431,128	642,553	756,793	(739,357)	213,394	(465,956)	751,228	261,490	111,183	359,594
Total government	$ 15,453,719	$ 15,081,363	$ 14,174,175	$ 13,171,422	$ 12,258,664	$ 9,707,571	$ 11,278,305	$ 10,885,634	$ 11,284,826	$ 12,092,609
Change in Net Position										
Governmental activities	$ 8,904,054	$ 2,841,247	$ 1,102,234	$ 1,810,089	$ (12,402,454)	$ 680,540	$ 441,943	$ 11,914,946	$ 341,426	$ 1,041,299
Business-type activities	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	4,249,001
Total government	$ 10,684,550	$ 4,417,191	$ 2,991,670	$ 1,976,433	$ (9,584,006)	$ 1,814,246	$ 2,320,836	$ 14,480,585	$ 3,063,947	$ 5,290,300

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

Fiscal Year	Property Tax	Tax Increment	Total
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
2017	10,423,864	712,946	11,136,810

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Reserved	$ 5,351	$ 6,794	$ 14,115	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	6,973,197	7,010,159	6,045,644	-	-	-	-	-	-	-
Nonspendable	-	-	-	9,929	4,042	50,561	4,805	1,613	15,431	12,393
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	7,900,225
Total general fund	$ 6,978,548	$ 7,016,953	$ 6,059,759	$ 6,388,632	$ 6,725,283	$ 6,771,394	$ 6,982,569	$ 7,273,045	$ 7,517,393	$ 7,912,618
All other governmental funds										
Reserved	$ 2,864,874	$ 12,898,120	$ 12,906,280	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:										
Special revenue funds	9,131,758	5,973,123	6,632,439	-	-	-	-	-	-	-
Debt service funds	2,393,118	2,344,463	2,524,951	-	-	-	-	-	-	-
Capital projects funds	13,190,165	12,777,036	10,291,562	-	-	-	-	-	-	-
Nonspendable	-	-	-	304	-	590	-	-	450	920
Restricted	-	-	-	25,032,219	17,606,291	19,148,705	15,295,400	18,484,179	18,377,993	18,187,321
Committed	-	-	-	819,839	946,312	927,557	743,944	890,603	1,041,932	1,226,234
Assigned	-	-	-	10,552,354	9,962,381	10,719,398	10,651,554	12,645,683	13,331,150	13,394,815
Unassigned	-	-	-	(853,086)	(456,692)	(282,159)	(110,979)	(556,135)	(87,659)	-
Total all other governmental funds	$ 27,579,915	$ 33,992,742	$ 32,355,232	$ 35,551,630	$ 28,058,292	$ 30,514,091	$ 26,579,919	$ 31,464,330	$ 32,663,866	$ 32,809,290

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)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Property taxes	$ 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	$ 11,150,611
Special assessments	503,718	446,452	492,870	545,764	436,854	370,791	326,465	468,844	444,235	959,217
Licenses and permits	855,914	373,462	412,071	368,153	534,910	718,875	458,532	784,954	526,008	732,129
Intergovernmental revenue	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	2,213,034
Charges for services	609,223	947,307	1,319,586	1,517,320	1,681,400	877,849	966,951	1,779,697	1,298,085	1,469,703
Fines and forfeits	126,559	113,661	100,199	105,833	75,562	73,110	72,216	60,236	66,410	59,701
Investment earnings (charges)	1,715,220	1,102,245	1,269,263	895,184	468,032	(403,836)	965,382	416,508	276,142	447,200
Other	4,041,273	1,422,878	838,148	746,505	1,909,229	1,402,508	596,208	10,679,794	773,836	707,675
Total Revenues	22,575,649	19,378,219	18,613,012	19,029,155	20,387,885	16,449,823	15,546,376	26,418,223	15,865,600	17,739,270
Expenditures										
General government	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	4,031,933
Public safety	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	4,727,493
Highways and streets	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	2,542,463
Culture and recreation	901,042	861,406	817,538	857,927	836,452	1,013,089	1,004,750	1,428,116	1,478,090	1,960,624
Capital outlay	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	1,922,947
Debt service										
Principal	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	2,085,000
Interest	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	967,281
Total Expenditures	19,785,681	20,213,403	21,543,011	24,156,413	34,916,380	14,707,853	17,368,873	26,572,856	16,906,779	18,237,741
Excess of revenues over (under) expenditures	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)	(498,471)
Other financing sources (uses)										
Bonds issued	-	1,340,000	-	4,365,000	7,320,000	635,000	875,000	5,085,000	1,650,000	895,000
Refunding bonds issued	-	-	-	3,090,000	16,875,000	-	-	-	-	-
Premium/(Discount) on debt issues	-	(25,125)	-	(22,036)	284,907	-	-	111,606	69,482	5,590
Payments on refunded bonds	-	-	-	-	(17,227,352)	-	(2,895,000)	-	-	-
Proceeds on sale of capital assets	57,975	28,545	8,361	19,980	11,753	12,940	-	8,914	-	5,530
Transfers in	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	1,536,025
Transfers (out)	(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)	(1,403,025)
Total other financing sources (uses)	1,010,325	1,435,220	335,295	8,652,529	7,371,808	759,940	(1,900,500)	5,329,520	2,485,063	1,039,120
Special item	-	5,851,196	-	-	-	-	-	-	-	-
Net change in fund balances	$ 3,800,293	$ 6,451,232	$ (2,594,704)	$ 3,525,271	$ (7,156,687)	$ 2,501,910	$ (3,722,997)	$ 5,174,887	$ 1,443,884	$ 540,649
Debt service as a percentage of noncapital expenditures	21.98%	30.17%	23.42%	17.25%	13.21%	18.05%	20.17%	48.79%	19.08%	18.71%

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

Fiscal Year	Property Tax	Tax Increment	Total
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
2017	10,437,665	712,946	11,150,611

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

Fiscal Year Ended Dec 31	Real Property: Residential Property	Real Property: Commercial Property	Personal Property: Other	Total Taxable Market Value	Tax Capacity Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Market Value as a Percentage of Actual Value
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%
2017	1,900,784,000	272,746,700	21,166,600	2,194,697,300	23,635,124	42.454%	2,236,219,500	98.14%

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

	City of Ramsey			County	School District		Other	Total	
Fiscal Year	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									
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
2017	35.564	6.890	42.454	37.273	18.590	36.659	5.087	103.404	121.473

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

	2017			2008		
Taxpayer	Taxable Market Value	Rank	Percentage of Total Taxable Market Value	Taxable Market Value	Rank	Percentage of Total Taxable Market Value
Residence at the COR Apartments	$ 30,233,700	1	1.38%	$ -	-	NA
Connexus Energy/Anoka Electric Co-op	15,477,100	2	0.71%	21,056,300	1	0.92%
S & A Partners, LLC	10,861,400	3	0.49%	13,718,700	3	0.60%
Brunswick Corporation	9,361,300	4	0.43%	9,445,800	4	0.41%
PSD LLC	8,939,000	5	0.41%	6,388,800	7	0.28%
Northstar Marketplace Station	8,606,000	6	0.39%	-	-	NA
First Phoenix Ramsey LLC	8,229,800	7	0.37%	-	-	NA
Centerpoint/Minnegasco	6,321,100	8	0.29%	4,983,100	9	0.22%
Vision Ease/Insight Equity	5,557,300	9	0.25%	7,048,200	6	0.31%
Ramsey Professional Center	4,787,500	10	0.22%	20,612,900	2	0.90%
Sophia-Ramsey LLC	-	-	NA	8,928,700	5	0.39%
Zero Zone Refrigeration, LLC	-	-	NA	5,393,700	8	0.24%
Molin Concrete Company	-	-	NA	4,890,500	10	0.21%

Source: County Board of Equalization and Assessment

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

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy (2)		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	$ 9,371,616	$ 8,917,124	95.15%	$ 453,627	$ 9,370,751	99.99%
2009	9,831,529	9,374,414	95.35%	455,191	9,829,605	99.98%
2010	8,994,443	8,432,354	93.75%	557,226	8,989,580	99.95%
2011	8,497,158	7,975,431	93.86%	517,377	8,492,808	99.95%
2012	8,782,330	8,616,750	98.11%	161,120	8,777,870	99.95%
2013	8,185,481	7,961,650	97.27%	219,496	8,181,146	99.95%
2014	8,772,143	8,649,053	98.60%	117,405	8,766,458	99.94%
2015	9,407,821	9,330,900	99.18%	67,899	9,398,799	99.90%
2016	9,971,075	9,890,058	99.19%	63,686	9,953,744	99.83%
2017	10,479,058	10,409,108	99.33%	-	10,409,108	99.33%

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 General Obligation Bonded Debt	Governmental Activities Capital Equipment Certificates	Total Primary Government	Percentage of Personal Income(1)	Per Capita(1)
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
2017	26,075,000	1,020,000	27,095,000	2.93%	1,032

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)
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
2017	26,075,000	2,380,281	23,694,719	1.06%	903

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, 2017

Governmental Unit		Debt Outstanding	Estimated Percentage Applicable(1)		Estimated Share of Overlapping Debt
Debt repaid with property taxes:					
Anoka County	$	93,815,000	7.27%	$	6,820,351
ISD No. 11, Anoka-Hennepin		43,790,000	9.85%		4,313,315
ISD No. 728, Elk River		220,925,000	3.48%		7,688,190
Metropolitan Council		1,390,057	0.75%		10,425
Subtotal, overlapping debt					18,832,281
City of Ramsey direct debt		27,095,000	100.00%		27,095,000
Total direct and overlapping debt				$	45,927,281

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

	Fiscal Year									
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Debt Limit	$ 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	$ 65,840,919
Total net debt applicable to limit	19,046,615	17,825,537	16,465,049	12,206,870	15,675,147	15,993,070	16,141,727	19,191,513	18,316,143	17,454,836
Legal debt margin	$ 49,606,057	$ 53,263,135	$ 49,252,345	$ 47,177,983	$ 41,525,529	$ 37,259,633	$ 36,769,180	$ 40,470,861	$ 44,032,776	$ 48,386,083
Total net debt applicable to limit as a percentage of debt limit	27.74%	25.08%	25.05%	20.56%	27.40%	30.03%	30.51%	32.17%	29.38%	26.51%

Legal Debt Margin Calculation for Fiscal Year 2017

Taxable Market value		$ 2,194,697,300
Debt limit (3% of market value)		65,840,919
Debt applicable to limit:		
Total bonded debt and certificates	$ 27,095,000	
Less:		
Obligations issued with special assessments	(8,865,000)	
Amounts available in respective Debt Service Funds	(775,164)	
Total deductions	(9,640,164)	
		17,454,836
Legal debt margin		$ 48,386,083

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.

City of Ramsey
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (3)		School Enrollment (4)	Unemployment Rate (5)
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%
2017	26,251	925,584,009	35,259		5,410	3.0%

(1) Years 2008-2009 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

Employer	2017 Employees (1)	2017 Rank	2017 Percentage of Total City Employment	2008 Employees (1)	2008 Rank	2008 Percentage of Total City Employment
Life Fitness/Parabody Inc.	460	1	6.81%	312	2	6.13%
BMC Vision Ease Lens	300	2	4.44%	378	1	7.42%
Showdown Displays/Sign Zone	252	3	3.73%	175	4	3.44%
Connexus Energy/Anoka Electric	250	4	3.70%	246	3	4.83%
Anderson & Dahlen (Knoll Properties)	150	5	2.22%	130	7	2.55%
Coborns Superstore	130	6	1.92%	-	-	0.00%
ISD No. 11 (Anoka-Hennepin)	126	7	1.86%	135	6	2.65%
Ham Lake Haulers	104	8	1.54%	-	-	0.00%
RJM Distributing	100	9	1.48%	100	8/9	1.96%
City of Ramsey	91	10	1.35%	98	10	1.92%
Altron Inc.	-	-	0.00%	136	5	2.67%
Command Tooling	-	-	0.00%	100	8/9	1.96%

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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	Fiscal Year									
General government	23.02	21.22	20.22	19.10	18.60	16.00	20.00	19.13	17.36	18.36
Public safety										
Police										
Officers	25.00	23.00	23.00	23.00	23.00	22.00	22.00	24.00	24.00	26.26
Civilians	4.00	5.00	5.00	5.00	5.00	5.00	5.50	4.00	4.00	3.50
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	0.50	0.50	0.50	0.50	1.00	0.70
Protective Inspections	7.00	3.00	2.00	1.00	1.00	2.00	3.25	3.75	3.75	3.75
Highways and streets										
Engineering	8.48	7.48	6.48	6.60	6.60	6.30	6.30	7.00	7.00	7.00
Streets	8.00	7.00	7.00	7.00	7.00	7.00	7.00	7.50	8.50	8.50
Maintenance	7.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Culture and recreation	4.22	2.47	2.47	3.47	3.47	5.47	3.97	3.97	3.97	3.97
Water	1.00	2.00	2.00	2.00	2.00	4.00	3.00	4.00	4.00	4.00
Total	98.30	87.75	84.75	82.75	81.75	82.85	86.10	88.43	88.16	90.62

Source: City Budget documents

City of Ramsey
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year 2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Number of arrests	574	437	352	463	416	465	377	358	273	255
Motor Vehicle Accidents	451	545	465	631	471	493	279	279	289	162
Traffic violations	2,913	2,875	4,008	3,488	3,292	4,453	4,182	5,378	4,855	2,997
Fire										
Number of calls answered	491	453	481	483	459	443	486	460	498	698
Inspections	163	194	177	260	303	205	177	196	134	158
Highways and streets										
Street resurfacing (miles)	17.90	15.65	16.59	14.86	22.00	14.50	14.25	15.74	19.84	13.41
Culture and recreation										
Park Acreage maintained	565	565	565	565	565	571	571	571	571	571
Trails/sidewalks maintained (miles)	30	30	40	45	45	46	50	50	50	55
Water										
Number of connections	3,850	3,914	3,962	4,013	4,087	4,228	4,308	4,406	4,510	4,611
Water main breaks	-	-	-	2	-	-	-	-	1	-
Average daily consumption (gallons)	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	1,923,213

Source: Various City departments

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

	Fiscal Year									
Function	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	6	6	6	6	6	6	6	6	10	10
Fire stations	2	2	2	2	2	2	2	2	2	2
Highways and streets										
Streets (miles)	168.00	168.00	168.00	168.00	172.88	172.88	172.88	180.40	183.27	184.70
Streetlights	603	626	626	631	659	659	1,060	1,166	1,179	1,194
Culture and recreation										
Parks acreage	565	565	565	565	565	565	565	565	585	585
Parks *	35	35	35	35	35	38	38	38	38	38
Tennis courts	16	16	12	12	10	10	10	10	10	10
Water										
Water mains (miles)	87	87	87	89	90	90	91	91	91	94
Fire hydrants	1,000	1,000	1,000	1,020	1,030	1,030	1,045	1,047	1,047	1,079
Maximum daily capacity **	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	5,256,000
Sewer										
Sanitary sewers (miles)	48	48	48	63	63	63	64	65	65	67
Storm sewers (miles)	17	19	21	25	28	34	36	39	43	46

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, 2017

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MMKR
CERTIFIED PUBLIC
ACCOUNTANTS

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, 2017. 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
May 21, 2018

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
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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, *GOVERNMENT AUDITING STANDARDS,* AND TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200, *UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS* (UNIFORM GUIDANCE)

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, 2017, 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, *Government Auditing Standards*, the Uniform Guidance 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, 2017:

- 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 that the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements.
- The results of our tests indicate that the City has complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major federal programs.

- We reported one deficiency in the City's internal controls over compliance that we considered to be a significant deficiency with the types of compliance requirements that could have a direct and material effect on each of its major federal programs.

    - During our audit, we noted that the City did not have documented written controls to ensure compliance with the U.S. Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles*, *and Audit Requirements for Federal Awards* (Uniform Guidance) cash management, allowable costs, and financial management 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 acquisition value. City staff has also prepared a schedule comparing the current carrying value of these properties to estimated market values provided by Anoka County to support these values. We recognize the City is working on an ongoing basis to utilize these assets in the best interest of the City. We recommend that the City continue to review these property values and related internal loans on an ongoing basis to ensure a proper reporting of city assets and financial activity between funds is accurately presented.

SIGNIFICANT ACCOUNTING POLICIES

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

No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2017; however, the City implemented the following governmental accounting standards during the fiscal year:

- Governmental Accounting Standards Board (GASB) Statement No. 79, *Certain External Investment Pools and Pool Participants,* which enhanced disclosures regarding investments.

- GASB Statement No. 82, *Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73,* which addressed certain issues related to pension reporting and disclosures.

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 acquisition value).

- **Depreciation** – Management's estimates of depreciation expense are based on the estimated useful lives of the assets.

- **Compensated Absences** – Management's estimate is based on current rates of pay and unused compensated absence balances.

- **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.

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, including the prior period adjustment discussed in the audit opinions and findings section of this report. There were no additional 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, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 21, 2018.

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 the management's discussion and analysis (MD&A) 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 and the separately issued Schedule of Expenditures of Federal Awards, 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

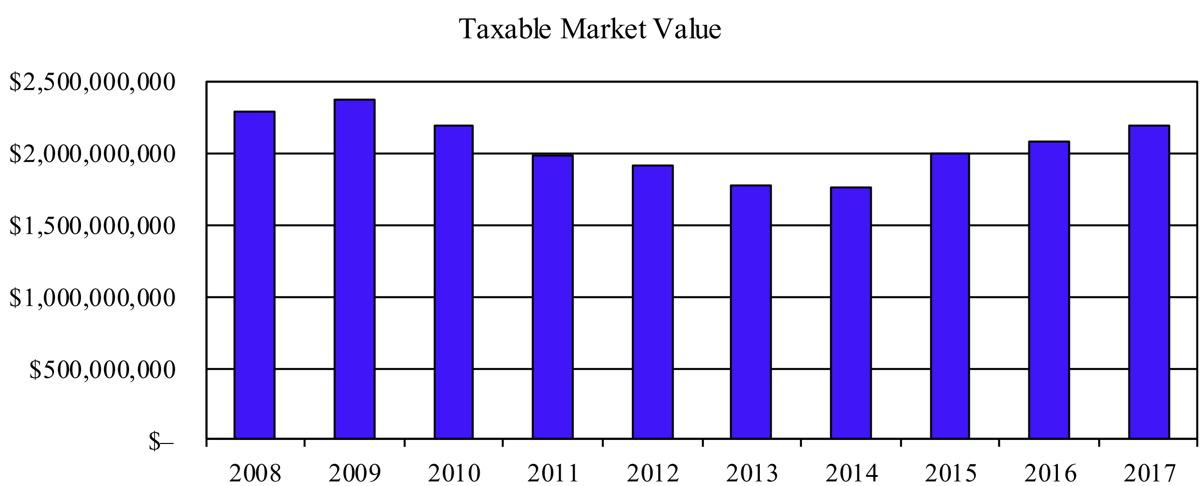
This section of the report provides you with an overview of the financial trends and activities of the City's governmental funds, which includes the General, special revenue, debt service, and capital project funds. These funds are used to account for the basic services the City provides to all of its 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 2016 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 36.4 percent for cities under 2,500 in population.

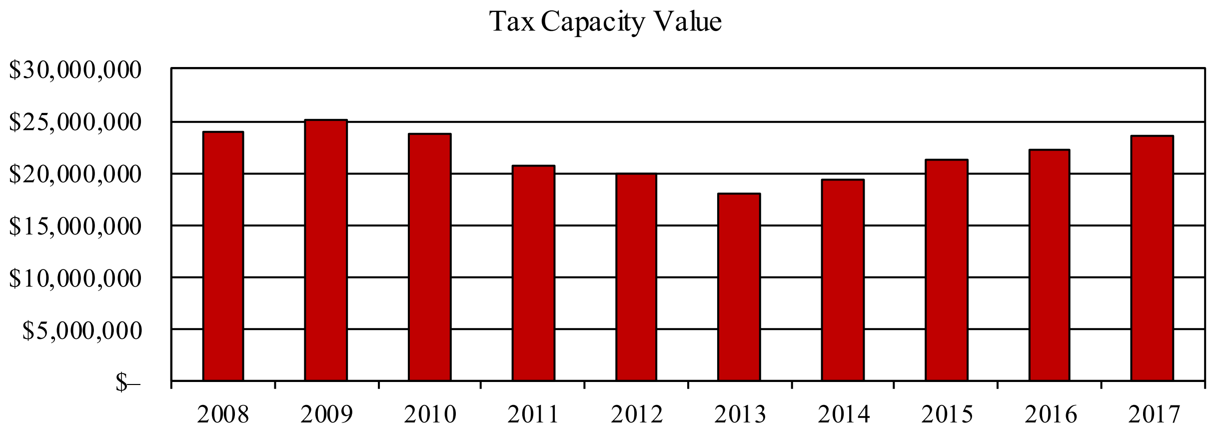
The total market value of property in Minnesota cities increased about 5.6 percent for the 2017 levy year, which followed an increase of 5.7 percent for levy year 2016. The market values used for levying property taxes are based on the previous fiscal year (e.g., market values for taxes levied in 2017 were based on assessed values as of January 1, 2016), 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 4.5 percent for 2016 and 5.6 percent for taxes payable in 2017. 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 its tax base that is in each property classification from year-to-year, as well as legislative changes to tax rates. The City's tax capacity increased 5.0 percent for 2016 and 6.2 percent for 2017.

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



The following table presents the average tax rates applied to city residents for each of the last three levy years, along with comparative state-wide and metro area average rates from the two most recent years for which the information is available:

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	2017
Average tax rate							
City	46.9	46.5	43.4	43.0	42.3	43.3	42.5
County	44.7	44.1	42.9	42.3	38.4	39.4	37.3
School	27.1	27.5	28.3	28.6	24.6	22.8	20.5
Special taxing	6.9	6.9	8.8	8.7	5.2	5.5	5.1
Total	125.6	125.0	123.4	122.6	110.5	111.0	105.4

Note: State-wide and metro area average tax rates are not available for 2017.

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, 2017, presented both by fund balance classification and by fund:

Governmental Fund Changes in Fund Balance

	Fund Balance as of December 31, 2017	Fund Balance as of December 31, 2016 (as Restated)	Increase (Decrease)
Fund balances of governmental funds			
Total by classification			
Nonspendable	$ 13,313	$ 15,881	$ (2,568)
Restricted	18,187,321	18,377,993	(190,672)
Committed	1,226,234	1,041,932	184,302
Assigned	13,394,815	13,331,150	63,665
Unassigned	7,900,225	7,414,303	485,922
Total – governmental funds	$ 40,721,908	$ 40,181,259	$ 540,649
Total by fund			
Major funds			
General	$ 7,912,618	$ 7,517,393	$ 395,225
Special revenue funds			
Tax Increment	4,633,143	4,497,213	135,930
COR Land	8,629,937	8,537,701	92,236
Debt Service Fund			
2012A G.O. Improvement Bond Refund	734,418	729,521	4,897
2011A Armstrong/Bunker Bond	997,504	394,666	602,838
Capital Project Fund			
Public Improvement Revolving	4,687,410	4,731,713	(44,303)
Landfill	2,090,582	2,061,539	29,043
Equipment Revolving	1,673,000	1,945,183	(272,183)
Road Reconstruction and Overlay	714,656	648,566	66,090
Public Facilities Construction	964,900	986,170	(21,270)
Fire Station #2	74,822	200,355	(125,533)
Nonmajor funds	7,608,918	7,931,239	(322,321)
Total – governmental funds	$ 40,721,908	$ 40,181,259	$ 540,649

As reflected in the table above, total governmental fund balance increased by $540,649. The increase is due in part to continued development in the City and favorable operating results of the General Fund 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 MD&A. 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

	State-Wide		City of Ramsey		
Year	2015	2016	2015	2016	2017
Population	20,000-100,000	20,000-100,000	25,598	25,868	26,251
Property taxes	$ 443	$ 455	$ 371	$ 386	$ 398
Tax increments	37	42	26	27	27
Franchise and other taxes	39	45	–	–	–
Special assessments	59	59	18	17	37
Licenses and permits	43	42	31	20	28
Intergovernmental revenues	156	152	80	69	84
Charges for services	94	103	70	50	56
Other	58	54	436	43	46
Total revenue	$ 929	$ 952	$ 1,032	$ 612	$ 676

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 2017 were $17,739,270, an increase of $1,873,670 from the prior year. On a per capita basis, the City received $676 in governmental fund revenue for 2017, an increase of $64 from the prior year.

The City has generally generated less revenue per capita than the average city. Increased current and prepayment collections on special assessments contributed to the $20 per capita growth in this category over the prior year. Intergovernmental revenues increased $15 per capita from the prior year, primarily from new federal funding for the Mississippi National River and Recreation Area State and Local Assistance Grant.

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:

Governmental Funds Expenditures per Capita
With State-Wide Averages by Population Class

	State-Wide		City of Ramsey		
Year	2015	2016	2015	2016	2017
Population	20,000-100,000	20,000-100,000	25,598	25,868	26,251
Current					
General government	$ 89	$ 97	$ 122	$ 137	$ 154
Public safety	261	273	157	164	180
Public works	99	95	71	85	97
Recreation	94	95	56	57	75
All other	89	91	–	–	–
	632	651	406	443	506
Capital outlay and construction	286	301	247	107	73
Debt service					
Principal	117	115	343	67	79
Interest and fiscal	33	34	43	37	37
	150	149	386	104	116
Total expenditures	$ 1,068	$ 1,101	$ 1,039	$ 654	$ 695

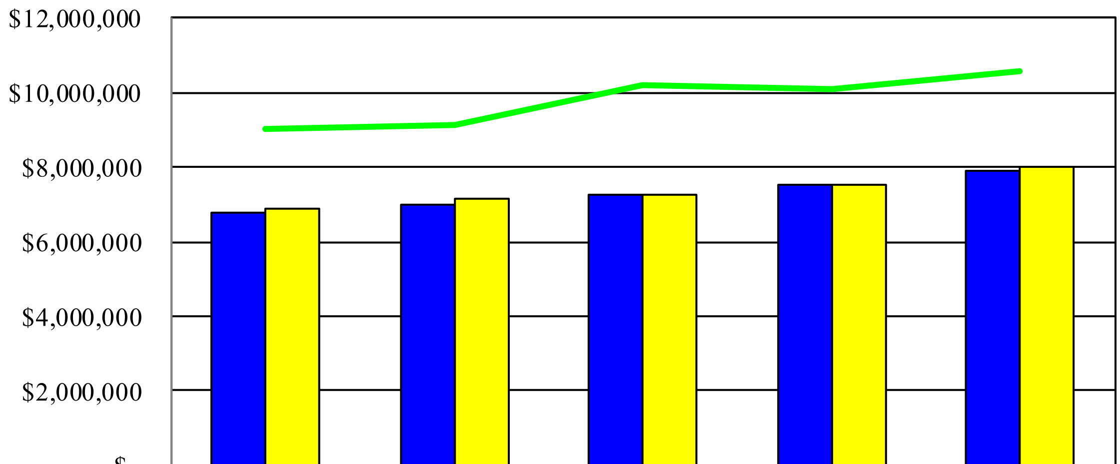
The City has historically and consistently used limited expenditure functions for financial statement reporting purposes. As the City has grown and increased spending for community development and other areas, we encourage the City to review the format and level of functional detail presented in future 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 2017 were $18,237,741, an increase of $1,330,962 from the prior year. On a per capita basis, the City expended a total of $695 in 2017. Current expenditures increased $63 per capita over the prior year. Capital outlay expenditures were $34 less per capita than the prior year. Debt service spending increased by 12 per capita as planned with debt financing agreements. Like revenues, expenditures have typically been less than the state-wide averages.

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.

General Fund Financial Position
Year Ended December 31,



	2013	2014	2015	2016	2017
Fund Balance	$6,771,394	$6,982,569	$7,273,045	$7,517,393	$7,912,618
Cash (Net)	$6,872,395	$7,135,815	$7,280,307	$7,524,681	$8,004,958
Revenue	$9,030,710	$9,154,981	$10,223,395	$10,110,798	$10,583,302

The City's General Fund cash and investments balance (net of interfund borrowing) at December 31, 2017 was $8,004,958, an increase of $480,277 from the previous year. Total fund balance at year-end was $7,912,618, an increase of $395,225 from the prior year.

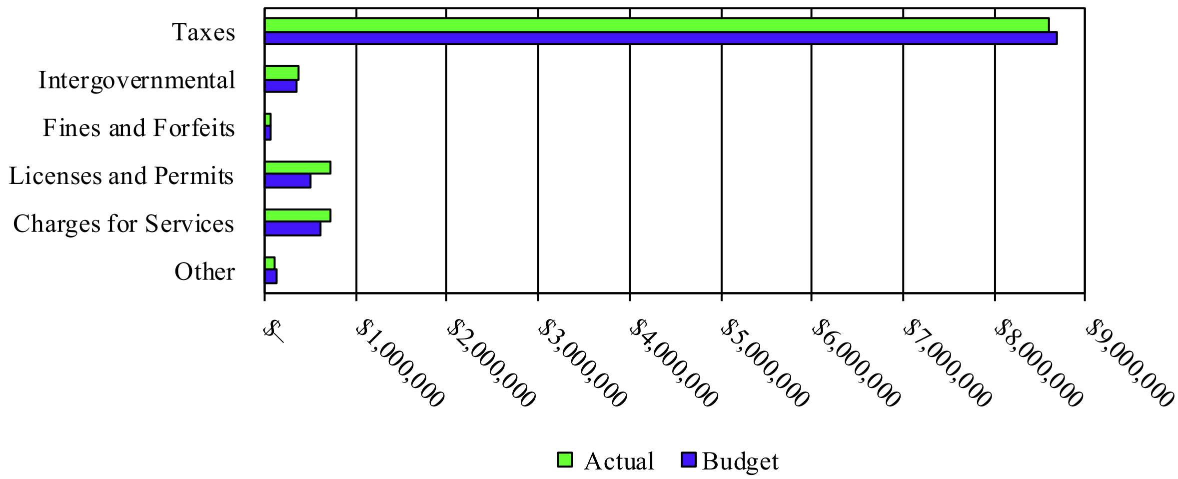
The stability of the General Fund's financial position is greatly attributed to the City's "Fund Balance and Excess Revenue Policy" as well as the general budgeting policies. These policies have allowed the City to provide funding for equipment replacement and recurring capital maintenance programs without 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 81.2 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 2017:

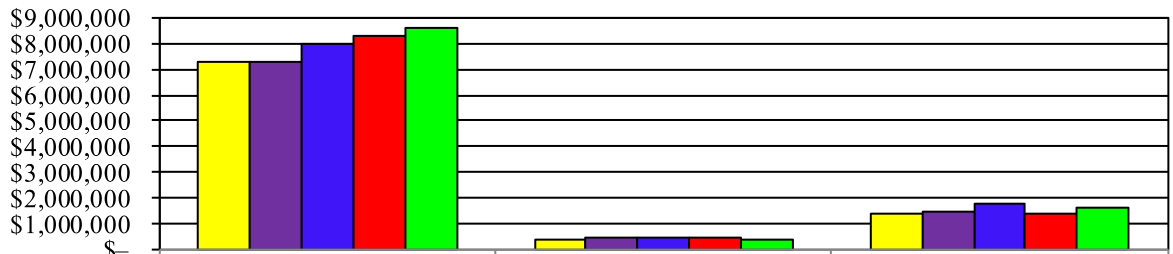
General Fund Revenues
Budget and Actual



Total General Fund revenues for 2017 were $10,583,302, an increase of $472,504 (4.7 percent) from the previous year, and $217,355 (2.1 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.

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

General Fund Revenue by Source
Year Ended December 31,



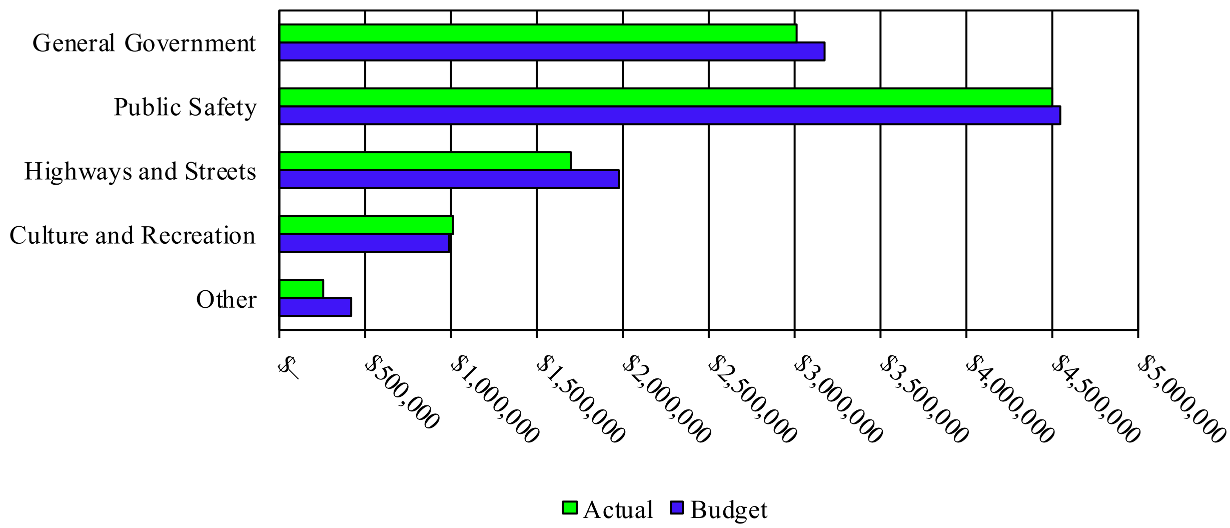
	Taxes	Intergovernmental	All Other
2013	$7,270,741	$363,317	$1,396,652
2014	$7,272,007	$432,476	$1,450,498
2015	$7,961,871	$470,713	$1,790,811
2016	$8,261,529	$482,243	$1,367,026
2017	$8,594,143	$375,045	$1,614,114

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 81.2 percent of General Fund revenues.

During 2017, tax sources reflect an increase of $332,614 due to an increase in the approved General Fund levy. The City received $107,198 less intergovernmental revenue in 2017. The 2017 increase in the category for all other ($247,088) above includes licenses, permits, and charges for services related to more development in the City in the current year. Improved investment earnings also contributed to the increase in "all other" revenue sources.

The following graph reflects the City's General Fund expenditures, budget and actual, for 2017:

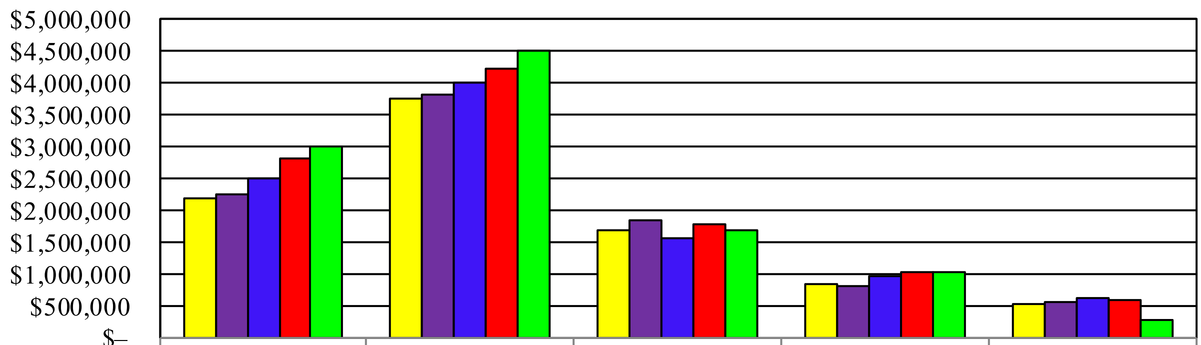
General Fund Expenditures
Budget and Actual



General Fund expenditures totaled $10,493,772 in 2017, an increase of $47,688 (or 0.5 percent) from the prior year, and were $634,987 (or 5.7 percent) under the final budget. The variance to budget was related to savings in personnel, supplies, and capital spending.

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

General Fund Expenditures by Function
Year Ended December 31,



	General Government	Public Safety	Highways and Streets	Culture and Recreation	Other
2013	$2,184,997	$3,740,132	$1,692,016	$829,725	$517,590
2014	$2,242,119	$3,809,209	$1,838,115	$824,042	$544,045
2015	$2,491,491	$4,011,871	$1,558,414	$974,724	$612,961
2016	$2,802,965	$4,234,482	$1,788,385	$1,027,267	$592,985
2017	$3,009,414	$4,499,681	$1,702,747	$1,019,376	$262,554

As the graph displays, expenditures increased in general government and public safety, with decreases in highways and streets, culture and recreation, and other. 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, 2017, presented both by classification and by fund:

Enterprise Funds Change in Financial Position

	Net Position as of December 31, 2017	Net Position as of December 31, 2016	Increase (Decrease)
Net position of enterprise funds			
Total by classification			
Net investment in capital assets	$ 53,855,285	$ 51,959,594	$ 1,895,691
Unrestricted	38,306,851	35,953,541	2,353,310
Total – enterprise funds	$ 92,162,136	$ 87,913,135	$ 4,249,001
Total by fund			
Water Utility	$ 47,254,551	$ 44,910,172	$ 2,344,379
Sewer Utility	29,676,700	28,803,181	873,519
Street Light Utility	1,802,365	1,760,306	42,059
Recycling Utility	403,189	408,086	(4,897)
Storm Water Utility	13,025,331	12,031,390	993,941
Total – enterprise funds	$ 92,162,136	$ 87,913,135	$ 4,249,001

In total, the net position of the City's enterprise funds increased by $4,249,001 as presented in the table above. Capital contributions recognized 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:

	2013	2014	2015	2016	2017
Utility enterprise funds					
Water					
Operating revenue	$ 1,997,302	$ 1,860,380	$ 2,045,225	$ 1,953,478	$ 2,772,003
Operating expenses	1,293,201	1,221,211	1,278,204	1,489,070	1,396,021
Operating income	$ 704,101	$ 639,169	$ 767,021	$ 464,408	$ 1,375,982
Operating income as a percentage of operating revenue	35.3 %	34.4 %	37.5 %	23.8 %	49.6 %
Sewer					
Operating revenue	$ 1,341,674	$ 1,393,157	$ 1,392,101	$ 1,458,250	$ 1,784,755
Operating expenses	1,190,551	1,282,302	1,291,509	1,438,141	1,535,664
Operating income	$ 151,123	$ 110,855	$ 100,592	$ 20,109	$ 249,091
Operating income as a percentage of operating revenue	11.3 %	8.0 %	7.2 %	1.4 %	14.0 %
Street Light					
Operating revenue	$ 177,158	$ 188,185	$ 190,872	$ 196,253	$ 204,418
Operating expenses	176,736	161,733	178,666	176,732	159,378
Operating income	$ 422	$ 26,452	$ 12,206	$ 19,521	$ 45,040
Operating income as a percentage of operating revenue	0.2 %	14.1 %	6.4 %	9.9 %	22.0 %
Recycling					
Operating revenue	$ 298,034	$ 309,160	$ 307,128	$ 308,052	$ 310,471
Operating expenses	308,629	321,321	320,901	359,418	373,775
Operating income (loss)	$ (10,595)	$ (12,161)	$ (13,773)	$ (51,366)	$ (63,304)
Operating income (loss) as a percentage of operating revenue	(3.6) %	(3.9) %	(4.5) %	(16.7) %	(20.4) %
Storm Water					
Operating revenue	$ 677,936	$ 706,135	$ 770,812	$ 1,034,552	$ 958,960
Operating expenses	491,370	509,709	557,267	742,043	633,101
Operating income	$ 186,566	$ 196,426	$ 213,545	$ 292,509	$ 325,859
Operating income as a percentage of operating revenue	27.5 %	27.8 %	27.7 %	28.3 %	34.0 %

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, 2017, 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 $6,030,607 in 2017, compared to $4,950,585 in the prior year. Increases for rate adjustments and new customers, as well as new connection charges, contributed to the overall growth compared to the prior year. Operating expenses were down from the prior year, with $4,097,939 in 2017 compared to $4,205,404 of spending incurred in 2016, or an overall decrease of 2.6 percent. The largest change in expenses was in other service charges, which were down $166,773 and spread across all of the utility operations.

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, 2017 and 2016, for governmental activities and business-type activities:

	As of December 31, 2017	As of December 31, 2016	Increase (Decrease)
Net position			
Governmental activities			
Net investment in capital assets	$ 42,129,791	$ 42,170,710	$ (40,919)
Restricted	19,679,434	18,323,930	1,355,504
Unrestricted	13,559,175	13,832,461	(273,286)
Total governmental activities	75,368,400	74,327,101	1,041,299
Business-type activities			
Net investment in capital assets	53,855,285	51,959,594	1,895,691
Unrestricted	38,306,851	35,953,541	2,353,310
Total business-type activities	92,162,136	87,913,135	4,249,001
Total net position	$ 167,530,536	$ 162,240,236	$ 5,290,300

Net position increased by $5,290,300 in the current year as presented above. 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.

The increase in restricted net position within governmental activities was primarily due to an increase in resources restricted for debt service. The change in net position of business-type activities is consistent with the change of the utility enterprise operations.

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 of the City for the years ended December 31, 2017 and 2016:

	2017			2016
	Expenses	Program Revenues	Net Change	Net Change
Net (expense) revenue				
Governmental activities				
General government	$ 4,992,809	$ 928,448	$ (4,064,361)	$ (2,938,808)
Public safety	5,782,563	1,122,851	(4,659,712)	(4,831,477)
Highways and streets	4,254,234	4,200,375	(53,859)	(1,025,757)
Culture and recreation	2,384,845	1,424,026	(960,819)	(1,145,870)
Interest and fiscal charges	952,965	–	(952,965)	(890,305)
Business-type activities				
Water utility	1,396,021	3,498,670	2,102,649	1,470,200
Sewer utility	1,535,664	2,271,267	735,603	556,894
Street light utility	159,378	204,418	45,040	23,421
Recycling utility	373,775	375,866	2,091	15,734
Storm water utility	633,101	1,637,125	1,004,024	545,089
Total net (expense) revenue	$ 22,465,355	$ 15,663,046	(6,802,309)	(8,220,879)
General revenues				
Property taxes			11,136,810	10,674,696
General grants and contributions			3,586	3,905
Investment earnings			946,683	606,225
Gain on sale of capital assets			5,530	–
Total general revenues			12,092,609	11,284,826
Change in net position			$ 5,290,300	$ 3,063,947

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 shift in the net changes presented above between the current and prior year reflects the change in level of developer contributions as previously mentioned.

LEGISLATIVE UPDATES

The 2017 legislative session began with a full agenda, which included adopting a fiscal year 2018–2019 biennial state budget. The February 2017, state budget forecast projected that the state General Fund would end the 2016–2017 biennium with a surplus of $743 million, eliminating the need for budget cuts or transfers to balance the fund. However, the Legislature was expected to address several significant spending areas for which successful funding appropriations had not been passed in recent legislative sessions. The 2017 regular legislative session ended with four omnibus budget bills being vetoed, potentially leaving a number of these same areas without appropriations. After a three-day special session, the Governor and Legislature were able to agree on budget and appropriation bills addressing most of the state budgetary needs for the upcoming biennium, albeit not without several line item vetoes invoked by the Governor, including striking the appropriations for operating the House and Senate from the bills.

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

Omnibus Bonding Bill – The omnibus bonding bill authorizes financing for approximately $1.1 billion in capital improvements. Included in the approved funding was $255 million for transportation infrastructure, $83 million for economic development, $116 million for Public Financing Agency water infrastructure loans and grants to municipalities, and $4 million for Metropolitan Council inflow and infiltration improvement grants to metro area cities.

Omnibus Transportation Bill – The omnibus transportation bill appropriates $2.95 billion in fiscal 2018 and $2.87 billion in fiscal 2019, for a wide variety of transportation related projects. Included in the appropriations are approximately $191 million and $198 million for municipal state aid street fund purposes in fiscal 2018 and fiscal 2019, respectively.

Property Tax Relief – The omnibus tax bill contained a number of property tax relief measures, including:

- Elimination of the implicit price deflator annual increase for the state general property tax levy, effectively freezing it at the payable 2018 level for many property classes;
- Exempting the first $100,000 of each commercial-industrial parcel's tax capacity from the state general property tax levy;
- Expanding eligibility for homestead or agricultural property classification exemptions for certain types of resort and conservation property for general property taxes; and
- Increasing the minimum value for a storage shed, deck, or similar structure on a leased mobile home to be considered taxable from $1,000 to $10,000.

Local Government Aid – The annual appropriation for Local Government Aid (LGA) for cities was increased $15.0 million to $534.4 million for aid payable in 2018 and thereafter, and the LGA payment schedule was accelerated for fiscal 2019 only. Several corrections were also made to the city LGA formula calculation, and a sparsity adjustment was incorporated for certain medium and small cities beginning in 2018.

Minnesota Investment Fund – The omnibus jobs and economic growth bill appropriates $12.5 million for each year of the biennium for the Minnesota Investment Fund, which is available for municipalities to provide loans to assist with the expansion of local businesses.

Electronic Funds Transfers – Effective August 1, 2017, home rule charter cities of the second, third, or fourth class are added to the list of local government entities allowed to pay certain claims using electronic funds transfers. To be eligible, local governments must enact specified policy controls governing the initiation, authorization, and documentation of electronic funds transfers.

Claims Declaration – The requirement to obtain a specific form of written claim declaration was also repealed based on the understanding that by making the claim, the party making the claim is declaring that the claim is just and correct and has not been paid previously.

City E-mail Address Required to Receive State Aid – Effective for state aids payable in 2018 and thereafter, cities will be required to register an official e-mail address with the Commissioner of the state Department of Revenue in order to receive state aid payments.

Workforce Housing Tax Increment Financing – The omnibus tax bill created a new authorized use of tax increment financing (TIF), for workforce housing in cities located outside of the statutorily defined metropolitan area that meet certain criteria.

Tax Increment Financing Interfund Loans – Interfund loan provisions for TIF were amended to make it easier for cities and development authorities to make and document interfund loans. Loans may now be made or documented up to 60 days after the actual transfer or expenditure occurs. Interfund loan resolutions may now be passed prior to the final approval of the related TIF plan. Loan terms may be amended after the loan has been made if the TIF district has not been decertified.

Public Debt – The Legislature passed several amendments to statutes governing public debt that took effect on July 1, 2017, including:

- Allowing both home rule charter and statutory cities to issue 20-year capital notes for projects to eliminate R-22 Freon-based refrigerant;
- Increasing the maximum dollar limit on Housing and Redevelopment Authority general obligation bond issues from $3 million to $5 million; and
- Modifying the requirements for street reconstruction bonds to be approved by a two-thirds majority of the governing body rather than requiring unanimous approval.

Local Housing Trust Funds – The omnibus jobs and economic growth appropriations bill established authority for cities to create a local housing trust fund by ordinance, or to participate in a joint powers agreement to establish a regional housing trust fund. The funds, which may be financed from sources such as local government appropriations or housing and redevelopment authority levies, may be used for grants or loans for development, rehabilitation, financing of housing to match federal or state or private funds for housing, down payment assistance, rental assistance, or homebuyer counseling.

Long-Term Equity Investment Authority – Effective July 1, 2017, cities with a population of more than 100,000 or those that had their most recently issued general obligation bonds rated in the highest category, are authorized to invest in an expanded list of authorized investments that includes certain equity-based investments. The amount invested in equity-based investments cannot exceed 15 percent of the sum of a city's assigned cash, cash equivalents, deposits, and investments. Before investing in the expanded list of authorized investments, the governing body of the municipality must adopt a resolution acknowledging the risks assumed.

Border-to-Border Broadband Grants – The Legislature appropriated $20 million in fiscal 2018 for the Border-to-Border Broadband Grant Program. The grants, available through the Office of Broadband Development in the Department of Employment and Economic Development, 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.

Elections – An omnibus elections law was passed making several modifications to election administration, including: requiring special elections conducted by local governments be held on one of five uniform election dates, clarifying the timeline for municipalities to change from odd to even-year election cycles or vise-versa, allowing municipalities to canvass the results of a primary election on the second or third day after the primary, and appropriating $7 million for grants to replace aging election equipment or purchase electronic poll books.

Workers' Compensation and PERA Retirement Benefits – A statutory change was adopted based on the results of recent court rulings that Public Employees Retirement Association (PERA) retirement benefits should not be offset against workers' compensation permanent total disability benefits. Under the new law, claimants would receive all past and future permanent and total disability benefits without a PERA retirement offset.

Notice of Proposed Ordinances – A new statute was created requiring cities to provide a 10-day notice prior to a scheduled final vote on most new proposed ordinances or amendments to ordinances, and specifying the various acceptable means of providing the required notification.

State Building Code Applicability – Construction, additions, and alterations to places of public accommodation; defined as publicly or privately-owned facilities designed for occupancy by 200 or more people as a sports or entertainment arena, stadium, theater, community or convention hall, special event center, indoor amusement facility or water park, or indoor swimming pool; must comply with the state building code.

Sunday Liquor Sales – Minnesota Statutes were amended to allow for the sale of intoxicating liquor on Sundays between the hours of 11:00 a.m. and 6:00 p.m. by off-sale licensees, effective July 1, 2017.

REAL ID Act – Minnesota Statutes were amended to make the state compliant with federal REAL ID Act requirements, which will change identity verification and security related to state-issued identification cards and driver's licenses.

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ACCOUNTING AND AUDITING UPDATES

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 other post-employment benefits (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 employer 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.

The requirements for this statement are effective for fiscal years beginning 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 post-employment 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.

GASB STATEMENT NO. 85, *OMNIBUS 2017*

The objective of this statement is to address issues that have been identified during implementation and application of certain GASB statements. The statement addresses a variety of topics, including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and OPEB). The statement is meant to enhance consistency in the application of recent accounting and financial reporting standards. The requirements of this statement are effective for reporting periods beginning after June 15, 2017.

GASB STATEMENT NO. 86, *CERTAIN DEBT EXTINGUISHMENT ISSUES*

Current GASB guidance requires that debt be considered defeased in substance when the debtor irrevocably places cash or other monetary assets acquired with refunding debt proceeds in a trust to be used solely for satisfying scheduled payments of both principal and interest of the defeased debt. This new standard establishes essentially the same requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish the debt.

The primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement are effective for reporting periods beginning after June 15, 2017.

GASB STATEMENT NO. 87, *LEASES*

A lease is a contract that transfers control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this statement.

Governments enter into leases for many types of assets. Under the previous guidance, leases were classified as either capital or operating depending on whether the lease met any of four tests. In many cases, the previous guidance resulted in reporting lease transactions differently than similar nonlease financing transactions.

The goal of this statement is to better meet the information needs of users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

To reduce the cost of implementation, this statement includes an exception for short-term leases, defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

Special Purpose Audit Reports on

Single Audit,
Internal Controls, and Compliance
With Laws and Regulations

Year Ended
December 31, 2017

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CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

Special Purpose Audit Reports
Year Ended December 31, 2017

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CITY OF RAMSEY

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures
U.S. Department of Transportation		
Passed through Minnesota Department of Transportation		
Highway Planning and Construction	20.205	$ 282,905
Passed through Anoka County		
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	16,821
U.S. Department of Justice		
Direct Program		
Bulletproof Vest Partnership Program	16.607	1,400
U.S. Department of the Interior		
Direct Program		
Mississippi National River and Recreation Area State and Local Assistance	15.941	488,865
Total federal awards		$ 789,991

Note 1: The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the City's basic financial statements.

Note 2: All pass-through entities listed above use the same CFDA numbers as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

Note 3: The City did not elect to use the 10 percent de minimis indirect cost rate.

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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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 21, 2018.

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 a 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 have not been identified. We did identify one deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001, that we consider to be a material weakness.

(continued)

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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 Questioned Costs. 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
May 21, 2018

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the City Council and Management
City of Ramsey, Minnesota

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the City of Ramsey, Minnesota's (the City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2017. The City's major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

(continued)

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OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to on the previous page that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on the previous page. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2017-002, that we consider to be a significant deficiency.

CITY'S RESPONSE TO FINDING

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

(continued)

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated May 21, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Minneapolis, Minnesota
May 21, 2018

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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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 21, 2018.

MINNESOTA LEGAL COMPLIANCE

The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minnesota Statutes § 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
May 21, 2018

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Schedule of Findings and Questioned Costs
Year Ended December 31, 2017

A. SUMMARY OF AUDIT RESULTS

This summary is formatted to provide federal granting agencies and pass-through agencies answers to specific questions regarding the audit of federal awards.

Financial Statements

What type of auditor's report is issued?		X Unmodified
		___ Qualified
		___ Adverse
		___ Disclaimer
Internal control over financial reporting:		
Material weakness(es) identified?	X Yes	___ No
Significant deficiencies identified?	___ Yes	X None reported
Noncompliance material to the financial statements noted?	___ Yes	X No

Federal Awards

Internal controls over major federal award programs:		
Material weakness(es) identified?	___ Yes	X No
Significant deficiencies identified?	X Yes	___ None reported
Type of auditor's report issued on compliance for major programs?		X Unmodified
		___ Qualified
		___ Adverse
		___ Disclaimer
Any audit findings disclosed that are required to be reported in accordance with 2CFR200.516(a)?	X Yes	___ No

Programs tested as major programs:

Program or Cluster	CFDA No.
U.S. Department of the Interior	
Mississippi National River and Recreation Area State and Local Assistance	15.941

Threshold for distinguishing between type A and B programs:	$ 750,000	
Does the auditee qualify as a low-risk auditee?	___ Yes	X No

B. FINANCIAL STATEMENT FINDINGS

2017-001 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 reflect an interfund loan that should have been reported 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.

Questioned Costs – None. Our testing did not indicate any instances of noncompliance.

Context – An internal loan of $500,000 between major governmental funds was not reported. The loan was established to repay the Public Improvement Revolving Fund for tax increment expenditures that were incurred prior to tax increments being received. This has no effect on net position in the government-wide financial statements.

Repeat Finding – This is a current year and prior 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, 2016, contained a material misstatement.

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

View of Responsible Official and Planned Corrective Actions – 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 City has separately issued a Corrective Action Plan related to this finding.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE – DIRECT AWARD FROM THE U.S. DEPARTMENT OF THE INTERIOR, MISSISSIPPI NATIONAL RIVER AND RECREATION AREA STATE AND LOCAL ASSISTANCE, CFDA NO. 15.941

2017-002 Internal Controls Over Compliance With Cash Management, Allowable Costs, and Standards for Financial Management

Criteria – Title 2 U.S. Code of Federal Regulations (CFR) § 200.302(b)(5), (6), and (7) require the City to have written cash management procedures, which includes procedures for determining the allowability of costs in accordance with 2 CFR 200 Subpart E – Cost Principles, as well as a required written budget to actual comparison of expenditures for each federal award.

Condition – During our audit, we noted that the City did not have documented written controls to ensure compliance with the U.S. Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles*, *and Audit Requirements for Federal Awards* (Uniform Guidance) cash management, allowable costs, and financial management standards.

Questioned Costs – None. Our testing did not indicate any instances of noncompliance.

Context – The lack of written controls pertains to all federal grants. This was not a statistically valid sample.

Repeat Finding – This is a current year finding.

Cause – The implementation of the Uniform Guidance requirements for federal awards is relatively new to the City, and some internal control policies, including cash management, allowable costs, and financial management were not updated to reflect the necessary changes.

Effect – This could be viewed as a violation of the award agreement.

Recommendation – We recommend that the City review its internal control procedures relating to cash management, allowable costs, and financial management for all federal programs. The City should review the new Uniform Guidance to obtain a better understanding of the new requirements and identify any needed policy and procedure changes, in addition to those already referenced above. We also recommend the City adopt written policies pertaining to cash management, allowable costs, and financial management for all federal programs. The City should also document and perform regular budget to actual comparisons of expenditures for each federal award.

View of Responsible Official and Planned Corrective Actions – The City agrees with the finding. The City has reviewed and updated its written policies and procedures relating to cash management, allowable costs, and financial management standards for its federal programs to ensure compliance with Uniform Guidance in the future. The District has separately issued a Corrective Action Plan related to this finding.

D. MINNESOTA LEGAL COMPLIANCE FINDINGS

None.

CC Work Session **2. 3.**

Meeting Date: 06/12/2018

Information

Title:

Report regarding Highway 10 Entry Sign Repair

Purpose/Background:

On May 25, 1993, the City Council approved $3,000 toward the capital construction cost of a sign on the norteast corner of Alpine and Highway 10 that advertises the Northfork Links for the westbound traffic and "Welcome to the City of Ramsey" for the eastbound traffic. The City participated in the project provided that Northfork assumed regular maintenance of the sign, which they have for the last 25 years.

The sign face is now in need of replacement and it is proposed that the City share in the expense of replacing the sign faces (see attached drawing). The City graphics have been updated to be consistent with our current logo and branding graphics. Under the proposal, normal routine maintenance of the sign would continue to be the responsibility of Northfork.

The attached quote to repair both sign faces is $5,625 for both sides. It is proposed that the city split this cost. The proposal is to expend up to $3,000 to allow for any micellaneous installation cost not accounted for in the quote.

Timeframe:

The project would be ordered by The Northfork Links and the City would provide reimbursement for 50% of the costs, not to exceed $3,000, based upon actual reciepts.

Funding Source:

Funding would come from the city marketing and promotions accounts.

Responsible Party(ies):

City Administrator Ulrich

Outcome:

Concensus direction to participate in the repair of the sign faces on the Northfork/City of Ramsey sign at a cost to the City not to exceed $3,000.

Attachments

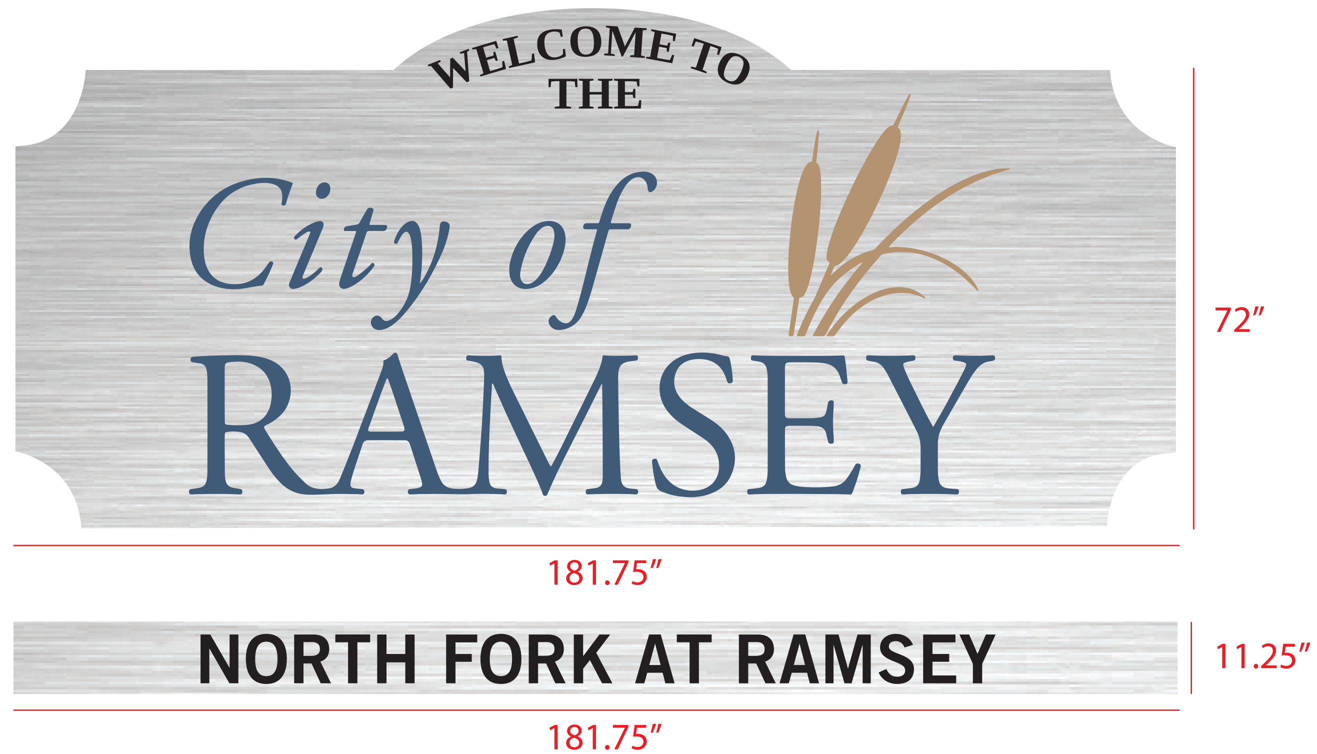
mock-up

quote

Form Review

Inbox	Reviewed By	Date
Kurt Ulrich	Kurt Ulrich	06/07/2018 04:33 PM
Form Started By: Jo Thieling		Started On: 06/07/2018 02:43 PM
Final Approval Date: 06/07/2018		

Design



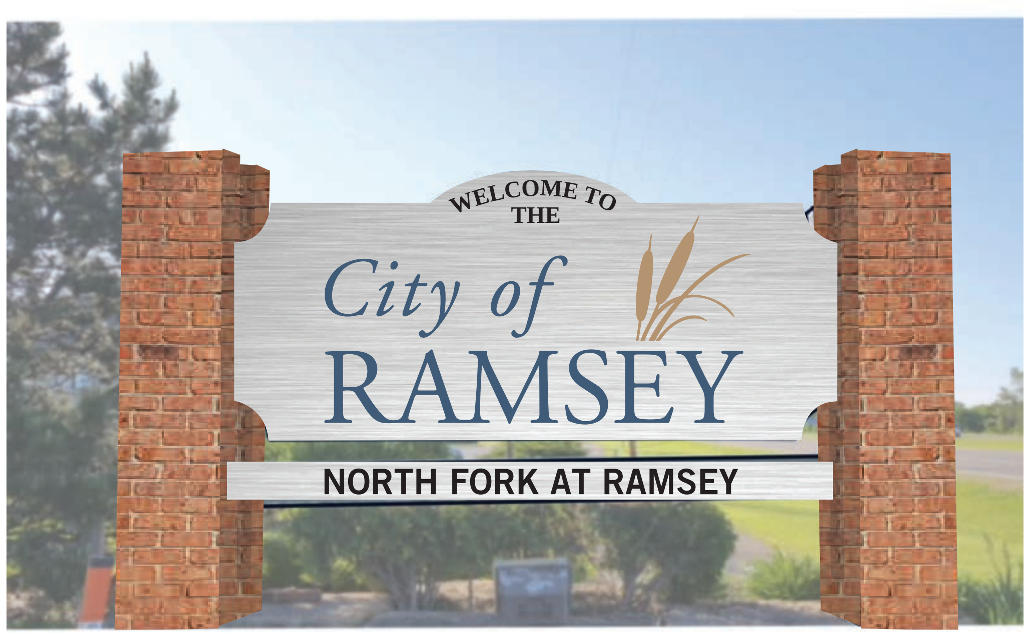
Front View Schematic

Side View Schematic

Color Key:

- Gold Yellow
- Green

Monument - 105 SQFT



PRODUCTION QUESTIONS? PLEASE CONTACT YOUR SALES REPRESENTATIVE

Client Approval Required

Sign off

YOU MUST SIGN AND DATE BEFORE PRE-PRODUCTION RELEASES TO PRODUCTION

Change

Approve

Color Spelling Size

REVIEW CAREFULLY, THIS REFLECTS FINISHED PRODUCT

Please Approve, sign and return by: ____

If approval or missing information is not received by due date, the production schedule for your order may change which will affect your ship date.

Prepared For:

North Fork

Project Name/#

Monument

Sales Rep

Jake

Rendering #

2

ELECTRO SIGNS AND DESIGN, LLC
763.785.7968
ElectroSignDesign.com

DESIGN • MANUFACTURE • INSTALL • REPAIR *interior & exterior signage*
1680 99th LN NE • Suite C • Blaine, MN 55449 • (Office) 763.785.7968 • ElectroSignDesign.com

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(763) 785-7968

Quote 43186

Links at Northfork Golf Course
Mick Molberg
763.241.0506
Email: manager@golfthelinks.com

9333 Apline Dr . Ramsey MN

Sales Rep: Troy Riddle
D: 651 346 8838
E: troy.riddle@electrosigndesign.com

Quote Date: 04/03/18

Description: Exterior Monument Sign Reface

Manufacture and Install a Double Sided 81.5" x 192" Be-Bond Monument Face (Unlit) / Opaque Laminated Vinyl – 3M (Green / White / Yellow)
Artwork / Sizing Per Drawing Submitted / Half Moon Shape on Top of Sign / Smaller Panel and Script Underneath)
Installed Over Existing Signage

Total Cost: $ 5,125.00

**+$500.00 if Artwork Is Different For Each Side*

Terms and Conditions:

- Our scope of work will include survey, virtual art layout, the above described sign, tax, and installation.
- All material is guaranteed to be as specified, and the above to be in accordance with the drawings and/or specifications submitted for the above work and completed in a workmanlike manner for the sum of the total project cost.

PERMIT SERVICE WILL BE BILLED AT COST PLUS STAFF TIME TO COORDINATE, IN ADDITION TO THIS QUOTED AMOUNT.

- PAYMENT TERMS: 50% Down – BALANCE DUE UPON INSTALLATION
- (Interest of 1.5% will be added to past due accounts)
- Note: This proposal may be withdrawn if not accepted within 30 days.
- Work will not begin until acceptance is received.
- All material (signage, awnings, etc.) will remain the property of Electro Signs and Design, LLC, until amount is paid in full.
- 1 Artwork Layout with Two Revisions are Included – Any Additional Changes or Revisons are Billed at $60 an Hour

Any alteration from the above specifications involving extra costs, will be executed only upon written orders and will become an extra charge over and above the estimate, to be paid by the purchaser. In the event of a breach of contract by purchaser, Electro Signs and Design, LLC will be entitled to attorneys' fees in a court proceeding. All agreements contingent upon strikes, accidents or delays are beyond our control. Purchaser to carry fire, tornado, and other necessary insurance upon above work.

Respectively submitted by: Troy Riddle (TR)

Acceptance of Proposal: The above price, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified.

Accepted By: ____ Title: _____________________

Signature: ______________________________________ Date: _____________ Direct Contact #: _____________________

Electro Signs and Design accepts cash, check, and credit cards. Credit card processing fees apply. Please make all checks payable to Electro Signs and Design L.L.C.

Thank You for Your Business!

CC Work Session **2. 4.**

Meeting Date: 06/12/2018

Information

Title:

Update and Discussion regarding NW COR Development Concepts

Purpose/Background:

On May 23, 2018, the City Council held a joint work session with the Economic Development Authority and the Planning Commission to discuss pending development proposals for the western portion of the COR and the alignment of the proposals with the current interim plan and vision for the area.

City staff is seeking direction from Council on how to proceed with current ongoing negotiations with potential property purchasers, given that no clear concensus was reached at the May 23 work session in regard to the medium-sized grocer proposal. It was clear that other sites might be more acceptable to some participants, and therefore, options are currently being explored with the project developer to consider other sites (as was discussed), but no feedback from the developer has yet been received. Staff is seeking direction on the viability of the current proposed site, if there are no other viable alternatives for the developer.

Regardless of the site selected, the project is required to proceed through normal Council, EDA, and Planning Commission review and approval.

Timeframe:

Funding Source:

Responsible Party(ies):

Outcome:

Concensus direction in regard to proceeding with sale of property on the west end of the COR.

Attachments

Plan doc

Form Review

Inbox	Reviewed By	Date
Kurt Ulrich	Kurt Ulrich	06/07/2018 05:19 PM
Form Started By: Jo Thieling		Started On: 06/07/2018 02:44 PM
Final Approval Date: 06/07/2018		

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The COR Interim Development Plan

Anticipated Adoption: 2017

City Council	Mayor Sarah Strommen Councilmember At-Large John LeTourneau Councilmember At-Large Kristine Williams Ward 1 Councilmember Jill Johns Ward 2 Councilmember Mark Kuzma Ward 3 Councilmember Melody Shryock Ward 4 Councilmember Chris Riley
Planning Commission	Chairperson Randy Bauer Vice-Chairperson Gary Van Scoy Bruce Anderson Ralph Brauer Cheri Gengler Cindy Nosan Patrick Surma Former Chairperson Gary Levine (in memory)
Economic Development Authority	Chairperson Jim Steffen Vice-Chairperson Wayne Skaff Philip Brundt Brian Burandt Glen Hardin Chris Riley (Council Representative) Kristine Williams (Council Representative)
Parks and Recreation Commission:	Shane Bennett, Chairperson Russell Bayer Andrew Fyten Jennifer Lestico Brandon Sis Charles Tchuinkwa Jon Trappen

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Environmental Policy Board	Thomas Stadola, Chairperson Michael Valentine, Vice-Chairperson Colleen Anderson Reid Bernard Jane Covart Michael Hiatt Lucas Trossen
Staff Team:	Tim Gladhill, Community Development Director Kurt Ulrich, City Administrator Patrick Brama, Asst. City Administrator/Economic Dev. Manager Chris Anderson, City Planner Bruce Westby, City Engineer Mark Riverblood, Parks and Asst. Public Works Superintendent

Version: I:\The Cor\2015 Vision Clarification\Vision Document 2017\Interim Development Plan\The COR Interim Development Plan.Docx 4/3/2017 2:07 PM

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Purpose of Interim Plan

The purpose of this document is to set into motion potential land use policy changes for The COR. In 2015, the City's Planning Commission described a need to evaluate and clarify the vision for The COR in response to several project approvals.

The Land Use Plan and Zoning Code are not the vision. They are the tool to achieve the vision. Focus on the elements that are important to us, regardless of the land use (examples include, but are not limited to greenway connections, sense of place, walkability). There are ways to achieve the vision, regardless of the use.

Common Terms

The COR Development Plan. This is the existing land use plan for The COR circa 2011. This is the official control and legal basis for land use decisions within The COR. Also referred to as the 'Development Plan'. This is the 'second generation plan' for the development, preceded by the Ramsey Town Center Master Plan.

The COR Interim Development Plan. This is the document you are reading now. While the City continues to refine land use recommendations and feasibility analysis for The COR, this document is intended to be a guiding policy document to review quality projects that do not meet the strict adherence to The COR Development Plan. Also referred to as the 'Interim Development Plan'.

The COR Development Plan Amendment. This is a future document. This will be the document that updates the Zoning Code, otherwise known as the official controls, for The COR. This will replace existing Comprehensive Plan, Zoning Code, and Design Framework. Also referred to as the 'Plan Amendment'. This will be considered the 'third generation plan' for The COR.

Using this Document

This land use plan is an interim plan that will guide land use decisions prior to a formal amendment for The COR. Uses currently allowed in The COR Development Plan shall be allowed consistent with applicable law. Projects consistent with options contained within this Interim Development Plan, but conflict with the existing plan, may proceed forward, but shall require a formal Plan Amendment. The policy directives of this document are advisory in nature, and are not binding. If a proposed project meets the minimum requirements of the existing Development Plan, it shall be considered consistent with the Development Plan and Zoning Code and shall be approved.

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Vision

The Vision Statement was created for the purpose of crafting update land use scenarios and is not intended to approve or disapprove individual projects. Projects must be reviewed using the City's Zoning Code as the official land use control. The Vision Statement is not a regulatory tool, yet a visionary tool.

> *The COR will serve as a City Center primarily to bring people of Ramsey together that embraces natural market opportunities. The COR will also attract energy from the surrounding region. It will be a unique destination, technology-accessible, and serve as a gathering place. It will feature unique architecture stressing historical feel and function.*

Development-Wide Assumptions

1. The development is part of a broader **GROWTH MANAGEMENT STRATEGY** that protects the City's primary land use goal to respect the **BALANCE OF RURAL AND URBAN CHARACTER**.
2. The development shall take a **MIX OF USES** within the development, which is also known as **HORIZONTALLY MIXED USE** approach versus a strict adherence to traditional mixed-use definitions to require vertically mixed-use buildings. The mix of land use districts and land use types within the development as a whole shall guide success of mixed use, not strictly mix of uses within a building, block, or individual district. These types of mixes although not required, are encouraged. The 'mix of uses' approach shall not preclude flexible first floor and vertically mixed use buildings.
3. Our vision includes significant areas guided for a variety of **RETAIL OFFERINGS**. **HOUSING DENSITY** is important to that vision.
   The emphasis of the master plan concepts is to **GUIDE LAND USE**, and is **NOT SPECIFIC SITE PLAN REVIEW**. Future developers shall have the creative freedom to propose other concepts that are generally in line with **OVERALL VISION**.

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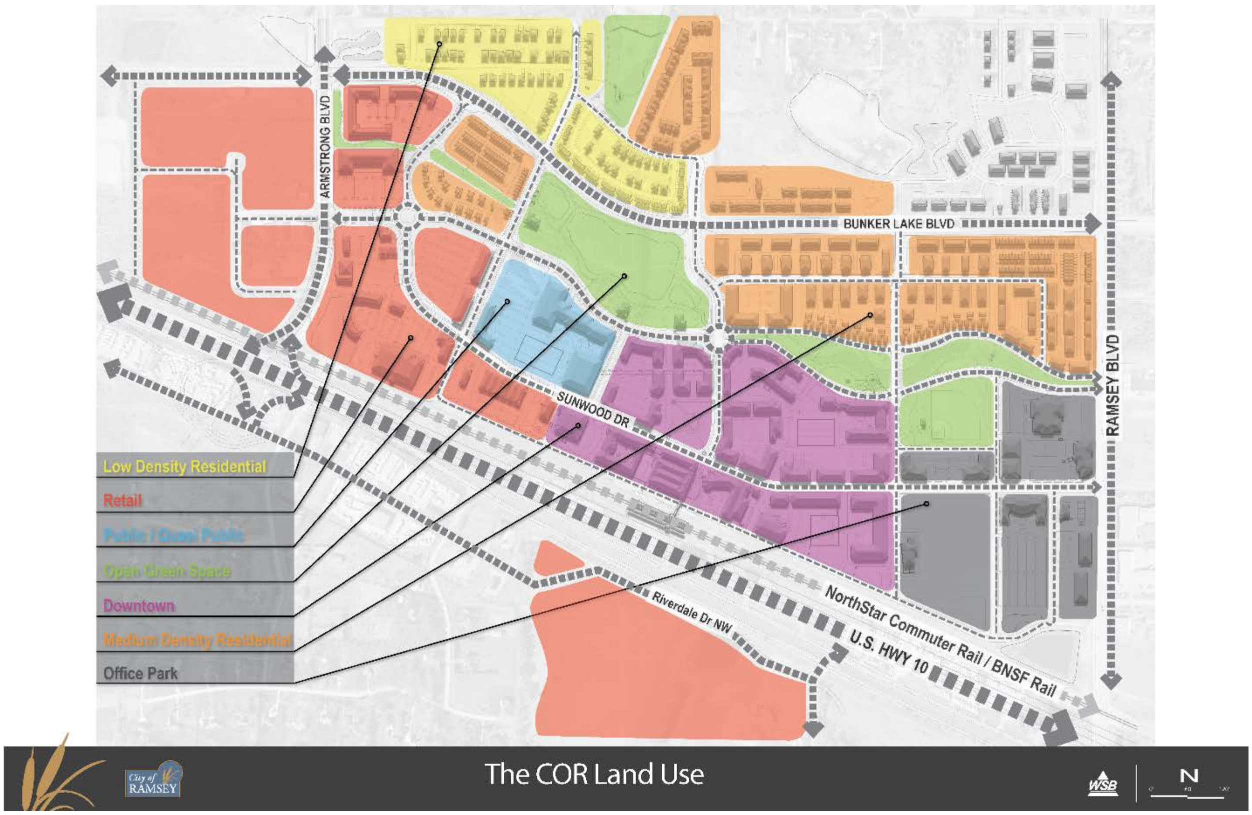

Land Use District (Sub-District) Descriptions and Requirements

The COR is divided into five (5) distinct land use districts that ensure a mix of uses and guides quality private and public development. These districts are considered sub-districts and can be amended easier than traditional zoning districts. The overall land use mix shall be provided. Amending sub-districts shall be approved by resolution of the City Council after recommendation by the Planning Commission, but shall not require a Public Hearing. Amending sub-district boundaries shall not require a Comprehensive Plan Amendment so long as the over land use balance is preserved.

1. Downtown District (COR-1)
2. Retail District (COR-2)
3. Office District (COR-3)
4. Residential District (COR-4)
5. Parks and Open Space District (COR-5)

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The Downtown District (COR-1)

Downtown District Description. The Downtown District shall be a high-density district with a mix of uses. Vertically mixed use buildings are not required, but are encouraged. The Downtown District shall be predominantly high-density residential to support existing transit and City growth-management goals, but is not required. Shared parking districts are an integral part of the success of this district. Urban design shall also emphasize build-to lines and pedestrian interaction. The district shall have the most robust architectural design standards amongst all City land use districts.

This district is the focal point of the development. This quarter-mile radius is key to land use supportive of transit and other City land use goals. The City of Ramsey and its funding partners (Anoka County, CTIB-Counties Transit Improvement Board, and Metropolitan Council) invested nearly $14 Million Dollars on the Northstar Commuter Rail – Ramsey Station, relying on The COR Development Plan. This district is described as predominantly high-density residential, with a number of commercial uses along Sunwood Drive. There should be a **MIX OF USES** within this district.

Planning Commission Recommendation: The City should focus on original visions to better manage parking and maximize land use of individual parcels. This includes reverting back to a **FLOOR AREA RATIO (FAR) OF 0.75** and retaining a strict adherence to **MAXIMUM PARKING** standards and shared **PARKING DISTRICT** requirements. Minimum density shall be fifteen (15) units per acre with no maximum density required.

4/25/17 City Council Work Session Comment. Concern was raised over reverting back to the 0.75 FAR, thus requiring vertical shared parking in the downtown district. Consensus was generally to study cost/benefit further, with acknowledgment of the need for flexibility.

5/25/17 EDA Comment. Open to discussion and reviewing further parking districts and parking ramps. However, the City should not force or require shared parking. Shared parking and parking ramps should be encouraged and strived for, but not required of private development. The City should not revert back to the 0.75 FAR.

The Retail District (COR-2)

Retail District Description. The Retail District shall be focused on providing retail offerings to support the community and beyond. This district shall focus on smaller, unique shops, while allowing larger format retailers along Highway 10 where visibility and access is best.

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Places to eat, shop, and be entertained were a key component of the original development. While other land uses have succeeded in continued growth, retail goals have struggled to keep pace. The City has continued to evaluate our retail marketing strategy, and amendments to this plan represent a broader effort to advance these goals.

Citywide, the community has over 150 acres of undeveloped or redevelopment areas guided for future retail growth. In comparison, the Riverdale shopping center in Coon Rapids is approximately 200 acres. Coupled with proximity to Elk River and physical barriers such as the Mississippi River and Rum River, it is not likely that the City will be successful in developing this amount of retail within this 20 year planning period, if at all. Additionally, the market for larger retail users is quickly changing with adapting technologies. The City's market experts have encouraged the City to re-evaluate its retail strategies.

EMPHASIS: The City continues to plan for a significant amount of retail growth within The COR and throughout the community. The recommendations below are not intended to de-emphasize our retail goals, yet strengthen said retail goals and focus on more appropriate areas for future growth.

Planning Commission Recommendation: The northwest quadrant of the development (bordered by Armstrong Boulevard, Bunker Lake Boulevard, Zeolite Street, and Sunwood Drive) should be amended to strengthen the **LAKE ITASCA GREENWAY**, create **SMALLER DESTINATION RETAIL USERS**. Half of this quadrant should be re-guided for **an APPROPRIATE RESIDENTIAL USE**, with **DENSITY** appropriate for the type of overall land use plan for The COR.

This is the area of **MOST SIGNIFICANT CHANGE** recommended by the Planning Commission. The Planning Commission collaborated on developing multiple land use scenarios. The overall approach was to divide the northwest quadrant into four (4) smaller sub-quadrants divided by future public roadways and greenways and allocating half the quadrants to smaller, destination retailers and the other half to residential uses. Based on feedback and reconciling multiple angles of consensus, the land use map below represents the primary recommended land use map.

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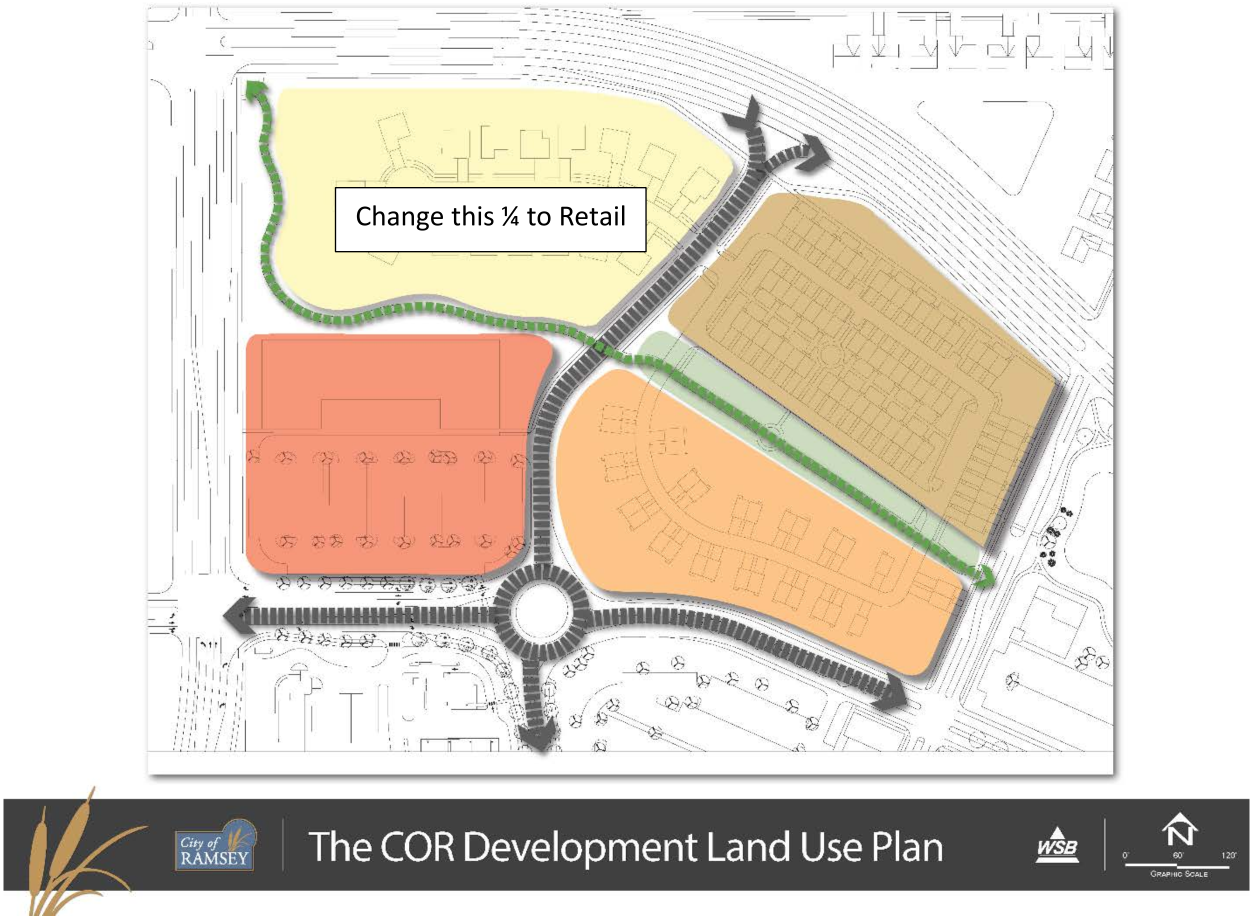
Primary NW Quadrant Land Use Map – Vertical Split (this will be the model of the actual land use map [focus on polygons per land use, less focus on detailed site planning])



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Continued on next page.

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NW Quadrant Acceptable Alternatives

The alternatives listed below would require a future plan amendment, but are afforded certain policy feedback in advance. These can be viewed as 'pre-screened' alternatives.

NW Quadrant Horizontal Split

Continued on next page.

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NW Quadrant All Retail

The Office District (COR-3)

This district represented the area of highest consensus amongst the Planning Commission.

Planning Commission Recommendation: NO AMENDMENTS to this district are recommended. However, the City should look at strategies to encourage parking districts within this land use district as well.

Note. During the January 24, 2017 Joint Work Session between the City Council and Planning Commission, it was noted that an office user may be possible in the northeast quadrant currently guided for retail use. Staff's recommendation, while a potentially positive amendment, would be to consider

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this possibility under a separate amendment, as the overall plan currently has a good balance of office planned, and a more comprehensive look would be needed for such an amendment.

The Residential District (COR-4)

The Residential District is further divided into three (3) categories. The descriptions below include recommended adjustments to density ranges.

- 'Low' Density (COR-4a). This is predominantly detached single-family located north of Bunker Lake Boulevard. The minimum density shall be four (4) units per acre and densities up to fifteen (15) units per acre shall be allowed.
- Medium Density (COR-4b). These predominantly include townhomes, both attached and detached. Minimum density shall be eight (8) units per acre with a maximum density of fifteen (15) units per acre. Additional density may be allowed via Conditional Use Permit.
- High Density (COR-4c). These areas are focused immediately north of The Draw Park and Amphitheater and provide a unique opportunity for interaction and transition. The emphasis on mix of uses is muted compared to the Downtown District. The minimum density of this district shall by fifteen (15) units per acre with no cap of maximum density.

Planning Commission Recommendation: The remaining undeveloped area immediately north of The Draw currently owned by K Hovnanian Homes shall be re-guided to High Density Residential. The Planning Commission recognizes the success of high density residential abutting The Draw on the south side (Parkview East) and sees this as an opportunity for consistent design when coupled with the future Aeon Apartment Development (north side).

Parks and Public Spaces (COR-5)

This district is governed by The COR Parks + Public Spaces Plan, and is included by reference as an integral part of The COR Interim Development Plan. Neither document shall be interpreted as a wholly separate document, and neither document shall be adopted or otherwise amended unless coinciding with each other. An amendment to one plan shall be considered an amendment to the other. This document has been adopted as a 'working draft' by consensus of the City Council. The intent is to adopt as a formal plan as part of the overall COR Development Plan Amendment.

Continued on next page.

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Implementation Plan

The Interim Development Plan represents Phase I of a three (3) phase project.

1. Interim Development Plan (this step)
2. System Plans (roads, utilities, parking structures, infrastructure, etc.).
3. Development Pro-Forma (funding and financing options.

Continued on next page.

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Major Planning COR Planning Efforts

EFFORT #1
COR Re-Visioning

PURPOSE
Update/ amend the vision for The COR.

1. Update COR Master Plan (map that shows vision, how the COR will look, how buildings will be oriented, where infrastructure should be located, etc.)
2. Update zoning district map (underlying land use regulations that will ensure the master plan will be implemented at the time individual projects come forward for review by the City)
3. Direction on outstanding major policy items:

   -Is vertically mixed use development a requirement?
   -appropriate size and location of retail uses?
   -Is there flexibility in location of zoning district borders?
   -Define basic vision and policy for community center.
   -Define basic vision and policy for parking ramps.

RESPONSIBLE BOARD
Planning Commission will draft a recommendation for Council consideration.

TIMING
Anticipated to have draft completed by April 2017. Once a draft is completed, it should be checked against COR System Plans and COR Pro-Forma. May need to be adjusted.

EFFORT #2
COR System Plans

PURPOSE
The City purchased The COR with two goals in mind (a) recover previous public investments, and (b) ensure the vision of The COR is implemented.

As a result, the City of Ramsey has taken the role of master developer for The COR. With the role, various assumed responsibilities are assigned to the City. Developers, businesses, and residents expect the city to have concept plans/ policies in place for the following items:

1. Storm water plan (regional)
2. Road plan (public roads)
3. Sign plan (development signs, way finding sigs, etc.)
4. Park & Trails plans
5. Community Center plan/ policy
6. Parking Ramp(s) plan/ policy
7. Cut/fill basic plan

There are many benefits to having this preliminary information ready—please see system plan dashboard for details. These plans are intended to be preliminary/ concept level only—for the sake of planning and budgeting.

RESPONSIBLE BOARD
Likely, all boards will be involved with this process. However, for the sake of efficiencies, the EDA will lead this effort. Findings will be presented to the Planning Commission and City Council.

TIMING
Upon completion of 1st draft of COR re-vision, staff would like to order this work for completion (i.e. begin May 2017). This work will take 6-9 months. Once draft is completed, it should be checked against COR Master Plan and COR Pro-Forma. May need to be adjusted.

EFFORT #3
COR Pro-Forma

PURPOSE

1. Update COR pro-forma based on updated vision and system plans. COR pro-forma will display the city's financial performance forecast/ project cash-flow over time (expenditures/ obligations versus revenues/ available funding).
2. Update COR TIF plan/ TIF analysis previously completed by Ehlers. This plan plays a major role in the "funding" side of the COR pro-forma. Because actual TIF revenues are based on actual completed projects, it would be helpful to update periodically. NOTE: TIF can only be used for projects completed before 2021.
3. Update COR land proceeds policy. Staff would like to (a) clearly identify what previous expenditures the City wishes to repay itself, (b) consider using land proceeds only for non TIF eligible costs, and (c) update the City's land sale proceeds forecasts.

RESPONSIBLE BOARD
EDA will draft a recommendation for Council consideration.

TIMING
Upon completion of COR re-vision and COR system plans, staff will complete this work (i.e. begin late 2017). This work will take 1-2 months. Once draft is completed, it should be checked against COR Master Plan and COR system plans. May need to be adjusted

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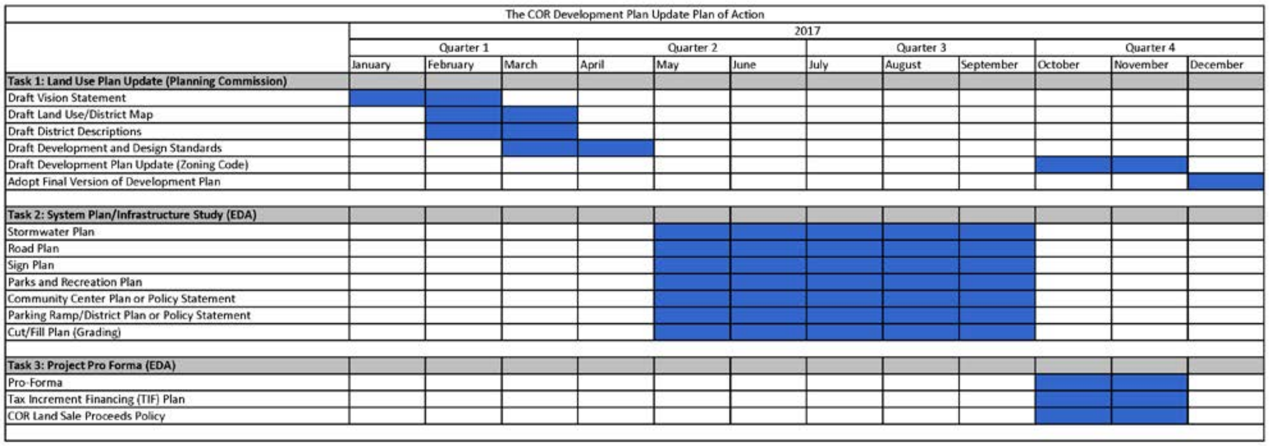
The group then formulated a broad work plan to accomplish the many steps to complete an overall plan amendment and update.



Public Engagement

A key component of any policy decision is collaboration amongst its residents. These processes are part of natural and organic community conversations around key policy topics. The City will couple this policy discussion with ongoing workshops and community events as part of its overall Comprehensive Plan Update. For more information on this effort, please visit www.cityoframsey.com/ramsey2040.

> **4/25/17 City Council Work Session Note:** All Boards and Commissions should review this document before the City Council considers formal adoption. The City Council should review the final document and approve before distributing to the public and stakeholders/landowners.

Mobile Comprehensive Plan Tour

The City is planning a Mobile Comprehensive Plan Tour for policy makers that will include local examples of plans and policies being discussed in the Comprehensive Plan Update. The tour is planned to include examples discussed in this Interim Development Plan as well.

Market Analysis

The Planning Commission recommends completion of a market analysis to confirm the policy directives of this document as it relates to the planned retail area. The Planning Commission continues to stress the importance of attracting retail uses to the Development, but want to ensure that there is not too much areas guided for retail growth beyond what the community can sustain.

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Community Center

The Planning Commission desires to continue to plan for a Community Center in The COR. The Planning Commission feels that this type of use would benefit the community and be a draw for other users within the development. This analysis will be completed as a separate planning process.

Architectural Standards

A key component of the policy discussion for The COR has been architectural design standards. The Planning Commission believes several recent projects fell short of community expectations. While originally intended to be part of Phase I of The COR Development Plan Update, the Planning Commission continues to refine these recommendations and will continue throughout Phase II and Phase III to bring a quality recommendation forward with a full Plan Amendment.

The standards below are not an exhaustive list of current design requirements, yet a focus on key topics that have been raised for future discussion. Upon final amendment, the City will prepare a side-by-side comparison of all existing and proposed design requirements. The final version of this Interim Development Plan will also include drawings/illustrations to illustrate the narrative being discussed.

<u>The COR should continue to focus on four-sided architecture visible from the public realm. Quality signage on all four sides of the building should be allowed. The community should be able to park on public streets and reasonably access the building.</u>

Planning Commission Recommendation: In the interim, the Planning Commission shall serve as an ad-hoc architectural review committee. Projects shall complete an architectural review prior to official Site Plan Review. The Planning Commission reserves the right to establish an ad-hoc sub-committee to serve as this Architectural Review Committee. The Planning Commission recommends that the City supplement the Development Review Team with the services of a licensed architect to help develop updated design standards and review development proposals. This will add value to the process, hopefully streamline review, and is in line with other professional services the City employs in development review. The cost of these services are the responsibility of the Developer.

Additional Discussion Points: * The intent of design requirements is to maintain a consistent development look and acknowledge the

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pride and planning that went into the vision of this development. The tradeoff of a more densely developed areas was an acknowledgement of the need to 'step up' architectural design.

* All single-family homes in The COR shall include/not include a porch that protrudes from the front of the home, even with the garage, and not a recessed entry in the middle of the home.

***** Over the next several months, the Planning Commission will better define front porches and if any additional design requirements or restrictions (i.e. split entry homes) are warranted. .

***** Buildings in the Downtown District shall include a minimum of 50% brick. Vinyl siding shall not be allowed. Fiber cement panels shall be allowed as a complimentary material.

***** Buildings in the Residential District shall have a minimum of 35% brick or stone on the front façade. Vinyl siding is allowed.

Private Open Space and Stormwater Design

The Planning Commission has expressed a concern over a perceived lack of private open space in medium density development as well as depth and steep slopes of stormwater ponds within the development due to the higher density nature. This concern has not yet been resolved, but will continue to be discussed during Phases II and III of the Plan Amendment. The City shall take into account sidewalks, greenways, and other private and innovative improvements (such as wonerfs).

Site Selection Process

The City is in a unique situation as Property Owner and Regulatory Authority. This presents opportunity, but also requires special attention to remain accountable to the public. In order to balance this approach without creating burdensome processes, the following steps shall be followed when considering a Purchase Agreement with the City in The COR.

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Any perspective buyer of City-Owned Property in The COR shall first meet with City Staff to discuss appropriate sites. This is known as the Site Selection Process. The City and Buyer shall review multiple sites before selecting a preferred location. Depending on the complexity of the project, the City reserves the right to take this Site Selection Process to the Planning Commission, EDA, and City Council before reviewing a specific site.

The Buyer shall provide a site concept to be reviewed by the Planning Commission, EDA, and City Council before approving a Purchase Agreement. When a single-user proposes to purchase a portion of an undeveloped block or area, a series of 'site concepts' shall be developed before reviewing with any City board or commission. These site concepts shall demonstrate at least one reasonable concept for the remaining portion of the site that fits the vision and requirements of that area/district.

The Buyer must still complete the official Site Plan Review (and Subdivision) process after the Purchase Agreement Phase.

History of Policy Discussion

This Interim Development Plan is the result of a Planning Commission initiative dating back to 2015. The City has invested a significant amount of time, energy, and resources in order to ensure a **MARKET RELEVANT PLAN** that balances **COMMUNITY VISION**.

Joint Work Sessions

The City Council and Planning Commission have met on multiple occasions to frame the policy question, discuss strategies, and identify solutions.

- March 26, 2015 = Joint Work Session
- July 12, 2016 = Joint Work Session
- January 24, 2017 = Joint Work Session

Surveys

In 2016, the City surveyed its Board and Commission Members on key topics related to The COR Development Plan.

The key directive coming out of review of these results on July 12, 2016 was to create a forum for policy makers to ask questions and receive direct feedback from developers and market experts, rather than completing another market study.

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Market Panel Event

On October 27, 2016, the City hosted several market experts to respond to a wide range of policy topics raised by community policy makers. The output from this event served as an important foundation for land use recommendations developed by the Planning Commission.

Planning Commission Work Sessions

The information gleaned from the steps above were utilized to begin important policy discussions about the future of The COR. Following review of the Market Panel Event, the City Council authorized the Planning Commission to begin formulating land use recommendations for The COR. The Planning Commission met Work Sessions dedicated to The COR on multiple occasions.

- January 5, 2017 (to prepare for the January 24, 2017 Joint Work Session with the City Council)
  - Develop a Vision Statement
- February 2, 2017
  - Refine the Vision Statement
  - Collaborate on a Future Land Use Map
- March 2, 2017
  - Refine the Vision Statement
  - Refine the Future Land Use Map and Alternative Future Land Use Maps
- April 18, 2017
  - Refine the Vision Statement
  - Refine the Future Land Use Map and Alternative Future Land Use Maps
- April 25, 2017
  - Draft document reviewed by City Council and Planning Commission in Joint Session.
  - Authorization to review with internal advisory boards and commissions.
- May 25, 2017
  - Draft document reviewed by EDA. Feedback/comments added to document.
- June 1, 2017
  - EDA comments reviewed by Planning Commission.

The Interim Development Plan is anticipated to be adopted in 2017.

CC Work Session **2. 5.**

Meeting Date: 06/12/2018

Information

Title:

Reschedule Monday, August 13 City Council Meeting to Monday, August 6, 2018

Purpose/Background:

Purpose: To discuss changing the date of the first Council meeting in August.

Background: The regular City Council meeting date of Tuesday, August 14, 2018, was rescheduled to Monday, August 13, because of the Primary Election. Staff is asking Council to consider moving the meeting up one week, to Monday, August 6, to allow some upgrades to be scheduled for the Council Chambers. QCTV is providing upgrades to the four member cities Council Chambers and they need approximately 18 days to complete the upgrade. If Council could reschedule their August 13 meeting to August 6, the upgrade work could begin on August 7, and that would allow 16 days without meetings in the Chambers and QCTV is hoping that will be enought ime to get all or a majority of the work completed before the Council meeting of August 28.

If Council is amenable to changing the meeting date to August 6, a Consent Item will be placed on the June 26, 2018, Council Agenda asking for formal approval to change the date. The rescheduled date would also be noticed at the end of the meeting under Mayor/Council/Staff Input and the City's meeting calendars would be updated to reflect the change. It should be noted as well that the month of July has five Tuesdays; therefore, there would be a couple weeks in between the scheduled meetings - even with moving the one up a week.

If changing the date to August 6, does not work for all, or most, the alternative would be to leave the previously scheduled August 13th date, however, the meeting would not be cablecast.

This schedule does conflict with the August EDA and the EPB meetings; however, they will move their meetings to the Lake Itasca Room for that month and that one meeting for each Commission will not be cablecast.

Timeframe:

5 Minutes

Funding Source:

N/A

Responsible Party(ies):

City Administrator Kurt Ulrich

Outcome:

To direct staff to reschedule the Monday, August 13, 2018 Council meeting to Monday, August 6, 2018

or

To leave the meeting date for August 13, noting that the meeting will not be cablecast.

Attachments

No file(s) attached.

Form Review

Inbox	Reviewed By	Date
Kurt Ulrich	Kurt Ulrich	06/07/2018 03:54 PM

Form Started By: Jo Thieling Started On: 06/07/2018 12:08 PM

Final Approval Date: 06/07/2018

City of RAMSEY

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

CC Work Session **3. 1.**

Meeting Date: 06/12/2018

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. Tentative dates have been assigned.

Recommendation:

N/A

Action:

For Council review - no formal action necessary.

Attachments

Future Topics

Form Review

Inbox	Reviewed By	Date
Kurt Ulrich	Kurt Ulrich	06/07/2018 11:32 AM
Form Started By: Jo Thieling		Started On: 06/05/2018 08:00 PM
Final Approval Date: 06/07/2018		

<u>City Council Future Topics – Work Session</u>

(Draft)

Date	Topics for Discussion – Council Action
June	Approve Paving Contract for Former Sunfish Lake Gas Station Site
June	Intersection Control Evaluation for Spot Improvements on Armstrong *(Westby)*
June	Introduce Ordinance #18-02 Authorizing the City of Ramsey to Sell Three (3) Parcels of Real Property
July	Preliminary Budget Review *(Lund)*
October	Review and Consider Adoption of Ramsey's Portion of Previous Highway 47 Study *(Westby)*
October	Cost Share for Corridor Study of Nowthen Blvd/CR5 *(Westby)*
Date	**Topics for Discussion – Regulatory**
Date	**Topics for Discussion – Policy**
June	Review Naming Policy *(Riverblood – Thieling)*
June	Review Non-Profit Funding Policy *(Ulrich)*
June	Review Policy for Nuisance Code Enforcement (Gladhill/Katers)
July	Newsletter Policy to Address Advertising and Content Control *(Brama)*
August	Trail Maintenance Policy *(Westby)*
August	Stormwater Pond Maintenance Policy *(Westby)*
Date	**Topics for Discussion – Planning and Budget**
June	Summary of Compensation/Development Plan for Employees *(Lasher)*
Date	**Topics for Discussion – Information**
June	Met Council Update on Surface Water Supply Planning Funding Assistance *(Westby)*
June	Comp Plan *(Gladhill)*
June	Receive Update on Rental License Program Implementation *(Gladhill)*
July	2017 Business Retention and Expansion Program Report *(Brama)*
November	Ferry Street Traffic Control *(Westby)*