

City of Ramsey
Agenda
City Council Work Session
Tuesday, June 11, 2019
5:30 pm
Lake Itasca Room, 7550 Sunwood Drive NW

- 1. Call to Order**
- 2. Topics for Discussion**
 1. Review Community Development - Planning Division Staffing Plan: Phased Retirement Plan and Code Enforcement Management
 2. Local Road Funding
 3. Review 2018 Comprehensive Annual Financial Report (CAFR), Management Report and Special Purpose Audit Reports
 4. Begin 2020 Budget Discussions
- 3. Topics for Future Discussion**
- 4. Mayor/Council/Staff Input**
 0. Review Future Topics/Calendar
- 5. Adjournment**

Meeting Date: 06/11/2019

Information

Title:

Review Community Development - Planning Division Staffing Plan: Phased Retirement Plan and Code Enforcement Management

Purpose/Background:

PURPOSE

The purpose of this case is to aide the Community Development Department frame its 2020 Budget Requests as it relates to two primary topics. Staff is seeking broad policy direction to help focus alternatives leading up to a draft budget.

1. Replace hours lost due to requested phased retirement of Community Development Assistance
2. Provide sufficient resources to address the demands of the City's Code Enforcement Program - Zoning Code Enforcement and Case Management

BACKGROUND

The Community Development Department is made up of three primary divisions.

1. Planning (and Zoning)
 1. Long Range Planning
 2. Development Review
 3. Code Enforcement/Neighborhood Liaison
2. Economic Development
 1. Business Retention and Expansion
 2. Business Subsidy Requests
 3. Business Licensing
3. Building Inspections
 1. Building Permits
 2. Property Maintenance Code Enforcement
 3. Septic Administration

This case is specific to the Planning Division, although has implications to the other divisions and other departments as well. The Planning Division consists of the following Staff, with the assistance of the Community Development Director.

- City Planner (Senior Planner in 2020) - Division Manager
 - Planning Commission Staff Liaison in 2020
- City Planner - Environmental Focus
 - EPB Liaison
- Community Development Assistant - Phased Retirement Request
- Consulting Planner (WSB) - 20 hours per week
- Planning Intern - Seasonal

COMMUNITY DEVELOPMENT ASSISTANT PHASED RETIREMENT REQUEST

The Community Development Assistant has been with the organization for over 20 years. This position plays an integral role in land use application management, insuring site plans and plats are routed through the appropriate review process. In addition, this role has provided significant backup to the Building Inspection Division when staffing levels were much lower in that division and prior to recent technology upgrades. As a side note, the Building Division will already be losing 20 hours per week in Staff Support due to the reassignment of the

Engineering Administrative Assistant exclusively to the Engineering Department. This Staff Member had previously been assigned 20 hours per week in the Building Division on a temporary basis.

The Community Development Assistant has a wealth of institutional knowledge, and a phased retirement would be an appropriate tool to support a seamless transition of this role's primary functions. The Community Development Assistant has requested phased retirement for 2020 and 2021 working two days a week at 16 hours per week.

Approval of the Phased Retirement Option (PRO) was recently extended by the Minnesota Legislature. The City Council is not obligated to approve the phased retirement option, but it is a tool that can be used in overall budget discussions. Retirement of this individual is inevitable at some point in the near future, and Staff would desire to capitalize on the institutional knowledge to its fullest extent.

CODE ENFORCEMENT MANAGEMENT

Staff is falling increasingly behind in code enforcement cases for zoning code enforcement as the number of complaints and intensity of cases increases. Community Development handles code complaints for home-based businesses, issues with buildings and structures, and enforcement in commercial and industrial districts. The Police Department handles long-grass complaints and junk vehicle complaints. The Police Chief also manages all appeals to Notices of Violations.

Community Development Staff has several dozen open cases at the moment, with several dozen other open cases likely needing administrative closure (violation corrected or unfounded, lacking data entry). With several prominent cases escalating recently, Staff has found it difficult to maintain the current workload. The published 14 Day Correction Period is closer to 30 Days or more. Additionally, a large majority of Staff Time is consumed by development review of land use applications. Staff has had to tap all resources of all team members to ensure development projects walk through the Planning Commission, EDA, and City Council process in the time prescribed by State Statute and expected of our Applicants. Staff has had to postpone work on projects such as the Comprehensive Plan Update, Highway 47 Plan, and Zoning Code Update due to development review and code enforcement obligations.

ALTERNATIVES

The proposed phased retirement gives Staff and City Council an opportunity to think differently about the positions within the division.

Planning Technician - Current Staff Proposal

Staff is currently evaluating replacing the Community Development Assistant with a Planning Technician. This new position would split its time between Reviews Coordinator - coordinating land use applications and Code Enforcement Management - Key Contact.

Talking Points

- Entry Level Position/Low Cost/High Benefit
- Likelihood of high turnover (advancing career, lower salary, type of activity)
- Large help for routine type code enforcement cases
- Need for other Staff to handle larger, more complex code enforcement cases

Senior Level Staff and/or Separate Positions

This alternative would replace the Community Development Assistant with an Administrative Assistant doing more routine administrative assistance. In addition to that, the City would hire a separate code enforcement staff member dedicated to that activity.

Talking Points

- Robust administration and timely resolution to code enforcement cases
- Ability to handle more complex code enforcement cases, reducing burden on other team members
- Stability in Land Use Application process

- Less likely for high level of turnover
- Could combine both into a single position and have many of the same benefits above

In order to keep this discussion at the strategic level, Staff has left many of the mechanics out of this case report. Staff will be able to dive into more detail during discussion.

Timeframe:

30 minutes

Funding Source:

2020 Budget Discussion

Responsible Party(ies):

Community Development Director

Outcome:

Staff is seeking broad policy discussion and prioritization as it relates to Community Development Staff.

Attachments

Strategic Plan Coordination

Community Development Department Work Plan Initial Thoughts

Community Development Work Assignments

Form Review

Inbox

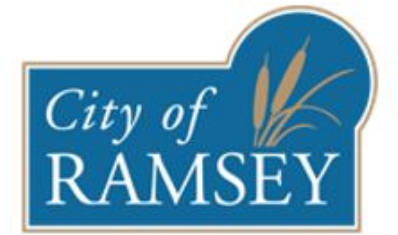
Tim Gladhill (Originator)
Kurt Ulrich
Form Started By: Tim Gladhill
Final Approval Date: 06/06/2019

Reviewed By

Tim Gladhill
Kurt Ulrich

Date

06/06/2019 01:43 PM
06/06/2019 02:20 PM
Started On: 05/30/2019 08:19 AM

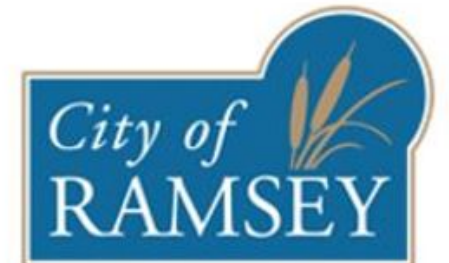


COMMUNITY DEVELOPMENT DEPARTMENT WORK PLAN

2019 Update

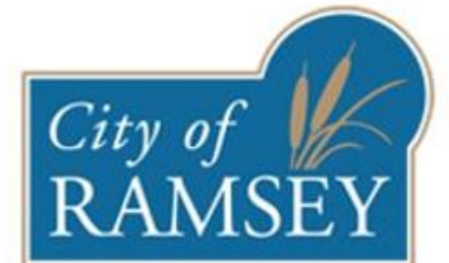
COMPREHENSIVE PLAN, STRATEGIC PLAN, WORK PLAN, OH MY!

Comprehensive Plan	20 Year Land Use Vision
Strategic Plan	3 Year Council Priority/Organizational Plan
Work Plan	Action!



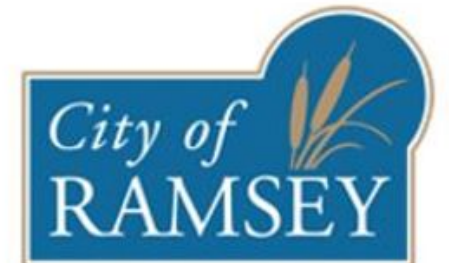
VALUES

- *When talking about our amazing team, these are the values they embody in the work that we do. These values are how we measure our effectiveness as professionals.*
 - Ethics and Integrity
 - Fiscal Responsibility
 - Cooperation and Teamwork
 - Open and Honest Communication
 - Excellence and Quality in the Delivery of Services
 - Treating People with Respect and Fairness
 - Adaptability and Continuous Learning



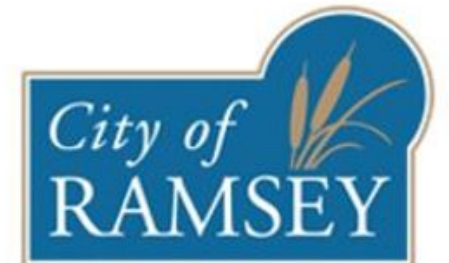
VISION FOR THE FUTURE

- *This statement represents where we want to be in the future.*
 - Ramsey will be a secure, citizen-driven, collaborative processes that respects the balance and connectivity between its unique urban, rural, and natural environments.



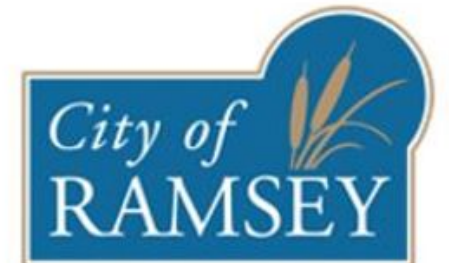
MISSION OF ORGANIZATION

- *This statement represents the primary purpose of our organization.*
 - It is our mission to work together to responsibly grow our community, and provide quality, cost-effective, and efficient government services.



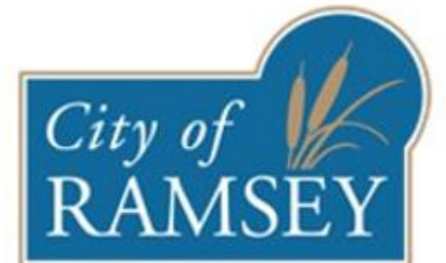
OBJECTIVES

- *These are what we strive to be as a community and inspire the work that we do. These are how we broadly achieve the Vision and Mission.*
 - Financial Stability
 - A Balance of Rural Character and Urban Growth
 - An Active and Connected Community
 - Smart, Citizen-Focused Government
 - An Effective Organization



WHAT'S NEXT?

- Commission and Department Work Plans
- Employee Development Plans
- Policies & Procedures



MEASURING OUR SUCCESS

Metric	Measurement
Email/Phone Inquiry	Same Day
Land Use Application	60 Days (MN Statute)
Business Subsidy	60 Days
Purchase Agreement Approval	60 Days
Non-Plan Review	1 Day
Plan Review – Simple	2 Weeks
Plan Review – Complex	4 Weeks
Inspection Window	48 Hours
Nuisance Complaint	2 Weeks
Licenses	3 Weeks

CD Department Work Plan – Goals and Discussion Points for 2019

- Better assistance at the Front Counter/Coverage
 - Maintain customer service coverage and cross training
- Business Licensing Transition
 - Transition
 - eLicense
 - Streamline process
- Focus # of planning projects
- Feedback from residents
 - Social media strategy
- Evening Meeting Commitments
 - Community Development Director – Planning Commission, City Council, Public Workshops, Environmental Policy Board (as-needed), Parks and Recreation Commission (as-needed)
 - City Planner – Planning Commission, Environmental Policy Board, Public Workshops, City Council (as-needed)
- Missed Opportunities
 - Water Quality Grants
 - CDBG Grants
- Is the code enforcement the best use of community development staff for future growth?
 - Even at such time growth slows or is complete, the need for ensuring on-going maintenance will continue into the future. This position is likely one of the most sustainable within the department. Perhaps it is better phrased as a Neighborhood Liaison. Primarily, it should be a visible resource where residents know where they can turn to if they have a concern with their neighborhood.
- Meet the Team
 - Pre-Development/Policy
 - Market Relevant Standards
 - Clear Vision
 - Development
 - Site Plan Review
 - Building Inspections
 - Post-Development
 - Neighborhood Advocate (point of contact to direct residents in the correct direction)
 - What resources are available to improve my home?
 - Where do I go for housing assistance and resources?
 - What can I do to improve my neighborhood?
 - Code Enforcement

Future Land Use Case Action Dates

Preliminary List – June 7, 2019

Note: This is a preliminary document and is a work in progress. Please feel free to suggest ways to improve.

COMMUNITY DEVELOPMENT TEAM'S CORE RESPONSIBILITIES

- Long Range Planning
- Current Planning
- Zoning Administration

Long Range Planning (Our Vision for the Future)

Lead Staff: Tim Gladhill (9826)

Long Range Planning is a function of Ramsey that looks into the future to establish an overall vision for the community, primarily established through Ramsey's Comprehensive Plan. This visioning establishes locations for future residential neighborhoods and business districts, while also identifying areas to preserve and systems needed to support the vision of the community. Long Range Planning also takes a more focused planning approach to specific geographic areas such as neighborhoods and corridors.

Current Planning (Development Projects)

Lead Staff: Chloe McGuire Brigl (9821)

Current Planning is a function of Ramsey that implements Ramsey's long-term vision. This is accomplished through the establishment of official or regulatory controls (Zoning Code) and robust review of proposed development projects. Current Planning involves Planning Commission and City Council review of development projects. From time to time, other advisory boards, such as the Economic Development Authority (EDA), Environmental Policy Board (EPB) provide additional review of these projects. Additionally, this role involves ensuring the sustainability of residential neighborhoods.

Zoning Administration

Lead Staff: Chris Anderson (9817)

Zoning Administration is the application of Long Range Planning and Current Planning to construction/development projects. This is most easily explained as the administrative approval of Permits and Licenses.

Economic Development

Lead Staff: Sean Sullivan (9868)

Economic Development helps implement development projects based on the Comprehensive Plan. Economic Development includes, but not limited to Business Retention and Expansion, Real Estate Management, and Business Subsidy Administration. Site Plans attached to Purchase Agreements shall be vetted through Development Review before being reviewed by Economic Development Authority (EDA).

Building Inspections

Lead Staff: [Jesse Szykulski \(9850\)](#)

Building Inspections ensures that buildings and structures to maintain a safe and healthy community and compliance with the Minnesota State Building Code. This is the final step in the development review process.

PLANNING AND POLICY PROJECTS

Where to Send Calls: Tim Gladhill (9826)

Project Manager: Tim Gladhill (9826)

See below for individual project assignments.

Project	Key Contact
Brewery Regulations (Hold)	Chris Anderson
Comprehensive Plan Update	Tim Gladhill (WSB/BMI)
Comprehensive Housing Study	Chloe McGuire Brigl
Comprehensive Zoning Amendment	Chloe McGuire Brigl
Food Truck Regulations	Sean Sullivan
Highway 10 Traffic and Land Use Plan	Tim Gladhill (BMI)
Highway 47 Land Use Plan	Chloe McGuire Brigl
Hy-10/Ramsey Crossings Small Area Plan	Tim Gladhill
The COR Development Plan Update (Part of Comprehensive Plan)	Tim Gladhill
Community Sign and Streetscape Plan	Chloe McGuire Brigl (WSB)
Mississippi West Infrastructure Study (Pearson/Nathe) - Complete	Tim Gladhill
Department Work Plan	Tim Gladhill
Planning Commission Work Plan	Tim Gladhill
EPB Work Plan	Chris Anderson
EDA Work Plan	Sean Sullivan
Technology Training	Tim Gladhill
Process Training	Tim Gladhill/Bruce Westby
Septic Reporting	Ellen Krueger
Septic Administration	Jesse Szykulski

DEVELOPMENT PROJECTS

Where to Send Calls: JoAnn Shaw (9824)

Lead Staff: Chloe McGuire Brigl (9821)

See below for individual project assignments.

Color Code Key

	Future Pipeline Project for Informational Purposes
	Active Land Use Review
	Active Permit Review or Construction
	Not Active Application, Tracking/Pending

Project	Project Manager	Architectural Review	Environmental Review	Planning Commission	City Council
Affinity at Ramsey	Eric Maass	Tim Gladhill	Approved	Approved	Approved
Ace Solid Waste	Chris Anderson		Approved	Approved	Approved
All Seasons Garage	Sean Sullivan (PA)				
Aldi	Sean Sullivan				
Allied Development Hotel	Tim Gladhill				
Anderson Dahlen	Sean Sullivan (PA) Eric Maass		Approved	Approved	6/25/19
Armstrong Retail	Chloe McGuire Brigl	Tim Gladhill	6/15/19	7/11/19	7/23/19
Arnold Lot Split	Chris Anderson			Approved	Approved
Bacon	Chloe McGuire Brigl				
Brookfield	Chris Anderson	N/A	Chris Anderson	Approved	Approved
Bunker Lake Industrial Park 3	Eric Maass	Tim Gladhill	Approved	Approved	Approved
Bunker Lake Industrial Park 4					
Cole Addition	Chris Anderson	N/A	Approved	Approved	Approved
Cottages at The COR	Chloe McGuire Brigl	Tim Gladhill	REVISION	Approved	Approved
DeltaModTech	Sean Sullivan (TIF) Eric Maass		Approved	Approved	6/25/19
DR Horton Townhomes					
Druk Auto	Chloe McGuire Brigl			Approved	Approved
Gadaskin CUP	Eric Maass		Approved	Approved	Approved

Project	Project Manager	Architectural Review	Environmental Review	Planning Commission	City Council
Green Valley Greenhouse	Chloe McGuire Brigl		Approved	Approved	Approved Development Agreement Pending (5/14)
Greenway Terrace 2	Chloe McGuire Brigl Sean Sullivan (PA)	Tim Gladhill	On Hold	Pending	Funding
Harvest Estates 2	Chloe McGuire Brigl	N/A	Approved	Approved	Approved
Lazydays RV	Eric Maass	Approved	Approved	Approved	Approved
Lennar Townhomes at The COR	Chloe McGuire Brigl				
Makowsky Farms Potential Concept 6/2019	Tim Gladhill				
M & G Trailer	Chloe McGuire Brigl		Approved	Approved	6/25/19
Name Brand Storage	Chloe McGuire Brigl		6/15/19	7/11/19	7/23/19
O'Shaughnessy Brewery	Chris Anderson				
Parkside Village	Chloe McGuire Brigl	Tim Gladhill	Approved	Approved	Approved
Sapphire	Eric Maass	Tim Gladhill	Approved	Approved	6/25/19
Pleasureland RV	Chloe McGuire Brigl				
PSD @ Armstrong					
Ramsey Elementary School	Tim Gladhill	Approved	Approved	Approved	Approved
Ramsey Woods	Chris Anderson	NA		7/11/19	7/23/19
Regency Ponds Self Storage (revised)	Chris Anderson		6/15/19	7/11/19	7/23/19
River Walk Village	Chloe McGuire Brigl			Approved	6/25/19 Final Plat TBD
Rivenwick	Eric Maass		NA	Approved	6/25/19
Riverstone (Permits)	Eric Maass	Tim Gladhill	Approved	Approved	Approved
Riverstone 3 rd Addition	Eric Maass	NA	NA	Approved	Approved DA Pending
Rum River Prairie	Chris Anderson	N/A	Approved	Approved	Approved
Rum River Hills	Tim Gladhill				
Saint Katharine Drexel	Tim Gladhill				
Shade Tree Cottages	Chloe McGuire Brigl	Tim Gladhill	Withdrawn		

Project	Project Manager	Architectural Review	Environmental Review	Planning Commission	City Council
Springs at Ramsey (Continental Properties)	Tim Gladhill	Likely Withdrawn Maybe Back On			
Suite Living - Rivenwick	Eric Maass	Tim Gladhill	6/15/19	7/11/19*	7/23/19
Sykes Accessory Building	Tim Gladhill				
Symphony at Town Center	Tim Gladhill				
Trott Brook Farms	Chris Anderson	N/A	Approved	Approved	Approved
Woodlands	Chloe McGuire Brigl	N/A	Chris Anderson	Approved	Approved

MISCELLANEOUS TOPICS AND QUESTIONS

Topic	Key Contact
Natural Resource Planning	Chris Anderson
Recycling	Chris Anderson
Residential Rental Licensing	JoAnn Shaw
Business Registration Certificate	Police Department
Nuisance Code Enforcement Complaints	Police Department
Zoning Code Enforcement Complaints	Community Development
Highway 10/47 Code Enforcement	Community Development
Commercial/Industrial Code Enforcement	Community Development

CONSTRUCTION TRACKING

Major Building Permits for Review

- None

Major Active Projects – Construction Phase (Coordination with Engineering)

- Affinity
- Brookfield
- Brookside Elementary School
- Bunker Lake Industrial Park Building 3
- Cole Addition
- Cottages at The COR
- COR Three North Commons
- Lazydays RV
 - Trunk Utilities
- Parkside Village
- Riverstone
 - Pearson Park
- Rum River Prairie
- Vistas at North Commons
- Woodlands

Active Requests for Surety Reduction

- Woodlands
- Capstone Audit Request

Parking Lot List

- None

CURRENT SCHEDULE

June 13 EDA

- DeltaModTech TIF
- Real Estate Management Strategy

June 25 City Council

- Anderson Dahlen [Site Plan, final approval]
- DeltaModTech [TIF, Site Plan, final approval]
- M & G Trailers
- Preschool [Elmcrest District]
- Rivenwick Lot Split for Suite Living
- River Walk Village
- The Sapphire
- Home-Based Yoga Studio

July 11 Planning Commission

- Armstrong Retail
- Name Brand Storage
- Regency Ponds Self Storage
- Suite Living

July 23 City Council

- Armstrong Retail
- Name Brand Storage
- Regency Ponds Self Storage
- Suite Living
- Ramsey Woods

Meeting Date: 06/11/2019

Information

Title:

Local Road Funding

Purpose/Background:

The purpose of this case is to update the Council with more information and research on local road funding. On May 28, information was provided to the City Council and, after discussion, additional information was requested.

- A list of responses to frequently asked questions (FAQs) raised during the March public input meetings was provided.
- An estimate of revenue from franchise fees, based upon information from the utility companies, was provided to the Council.
- An analysis of road funding options on local properties based upon value, considering property taxes versus franchise fees was reviewed and a revised version is attached.
- The financial impact of a rebate policy to address properties that received assessments over the past 5 years was reviewed.
- A draft generic ordinance is attached for consideration of policy issues such as the dedication of fees to transportation, and assessment rebate program, and a sunset provision. It is generic such that the utility company name, fee amounts and dates are left blank.
- Consider possible ballot questions, either an advisory question or specific ordinance amendments. The August Special Election is too soon to post a question, and the November 2019 Special election is still a possibility to consider a city wide ballot question, but the election would need to be expanded to include all City wards.
- Staff has met with the Charter Commission and a committee of the Charter Commission to consider this issue. The Charter Commission has asked for additional research regarding the use of franchise fees in Minnesota and other cold climate states for road maintenance. The University of Minnesota is expected to submit a proposal to consider the research in which the Charter Commission has expressed an interest.

The Council may choose to introduce the franchise fee ordinances, followed by adoption, similar to the process the City followed in 2003. When introduced, the ordinances would be redrafted to include the necessary information.

The City's Charter provides a unique opportunity for the public to petition against adopted ordinances. Chapter 5, Section 5.7 of the City's Charter (Referendum) reads as follows: Prior to the date an ordinance takes effect, it may be subjected to referendum by a petition, which shall state at the head of each page, or attached thereto, the exact text of the ordinance to be considered by the voters. If the petition is found to be sufficient under the provisions of Section 5.3 of this chapter, the said ordinance shall thereby be prevented from going into operation, and the subject matter of the petition shall be placed on the ballot at the next election occurring in the city. If no election is to occur within 120 days after the filing of the petition, the council shall call a special election to be held within such period, providing the petition has been found to be sufficient. If a majority of the voters voting thereon vote for the ordinance contained in the petition it shall take effect immediately upon certification of the election results by the council. **Please note that the language relating to the election occurring in 120 days is obsolete because of uniform election dates set by State legislature. The Charter Commission is in the process of amending the Charter language to be compliant. The election would be set for the next available uniform date.**

Following receipt of a petition, staff must determine if there are a sufficient number of signatures. Charter language states the following: Section 5.3 Determination of Sufficiency. The committee shall file the completed petition in the office of the city clerk. The required number of signatures for initiative and referendum shall be at least twenty percent of the total number of registered voters at the time of the last citywide election. **Note: The last citywide**

election was November 2018. There were 15,890 persons registered as of 7:00 a.m., Election Day, with 907 more registering on that day, for 16,797 registered voters. Twenty percent of 16,797 is 3,359.

The question of franchise fees could also be brought to the citizens for a vote. It could be placed on the ballot as a regular question or an advisory question. The City's Charter provides the following: Chapter 4. Nominations and Elections. Section 4.4 Special and Advisory Elections Except for Elected Office. The council may by resolution order any special or advisory election deemed appropriate by the council, for any reason, and provide all means for holding it.

The City has presented both kinds of questions in the past. Attached to this case is an example of the ballot from November 2001, which included both types of questions. Also, for your information, the Canvassing Board material for that election is included as well.

Timeframe:

It is likely that tonight's work session may not allow enough time for a full discussion of this report. If that is the situation, staff is recommending that the Council refer this report to the Public Works Committee at their regular meeting of June 18 to continue discussion.

Funding Source:

N/A

Responsible Party(ies):

Kurt Ulrich

Outcome:

Action based upon discussion. Possible outcomes include the need for additional research, consensus to bring specific action to the Council for consideration, a future Council work session, or referral of this item to the June 18 Public Works Commission for review and discussion. Note, Public Works staff has suggested that their planned agenda would allow adequate time for this discussion. The Public Works Committee meeting is scheduled for Tuesday, June 18, 2019, beginning at 5:30 p.m.

Attachments

Property tax v FranFee

Franchise Fee Ordinance

Example Ballot w Two Types of Questions

Canvassing Info for 2001 Election

Form Review

Inbox	Reviewed By	Date
Kurt Ulrich	Kurt Ulrich	06/05/2019 10:00 AM
Colleen Lasher	Colleen Lasher	06/05/2019 03:49 PM
Kurt Ulrich	Kurt Ulrich	06/06/2019 03:55 PM
Form Started By: Jo Thieling		Started On: 06/04/2019 04:41 PM
Final Approval Date: 06/06/2019		

\$1.472M per year additional for roads \$10/mo Franchise Fee vs Property Taxes \$1,545,000 (+500k already allocated from property tax, add 5% to ff amount for uncollected taxes or if bond underwriting costs)

Value		**2019 levy amount	**2019 levy amount + additional \$1.545M road levy	Additional amount if Property Tax	Additional amount if "Franchise Fee"	difference between property tax vs franchise fee	franchise fee is this percentage of property tax to cover 1.545 million additional income	additional property tax for roads instead of franchise fee as percentage of 2019 levy	franchise fee as percentage of 2019 levy
RESIDENTIAL VALUES:									
Res -\$150,000		\$ 1,215.16	\$ 1,293.68	\$ 78.52	\$ 120.00	\$ 41.48	152.83%	Everyone with a property value less than \$211,000 pays more in franchise fees than they would in property tax. Everyone above 211,000 pays less in franchise fees than property tax. (Per County Tax Numbers 5-24-19)	9.88%
Res -\$175,000		\$ 1,476.85	\$ 1,572.29	\$ 95.44	\$ 120.00	\$ 24.56	125.73%		8.13%
Res - \$200,000		\$ 1,739.51	\$ 1,851.92	\$ 112.41	\$ 120.00	\$ 7.59	106.75%		6.90%
Res -\$211,000		\$ 1,854.97	\$ 1,974.83	\$ 119.86	\$ 120.00	\$ 0.14	100.12%		6.47%
Res -\$213,500	Median Value	\$ 1,880.94	\$ 2,002.49	\$ 121.55	\$ 120.00	\$ (1.55)	98.72%		
Res -\$250,000		\$ 2,263.87	\$ 2,410.15	\$ 146.28	\$ 120.00	\$ (26.28)	82.03%		5.30%
Res - \$300,000		\$ 2,788.22	\$ 2,968.39	\$ 180.17	\$ 120.00	\$ (60.17)	66.60%		4.30%
Res - \$400,000		\$ 3,836.93	\$ 4,084.87	\$ 247.94	\$ 120.00	\$ (127.94)	48.40%		3.13%
Res - \$500,000		\$ 4,810.60	\$ 5,121.45	\$ 310.85	\$ 120.00	\$ (190.85)	38.60%		2.49%
Res - \$600,000		\$ 6,013.25	\$ 6,401.81	\$ 388.56	\$ 120.00	\$ (268.56)	30.88%		2.00%

Tax levy amounts are based on 2019 certified tax levy and residential properties homesteaded Anoka Hennepin School District

City of Ramsey Parcel Breakdown (from Anoka County)

Value	Residential	Commercial/Ind/Apt	Exempt	Public Utility	Total		Additional Income from Franchise Fee-Residential Only	Residential Only - Additional Income from Prop. Tax	
100,000 - 150,000	202	3	12	0	217	\$ 120.00	\$ 24,240.00	\$ 15,861.04	See Note Below
150,001 - 200,000	1306	15	1		1322	\$ 120.00	\$ 156,720.00	\$ 146,807.46	
200,001-211,000	398	2	1		401	\$ 120.00	\$ 47,760.00	\$ 47,704.28	
211,001-213,500	123	1			124	\$ 120.00	\$ 14,760.00	\$ 14,950.65	
213,501-300,000	4416	19	11		4446	\$ 120.00	\$ 529,920.00	\$ 645,972.48	
300,001 - 400,000	1806	24	0		1830	\$ 120.00	\$ 216,720.00	\$ 216,467.16	
400,001 - 500,000	377	25	4		406	\$ 120.00	\$ 45,240.00	\$ 55,147.56	
500,001-1,000,000	176	65	11	0	252	\$ 120.00	\$ 21,120.00	\$ 31,709.92	
1,000,001-5,000,000	7	89	10	0	106	\$ 120.00	\$ 840.00	\$ 1,735.58	
5,000,000+ (Non-Residential)	0	13	4	0	17	\$ 120.00	\$ -		
Total	8811	256	54	0	9121		\$ 1,057,320.00	\$ 1,176,356.13	

Property Values	Residential Units/Parcels	% of Total Households	Total Franchise Fees	% of 1.545 million total	Total Property Tax	% of \$1.545 million total
\$100,000-\$211,000	1940	22.02%	\$ 228,720.00	14.8039%	\$ 210,372.78	13.62%

2019 Average Market Value: \$223,100

2019 Median Market Value: \$213,500

NOTE: The \$78.52 Property Tax increase was based on a residential home that has received a market value exclusion (phased out after \$413,800) and whose tax capacity rate is 1% for the first \$500,000.

(PROPOSED) ORDINANCE NO. 19-XX

**CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

AN ORDINANCE IMPLEMENTING A (insert gas or electric) FRANCHISE FEE ON (insert Name of Utility Company i.e., Centerpoint Energy Minnesota, Connexus Energy, etc.) FOR PROVIDING (insert gas or electric) SERVICE WITHIN THE CITY OF RAMSEY, ANOKA COUNTY, MINNESOTA.

THE CITY OF RAMSEY ORDAINS:

SECTION 1: (Insert gas or electric) FRANCHISE FEE

- (a) *Definitions.* For the purposes of this Ordinance, the following terms shall have the following meanings:
- (1) City. The City of Ramsey, County of Anoka, State of Minnesota.
 - (2) Company. (Insert Name of Utility Company), its successors and assigns.
 - (3) Franchise Agreement. The franchise agreement between the City and Company pursuant to City Ordinance #03-16.
 - (4) Notice. “Notice” means a writing served by any party or parties on any other party or parties. Notice to Company shall be mailed to (Insert Company name and mailing address). Notice to City shall be mailed to the City Clerk, City of Ramsey, 7550 Sunwood Drive NW, Ramsey, Minnesota, 55303.
- (b) *Purpose.* The Ramsey City Council has determined that it is in the best interest of the City to impose a franchise fee on those public utility companies that provide natural gas and electric services within the City. Pursuant to the Franchise Agreement, the City has the right to impose a franchise fee on Company. All franchise fee revenues generated through this Ordinance shall be collected in lieu of special assessments for street maintenance projects, and shall be dedicated only to long-term street maintenance program projects including pavement preservation and street reconstruction projects.
- (c) *Franchise Fee Statement and Schedule.* A franchise fee is hereby imposed on Company commencing with the _____, 20____ billing month, and in accordance with the following fee schedule:

Customer Classification

Amount per Account per Month (\$)

Residential

Firm A

Firm B

Firm C

Small Volume, Dual Fuel A (“SVDF A”)

Small Volume, Dual Fuel B (“SVDF B”)

Large Volume, Dual Fuel (“LVDF”)

- (d) *Account Fee.* This fee is an account based fee and not a meter-based fee. In the event that an entity covered by this Ordinance has more than one meter, but only one account, only one fee shall be assessed to that account. In the event any entities covered by this Ordinance have more than one account, each account shall be subject to the appropriate fee. In the event a question arises as to the proper fee amount for any account, the highest possible fee amount shall apply.
- (e) *Payment.* Franchise fees are to be collected by the Company and submitted to the City as follows:
- January – March collections due by April 30
April – June collections due by July 31
July – September collections due by October 31
October – December collections due by January 31
- (f) *Record Support for Payment.* The Company shall make each payment when due and, if requested by the City, shall provide a statement summarizing how the franchise fee payment was determined, including information showing any adjustments to the total made to account for any non-collectible accounts, refunds or error corrections. The Company shall permit the City, and its representatives, access to the Company’s records for the purpose of verifying such statements.
- (g) *Payment Adjustments.* Payment to the City will be adjusted where the Company is unable to collect the franchise fee. This includes non-collectible accounts.
- (h) *Dispute Resolution.* If either party asserts that the other party is in default in the performance of any obligation hereunder, the complaining party shall notify the other party of the default and the desired remedy. The notification shall be written. Representatives of the parties must promptly meet and attempt in good faith to negotiate a resolution of the dispute. If the dispute is not resolved within 30 days of the written notice, the parties may jointly select a mediator to facilitate further discussion. The parties will equally share the fees and expenses of this mediator. If a mediator is not used or if the parties are unable to resolve the dispute within 30 days after first meeting with the selected mediator, either party may commence an action in District Court to interpret and enforce this Ordinance or for such other relief permitted by law.

- (i) *Effective Date of Franchise Fee.* The effective date of this Ordinance shall be after its publication and ninety (90) days or more after sending written notice enclosing a copy of this adopted Ordinance to Company by certified mail. Collection of the fee shall commence as provided above.
- (j) *Relation to Franchise Agreement.* This Ordinance is enacted in compliance with the Franchise Agreement and shall be interpreted as such.
- (k) *Periodic Review.* The City Council may review this Ordinance from time to time in whatever manner the City Administrator then determines to be appropriate, including, but not limited to, review by the City Council in either a work session or a regular session. Failure to review this Ordinance shall not in any way invalidate or limit it.
- (l) *Rebate Program.* The City will rebate the lesser annual amount paid for franchise fees versus special assessments over the remaining term of the special assessments, regardless if the assessment was pre-paid or is currently being paid through property taxes. Rebates will be in the form of a credit to the fourth quarter municipal utility bill of qualifying property addresses. This rebate program applies strictly to qualifying property addresses during the effective term of their current assessment or this Ordinance, whichever expires first.

SECTION 2: EFFECTIVE DATE.

This Ordinance takes effect as provided by the City Charter. This Ordinance shall terminate ____ years from the date passed and adopted by the City. If the termination date falls within the middle of a three-month collection period, the Ordinance shall terminate at the end of the collection period.

PASSED by the Ramsey City Council this the ____ day of _____, 20____.

Mayor


ATTEST:

City Clerk

- Introduction Date:
- Posting Dates:
- Adoption Date:
- Publication Date:
- Effective Date:

**GENERAL ELECTION BALLOT
INDEPENDENT SCHOOL DISTRICT NO. 11
ANOKA COUNTY, MINNESOTA
NOVEMBER 6, 2001**

INSTRUCTIONS TO VOTERS

To vote, completely fill in the oval(s) next to your choice(s) like this: 

**SCHOOL DISTRICT OFFICES
INDEPENDENT SCHOOL
DISTRICT NO. 11**

**SCHOOL BOARD MEMBER
DISTRICT FOUR
(VOTE FOR ONE)**

MICHAEL SULLIVAN

ROBERT CONROY

Write-in, if any

**SCHOOL DISTRICT
QUESTIONS
INDEPENDENT SCHOOL
DISTRICT NO. 11**

To vote for a question, fill in the oval next to the word "YES" for that question. To vote against a question, fill in the oval next to the word "NO" for that question.

**QUESTION NO. 1
APPROVAL OF SCHOOL DISTRICT
REFERENDUM REVENUE
AUTHORIZATION**

The board of Anoka-Hennepin Independent School District No. 11 has proposed to increase its general education revenue by the following amounts: \$590 per resident marginal cost pupil unit for taxes payable in 2002; \$613.60 for taxes payable in 2003; \$638.14 for taxes payable in 2004; \$663.67 for taxes payable in 2005; \$690.22 for taxes payable in 2006; \$717.83 for taxes payable in 2007; \$746.54 for taxes payable in 2008; and \$776.40 for taxes payable in 2009. The additional revenue will be used to finance school operations and the property tax portion thereof will require an estimated referendum tax rate of approximately .1995% of the referendum market value of the school district for taxes payable in 2002, the first year the new authorization would be levied and of approximately .1687% of the referendum market value of the school district for taxes payable in 2009, the last year the new authorization would be levied. The proposed new referendum revenue authorization would be applicable for eight years unless otherwise revoked or reduced as provided by law.

Shall the increase in the revenue proposed by the board of Anoka-Hennepin Independent School District No. 11 be approved?

YES

NO

**BY VOTING "YES" ON THIS BALLOT
QUESTION, YOU ARE VOTING FOR A
PROPERTY TAX INCREASE.**

**VOTE FRONT AND BACK OF
BALLOT**

OFFICIAL BALLOT

GENERAL ELECTION BALLOT

CITY OF RAMSEY

RAMSEY, MINNESOTA

NOVEMBER 6, 2001

JUDGE _____

JUDGE _____

INSTRUCTIONS TO VOTERS

To vote, completely fill in the oval(s) next to your choice(s) like this:

To vote for a question, fill in the oval next to the word "YES" for that question. To vote against a question, fill in the oval next to the word "NO" for that question.

RAMSEY CITY QUESTIONS

QUESTION NO. 1

Shall the Home Rule Charter of the City of Ramsey be amended to require that four Council Members be elected from wards and two elected at large?

- YES
 NO

QUESTION NO. 2

Shall the Home Rule Charter of the City of Ramsey be amended to require a primary election for the selection of two nominees for each elective office at the regular municipal election, unless two nominees or fewer file for each elective office?

- YES
 NO

QUESTION NO. 3

Shall the Home Rule Charter of the City of Ramsey be amended by the adoption of Chapter 15 which permits the City Council by Resolution to adopt and amend the City's Comprehensive Plan by a majority vote of all its members, as opposed to a 2/3 vote of all its members?

- YES
 NO

QUESTION NO. 4

Shall the Home Rule Charter of the City of Ramsey be amended to provide that the required number of signatures for initiative and referendum petitions be increased from at least ten percent to at least twenty percent of the registered voters at the time of the last citywide election?

- YES
 NO

ADVISORY QUESTION NO. 1

By vote of the electorate in 1996, the Mayor's term was increased from two years to four years. Pursuant to an advisory question in 2000, the electorate recommended that a majority of the City Council be elected every two years. Under State law, Council Member terms can only be four years; however, the Mayor's term can be either two years or four years. Do you now favor reducing the Mayor's term to two years in order that the majority of the City Council is elected every two years?

- YES
 NO

ADVISORY QUESTION 2

The current Comprehensive Plan Draft proposes a bridge crossing over the Mississippi River between the cities of Ramsey and Dayton. Do you support the construction of a bridge across the Mississippi River?

- YES
 NO

ADVISORY QUESTION NO. 3

Do you want a Town Center with restaurants, shopping and other amenities along the Highway 10 Corridor?

- YES
 NO

VOTE FRONT AND BACK OF
BALLOT

AGENDA: Ramsey Canvassing Board

TIME/DATE: 5:30 p.m., Wednesday, November 7, 2001

LOCATION: Ramsey Municipal Center, 15153 Nowthen Boulevard NW

CALL TO ORDER

CITIZEN INPUT

APPROVE AGENDA

BOARD BUSINESS:

Case #1: Declare the Results of the November 6, 2001 Special Election

MAYOR AND COUNCIL INPUT

ADJOURN

**DECLARE THE RESULTS OF THE NOVEMBER 6, 2001
SPECIAL ELECTION**

By: Jo Thieling, City Clerk

Background:

Following are the results for the 2001 special election in the City of Ramsey:

QUESTION ONE

Shall the Home Rule Charter of the City of Ramsey be amended to require that four Councilmembers be elected from wards and two elected at large?

	<u>P1</u>	<u>P2</u>	<u>P3</u>	<u>P4</u>	<u>P5</u>	<u>P6</u>	<u>P7</u>	<u>P8</u>	<u>Total</u>	<u>Percent</u>
Yes	312	426	383	433	326	312	579	439	3,210	68%
No	136	191	252	177	152	125	167	159	1,359	29%

QUESTION TWO

Shall the Home Rule Charter of the City of Ramsey be amended to require a primary election for the selection of two nominees for each elective office at the regular municipal election, unless two nominees or fewer file for each elective office?

	<u>P1</u>	<u>P2</u>	<u>P3</u>	<u>P4</u>	<u>P5</u>	<u>P6</u>	<u>P7</u>	<u>P8</u>	<u>Total</u>	<u>Percent</u>
Yes	285	389	340	399	322	383	547	390	3,055	64%
No	158	222	289	209	149	151	192	197	1,567	33%

QUESTION THREE

Shall the Home Rule Charter of the City of Ramsey be amended by the adoption of Chapter 15 which permits the City Council by resolution to adopt and amend the City's Comprehensive Plan by a majority vote of all its members, as opposed to a 2/3 vote of all its members.

	<u>P1</u>	<u>P2</u>	<u>P3</u>	<u>P4</u>	<u>P5</u>	<u>P6</u>	<u>P7</u>	<u>P8</u>	<u>Total</u>	<u>Percent</u>
Yes	250	324	277	322	261	241	475	337	2,487	52%
No	201	292	355	285	217	194	270	252	2,066	44%

QUESTION FOUR

Shall the Home Rule Charter of the City of Ramsey be amended to provide that the required number of signatures for initiative and referendum petitions be increased from at least ten percent to at least twenty percent of the registered voters at the time of the last citywide election?

	<u>P1</u>	<u>P2</u>	<u>P3</u>	<u>P4</u>	<u>P5</u>	<u>P6</u>	<u>P7</u>	<u>P8</u>	<u>Total</u>	<u>Percent</u>
Yes	295	387	365	393	304	263	503	366	2,876	61%
No	154	230	270	217	174	174	243	226	1,688	36%

ADVISORY QUESTION ONE

By vote of the electorate in 1996, the Mayor's term was increased from two years to four years. Pursuant to an advisory question in 2000, the electorate recommended that a majority of the City Council be elected every two years. Under State law, Council member terms can only be four years; however, the Mayor's term can be either two years or four years. Do you now favor reducing the Mayor's term to two years in order that the majority of the City Council is elected every two years?

	<u>P1</u>	<u>P2</u>	<u>P3</u>	<u>P4</u>	<u>P5</u>	<u>P6</u>	<u>P7</u>	<u>P8</u>	<u>Total</u>	<u>Percent</u>
Yes	183	232	293	259	201	190	306	285	1,949	41%
No	274	392	359	362	289	254	449	320	2,699	57%

ADVISORY QUESTION TWO

The current Comprehensive Plan Draft proposes a bridge crossing over the Mississippi River between the cities of Ramsey and Dayton. Do you support the construction of a bridge across the Mississippi River.

	<u>P1</u>	<u>P2</u>	<u>P3</u>	<u>P4</u>	<u>P5</u>	<u>P6</u>	<u>P7</u>	<u>P8</u>	<u>Total</u>	<u>Percent</u>
Yes	400	530	515	515	378	398	687	536	3,959	83%
No	64	104	146	117	118	52	80	73	754	16%

ADVISORY QUESTION THREE

Do you want a Town Center with restaurants, shopping and other amenities along the Highway #10 Corridor?

	<u>P1</u>	<u>P2</u>	<u>P3</u>	<u>P4</u>	<u>P5</u>	<u>P6</u>	<u>P7</u>	<u>P8</u>	<u>Total</u>	<u>Percent</u>
Yes	269	393	326	373	259	281	363	418	2,682	57%
No	199	243	330	257	238	168	399	193	2,027	43%

Number of Voters

	<u>Total</u>
Registered at 7 am	10,628
New Reg by 8 p.m.	308
Total Voting	4,743

Total Registered Voters 10,936

Voter Turnout 43%

Council Action:

Motion to accept the results of the 2001 Special Election.

Reviewed by:

City Clerk
City Administrator

Canvassing Board: 11/07/01

Meeting Date: 06/11/2019

Information

Title:

Review 2018 Comprehensive Annual Financial Report (CAFR), Management Report and Special Purpose Audit Reports

Purpose/Background:

The City's 2018 annual report has been completed. Aaron Nielsen from the auditing firm of MMKR will be present to review the 2018 Comprehensive Annual Financial Report (CAFR), Management Report that provides auditors comments on audit process and the Special Purpose Audit Reports on internal controls and legal compliance.

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

The receipt of the 2018 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

2018 Comprehensive Annual Financial Report (CAFR)

2018 Audit Management Report

2018 Audit Special Purpose Report

Form Review

Inbox

Kurt Ulrich

Form Started By: Diana Lund

Final Approval Date: 06/06/2019

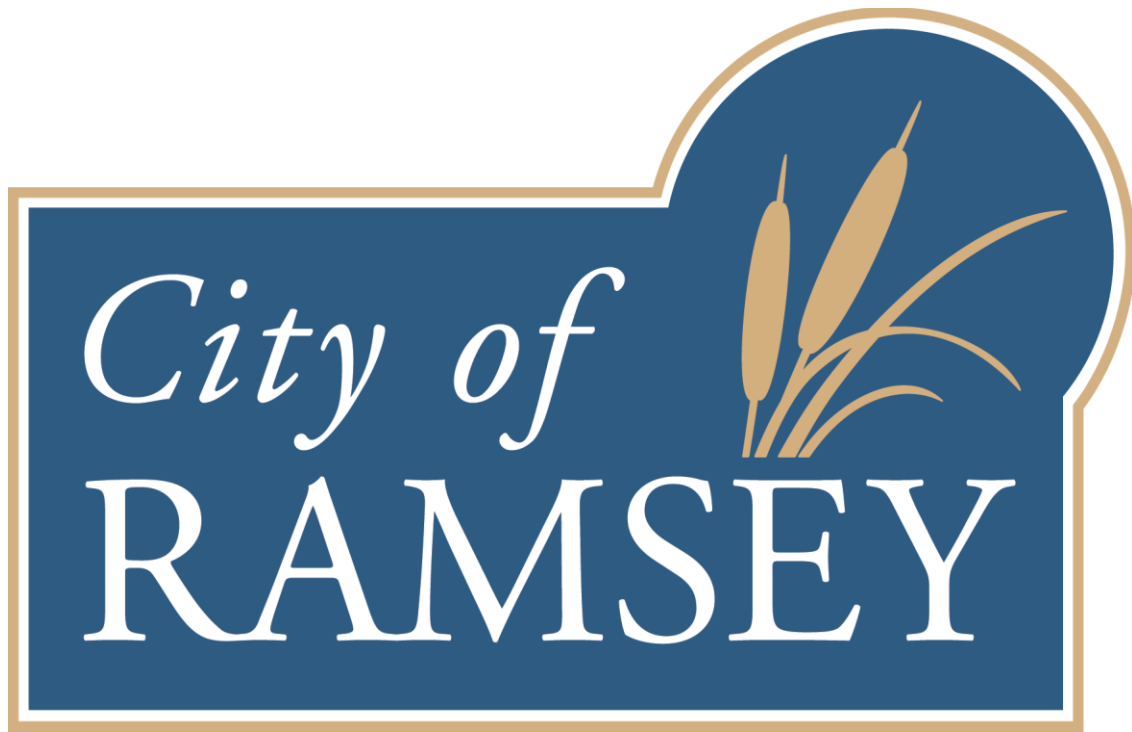
Reviewed By

Kurt Ulrich

Date

06/06/2019 10:39 AM

Started On: 05/30/2019 11:22 AM



Minnesota

*Comprehensive
Annual Financial Report*

For the fiscal year December 31, 2018



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CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

Comprehensive Annual Financial Report
For Year Ended
December 31, 2018

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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CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

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INTRODUCTORY SECTION



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CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

City Council and Other Officials
Year Ended December 31, 2018

CITY COUNCIL

John LeTourneau	Mayor
Jill Johns	Councilmember
Mark Kuzma	Councilmember
Debra Musgrove	Councilmember
Chris Riley	Councilmember
Melody Shryock	Councilmember
Vacant	Councilmember

CITY OFFICIALS

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

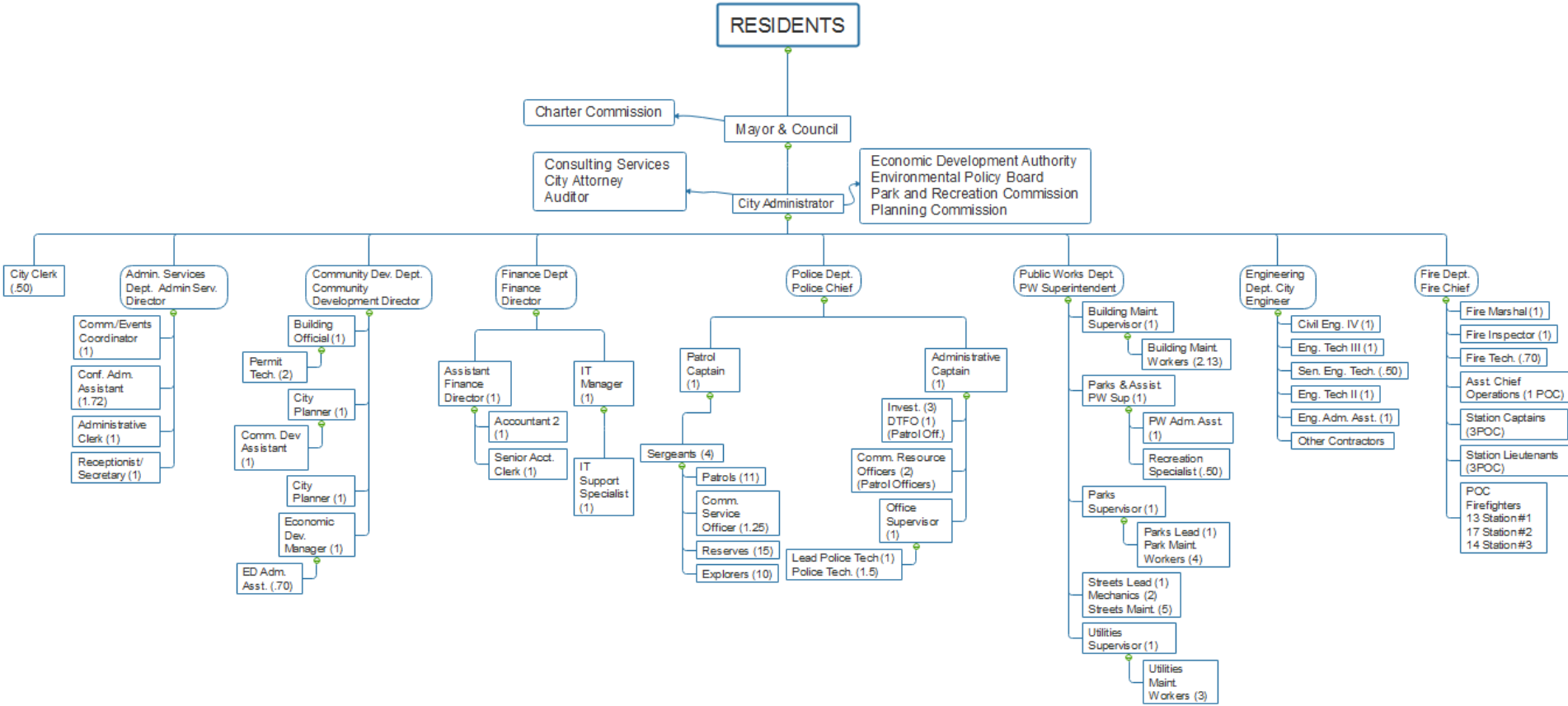
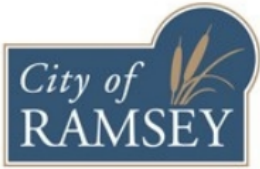
DEPARTMENT HEADS

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



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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

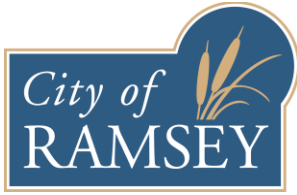
Excellence and Quality in the Delivery of Service

Treating People with Respect and Fairness

Adaptability and Continuous Learning



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

May 23, 2019

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, 2018 is hereby submitted. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

PROFILE OF THE CITY

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

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

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

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

LOCAL ECONOMY

The City has an unemployment rate of 2.5% in comparison to the state average of 2.9%. Ramsey has an employed labor force of 15,014. Anoka County, in which Ramsey is located, has an employed labor force of 197,151 and an unemployment rate of 3.0%.

There are approximately 7,113 detached single-family homes and 1,572 multifamily units located within the City. In addition, there were 148 single-family homes constructed in 2018. A senior living facility with 173 market-rate units began construction in the fall of 2018.

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 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. Approximately 250 new jobs and approximately 800 construction jobs were created in 2017 and 2018 as a result of this business park. There was nearly 100,000 square feet of commercial and industrial space constructed in 2018 for businesses that included Adrenaline Sports Center, Northwoods Machine and 401 Manufacturing. 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

The extension of Riverdale Drive between Traprock Street and Ramsey Boulevard was completed in 2018. Work began in 2018 on the Ramsey Gateway Project which is to develop a singular plan with the State, County and City for improving Highway 10 through the City of Ramsey.

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 2018, significant road reconstruction projects were completed on Riversbend Avenue and Stanhope Terrace.

Ramsey is home to hundreds of successful and growing businesses. The city welcomed new businesses in 2018 such as The Kitchen Table restaurant, StoneBrook Academy daycare and Aurelio's Pizza. Total new construction value of both residential and commercial/industrial projects invested in the community in 2018 was \$100 million.

Every two years the city conducts a Citizen Survey to gather feedback from the residents that help in policy-making decisions. A random sample of over 450 Ramsey households were selected to participate. The City had a 2018 Customer Service satisfaction rating of Excellent/Good by 81% of the respondents. The City's Public Safety divisions also scored high with Police receiving an Excellent/Good rating by 91% and 95% of responders gave an Excellent/Good to the services provided by the city's Fire department.

CERTIFICATE OF ACHIEVEMENT

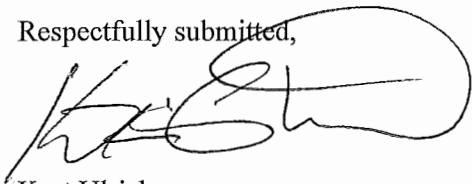
The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting (CAEFR) to the City for its CAFR for the year ended December 31, 2017. This was the twenty-fourth consecutive year the City has received this 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 2018 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, 2017

Christopher P. Morill

Executive Director/CEO



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FINANCIAL SECTION



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PRINCIPALS

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

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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

(continued)

OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2018, 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.

EMPHASIS OF MATTER

The City has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

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 GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 23, 2019 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 23, 2019



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CITY OF RAMSEY

Management's Discussion and Analysis Year Ended December 31, 2018

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, 2018.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at December 31, 2018 by \$176,830,870 (net position).
- Government-wide revenues totaled \$30,602,071 and were \$9,300,334 more than expenses.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$43,586,596, an increase of \$2,864,688 from the prior fiscal year.
- At the end of the current fiscal year the General Fund balance of \$8,490,127 included \$21,335 of nonspendable fund balance and \$8,468,792 of unassigned fund balance.

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 government-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 \$176,830,870 at the close of December 2018. Total net position increased by \$9,300,334 from current year operating results.

By far, the largest portion of the City's net position (55 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	Net Position					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	\$ 47,057,946	\$ 43,770,999	\$ 43,585,362	\$ 39,362,619	\$ 90,643,308	\$ 83,133,618
Capital assets, net of depreciation	67,681,135	66,914,791	53,653,338	53,855,285	121,334,473	120,770,076
Total assets	\$ 114,739,081	\$ 110,685,790	\$ 97,238,700	\$ 93,217,904	\$ 211,977,781	\$ 203,903,694
Deferred outflows of resources						
OPEB plan deferments	\$ 20,955	\$ -	\$ -	\$ -	\$ 20,955	\$ -
Pension plan deferments	3,842,824	5,165,609	177,917	203,009	4,020,741	5,368,618
Total deferred outflows of resources	\$ 3,863,779	\$ 5,165,609	\$ 177,917	\$ 203,009	\$ 4,041,696	\$ 5,368,618
Liabilities						
Current and other liabilities	\$ 741,057	\$ 595,650	\$ 99,725	\$ 598,232	\$ 840,782	\$ 1,193,882
Long-term liabilities	32,404,808	34,400,353	543,043	581,651	32,947,851	34,982,004
Total liabilities	\$ 33,145,865	\$ 34,996,003	\$ 642,768	\$ 1,179,883	\$ 33,788,633	\$ 36,175,886
Deferred inflows of resources						
Pension plan deferments	\$ 5,303,755	\$ 5,486,996	\$ 96,219	\$ 78,894	\$ 5,399,974	\$ 5,565,890
Net position						
Net investment in capital assets	\$ 43,551,135	\$ 42,129,791	\$ 53,653,338	\$ 53,855,285	\$ 97,204,473	\$ 95,985,076
Restricted	20,935,216	19,679,434	-	-	20,935,216	19,679,434
Unrestricted	15,666,889	13,559,175	43,024,292	38,306,851	58,691,181	51,866,026
Total net position	\$ 80,153,240	\$ 75,368,400	\$ 96,677,630	\$ 92,162,136	\$ 176,830,870	\$ 167,530,536

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 2018. 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	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 3,444,997	\$ 2,269,658	\$ 7,253,786	\$ 6,030,607	\$ 10,698,783	\$ 8,300,265
Operating grants and contributions	368,099	379,185	72,257	92,602	440,356	471,787
Capital grants and contributions	4,765,578	5,026,857	906,190	1,864,137	5,671,768	6,890,994
General revenues						
Property taxes	12,384,300	11,136,810	-	-	12,384,300	11,136,810
General grants and contributions	102,994	3,586	-	-	102,994	3,586
Investment earnings	578,770	454,089	650,053	492,594	1,228,823	946,683
Gain on sale of capital assets	75,047	5,530	-	-	75,047	5,530
Total revenues	21,719,785	19,275,715	8,882,286	8,479,940	30,602,071	27,755,655
Expenses						
General government	5,078,516	4,992,809	-	-	5,078,516	4,992,809
Public safety	5,167,897	5,782,563	-	-	5,167,897	5,782,563
Highways and streets	4,191,395	4,254,234	-	-	4,191,395	4,254,234
Culture and recreation	1,751,345	2,384,845	-	-	1,751,345	2,384,845
Interest and fiscal charges	883,292	952,965	-	-	883,292	952,965
Water utility	-	-	1,590,737	1,396,021	1,590,737	1,396,021
Sewer utility	-	-	1,523,670	1,535,664	1,523,670	1,535,664
Street light utility	-	-	160,952	159,378	160,952	159,378
Recycling utility	-	-	380,055	373,775	380,055	373,775
Storm water utility	-	-	573,878	633,101	573,878	633,101
Total expenses	17,072,445	18,367,416	4,229,292	4,097,939	21,301,737	22,465,355
Changes in net position before transfers	4,647,340	908,299	4,652,994	4,382,001	9,300,334	5,290,300
Transfers	137,500	133,000	(137,500)	(133,000)	-	-
Changes in net position	4,784,840	1,041,299	4,515,494	4,249,001	9,300,334	5,290,300
Net position - beginning	75,368,400	74,327,101	92,162,136	87,913,135	167,530,536	162,240,236
Net position - ending	\$ 80,153,240	\$ 75,368,400	\$ 96,677,630	\$ 92,162,136	\$ 176,830,870	\$ 167,530,536

Governmental Activities – Governmental activities account for a \$4,784,840 increase in the City's net position. Charges for services increased by \$1,175,339 to reflect the building growth occurring in the City. Capital grants and contributions decreased by \$261,279 due to the deferred special assessment attributed to the former Legacy School project being recorded in 2017. The public safety function experienced a \$614,666 decrease due to the reduction in PERA expense. Culture and recreation decreased \$633,500 due a decrease in park improvements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

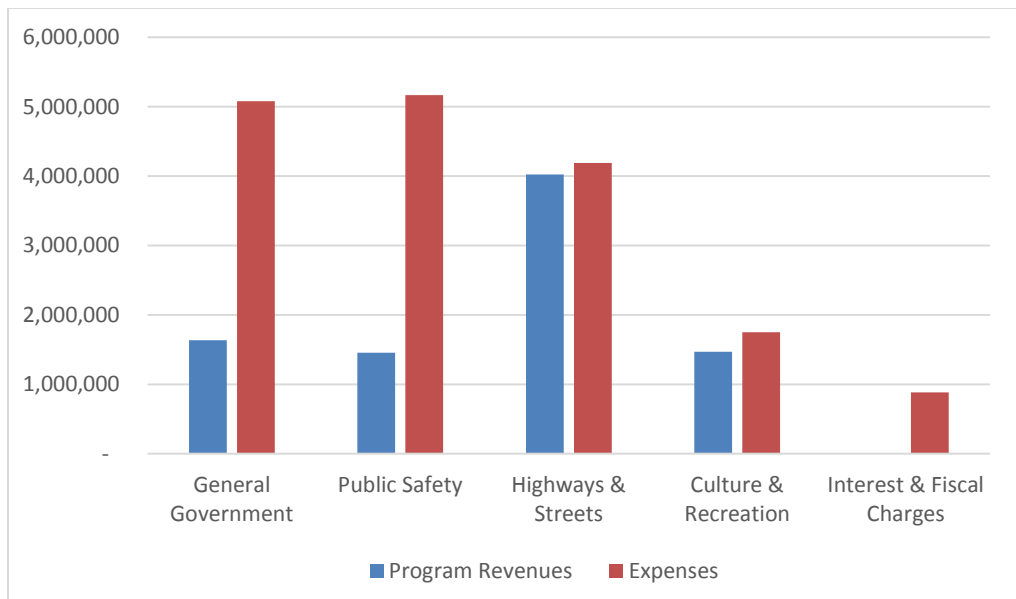
Investment earnings increased \$124,681. The city is required per the Governmental Accounting Standards Board to reflect most investments at fair value as of December 31st of the current year. The city reflects any changes in fair value against interest earnings. An increase in invested funds along with interest rates that have slowly began to rise, has resulted in the increase in earnings. Property tax collections saw an increase of \$1,247,490 or 11% which was attributed to the city increasing their 2018 tax levy by almost 9% over the 2017 adopted levy and development in the COR increasing tax increment collected.

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 \$4,515,494. Key elements of this increase are as follows.

- Revenues exceeded expenses before transfers by \$4,652,994, with this excess increasing \$270,993 from the prior year.
- Charges for services increased \$1,223,179 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.
- Capital grants and contributions decreased by \$957,947 from the prior year. This is primarily due to a reduction in capital contributions from developers for water, sewer, and storm water utility improvements.
- Investment earnings increased \$157,459. The city is required per the Governmental Accounting Standards Board to reflect most investments at fair value as of December 31st of the current year. The city reflects any changes in fair 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:

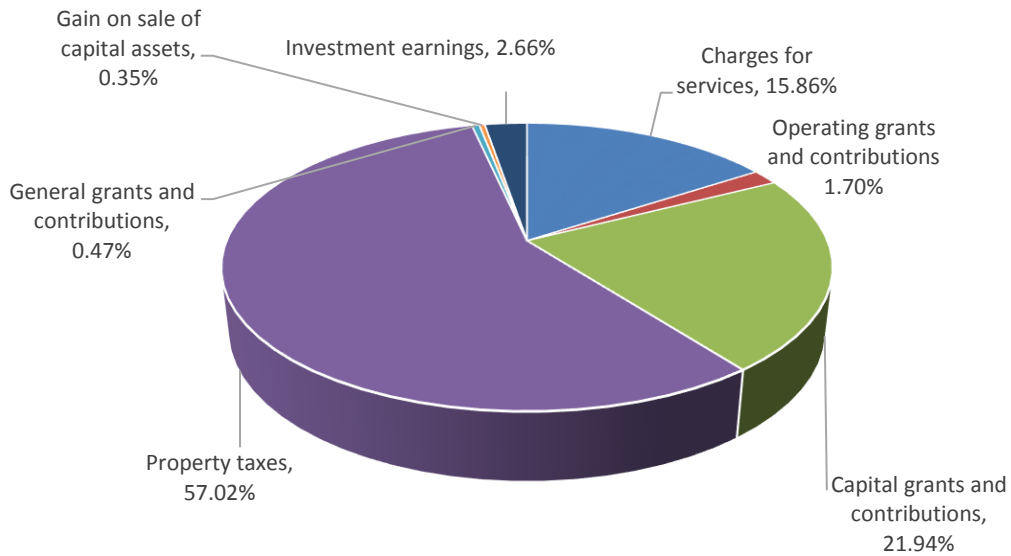
Expenses and Program Revenues – Governmental Activities



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.

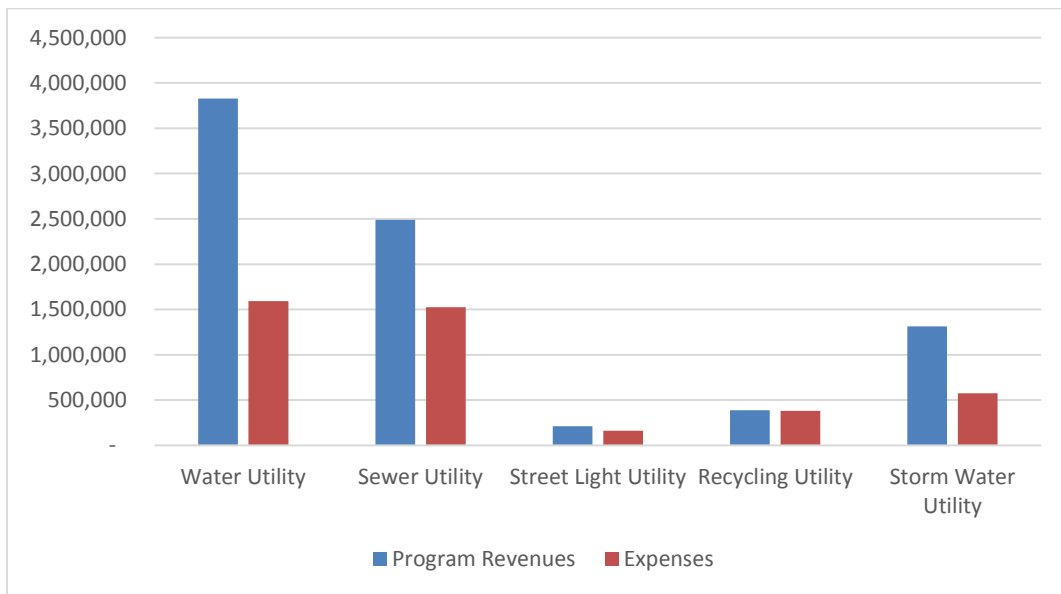
Governmental Activities – The following chart illustrates the City’s governmental activities:

Revenue by Source – Governmental Activities



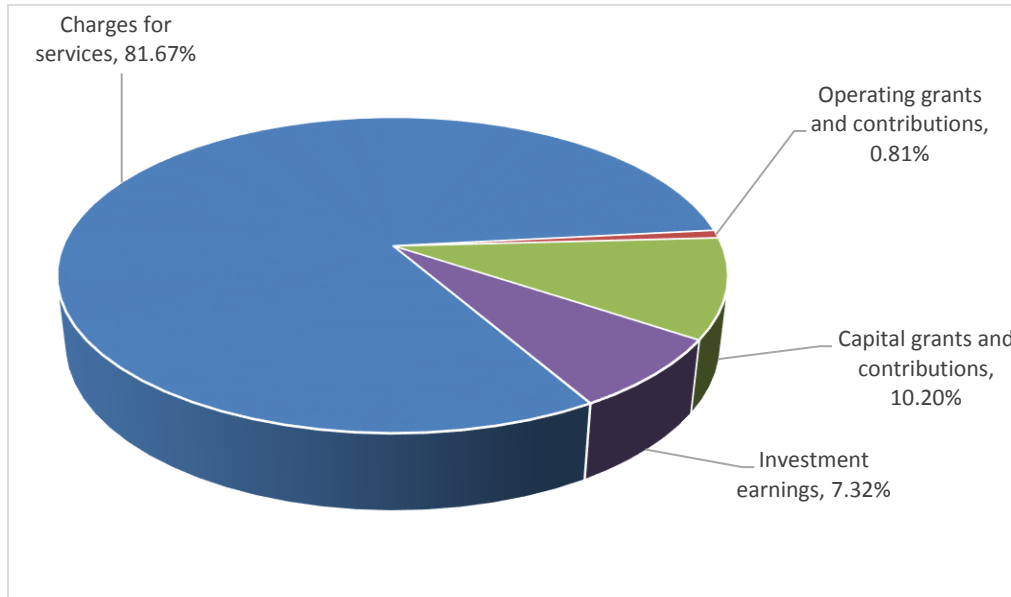
Business-Type Activities – The following graph illustrate the City’s business-type activities:

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 (81.67%) for all Utility Funds.

Governmental Funds – At the end of the fiscal year, the City’s Governmental Funds reported combined ending fund balances of \$43,586,596, an increase of \$2,864,688 in comparison with the prior year. The General Fund reported a fund balance increase of \$577,509 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:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>	<u>% Over (Under) Budget</u>
Revenue	\$ 11,152,686	\$ 11,152,686	\$ 11,856,968	\$ 704,282	6.31%
Expenditures	12,123,284	12,123,284	11,765,227	(358,057)	-2.95%
Excess (deficiency) of revenue over expenditures	(970,598)	(970,598)	91,741	1,062,339	
Other financing sources (uses)	970,598	970,598	485,768	(484,830)	
Net change in fund balances	<u>\$ –</u>	<u>\$ –</u>	577,509	<u>\$ 577,509</u>	
Fund balances					
Beginning of year			<u>7,912,618</u>		
End of year			<u>\$ 8,490,127</u>		

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 city experienced a favorable revenue variance in that actual revenues exceeded budgeted revenues by \$704,282. The majority of the variance was attributed to an increase in building permits.

The difference between the final expenditure budget and actual was a difference of \$358,057 and can be summarized as follows:

- \$128,135 savings for personnel costs budgeted for, but not expensed due to police officer on leave, Assistant City Administrator resigning and more personnel costs accounted for in the Proprietary Funds of Water, Sewer and Storm Water Utility.
- \$59,647 savings for amounts unspent on supplies such as small tools and miscellaneous supplies. Reduction due to current market prices versus history trends and current needs.
- \$112,673 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.
- \$57,602 savings on inter-fund loan interest on municipal center. Loan was paid off during year and avoided interest.

Overall fund balance increased by \$577,509 to an ending fund balance of \$8,490,127. The city's ending fund balance increase of \$577,509 is determined by its fund balance policy which for year ending 2018 is summarized as follows:

- \$357,749 increase based on 50% increase in next years adopted budget
- \$58,425 increase in compensated absences liability
- \$161,335 increase in prior year encumbrances related to building inspection fees and worker's compensation and general liabilities.

Tax Increment Fund – This Special Revenue Fund had a year-end fund balance of \$4,841,978 which reflects a \$208,835 increase from 2017. The increase was due to additional property tax increments received for the current year.

COR Land Fund – This Special Revenue Fund held a constant year-end fund balance of \$8,629,937.

2011A Armstrong/Bunker Bond Fund – This Debt Service Fund had a year-end fund balance of \$971,719. The decrease of \$25,785 was attributed to debt service expenditures exceeding current year assessments, intergovernmental sources, and investment earnings.

Public Improvement Revolving Fund – The Capital Project Fund saw an overall decrease in fund balance of \$287,517 due to the Highway 10 planning study with Bolton and Menk.

Road Reconstruction/Overlay Fund – This Capital Project Fund increased overall fund balance \$197,246. 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 \$1,095,055, or an increase of \$130,155 which was mostly attributed to the excess revenue transfer per the City's fund balance policy.

Puma/Bunker Street Improvement Fund – This Capital Project Fund was created to fund the infrastructure improvements located in the City's new business park. The fund balance at year end 2018 was \$13,141.

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 \$96,677,630 at December 31, 2018. The financial activities of these funds have been summarized in previous charts within this discussion. The City’s Internal Service Fund had an ending net position of \$497,694.

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, 2018 are as follows:

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 6,848,022	\$ 6,848,022	\$ 868,513	\$ 868,513	\$ 7,716,535	\$ 7,716,535
Construction in progress	2,224,390	1,615,891	30,731	1,244,149	2,255,121	2,830,040
Buildings and structures	29,291,844	29,402,849	6,058,847	6,058,847	35,350,691	35,461,696
Improvements other than buildings	11,632,254	11,089,703	17,089,778	15,744,605	28,722,032	26,834,308
Office equipment	675,058	668,396	-	-	675,058	668,396
Motor vehicles	3,776,621	3,968,685	-	-	3,776,621	3,968,685
Machinery and equipment	7,042,354	6,635,538	1,101,645	834,318	8,143,999	7,469,856
Infrastructure	39,356,498	36,965,046	-	-	39,356,498	36,965,046
Water and sewer lines	-	-	51,003,308	50,097,118	51,003,308	50,097,118
	100,847,041	97,194,130	76,152,822	74,817,550	176,999,863	172,011,680
Less accumulated depreciation	33,165,906	30,279,339	22,499,484	20,962,265	55,665,390	51,241,604
Total capital assets, net of depreciation	\$ 67,681,135	\$ 66,914,791	\$ 53,653,338	\$ 53,855,285	\$ 121,334,473	\$ 120,770,076
Depreciation expense	\$ 3,429,643	\$ 3,335,799	\$ 1,580,361	\$ 1,511,968	\$ 5,010,004	\$ 4,847,767

The City’s investment in capital assets for its governmental and business-type activities as of December 31, 2018 amounts to approximately \$121 million (net of accumulated depreciation).

The governmental activities show an increase of \$766,344 in capital assets attributable to an increase in capitalized projects. Business-type activities show a decrease of \$201,947 in capital assets. The decrease is attributable to an increase in accumulated depreciation. 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 \$971,719 and non-major debt service fund balance was \$1,650,132 for a total of \$2,621,851 in fund balance restricted for debt service.

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

	2018	2017
Governmental Activities		
Bonds	\$ 25,295,000	\$ 26,075,000
Capital equipment certificates	875,000	1,020,000
Compensated absences	905,627	847,202
Net pension liability	4,683,942	5,892,660
Total OPEB liability	645,239	565,491
Subtotal	32,404,808	34,400,353
Business-type Activities		
Net pension liability	543,043	581,651
Total	\$ 32,947,851	\$ 34,982,004

During the current fiscal year, the City saw a decrease of \$925,000 in bonds and certificates. The City had one debt issuance during the current year. The Series 2018A, were \$1,175,000 General Obligation Street Reconstruction Bonds used to finance the road reconstruction of Riversbend Avenue and Stanhope Terrace. Due to an increase in personnel in 2018 and employees retaining larger balances at year end, the compensated absence liability increased by \$58,425. Net pension liability saw a decrease of \$1,247,326 to reflect the change in the City's proportionate share of the state-wide PERA pension plan obligation. Other Post-Employment Benefits (OPEB) increased \$79,748 due to the annual OPEB costs exceeding contributions as actuarially determined with the parameters of GASB Statement No. 75.

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 \$56,048,970.

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 2.5%, which is a decrease from a rate of 3.0% a year ago. The state of Minnesota shows an average unemployment rate of 2.9%, whereas, nationally the unemployment rate is 4.1%.
- The number of foreclosures in the City of Ramsey decreased from 29 units in 2017 to 23 in 2018. In comparison, the State of Minnesota saw a decrease in foreclosures from 4,210 in 2017 to 3,495 in 2018.
- 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 2019 fiscal year.

The water, sewer and storm water utility rates were increased for the 2019 budget year. The water utility, which has a tiered rate structure, will increase by an average of 2% for all customers. The sewer utility, which has a flat rate structure for residential and per gallon usage for commercial will increase an average of 3%. 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.

BASIC FINANCIAL STATEMENTS



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CITY OF RAMSEY

Statement of Net Position
December 31, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and temporary investments	\$ 34,592,709	\$ 40,801,441	\$ 75,394,150
Receivables			
Unremitted taxes	117,494	-	117,494
Delinquent taxes	97,040	-	97,040
Unremitted special assessments	1,793	-	1,793
Delinquent special assessments	1,033	10,632	11,665
Deferred special assessments	2,103,035	242,772	2,345,807
Accounts	30,940	1,561,521	1,592,461
Notes	100,000	-	100,000
Interest	341,243	-	341,243
Internal balances	(862,882)	862,882	-
Due from other governmental units	901,039	41,055	942,094
Prepays	22,540	65,059	87,599
Land held for resale	9,611,962	-	9,611,962
Capital assets			
Land	6,848,022	868,513	7,716,535
Construction in progress	2,224,390	30,731	2,255,121
Buildings and structures	29,291,844	6,058,847	35,350,691
Improvements other than buildings	11,632,254	17,089,778	28,722,032
Office equipment	675,058	-	675,058
Motor vehicles	3,776,621	-	3,776,621
Machinery and equipment	7,042,354	1,101,645	8,143,999
Infrastructure	39,356,498	-	39,356,498
Water and sewer lines	-	51,003,308	51,003,308
Less accumulated depreciation	(33,165,906)	(22,499,484)	(55,665,390)
Total capital assets, net of depreciation	<u>67,681,135</u>	<u>53,653,338</u>	<u>121,334,473</u>
Total assets	114,739,081	97,238,700	211,977,781
Deferred outflows of resources			
OPEB plan deferments	20,955	-	20,955
Pension plan deferments	3,842,824	177,917	4,020,741
Total deferred outflows of resources	<u>3,863,779</u>	<u>177,917</u>	<u>4,041,696</u>
Total assets and deferred outflows of resources	<u>\$ 118,602,860</u>	<u>\$ 97,416,617</u>	<u>\$ 216,019,477</u>
Liabilities			
Accounts and contracts payable	\$ 468,174	\$ 24,069	\$ 492,243
Salaries and benefits payable	183,108	-	183,108
Accrued interest payable	68,509	-	68,509
Due to other governmental units	21,266	33,022	54,288
Unearned revenue	-	42,634	42,634
Long-term liabilities			
Due within one year	2,868,658	-	2,868,658
Due in more than one year	29,536,150	543,043	30,079,193
Total long-term liabilities	<u>32,404,808</u>	<u>543,043</u>	<u>32,947,851</u>
Total liabilities	33,145,865	642,768	33,788,633
Deferred inflows of resources			
Pension plan deferments	5,303,755	96,219	5,399,974
Net Position			
Net investment in capital assets	43,551,135	53,653,338	97,204,473
Restricted for			
Capital improvements	1,644,038	-	1,644,038
Debt service	4,181,372	-	4,181,372
Economic development	1,273,753	-	1,273,753
Housing and redevelopment	8,629,937	-	8,629,937
Recreation/community programs	245,434	-	245,434
Law enforcement programs	113,663	-	113,663
Tax increment	4,847,019	-	4,847,019
Unrestricted	15,666,889	43,024,292	58,691,181
Total net position	<u>80,153,240</u>	<u>96,677,630</u>	<u>176,830,870</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 118,602,860</u>	<u>\$ 97,416,617</u>	<u>\$ 216,019,477</u>

See notes to basic financial statements



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CITY OF RAMSEY

Statement of Activities
Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 5,078,516	\$ 691,819	\$ 92,134	\$ 848,484	\$ (3,446,079)	\$ -	\$ (3,446,079)
Public safety	5,167,897	1,168,258	275,965	8,974	(3,714,700)	-	(3,714,700)
Highways and streets	4,191,395	229,555	-	3,795,709	(166,131)	-	(166,131)
Culture and recreation	1,751,345	1,355,365	-	112,411	(283,569)	-	(283,569)
Interest and fiscal charges	883,292	-	-	-	(883,292)	-	(883,292)
Total governmental activities	17,072,445	3,444,997	368,099	4,765,578	(8,493,771)	-	(8,493,771)
Business-type activities							
Water utility	1,590,737	3,484,687	-	343,020	-	2,236,970	2,236,970
Sewer utility	1,523,670	2,182,944	336	307,435	-	967,045	967,045
Street light utility	160,952	211,360	-	-	-	50,408	50,408
Recycling utility	380,055	317,090	71,921	-	-	8,956	8,956
Storm water utility	573,878	1,057,705	-	255,735	-	739,562	739,562
Total business-type activities	4,229,292	7,253,786	72,257	906,190	-	4,002,941	4,002,941
Total governmental and business-type activities	\$21,301,737	\$ 10,698,783	\$ 440,356	\$ 5,671,768	(8,493,771)	4,002,941	(4,490,830)
		General revenues					
		Property taxes			12,384,300	-	12,384,300
		General grants and contributions			102,994	-	102,994
		Investment earnings			578,770	650,053	1,228,823
		Gain on sale of capital assets			75,047	-	75,047
		Transfers			137,500	(137,500)	-
		Total general revenues and transfers			13,278,611	512,553	13,791,164
		Change in net position			4,784,840	4,515,494	9,300,334
		Net position - beginning			75,368,400	92,162,136	167,530,536
		Net position - ending			\$ 80,153,240	\$96,677,630	\$176,830,870

See notes to basic financial statements

CITY OF RAMSEY

Balance Sheet
Governmental Funds
December 31, 2018

	General	Special Revenue Funds		Debt Service Funds
		Tax Increment	COR Land	2011A Armstrong/Bunker Bond
Assets				
Cash and temporary investments	\$ 8,422,544	\$ 5,152,503	\$ -	\$ 971,719
Receivables				
Unremitted taxes	97,204	1,405	-	-
Delinquent taxes	76,479	5,041	-	-
Unremitted special assessments	-	-	-	-
Delinquent special assessments	-	-	-	-
Deferred special assessments	-	-	-	1,123,845
Accounts	20,423	-	-	-
Notes	-	-	-	-
Interest	341,243	-	-	-
Due from other funds	-	-	-	-
Due from other governmental units	15,405	-	-	-
Prepays	21,335	-	-	-
Land held for resale	-	-	9,084,886	-
Advances to other funds	-	-	-	-
Total assets	\$ 8,994,633	\$ 5,158,949	\$ 9,084,886	\$ 2,095,564
Liabilities				
Accounts and contracts payable	\$ 233,147	\$ 2,522	\$ -	\$ -
Salaries and benefits payable	183,108	-	-	-
Due to other governmental units	11,772	3,208	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	306,200	454,949	-
Total liabilities	428,027	311,930	454,949	-
Deferred inflows of resources				
Unavailable revenue - property taxes	76,479	5,041	-	-
Unavailable revenue - special assessments	-	-	-	1,123,845
Unavailable revenue - notes receivable	-	-	-	-
Total deferred inflows of resources	76,479	5,041	-	1,123,845
Fund balances				
Nonspendable	21,335	-	-	-
Restricted	-	4,841,978	8,629,937	971,719
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	8,468,792	-	-	-
Total fund balances	8,490,127	4,841,978	8,629,937	971,719
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,994,633	\$ 5,158,949	\$ 9,084,886	\$ 2,095,564

See notes to basic financial statements

Capital Project Funds					
Public Improvement Revolving	Road Reconstruction/ Overlay	Public Facilities Construction	Puma/Bunker Street Improvement	Nonmajor	Totals
\$ 3,364,809	\$ 942,955	\$ 1,502,988	\$ -	\$ 13,735,638	\$ 34,093,156
-	-	-	-	18,885	117,494
-	-	-	-	15,520	97,040
1,178	-	-	-	615	1,793
1,030	-	-	-	3	1,033
220,309	-	-	269,207	489,674	2,103,035
-	-	-	-	10,517	30,940
-	-	-	-	100,000	100,000
-	-	-	-	-	341,243
811,544	-	-	-	-	811,544
-	-	-	875,741	9,893	901,039
-	-	-	-	1,205	22,540
-	-	-	-	527,076	9,611,962
306,200	-	-	-	-	306,200
<u>\$ 4,705,070</u>	<u>\$ 942,955</u>	<u>\$ 1,502,988</u>	<u>\$ 1,144,948</u>	<u>\$ 14,909,026</u>	<u>\$ 48,539,019</u>
\$ 83,838	\$ 31,053	\$ -	\$ 49,536	\$ 66,237	\$ 466,333
-	-	-	-	-	183,108
-	-	-	1,520	4,748	21,248
-	-	-	811,544	-	811,544
-	-	407,933	-	-	1,169,082
83,838	31,053	407,933	862,600	70,985	2,651,315
-	-	-	-	15,520	97,040
221,339	-	-	269,207	489,677	2,104,068
-	-	-	-	100,000	100,000
221,339	-	-	269,207	605,197	2,301,108
-	-	-	-	1,205	22,540
-	-	-	-	4,926,008	19,369,642
-	-	-	-	1,631,444	1,631,444
4,399,893	911,902	1,095,055	13,141	7,674,187	14,094,178
-	-	-	-	-	8,468,792
4,399,893	911,902	1,095,055	13,141	14,232,844	43,586,596
<u>\$ 4,705,070</u>	<u>\$ 942,955</u>	<u>\$ 1,502,988</u>	<u>\$ 1,144,948</u>	<u>\$ 14,909,026</u>	<u>\$ 48,539,019</u>



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CITY OF RAMSEY

Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2018

Total fund balances – Governmental Funds \$ 43,586,596

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	100,847,041
Less accumulated depreciation	(33,165,906)

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	(26,170,000)
Compensated absences payable	(905,627)
Net pension liability	(4,683,942)
Total OPEB liability	(645,239)

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.

2,301,108

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

(68,509)

Governmental funds do not report certain amounts related to pensions and OPEB

Deferred outflows of resources for OPEB plan deferments	20,955
Deferred outflows of resources for pension plan deferments	3,842,824
Deferred inflows of resources for pension plan deferments	(5,303,755)

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.

497,694

Total net position – governmental activities

\$ 80,153,240

See notes to basic financial statements

CITY OF RAMSEY

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2018

	Special Revenue Funds			Debt Service Funds
	General	Tax Increment	COR Land	2011A Armstrong/Bunker Bond
Revenue				
Property taxes	\$ 9,411,418	\$ 983,764	\$ -	\$ -
Special assessments	-	-	-	87,378
Licenses and permits	1,031,944	-	-	-
Intergovernmental revenue	418,106	-	-	302,170
Charges for services	815,127	-	-	-
Fines and forfeits	46,651	-	-	-
Other revenue				
Investment earnings	111,849	85,332	-	11,670
Miscellaneous	21,873	-	-	-
Total revenue	<u>11,856,968</u>	<u>1,069,096</u>	<u>-</u>	<u>401,218</u>
Expenditures				
Current				
General government	3,292,680	565,450	-	423
Public safety	4,788,902	-	-	-
Highways and streets	1,756,372	-	-	-
Culture and recreation	1,190,099	-	-	-
Capital outlay	675,321	270,995	-	-
Debt service				
Principal retirement	-	-	-	350,000
Interest and fiscal charges	61,853	23,816	-	76,580
Total expenditures	<u>11,765,227</u>	<u>860,261</u>	<u>-</u>	<u>427,003</u>
Excess (deficiency) of revenue over expenditures	91,741	208,835	-	(25,785)
Other financing sources (uses)				
Debt issued	-	-	-	-
Premium on debt issued	-	-	-	-
Proceeds on sale of capital assets	-	-	-	-
Transfers in	936,451	-	-	-
Transfers (out)	(450,683)	-	-	-
Total other financing sources (uses)	<u>485,768</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	577,509	208,835	-	(25,785)
Fund balances				
Beginning of year	<u>7,912,618</u>	<u>4,633,143</u>	<u>8,629,937</u>	<u>997,504</u>
End of year	<u>\$ 8,490,127</u>	<u>\$ 4,841,978</u>	<u>\$ 8,629,937</u>	<u>\$ 971,719</u>

See notes to basic financial statements

Capital Project Funds

Public Improvement Revolving	Road Reconstruction/ Overlay	Public Facilities Construction	Puma/Bunker Street Improvement	Nonmajor	Totals
\$ -	\$ -	\$ 44,520	\$ -	\$ 1,976,832	\$ 12,416,534
59,723	-	-	188,330	224,168	559,599
-	-	-	-	-	1,031,944
-	-	-	875,741	1,351,949	2,947,966
-	-	-	-	1,540,842	2,355,969
-	-	-	-	-	46,651
94,544	13,882	24,443	-	228,523	570,243
875	1,580	5,000	-	736,273	765,601
<u>155,142</u>	<u>15,462</u>	<u>73,963</u>	<u>1,064,071</u>	<u>6,058,587</u>	<u>20,694,507</u>
-	-	-	-	353,812	4,212,365
-	-	-	-	-	4,788,902
535,812	9,777	-	-	88,746	2,390,707
-	-	-	-	101,717	1,291,816
-	969,462	-	1,050,930	601,577	3,568,285
-	-	-	-	1,750,000	2,100,000
-	49,223	8,191	-	703,462	923,125
<u>535,812</u>	<u>1,028,462</u>	<u>8,191</u>	<u>1,050,930</u>	<u>3,599,314</u>	<u>19,275,200</u>
(380,670)	(1,013,000)	65,772	13,141	2,459,273	1,419,307
-	1,175,000	-	-	-	1,175,000
-	35,246	-	-	-	35,246
-	-	-	-	75,047	75,047
193,153	-	64,383	-	253,150	1,447,137
(100,000)	-	-	-	(736,366)	(1,287,049)
<u>93,153</u>	<u>1,210,246</u>	<u>64,383</u>	<u>-</u>	<u>(408,169)</u>	<u>1,445,381</u>
(287,517)	197,246	130,155	13,141	2,051,104	2,864,688
4,687,410	714,656	964,900	-	12,181,740	40,721,908
<u>\$ 4,399,893</u>	<u>\$ 911,902</u>	<u>\$ 1,095,055</u>	<u>\$ 13,141</u>	<u>\$ 14,232,844</u>	<u>\$ 43,586,596</u>



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CITY OF RAMSEY

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended December 31, 2018

Total net change in fund balances – Governmental Funds \$ 2,864,688

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	3,568,285
Contributed assets from developers	722,960
Disposals	(95,258)
Depreciation expense	(3,429,643)

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

Issuance of new debt	(1,175,000)
Repayment of principal on long-term debt	2,100,000

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.

4,587

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.

271,932

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	(58,425)
Governmental activities – pension expense	69,174

Other postemployment benefits 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.

(58,793)

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.

333

Change in net position – governmental activities \$ 4,784,840

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, 2018

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Property taxes	\$ 9,400,242	\$ 9,400,242	\$ 9,411,418	\$ 11,176
Licenses and permits	512,750	512,750	1,031,944	519,194
Intergovernmental revenue	359,750	359,750	418,106	58,356
Charges for services	710,244	710,244	815,127	104,883
Fines and forfeits	68,700	68,700	46,651	(22,049)
Other revenue				
Investment earnings	70,000	70,000	111,849	41,849
Miscellaneous	31,000	31,000	21,873	(9,127)
Total revenue	<u>11,152,686</u>	<u>11,152,686</u>	<u>11,856,968</u>	<u>704,282</u>
Expenditures				
Current				
General government	3,391,933	3,391,933	3,292,680	(99,253)
Public safety	4,775,197	4,775,197	4,788,902	13,705
Highways and streets	2,006,979	2,006,979	1,756,372	(250,607)
Culture and recreation	1,119,210	1,119,210	1,190,099	70,889
Capital outlay	710,510	710,510	675,321	(35,189)
Debt service				
Interest and fiscal charges	119,455	119,455	61,853	(57,602)
Total expenditures	<u>12,123,284</u>	<u>12,123,284</u>	<u>11,765,227</u>	<u>(358,057)</u>
Excess (deficiency) of revenue over expenditures	(970,598)	(970,598)	91,741	1,062,339
Other financing sources (uses)				
Transfers in	970,598	970,598	936,451	(34,147)
Transfers (out)	–	–	(450,683)	(450,683)
Total other financing sources (uses)	<u>970,598</u>	<u>970,598</u>	<u>485,768</u>	<u>(484,830)</u>
Net change in fund balances	<u>\$ –</u>	<u>\$ –</u>	<u>577,509</u>	<u>\$ 577,509</u>
Fund balances				
Beginning of year			<u>7,912,618</u>	
End of year			<u>\$ 8,490,127</u>	

See notes to basic financial statements

CITY OF RAMSEY

Statement of Net Position
Proprietary Funds
December 31, 2018

	Business-Type Activities – Enterprise Funds		
	Water Utility	Sewer Utility	Street Light Utility
Assets			
Current assets			
Cash and temporary investments	\$ 23,762,740	\$ 13,631,962	\$ 1,248,170
Receivables			
Delinquent special assessments	3,617	7,015	–
Deferred special assessments	105,639	137,133	–
Accounts	443,703	479,149	65,914
Due from other governmental units	–	–	–
Prepays	–	65,059	–
Total current assets	<u>24,315,699</u>	<u>14,320,318</u>	<u>1,314,084</u>
Noncurrent assets			
Advances to other Funds	635,407	227,475	–
Capital assets			
Land	868,513	–	–
Construction in progress	1,944	113	–
Buildings and structures	6,058,847	–	–
Improvements other than buildings	1,008,502	775,584	1,135,881
Machinery and equipment	166,603	499,786	–
Water and sewer lines	27,385,738	23,361,835	–
	<u>35,490,147</u>	<u>24,637,318</u>	<u>1,135,881</u>
Less accumulated depreciation	<u>10,337,266</u>	<u>8,209,368</u>	<u>586,116</u>
Net capital assets	<u>25,152,881</u>	<u>16,427,950</u>	<u>549,765</u>
Total noncurrent assets	<u>25,788,288</u>	<u>16,655,425</u>	<u>549,765</u>
Total assets	<u>50,103,987</u>	<u>30,975,743</u>	<u>1,863,849</u>
Deferred Outflows of Resources			
Pension plan deferments	<u>95,937</u>	<u>41,037</u>	<u>–</u>
Total assets and deferred outflows of resources	<u>\$ 50,199,924</u>	<u>\$ 31,016,780</u>	<u>\$ 1,863,849</u>
Liabilities			
Current liabilities			
Accounts and contracts payable	\$ 11,591	\$ 4,210	\$ 2,636
Due to other governmental units	23,063	9,840	119
Unearned revenue	–	34,892	7,742
Total current liabilities	<u>34,654</u>	<u>48,942</u>	<u>10,497</u>
Non-Current liabilities			
Net pension liability	<u>284,836</u>	<u>123,312</u>	<u>–</u>
Total liabilities	<u>319,490</u>	<u>172,254</u>	<u>10,497</u>
Deferred Inflows of Resources			
Pension plan deferments	47,756	21,468	–
Net Position			
Investment in capital assets	25,152,881	16,427,950	549,765
Unrestricted	24,679,797	14,395,108	1,303,587
Total net position	<u>49,832,678</u>	<u>30,823,058</u>	<u>1,853,352</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 50,199,924</u>	<u>\$ 31,016,780</u>	<u>\$ 1,863,849</u>

See notes to basic financial statements

			Governmental Activities
Recycling Utility	Storm Water Utility	Totals	Internal Service
\$ 270,532	\$ 1,888,037	\$ 40,801,441	\$ 499,553
-	-	10,632	-
-	-	242,772	-
96,465	476,290	1,561,521	-
41,055	-	41,055	-
-	-	65,059	-
<u>408,052</u>	<u>2,364,327</u>	<u>42,722,480</u>	<u>499,553</u>
-	-	862,882	-
-	-	868,513	-
-	28,674	30,731	-
-	-	6,058,847	-
-	14,169,811	17,089,778	-
-	435,256	1,101,645	-
-	255,735	51,003,308	-
-	14,889,476	76,152,822	-
-	3,366,734	22,499,484	-
-	11,522,742	53,653,338	-
-	11,522,742	54,516,220	-
408,052	13,887,069	97,238,700	499,553
-	40,943	177,917	-
<u>\$ 408,052</u>	<u>\$ 13,928,012</u>	<u>\$ 97,416,617</u>	<u>\$ 499,553</u>
\$ 2,636	\$ 2,996	\$ 24,069	\$ 1,841
-	-	33,022	18
-	-	42,634	-
<u>2,636</u>	<u>2,996</u>	<u>99,725</u>	<u>1,859</u>
-	134,895	543,043	-
2,636	137,891	642,768	1,859
-	26,995	96,219	-
-	11,522,742	53,653,338	-
405,416	2,240,384	43,024,292	497,694
<u>405,416</u>	<u>13,763,126</u>	<u>96,677,630</u>	<u>497,694</u>
<u>\$ 408,052</u>	<u>\$ 13,928,012</u>	<u>\$ 97,416,617</u>	<u>\$ 499,553</u>

CITY OF RAMSEY

Statement of Revenue, Expenses, and Changes in Net Position
 Proprietary Funds
 Year Ended December 31, 2018

	Business-Type Activities – Enterprise Funds		
	Water Utility	Sewer Utility	Street Light Utility
Operating revenue			
Charges for services	\$ 3,484,687	\$ 2,174,321	\$ 211,360
Sewer access surcharge	–	8,623	–
Other	–	–	–
Total operating revenue	<u>3,484,687</u>	<u>2,182,944</u>	<u>211,360</u>
Operating expenses			
Personal services	348,526	174,608	–
Supplies	175,430	11,834	–
Service charges			
Disposal charges	–	757,215	–
Other	360,334	56,873	120,827
Depreciation	706,447	523,140	40,125
Total operating expenses	<u>1,590,737</u>	<u>1,523,670</u>	<u>160,952</u>
Operating income (loss)	1,893,950	659,274	50,408
Nonoperating revenue			
Intergovernmental revenue	–	336	–
Investment earnings	382,157	214,313	20,579
Total nonoperating revenue	<u>382,157</u>	<u>214,649</u>	<u>20,579</u>
Income before contributions and transfers	2,276,107	873,923	70,987
Capital contributions	343,020	307,435	–
Transfers out	<u>(41,000)</u>	<u>(35,000)</u>	<u>(20,000)</u>
Change in net position	2,578,127	1,146,358	50,987
Net position			
Beginning of year	<u>47,254,551</u>	<u>29,676,700</u>	<u>1,802,365</u>
End of year	<u>\$ 49,832,678</u>	<u>\$ 30,823,058</u>	<u>\$ 1,853,352</u>

See notes to basic financial statements

<u>Recycling Utility</u>	<u>Storm Water Utility</u>	<u>Totals</u>	<u>Governmental Activities Internal Service</u>
\$ 317,090	\$ 1,057,705	\$ 7,245,163	\$ -
-	-	8,623	-
-	-	-	42,070
<u>317,090</u>	<u>1,057,705</u>	<u>7,253,786</u>	<u>42,070</u>
28,435	192,516	744,085	-
30,254	11,881	229,399	2,115
-	-	757,215	-
321,366	58,832	918,232	25,561
-	310,649	1,580,361	-
<u>380,055</u>	<u>573,878</u>	<u>4,229,292</u>	<u>27,676</u>
(62,965)	483,827	3,024,494	14,394
71,921	-	72,257	-
4,771	28,233	650,053	8,527
<u>76,692</u>	<u>28,233</u>	<u>722,310</u>	<u>8,527</u>
13,727	512,060	3,746,804	22,921
-	255,735	906,190	-
<u>(11,500)</u>	<u>(30,000)</u>	<u>(137,500)</u>	<u>(22,588)</u>
2,227	737,795	4,515,494	333
<u>403,189</u>	<u>13,025,331</u>	<u>92,162,136</u>	<u>497,361</u>
<u>\$ 405,416</u>	<u>\$ 13,763,126</u>	<u>\$ 96,677,630</u>	<u>\$ 497,694</u>

CITY OF RAMSEY

Statement of Cash Flows
 Proprietary Funds
 Year Ended December 31, 2018

	Business-Type Activities – Enterprise Funds		
	Water Utility	Sewer Utility	Street Light Utility
Cash flows from operating activities			
Receipts from customers and users	\$ 3,468,590	\$ 2,177,642	\$ 205,288
Receipts from interfund services provided	–	–	–
Paid to suppliers/service providers	(707,873)	(1,118,661)	(120,865)
Paid to employees	(346,768)	(173,730)	–
Net cash flows from operating activities	<u>2,413,949</u>	<u>885,251</u>	<u>84,423</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	(97,389)	(82,321)	–
Cash flows from investing activities			
Interest received on investments	382,157	214,313	20,579
Cash flows from noncapital financing activities			
Intergovernmental revenue	–	336	–
Transfers (out)	(41,000)	(35,000)	(20,000)
Repayment of advances to other funds	453,785	1,071,268	–
Net cash flows from noncapital financing activities	<u>412,785</u>	<u>1,036,604</u>	<u>(20,000)</u>
Net increase (decrease) in cash and temporary investments/cash equivalents	3,111,502	2,053,847	85,002
Cash and temporary investments/cash equivalents			
Beginning of year	<u>20,651,238</u>	<u>11,578,115</u>	<u>1,163,168</u>
End of year	<u>\$ 23,762,740</u>	<u>\$ 13,631,962</u>	<u>\$ 1,248,170</u>
Reconciliation of operating income (loss) to net cash flows from operating activities			
Operating income (loss)	\$ 1,893,950	\$ 659,274	\$ 50,408
Adjustments to reconcile operating income (loss) to net cash flows from operating activities			
Depreciation	706,447	523,140	40,125
Change in assets, deferred inflows, liabilities and deferred outflows			
Receivables			
Delinquent and deferred special assessments	8,620	(6,402)	–
Accounts	(24,717)	(13,922)	(1,368)
Due from other governmental units	–	–	–
Prepays	–	(1,958)	–
Deferred outflows - pension plan deferment	11,581	5,790	–
Accounts payable	(172,047)	(276,019)	(37)
Unearned revenue	–	15,022	(4,704)
Due to other governmental units	(62)	(14,762)	(1)
Net pension liability	(17,819)	(8,910)	–
Deferred inflows - pension plan deferment	7,996	3,998	–
Net cash flow from operating activities	<u>\$ 2,413,949</u>	<u>\$ 885,251</u>	<u>\$ 84,423</u>
Noncash, investing, capital, and financing activities			
Contributions of capital assets from developers	<u>\$ 343,020</u>	<u>\$ 307,435</u>	<u>\$ –</u>

See notes to basic financial statements

			Governmental Activities
Recycling Utility	Storm Water Utility	Totals	Internal Service
\$ 298,482	\$ 1,031,298	\$ 7,181,300	\$ -
-	-	-	42,070
(351,645)	(116,585)	(2,415,629)	(27,547)
(28,435)	(191,343)	(740,276)	-
<u>(81,598)</u>	<u>723,370</u>	<u>4,025,395</u>	<u>14,523</u>
-	(292,514)	(472,224)	-
4,771	28,233	650,053	8,527
71,921	-	72,257	-
(11,500)	(30,000)	(137,500)	(22,588)
-	-	1,525,053	-
<u>60,421</u>	<u>(30,000)</u>	<u>1,459,810</u>	<u>(22,588)</u>
(16,406)	429,089	5,663,034	462
<u>286,938</u>	<u>1,458,948</u>	<u>35,138,407</u>	<u>499,091</u>
<u>\$ 270,532</u>	<u>\$ 1,888,037</u>	<u>\$ 40,801,441</u>	<u>\$ 499,553</u>
\$ (62,965)	\$ 483,827	\$ 3,024,494	\$ 14,394
-	310,649	1,580,361	-
-	-	2,218	-
(884)	(26,407)	(67,298)	-
(17,724)	-	(17,724)	-
-	-	(1,958)	-
-	7,721	25,092	-
(25)	(45,872)	(494,000)	1,841
-	-	10,318	-
-	-	(14,825)	(1,712)
-	(11,879)	(38,608)	-
-	5,331	17,325	-
<u>\$ (81,598)</u>	<u>\$ 723,370</u>	<u>\$ 4,025,395</u>	<u>\$ 14,523</u>
<u>\$ -</u>	<u>\$ 255,735</u>	<u>\$ 906,190</u>	<u>\$ -</u>



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CITY OF RAMSEY

Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2018

	<u>Agency Fund</u>
Assets	
Cash and temporary investments	\$ 3,713,511
Receivables	
Accounts	20,876
Assets held for resale	<u>13,582,499</u>
Total assets	<u><u>\$ 17,316,886</u></u>
Liabilities	
Accounts payable	\$ 111,918
Deposits payable	3,622,469
Loans payable to Met Council	<u>13,582,499</u>
Total liabilities	<u><u>\$ 17,316,886</u></u>

See notes to basic financial statements



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CITY OF RAMSEY

Notes to Basic Financial Statements
December 31, 2018

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

In conformity with generally accepted accounting principles, the financial statements of the component unit has been included in the financial reporting entity as a blended component unit.

The Ramsey Economic Development Authority (EDA) is an entity legally separate from the City. However, for financial reporting purposes, the EDA is reported as if it were part of the City's operations because the members of the City Council serve as EDA Board Members. The EDA provides services entirely to the city, with its purpose to promote development within the City. The activity of the EDA is reported in the Nonmajor Special Revenue Fund entitled Economic Development Authority. Separate financial statements are not prepared for the EDA.

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 2018 fiscal year, the City paid LOGIS approximately \$217,561 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, even though the latter are excluded from the government-wide financial statements. 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.

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)

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.

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.

Puma/Bunker Street Improvement Capital Project Fund – This fund is used to account for the resources used to finance the construction of Puma Street and Bunker Lake Boulevard near the City’s new business park.

The City reports the following Major Proprietary Funds:

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

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

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

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

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

The City also reports the following fund types:

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

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and are offset by deferred inflows of resources in the governmental fund financial statements.

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 and other post-employment benefits (OPEB) 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 and OPEB 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 2018.

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. Change of Accounting Principle

During the 2018 fiscal year, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes new standards for employer recognition and measurement of liabilities, deferred outflows/inflows of resources, and expense for OPEB. This standard requires retroactive implementation. However, the cumulative net effect of this change in accounting principle was not material to these financial statements, and was therefore included in current year activity.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$	8,425,149
Investments		70,682,312
Cash on hand		200
Total	\$	<u>79,107,661</u>

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

Cash and temporary investments - Statement of Net Position	\$	75,394,150
Cash and temporary investments - Statement of Fiduciary Net Position		3,713,511
Total	\$	<u>79,107,661</u>

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Deposits

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

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

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

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

At year end, the carrying amount of the City's deposits was \$8,425,149 while the balance on the bank records was \$8,478,622. At December 31, 2018, 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		Fair Value Measurements Using	Interest Risk- Maturity Duration in Years				Total
	Rating	Agency		Less Than 1	1 to 5	6 to 10	11 to 15	
U.S. Treasuries	N/A	N/A	Level 1	\$ -	\$ 2,083	\$ -	\$ -	2,083
U.S. Agencies	AA+	S&P	Level 2	493,555	4,007,066	2,479,940	279,942	7,260,503
Municipal Bonds	A-AAA	Moodys	Level 2	2,505,160	6,663,120	1,052,350	-	10,220,630
Municipal Bonds	A-AAA	S&P	Level 2	2,921,843	11,044,238	975,889	-	14,941,970
Negotiable Certificates of Deposit	N/R	N/A	Level 1	11,784,239	14,725,074	237,833	-	26,747,146
Investment pools								
Minnesota Municipal Money Market	N/R	N/A	Amortized Cost	11,509,980	-	-	-	11,509,980
Total Investments								<u>\$ 70,682,312</u>

N/A Not Applicable
N/R Not Rated

Note: The City’s investments include investment pools managed by 4M, which is an external investment pool regulated by Minnesota Statutes and is not registered with the Securities and Exchange Commission. The City’s investments in this investment pool are measured at the net asset value per share provided by the pools, which are based on amortized cost methods that approximate fair value. There are no restrictions or limitations on withdrawals from 4M. 4M Term Series Portfolios are intended to be held until maturity; a participant’s withdrawal prior to maturity will require seven-days’ notice of redemption and will likely carry a penalty, which could be substantial in that it would be intended to allow the Term Series Portfolio to recoup any associated penalties, charges, losses, or other costs associated with the early redemption of the investments therein.

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
Major Capital Project Fund; Public Improvement Revolving	Major Capital Project Fund; Puma/Bunker Street Improvement	<u>\$ 811,544</u>

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	\$ 306,200	Internally finance TIF loan
Major Proprietary Fund; Water Utility	Major Special Revenue Fund; COR Land	227,474	Internally finance development land purchase
Major Proprietary Fund; Sewer Utility	Major Special Revenue Fund; COR Land	227,475	Internally finance development land purchase
Major Proprietary Fund; Water Utility	Major Capital Project Fund; Public Facilities Construction	407,933	Internally finance facility loan
		<u>\$ 1,169,082</u>	

C. Interfund Transfers

Transfers Out	Transfers In				Total
	General Fund	Public Improvement Revolving Capital Project Fund	Public Facilities Construction Capital Project Fund	Nonmajor Governmental Funds	
General Fund	\$ –	\$ 193,150	\$ 64,383	\$ 193,150	\$ 450,683
Public Improvement Revolving Capital Project Fund	100,000	–	–	–	100,000
Nonmajor Governmental Funds	676,363	3	–	60,000	736,366
Water Utility Proprietary Fund	41,000	–	–	–	41,000
Sewer Utility Proprietary Fund	35,000	–	–	–	35,000
Street Light Utility Proprietary Fund	20,000	–	–	–	20,000
Recycling Utility Proprietary Fund	11,500	–	–	–	11,500
Storm Water Utility Proprietary Fund	30,000	–	–	–	30,000
Internal Service Fund	22,588	–	–	–	22,588
	<u>\$ 936,451</u>	<u>\$ 193,153</u>	<u>\$ 64,383</u>	<u>\$ 253,150</u>	<u>\$ 1,447,137</u>

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/ Adjustments	Deletions	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 6,848,022	\$ -	\$ -	\$ -	\$ 6,848,022
Construction in progress	1,615,891	2,571,415	(1,962,298)	(618)	2,224,390
Capital assets, depreciated					
Buildings and structures	29,402,849	-	-	(111,005)	29,291,844
Improvements other than buildings	11,089,703	248,745	293,806	-	11,632,254
Office equipment	668,396	-	6,662	-	675,058
Motor vehicles	3,968,685	207,853	-	(399,917)	3,776,621
Machinery and equipment	6,635,538	540,272	(6,662)	(126,794)	7,042,354
Infrastructure	36,965,046	722,960	1,668,492	-	39,356,498
Total capital assets	<u>97,194,130</u>	<u>4,291,245</u>	<u>-</u>	<u>(638,334)</u>	<u>100,847,041</u>
Less accumulated depreciation on					
Buildings and structures	(6,598,065)	(626,984)	(4,735)	54,363	(7,175,421)
Improvements other than buildings	(4,482,015)	(556,200)	4,735	-	(5,033,480)
Office equipment	(402,998)	(33,963)	(6,662)	-	(443,623)
Motor vehicles	(3,273,604)	(267,852)	-	366,316	(3,175,140)
Machinery and equipment	(3,648,663)	(386,311)	6,662	122,397	(3,905,915)
Infrastructure	(11,873,994)	(1,558,333)	-	-	(13,432,327)
Total accumulated depreciation	<u>(30,279,339)</u>	<u>(3,429,643)</u>	<u>-</u>	<u>543,076</u>	<u>(33,165,906)</u>
Net capital assets	<u>\$ 66,914,791</u>	<u>\$ 861,602</u>	<u>\$ -</u>	<u>\$ (95,258)</u>	<u>\$ 67,681,135</u>

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

	Balance – Beginning of Year	Additions	Completed Construction/ Adjustments	Deletions	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 868,513	\$ -	\$ -	\$ -	\$ 868,513
Construction in progress	1,214,149	138,843	(1,322,261)	-	30,731
Capital assets, depreciated					
Buildings and structures	6,058,847	-	-	-	6,058,847
Improvements other than buildings	15,744,605	22,912	1,322,261	-	17,089,778
Machinery and equipment	834,318	310,469	-	(43,142)	1,101,645
Water and sewer lines	50,097,118	906,190	-	-	51,003,308
Total capital assets	<u>74,817,550</u>	<u>1,378,414</u>	<u>-</u>	<u>(43,142)</u>	<u>76,152,822</u>
Less accumulated depreciation on					
Buildings and structures	(1,501,015)	(121,079)	-	-	(1,622,094)
Improvements other than buildings	(3,656,839)	(369,561)	-	-	(4,026,400)
Machinery and equipment	(411,908)	(71,953)	-	43,142	(440,719)
Water and sewer lines	(15,392,503)	(1,017,768)	-	-	(16,410,271)
Total accumulated depreciation	<u>(20,962,265)</u>	<u>(1,580,361)</u>	<u>-</u>	<u>43,142</u>	<u>(22,499,484)</u>
Net capital assets	<u>\$ 53,855,285</u>	<u>\$ (201,947)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,653,338</u>

NOTE 4 – CAPITAL ASSETS (CONTINUED)

C. Depreciation Expense by Function

Governmental activities	
General government	\$ 825,160
Public safety	402,217
Highways and streets	1,759,516
Culture and recreation	442,750
Total depreciation expense – governmental activities	<u>\$ 3,429,643</u>
Business-type activities	
Water Utility	\$ 706,447
Sewer Utility	523,140
Street Light Utility	40,125
Storm Water Utility	310,649
Total depreciation expense – business-type activities	<u>\$ 1,580,361</u>

NOTE 5 – LONG-TERM DEBT

A. Components of Long-Term Debt

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Balance – End of Year</u>
Governmental activities					
Bonds payable					
General Obligation Improvement Bonds					
Series 2009A	\$ 1,340,000	0.85-4.50%	11/19/2009	10/1/2019	\$ 145,000
Series 2011A	\$ 4,365,000	2.00-3.15%	9/7/2011	2/1/2026	2,540,000
Series 2011B	\$ 3,090,000	2.00-2.70%	12/29/2011	12/15/2025	2,040,000
Series 2012A	\$ 16,875,000	3.00-3.75%	6/7/2012	12/15/2031	12,820,000
Series 2015A	\$ 3,880,000	2.00-3.50%	6/15/2015	12/1/2035	3,545,000
Series 2015B	\$ 1,205,000	2.00-2.25%	6/15/2015	12/1/2025	865,000
Series 2016A	\$ 1,650,000	2.00%	7/21/2016	12/15/2026	1,350,000
Series 2017A	\$ 895,000	1.15-2.50%	8/17/2017	12/15/2027	815,000
Series 2018A	\$ 1,175,000	3.00%	7/17/2018	12/15/2028	1,175,000
Total general obligation improvement bonds					<u>25,295,000</u>
Capital Equipment Certificates					
Series 2013A	\$ 635,000	0.50-3.00%	9/5/2013	9/1/2023	335,000
Series 2014A	\$ 875,000	0.60-2.35%	12/3/2014	12/15/2024	540,000
Total capital equipment certificates					<u>875,000</u>
Compensated absences payable					905,627
Net pension liability					4,683,942
OPEB					645,239
Total governmental activities					<u>\$ 32,404,808</u>
Business-type activities					
Net pension liability					<u>543,043</u>
Total government and business-type activities					<u>\$ 32,947,851</u>

B. Descriptions of Long-Term Debt

- **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.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

- **General Obligation Improvement Bonds (continued) –**

The Series 2011B were Improvement Crossover Refunding bonds that were issued to refund the 2005B Series bonds that were called on December 15, 2014.

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

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

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

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

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

The Series 2018A were issued to fund road improvements related to the reconstruction of Riversbend Avenue and Stanhope Terrace.

- **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.
- **Total Other Post-Employment Benefits (OPEB) Liability** – The liability represents non-pension benefits provided after the termination of employment. 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. Improvement Bonds	\$ 26,075,000	\$ 1,175,000	\$ 1,955,000	\$ 25,295,000	\$ 2,130,000
Capital Equipment Certificates	1,020,000	–	145,000	875,000	150,000
Compensated absences payable	847,202	631,347	572,922	905,627	588,658
Net pension liability	5,892,660	613,388	1,822,106	4,683,942	–
Total OPEB liability	<u>565,491</u>	<u>83,097</u>	<u>3,349</u>	<u>645,239</u>	<u>–</u>
Total governmental activities	34,400,353	2,502,832	4,498,377	32,404,808	2,868,658
Business type Activities					
Net pension liability	<u>581,651</u>	<u>17,458</u>	<u>56,066</u>	<u>543,043</u>	<u>–</u>
Total governmental and business type activities	<u>\$ 34,982,004</u>	<u>\$ 2,520,290</u>	<u>\$ 4,554,443</u>	<u>\$ 32,947,851</u>	<u>\$ 2,868,658</u>

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
2019	\$ 2,280,000	\$ 761,691
2020	2,230,000	686,486
2021	2,300,000	624,143
2022	2,385,000	558,080
2023	2,155,000	500,518
2024-2028	9,170,000	1,669,759
2029-2033	5,140,000	472,459
2034-2035	510,000	26,950
	<u>\$ 26,170,000</u>	<u>\$ 5,300,086</u>

NOTE 6 – FUND BALANCE POLICY AND CLASSIFICATION

A. Classifications

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

	Special Revenue Funds			Debt Service Fund	Capital Project Funds				Nonmajor	Total
	General	Tax Increment	COR Land	2011A Armstrong/Bunker Bond	Public Improvement Revolving	Road Reconstruction/ Overlay	Public Facilities Construction	Puma/Bunker Street Improvement		
Fund balances										
Nonspendable										
Prepays	\$ 21,335	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,205	\$ 22,540
Restricted for										
Road improvements	-	-	-	-	-	-	-	-	1,644,038	1,644,038
Debt service	-	-	-	971,719	-	-	-	-	1,650,132	2,621,851
Economic development	-	-	-	-	-	-	-	-	1,272,741	1,272,741
Housing and redevelopment	-	-	8,629,937	-	-	-	-	-	-	8,629,937
Recreation/community programs	-	-	-	-	-	-	-	-	245,434	245,434
Law enforcement programs	-	-	-	-	-	-	-	-	113,663	113,663
Tax increment financing	-	4,841,978	-	-	-	-	-	-	-	4,841,978
	-	4,841,978	8,629,937	971,719	-	-	-	-	4,926,008	19,369,642
Committed										
Stormwater development projects	-	-	-	-	-	-	-	-	1,200,751	1,200,751
Community/business programs	-	-	-	-	-	-	-	-	430,693	430,693
	-	-	-	-	-	-	-	-	1,631,444	1,631,444
Assigned										
Road improvements	-	-	-	-	4,399,893	911,902	1,095,055	13,141	3,554,588	9,974,579
Cemetery improvements	-	-	-	-	-	-	-	-	59,169	59,169
Park improvements	-	-	-	-	-	-	-	-	3,696,154	3,696,154
Right-of-way acquisitions	-	-	-	-	-	-	-	-	290,465	290,465
Parking ramp maintenance	-	-	-	-	-	-	-	-	73,811	73,811
	-	-	-	-	4,399,893	911,902	1,095,055	13,141	7,674,187	14,094,178
Unassigned	8,468,792	-	-	-	-	-	-	-	-	8,468,792
Total fund balances	<u>\$ 8,490,127</u>	<u>\$ 4,841,978</u>	<u>\$ 8,629,937</u>	<u>\$ 971,719</u>	<u>\$ 4,399,893</u>	<u>\$ 911,902</u>	<u>\$ 1,095,055</u>	<u>\$ 13,141</u>	<u>\$ 14,232,844</u>	<u>\$ 43,586,596</u>

NOTE 6 – FUND BALANCE POLICY AND CLASSIFICATION (CONTINUED)

B. Fund Balance Policy

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

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

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

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

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

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

At December 31, 2018, the city fund has met its general fund balance policy.

NOTE 7 – DEFINED BENEFIT PENSION PLANS SUMMARY

The city has reported the following balances for defined benefit pension plans as detailed further in these notes:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA - GERF	\$ 2,923,581	\$ 660,723	\$ 867,571	\$ 352,641
PERA - PEPFF	2,303,404	3,360,018	4,532,403	297,997
Total - all pensions	<u>\$ 5,226,985</u>	<u>\$ 4,020,741</u>	<u>\$ 5,399,974</u>	<u>\$ 650,638</u>

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 the Coordinated Plan. Coordinated Plan members are covered by Social Security.

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. 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 Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent of average salary for all years 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 age 66.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the GERF is at least 90.0 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90.0 percent funded, or has fallen below 80.0 percent, benefits recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

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. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. PEPFF benefit recipients receive a future annual 1% increase. An annual adjustment will equal 2.5 % any time the plan exceeds a 90 percent funded ratio for two consecutive years. If the adjustment is increased to 2.5% and the funded ratio falls below 80 percent for one year or 85 percent for two consecutive years, the post-retirement benefit increase will be lowered to 1%. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

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. GERS Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2018 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the GERS for the year ended December 31, 2018, were \$271,321. 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 fiscal year 2018. The City was required to contribute 16.20% of pay for members. The City's contributions to the PEPFF for the year ended December 31, 2018, were \$382,968. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. GERS Pension Costs

At December 31, 2018, the City reported a liability of \$2,923,581 for its proportionate share of the GERS's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2018. 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 \$95,848. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

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, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2018, the City’s proportion share was 0.0527% which was a decrease of 0.0024% from its proportion measured as of June 30, 2017.

City’s proportionate share of the net pension liability	\$2,923,581
State of Minnesota’s proportionate share of the net pension liability associated with the City	<u>95,848</u>
Total	<u>\$3,019,429</u>

For the year ended December 31, 2018, the City recognized pension expense of \$330,289 for its proportionate share of the GERS’s pension expense. In addition, the City recognized an additional \$22,352 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s contribution of sixteen million to GERS

At December 31, 2018, the City reported its proportionate share of the GERS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual economic experience	\$ 80,748	\$ 82,194
Changes in actuarial assumptions	269,207	338,736
Differences between projected and actual investment earnings	-	331,730
Changes in proportion	174,569	114,911
Contributions paid to PERA subsequent to the measurement date	<u>136,199</u>	<u>-</u>
Total	<u>\$ 660,723</u>	<u>\$ 867,571</u>

\$136,199 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Pension Expense Amount</u>
2019	\$ 124,663
2020	(124,657)
2021	(282,031)
2022	(61,022)

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

2. PEPFF Pension Costs

At December 31, 2018, the City reported a liability of \$2,303,404 for its proportionate share of the PEPFF’s net pension liability. The net pension liability was measured as of June 30, 2018, 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 proportionate share 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, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2018, the City of Ramsey’s proportion was 0.2161% which was a decrease of 0.0029% from its proportionate share measured as of June 30, 2017.

For the year ended December 31, 2018, the City recognized pension expense of \$278,548 for its proportionate share of the PEPFF’s expense. The City also recognized \$19,449 for the year ended December 31, 2018, as revenue and an offsetting reduction of net pension liability 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.

At December 31, 2018, the City reported its proportionate share of the PEPFF’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual economic experience	\$ 93,564	\$544,638
Changes in actuarial assumptions	2,756,364	3,435,380
Difference between projected and actual investment earnings	-	514,076
Changes in proportion	312,300	38,309
Contributions paid to PERA subsequent to the measurement date	<u>197,790</u>	<u>-</u>
Total	<u>\$3,360,018</u>	<u>\$4,532,403</u>

\$197,790 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Pension Expense Amount</u>
2019	\$ (36,781)
2020	(140,220)
2021	(313,459)
2022	(865,595)
2023	(14,120)

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

E. Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using an individual entry-age normal actuarial cost method and 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 for all plans were based on RP-2014 tables for males or females, as appropriate, with slight adjustments to fit PERA’s experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for GERF and 1 percent per year for PEPFF.

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the GERF was completed in 2015. The most recent four-year experience study for PEPFF was completed in 2016. Economic assumptions were updated in 2017 based on a review of inflations and investment return assumptions.

The following changes in actuarial assumptions occurred in 2018:

1. GERF:
 - The mortality projection scale was changed from MP-2015 to MP-2017.
 - The assumed post-retirement benefit increase was changed from 1.0 percent per year through 2044 and 2.5 percent per year thereafter, to 1.25 percent per year.
2. PEPFF:
 - The mortality projection scale was changed from MP-2016 to MP-2017.
 - As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year thereafter, to 1.0 percent for all years, with no trigger.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Stocks	36%	5.10%
International Stocks	17%	5.30%
Bonds	20%	0.75%
Alternative Assets	25%	5.90%
Cash	<u>2%</u>	0.00%
Total	<u>100%</u>	

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

F. Discount Rate

The discount rate used to measure the total pension liability in 2018 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of GERP and PEPFF were 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 <u>(6.5%)</u>	Current Discount Rate <u>(7.5%)</u>	1% Increase in Discount Rate <u>(8.5%)</u>
The City's Proportionate Share of the GERP Net Pension Liability:	\$4,751,192	\$2,923,581	\$1,414,939
The City's Proportionate Share of the PEPFF Net Pension Liability:	\$4,938,641	\$2,303,404	\$124,171

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 internet 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% (.25 percent) of the assets in each member's account annually.

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

For the Year Ended:	Contribution Amount		Percentage of Covered Payroll		Required Rate for Employees and Employers
	Employee	Employer	Employee	Employer	
December 31, 2018	\$600	\$600	5%	5%	5%
December 31, 2017	\$600	\$600	5%	5%	5%
December 31, 2016	\$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, 2018 was \$202,230, compared to a total city payroll of \$7,065,586.

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 2018, including both city and state fire aid passed through the City totaled \$183,275. This contribution represents nearly 91% of the current 2018 covered payroll of \$202,230.

There were no current year changes in plan provisions.

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

A. Plan Description

The City provides post-employment health care benefits for retired employees through a single employer defined benefit plan. The term *plan* refers to the City's requirement by State Statute to provide retirees with access to health insurance. The OPEB plan is administered by the City. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. No plan assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. Benefits Provided

All retirees of the City have the option under state law to continue their medical insurance coverage through the City from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of all employee groups, the retiree must pay the full premium to continue coverage for medical and dental insurance. Per state statutes, the City is also required to contribute towards the cost of continued health insurance coverage for officers and firefighters disabled or killed in the line of duty.

The City is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees until the retiree reaches Medicare eligibility, whether the premiums are paid the by the City or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy." This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the City's younger and statistically healthier active employees.

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

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the City. The City’s current year required pay-as-you-go contributions to finance the benefits described in the previous section totaled \$3,476.

D. Membership

Membership in the plan consisted of the following as of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	0
Active plan members	<u>73</u>
Total members	<u><u>73</u></u>

E. Total OPEB Liability of the City

The City’s total OPEB liability of \$645,239 as of year-end was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, using the entry age normal level percent of pay method. The following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.44%
20-year municipal bond yield	3.44%
Inflation rate	2.75%
Salary increases	3.50%
Medical trend rate	10.00% grading to 5.00% over 10 years

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield.

Mortality rates were based on the RP-2014 mortality tables used in the PERA plan of which the employee, retiree, or beneficiary is a participant.

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

G. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Beginning balance	\$ 565,491
Changes for the year	
Service cost	40,892
Interest	22,858
Changes of assumptions	19,347
Benefit payments	<u>(3,349)</u>
Total net changes	79,748
Ending balance	<u><u>\$ 645,239</u></u>

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 4.50 percent to 3.44 percent.

H. Total OPEB Liability Sensitivity to Discount and Health-Care cost Trend Rate Changes

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	2.44%	3.44%	4.44%
Total OPEB liability	\$ 704,541	\$ 645,239	\$ 589,599

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

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease in Healthcare Trend Rate</u>	<u>Healthcare Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
OPEB healthcare trend rate	9.00% decreasing to 4.00% over 10 years	10.00% decreasing to 5.00% over 10 years	11.00% decreasing to 6.00% over 10 years
Total OPEB liability	\$ 552,328	\$ 645,239	\$ 757,279

I. OPEB Expense and Related Deferred Outflow of Resources and Deferred Inflows of Resources

For the current year ended, the City recognized OPEB expense of \$92,437. As of year-end, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 17,479	\$ -
City contributions subsequent to the measurement date	<u>3,476</u>	<u>-</u>
Total	<u>\$ 20,955</u>	<u>\$ -</u>

A total of \$3,476 reported as deferred outflows of resources related to OPEB resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>OPEB Expense Amount</u>
2019	\$ 1,868
2020	\$ 1,868
2021	\$ 1,868
2022	\$ 1,868
2023	\$ 1,868
Thereafter	\$ 8,139

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, 2018.

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;

NOTE 13 – TAX ABATEMENT AGREEMENTS (CONTINUED)

- 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, 2018, the City abated property taxes totaling \$235,298 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: \$139,276 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: \$21,217 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: \$38,206 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, 2018 for all of these agreements was \$3,798,025.

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 2018 changes in deposits is as follows:

Total deposits payable at January 1, 2018	\$ 2,689,061
Add deposits received	3,074,333
Less payments from deposit account	<u>(2,140,925)</u>
Total deposits payable at December 31, 2018	<u>\$ 3,622,469</u>

NOTE 15 – INDUSTRIAL AND LEASE REVENUE BONDS

From time to time, the City has issued Industrial Revenue Bonds and Lease Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the City, the state of Minnesota, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2018, there was one series of Industrial Revenue Bonds and one Lease Revenue Bond outstanding with aggregate principal amounts payable of \$1,340,000 and \$9,390,000 respectively.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

A. Commitments for Construction

At December 31, 2018, the City is committed to various construction contracts for the improvement of city property. The City's remaining commitment under these contracts is \$16,527. The City has resources available to cover these commitments.

B. Federal and State Revenue

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

C. Legal Claims

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

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 \$3,085,497 has been depreciated to date. These amounts are recorded in the City’s capital assets. The City of Ramsey collected \$49,779 in lease revenue for the fiscal year ended December 31, 2018. The following is an estimate of the future lease payments:

<u>Year Ending December 31,</u>	<u>Lease Payments</u>
2019	\$ 52,386
January 1 – June 30, 2020	<u>26,580</u>
Total	<u>\$ 78,966</u>

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

REQUIRED SUPPLEMENTARY INFORMATION



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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%
12/31/2018	06/30/2018	0.0527%	\$ 2,923,581	\$ 95,848	\$ 3,019,429	\$ 3,542,360	82.53%	79.50%

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%
12/31/2018	\$ 271,321	\$ 271,321	\$ –	\$ 3,617,613	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. In 2017, the State’s special funding contribution increased from \$6 million to \$16 million.

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. (4) 2018 Changes - The morality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.0 percent per year through 2044 and 2.5 percent per year thereafter, to 1.25 percent per year.

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%
12/31/2018	06/30/2018	0.2161%	\$ 2,303,404	\$ 2,277,516	101.14%	88.80%

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%
12/31/2018	\$ 382,968	\$ 382,968	\$ –	\$ 2,364,000	16.20%

Note 1: **Changes in Plan Provisions.** In 2015, 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. (4) 2018 Changes - The mortality projection scale was changed from MP-2016 to MP-2017. As set by state statutes, the assumed post-retirement benefit increase was changed from 1.00 percent per year through 2064, and 2.50 percent per year thereafter, to 1.00 percent for all years with no trigger.

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 Changes in the City's Total
 OPEB Liability and Related Ratios
 Year Ended December 31, 2018

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 40,892
Interest	22,858
Changes of assumptions	19,347
Benefit payments	<u>(3,349)</u>
Net change in total OPEB liability	79,748
Total OPEB liability – beginning of year	<u>565,491</u>
Total OPEB liability – end of year	<u>\$ 645,239</u>
Covered payroll	<u>\$ 5,400,000</u>
Total OPEB liability as a percentage of covered payroll	<u>11.95%</u>

Note 1: **Changes in Actuarial Assumptions.** (1) 2018 Changes - The discount rate was changed from 4.50 percent to 3.44 percent.

Note 2: The City implemented GASB Statement No. 75 in fiscal 2018. This information is not available for previous fiscal years. Additional years' information will be displayed as it becomes available.

COMBINING AND INDIVIDUAL FUND STATEMENTS
AND SCHEDULES



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CITY OF RAMSEY

Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2018

	Special Revenue	Debt Service	Capital Project	Totals
Assets				
Cash and temporary investments	\$ 2,996,886	\$ 1,631,767	\$ 9,106,985	\$ 13,735,638
Receivables				
Unremitted taxes	1,135	17,750	-	18,885
Delinquent taxes	1,012	14,508	-	15,520
Unremitted special assessments	-	615	-	615
Delinquent special assessments	-	3	-	3
Deferred special assessments	-	489,674	-	489,674
Accounts	8,181	-	2,336	10,517
Notes	100,000	-	-	100,000
Due from other governmental units	-	-	9,893	9,893
Prepays	1,205	-	-	1,205
Land held for resale	263,538	-	263,538	527,076
	<u>\$ 3,371,957</u>	<u>\$ 2,154,317</u>	<u>\$ 9,382,752</u>	<u>\$ 14,909,026</u>
Liabilities				
Accounts and contracts payable	\$ 6,458	\$ -	\$ 59,779	\$ 66,237
Due to other governmental units	-	-	4,748	4,748
Total liabilities	6,458	-	64,527	70,985
Deferred inflows of resources				
Unavailable revenue - property taxes	1,012	14,508	-	15,520
Unavailable revenue - special assessments	-	489,677	-	489,677
Unavailable revenue - notes receivable	100,000	-	-	100,000
Total deferred inflows of resources	101,012	504,185	-	605,197
Fund balances				
Nonspendable	1,205	-	-	1,205
Restricted	1,631,838	1,650,132	1,644,038	4,926,008
Committed	1,631,444	-	-	1,631,444
Assigned	-	-	7,674,187	7,674,187
Total fund balance	<u>3,264,487</u>	<u>1,650,132</u>	<u>9,318,225</u>	<u>14,232,844</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,371,957</u>	<u>\$ 2,154,317</u>	<u>\$ 9,382,752</u>	<u>\$ 14,909,026</u>



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CITY OF RAMSEY

Nonmajor Governmental Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2018

	Special Revenue	Debt Service	Capital Project	Totals
Revenue				
Property taxes	\$ 104,326	\$ 1,872,506	\$ -	\$ 1,976,832
Special assessments	-	224,168	-	224,168
Intergovernmental revenue	3,574	491,208	857,167	1,351,949
Charges for services	-	-	1,540,842	1,540,842
Other revenue				
Investment earnings	47,380	32,092	149,051	228,523
Miscellaneous	617,155	97	119,021	736,273
Total revenue	<u>772,435</u>	<u>2,620,071</u>	<u>2,666,081</u>	<u>6,058,587</u>
Expenditures				
Current				
General government	255,471	-	98,341	353,812
Highways and streets	-	-	88,746	88,746
Culture and recreation	-	-	101,717	101,717
Capital outlay	-	-	601,577	601,577
Debt service				
Principal retirement	-	1,750,000	-	1,750,000
Interest and fiscal charges	-	703,462	-	703,462
Total expenditures	<u>255,471</u>	<u>2,453,462</u>	<u>890,381</u>	<u>3,599,314</u>
Excess (deficiency) of revenue over expenditures	516,964	166,609	1,775,700	2,459,273
Other financing sources (uses)				
Proceeds on sale of capital assets	75,047	-	-	75,047
Transfers in	-	60,000	193,150	253,150
Transfers (out)	-	-	(736,366)	(736,366)
Total other financing sources (uses)	<u>75,047</u>	<u>60,000</u>	<u>(543,216)</u>	<u>(408,169)</u>
Net change in fund balances	592,011	226,609	1,232,484	2,051,104
Fund balances				
Beginning of year	<u>2,672,476</u>	<u>1,423,523</u>	<u>8,085,741</u>	<u>12,181,740</u>
End of year	<u>\$ 3,264,487</u>	<u>\$ 1,650,132</u>	<u>\$ 9,318,225</u>	<u>\$ 14,232,844</u>



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NONMAJOR SPECIAL REVENUE FUNDS

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

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

Future Sealcoating Fund – used to account for contributions from developers/owners for sealcoating. The city is no longer collecting contributions from developers/owners as per a change in city policy.

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

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

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

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

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

CITY OF RAMSEY

Nonmajor Special Revenue Funds
 Combining Balance Sheet
 December 31, 2018

	<u>Revolving Loan</u>	<u>Future Sealcoating</u>	<u>Lawful Gambling</u>	<u>Peace Officers</u>
Assets				
Cash and temporary investments	\$ 233,521	\$ 95,402	\$ 238,753	\$ 113,830
Receivables				
Unremitted taxes	-	-	-	-
Delinquent taxes	-	-	-	-
Accounts	-	-	6,681	-
Notes	100,000	-	-	-
Prepays	-	-	-	-
Land held for resale	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 333,521</u>	<u>\$ 95,402</u>	<u>\$ 245,434</u>	<u>\$ 113,830</u>
Liabilities				
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ 167
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	-	-
Unavailable revenue - notes receivable	100,000	-	-	-
Total deferred inflows of resources	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable	-	-	-	-
Restricted	-	-	245,434	113,663
Committed	233,521	95,402	-	-
Total fund balances	<u>233,521</u>	<u>95,402</u>	<u>245,434</u>	<u>113,663</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 333,521</u>	<u>\$ 95,402</u>	<u>\$ 245,434</u>	<u>\$ 113,830</u>

Developer's Fees	General Govt Special Projects	Economic Development Authority	Totals
\$ 1,105,349	\$ 197,842	\$ 1,012,189	\$ 2,996,886
-	-	1,135	1,135
-	-	1,012	1,012
-	-	1,500	8,181
-	-	-	100,000
-	-	1,205	1,205
-	-	263,538	263,538
<u>\$ 1,105,349</u>	<u>\$ 197,842</u>	<u>\$ 1,280,579</u>	<u>\$ 3,371,957</u>
\$ -	\$ 670	\$ 5,621	\$ 6,458
-	-	1,012	1,012
-	-	-	100,000
-	-	1,012	101,012
-	-	1,205	1,205
-	-	1,272,741	1,631,838
1,105,349	197,172	-	1,631,444
<u>1,105,349</u>	<u>197,172</u>	<u>1,273,946</u>	<u>3,264,487</u>
<u>\$ 1,105,349</u>	<u>\$ 197,842</u>	<u>\$ 1,280,579</u>	<u>\$ 3,371,957</u>

CITY OF RAMSEY

Nonmajor Special Revenue Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2018

	Revolving Loan	Future Sealcoating	Lawful Gambling	Peace Officers
Revenue				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	3,574
Other revenue				
Investment earnings	5,340	-	3,585	1,022
Miscellaneous	11,786	-	81,926	82,174
Total revenue	<u>17,126</u>	<u>-</u>	<u>85,511</u>	<u>86,770</u>
Expenditures				
Current				
General government	99,800	-	25,163	32,917
Excess (deficiency) of revenue over expenditures	(82,674)	-	60,348	53,853
Other financing sources (uses)				
Proceeds on sale of capital assets	-	-	-	-
Net change in fund balances	(82,674)	-	60,348	53,853
Fund balances				
Beginning of year	316,195	95,402	185,086	59,810
End of year	<u>\$ 233,521</u>	<u>\$ 95,402</u>	<u>\$ 245,434</u>	<u>\$ 113,663</u>

Developer's Fees	General Govt Special Projects	Economic Development Authority	Totals
\$ –	\$ –	\$ 104,326	\$ 104,326
–	–	–	3,574
15,130	2,428	19,875	47,380
394,019	47,250	–	617,155
<u>409,149</u>	<u>49,678</u>	<u>124,201</u>	<u>772,435</u>
–	45,990	51,601	255,471
409,149	3,688	72,600	516,964
–	75,047	–	75,047
409,149	78,735	72,600	592,011
<u>696,200</u>	<u>118,437</u>	<u>1,201,346</u>	<u>2,672,476</u>
<u>\$ 1,105,349</u>	<u>\$ 197,172</u>	<u>\$ 1,273,946</u>	<u>\$ 3,264,487</u>



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CITY OF RAMSEY

Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Economic Development Authority – Budget and Actual
 Year Ended December 31, 2018

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Property taxes	\$ 103,981	\$ 103,981	\$ 104,326	\$ 345
Other revenue				
Investment earnings	7,500	7,500	19,875	12,375
Total revenue	<u>111,481</u>	<u>111,481</u>	<u>124,201</u>	<u>12,720</u>
Expenditures				
Current				
General government	<u>111,481</u>	<u>111,481</u>	<u>51,601</u>	<u>(59,880)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	72,600	<u>\$ 72,600</u>
Fund balances				
Beginning of year			<u>1,201,346</u>	
End of year			<u>\$ 1,273,946</u>	



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NONMAJOR DEBT SERVICE FUNDS

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

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.

2012A GO Refund Improvement Bond – The Series 2012A \$16,875,000 General Obligation Capital Improvement Plan Bond was issued to refund the The 2005A Public Project Lease Revenue Bond that was issued to finance the construction of the city's municipal center.

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.

2018A GO Street Reconstruction Bond – The \$1,175,000 General Obligation Street Reconstruction Bond is to finance the reconstruction of Riversbend Avenue and Stanhope Terrace.

CITY OF RAMSEY

Nonmajor Debt Service Funds
 Combining Balance Sheet
 December 31, 2018

	2011B Refund G.O. Improvement Bonds	2009A State Aid Road Bond	2012A GO Refund Improvement Bond	2013A Capital Equipment Certificates
Assets				
Cash and temporary investments	\$ 160,515	\$ 88,963	\$ 736,227	\$ 30,751
Receivables				
Unremitted taxes	-	-	10,588	690
Delinquent taxes	-	-	8,654	564
Unremitted special assessments	-	-	-	-
Delinquent special assessments	-	-	-	-
Deferred special assessments	-	-	-	-
Total assets	\$ 160,515	\$ 88,963	\$ 755,469	\$ 32,005
Deferred inflows of resources				
Unavailable revenue - property taxes	\$ -	\$ -	\$ 8,654	\$ 564
Unavailable revenue - special assessments	-	-	-	-
Total deferred inflows of resources	-	-	8,654	564
Fund balances				
Restricted	160,515	88,963	746,815	31,441
Total deferred inflows of resources and fund balances	\$ 160,515	\$ 88,963	\$ 755,469	\$ 32,005

<u>2014A Capital Equipment Certificates</u>	<u>2015A GO Capital Improvement Bond</u>	<u>2015B GO Street Reconstruction Bond</u>	<u>2016A GO Street Reconstruction Bond</u>	<u>2017A GO Street Reconstruction Bond</u>	<u>2018A GO Street Reconstruction Bond</u>	<u>Totals</u>
\$ 15,927	\$ 118,902	\$ 139,449	\$ 151,811	\$ 55,297	\$ 133,925	\$ 1,631,767
966	2,123	1,106	1,388	889	–	17,750
789	1,735	904	1,135	727	–	14,508
–	–	153	462	–	–	615
–	–	3	–	–	–	3
–	–	63,910	225,166	41,126	159,472	489,674
<u>\$ 17,682</u>	<u>\$ 122,760</u>	<u>\$ 205,525</u>	<u>\$ 379,962</u>	<u>\$ 98,039</u>	<u>\$ 293,397</u>	<u>\$ 2,154,317</u>
\$ 789	\$ 1,735	\$ 904	\$ 1,135	\$ 727	\$ –	\$ 14,508
–	–	63,913	225,166	41,126	159,472	489,677
<u>789</u>	<u>1,735</u>	<u>64,817</u>	<u>226,301</u>	<u>41,853</u>	<u>159,472</u>	<u>504,185</u>
<u>16,893</u>	<u>121,025</u>	<u>140,708</u>	<u>153,661</u>	<u>56,186</u>	<u>133,925</u>	<u>1,650,132</u>
<u>\$ 17,682</u>	<u>\$ 122,760</u>	<u>\$ 205,525</u>	<u>\$ 379,962</u>	<u>\$ 98,039</u>	<u>\$ 293,397</u>	<u>\$ 2,154,317</u>

CITY OF RAMSEY

Nonmajor Debt Service Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2018

	2011B Refund G.O. Improvement Bonds	2009A State Aid Road Bond	2012A GO Refund Improvement Bond	2013A Capital Equipment Certificates
Revenue				
Property taxes	\$ -	\$ -	\$ 1,116,950	\$ 72,840
Special assessments	-	-	-	-
Intergovernmental revenue	338,510	152,698	-	-
Other revenue				
Investment earnings	6,715	1,499	14,060	383
Miscellaneous	-	-	-	-
Total revenue	<u>345,225</u>	<u>154,197</u>	<u>1,131,010</u>	<u>73,223</u>
Expenditures				
Debt service				
Principal retirement	270,000	140,000	675,000	60,000
Interest and fiscal charges	52,733	10,487	443,613	10,059
Total expenditures	<u>322,733</u>	<u>150,487</u>	<u>1,118,613</u>	<u>70,059</u>
Excess (deficiency) of revenues over expenditures	22,492	3,710	12,397	3,164
Other financing sources (uses)				
Transfers in	-	-	-	-
Net change in fund balances	22,492	3,710	12,397	3,164
Fund balances				
Beginning of year	<u>138,023</u>	<u>85,253</u>	<u>734,418</u>	<u>28,277</u>
End of year	<u>\$ 160,515</u>	<u>\$ 88,963</u>	<u>\$ 746,815</u>	<u>\$ 31,441</u>

2014A Capital Equipment Certificates	2015A GO Capital Improvement Bond	2015B GO Street Reconstruction Bond	2016A GO Street Reconstruction Bond	2017A GO Street Reconstruction Bond	2018A GO Street Reconstruction Bond	Totals
\$ 101,864	\$ 223,952	\$ 116,657	\$ 146,430	\$ 93,813	\$ -	\$ 1,872,506
-	-	14,096	62,137	14,010	133,925	224,168
-	-	-	-	-	-	491,208
460	2,568	2,735	2,644	1,028	-	32,092
-	-	14	83	-	-	97
<u>102,324</u>	<u>226,520</u>	<u>133,502</u>	<u>211,294</u>	<u>108,851</u>	<u>133,925</u>	<u>2,620,071</u>
85,000	170,000	115,000	155,000	80,000	-	1,750,000
12,900	101,188	20,725	30,550	21,207	-	703,462
<u>97,900</u>	<u>271,188</u>	<u>135,725</u>	<u>185,550</u>	<u>101,207</u>	<u>-</u>	<u>2,453,462</u>
4,424	(44,668)	(2,223)	25,744	7,644	133,925	166,609
-	60,000	-	-	-	-	60,000
4,424	15,332	(2,223)	25,744	7,644	133,925	226,609
12,469	105,693	142,931	127,917	48,542	-	1,423,523
<u>\$ 16,893</u>	<u>\$ 121,025</u>	<u>\$ 140,708</u>	<u>\$ 153,661</u>	<u>\$ 56,186</u>	<u>\$ 133,925</u>	<u>\$ 1,650,132</u>



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NONMAJOR CAPITAL PROJECTS FUNDS

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

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

Revolving Acquisition Loan Fund (RALF) Funded Projects 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.

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.

Landfill Fund – 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 Fund – used to account for resources to finance the replacement of city equipment, vehicles, and/or building facilities.

Fire Station #2 Fund – used to account for the resources used to finance the construction of the city's second fire station.

CITY OF RAMSEY

Nonmajor Capital Project Funds
 Combining Balance Sheet
 December 31, 2018

	<u>State-Aid Construction</u>	<u>RALF Funded Projects</u>	<u>Trott Brook Cemetery Perpetual Care</u>	<u>Park Improvement</u>	<u>Parking Ramp Maintenance</u>
Assets					
Cash and temporary investments	\$ 1,676,598	\$ 295,195	\$ 59,169	\$ 3,688,863	\$ 82,831
Receivables					
Accounts	-	2,336	-	-	-
Due from other governmental units	-	-	-	9,893	-
Land held for resale	-	-	-	-	-
Total assets	<u>\$ 1,676,598</u>	<u>\$ 297,531</u>	<u>\$ 59,169</u>	<u>\$ 3,698,756</u>	<u>\$ 82,831</u>
Liabilities					
Accounts and contracts payable	\$ 45,839	\$ 2,318	\$ -	\$ 2,602	\$ 9,020
Due to other governmental units	-	4,748	-	-	-
Total liabilities	<u>45,839</u>	<u>7,066</u>	<u>-</u>	<u>2,602</u>	<u>9,020</u>
Fund balances					
Restricted	1,630,759	-	-	-	-
Assigned	-	290,465	59,169	3,696,154	73,811
Total fund balances	<u>1,630,759</u>	<u>290,465</u>	<u>59,169</u>	<u>3,696,154</u>	<u>73,811</u>
Total liabilities and fund balance	<u>\$ 1,676,598</u>	<u>\$ 297,531</u>	<u>\$ 59,169</u>	<u>\$ 3,698,756</u>	<u>\$ 82,831</u>

<u>Sunwood Drive Realignment</u>	<u>2014 Capital Equipment</u>	<u>Landfill</u>	<u>Equipment Revolving</u>	<u>Fire Station #2</u>	<u>Totals</u>
\$ -	\$ -	\$ 2,126,688	\$ 1,164,362	\$ 13,279	\$ 9,106,985
-	-	-	-	-	2,336
-	-	-	-	-	9,893
<u>263,538</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>263,538</u>
<u>\$ 263,538</u>	<u>\$ -</u>	<u>\$ 2,126,688</u>	<u>\$ 1,164,362</u>	<u>\$ 13,279</u>	<u>\$ 9,382,752</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,779
-	-	-	-	-	4,748
-	-	-	-	-	64,527
-	-	-	-	13,279	1,644,038
<u>263,538</u>	<u>-</u>	<u>2,126,688</u>	<u>1,164,362</u>	<u>-</u>	<u>7,674,187</u>
<u>263,538</u>	<u>-</u>	<u>2,126,688</u>	<u>1,164,362</u>	<u>13,279</u>	<u>9,318,225</u>
<u>\$ 263,538</u>	<u>\$ -</u>	<u>\$ 2,126,688</u>	<u>\$ 1,164,362</u>	<u>\$ 13,279</u>	<u>\$ 9,382,752</u>

CITY OF RAMSEY

Nonmajor Capital Project Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2018

	State-Aid Construction	RALF Funded Projects	Trott Brook Cemetery Perpetual Care	Park Improvement	Parking Ramp Maintenance
Revenue					
Intergovernmental revenue	\$ 826,682	\$ -	\$ -	\$ 30,485	\$ -
Charges for services	-	194,298	-	1,346,544	-
Other revenue					
Investment earnings	22,138	-	998	60,896	895
Miscellaneous	-	135	2,600	40	96,246
Total revenue	<u>848,820</u>	<u>194,433</u>	<u>3,598</u>	<u>1,437,965</u>	<u>97,141</u>
Expenditures					
Current					
General government	-	-	-	-	96,160
Highways and streets	526	88,220	-	-	-
Culture and recreation	-	-	-	101,717	-
Capital outlay	200,605	-	-	299,392	28,775
Total expenditures	<u>201,131</u>	<u>88,220</u>	<u>-</u>	<u>401,109</u>	<u>124,935</u>
Excess (deficiency) of revenue over expenditures	647,689	106,213	3,598	1,036,856	(27,794)
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	647,689	106,213	3,598	1,036,856	(27,794)
Fund balances (deficits)					
Beginning of year	<u>983,070</u>	<u>184,252</u>	<u>55,571</u>	<u>2,659,298</u>	<u>101,605</u>
End of year	<u>\$ 1,630,759</u>	<u>\$ 290,465</u>	<u>\$ 59,169</u>	<u>\$ 3,696,154</u>	<u>\$ 73,811</u>

<u>Sunwood Drive Realignment</u>	<u>2014 Capital Equipment</u>	<u>Landfill</u>	<u>Equipment Revolving</u>	<u>Fire Station #2</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 857,167
-	-	-	-	-	1,540,842
-	-	36,106	27,380	638	149,051
-	-	-	20,000	-	119,021
-	-	36,106	47,380	638	2,666,081
-	-	-	-	2,181	98,341
-	-	-	-	-	88,746
-	-	-	-	-	101,717
-	-	-	72,805	-	601,577
-	-	-	72,805	2,181	890,381
-	-	36,106	(25,425)	(1,543)	1,775,700
-	-	-	193,150	-	193,150
-	(3)	-	(676,363)	(60,000)	(736,366)
-	(3)	-	(483,213)	(60,000)	(543,216)
-	(3)	36,106	(508,638)	(61,543)	1,232,484
<u>263,538</u>	<u>3</u>	<u>2,090,582</u>	<u>1,673,000</u>	<u>74,822</u>	<u>8,085,741</u>
<u>\$ 263,538</u>	<u>\$ -</u>	<u>\$ 2,126,688</u>	<u>\$ 1,164,362</u>	<u>\$ 13,279</u>	<u>\$ 9,318,225</u>



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AGENCY FUND

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

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



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CITY OF RAMSEY

Agency Fund
Statement of Changes in Assets and Liabilities
Year Ended December 31, 2018

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Assets				
Cash and temporary investments	\$ 2,686,429	\$ 2,713,879	\$ 1,686,797	\$ 3,713,511
Receivables				
Accounts	10,704	20,342	10,170	20,876
Assets held for resale	<u>13,582,499</u>	<u>—</u>	<u>—</u>	<u>13,582,499</u>
Total assets	<u>\$ 16,279,632</u>	<u>\$ 2,734,221</u>	<u>\$ 1,696,967</u>	<u>\$ 17,316,886</u>
Liabilities				
Accounts payable	\$ 8,072	\$ 1,611,715	\$ 1,507,869	\$ 111,918
Deposits payable	2,689,061	3,074,333	2,140,925	3,622,469
Loans payable to Met Council	<u>13,582,499</u>	<u>—</u>	<u>—</u>	<u>13,582,499</u>
Total liabilities	<u>\$ 16,279,632</u>	<u>\$ 4,686,048</u>	<u>\$ 3,648,794</u>	<u>\$ 17,316,886</u>



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STATISTICAL SECTION (UNAUDITED)



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STATISTICAL SECTION

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	<u>134-139</u>
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	<u>140-143</u>
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	<u>144-147</u>
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	<u>148-149</u>
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	<u>150-152</u>

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

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 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	\$ 43,551,135
Restricted	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	20,935,216
Unrestricted	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	15,666,889
Total governmental activities net position	\$ <u>73,419,784</u>	\$ <u>74,522,018</u>	\$ <u>76,332,107</u>	\$ <u>63,929,653</u>	\$ <u>64,610,193</u>	\$ <u>65,052,136</u>	\$ <u>72,939,801</u>	\$ <u>74,327,101</u>	\$ <u>75,368,400</u>	\$ <u>80,153,240</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 53,653,338
Unrestricted	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	43,024,292
Total business-type activities net position	\$ <u>73,456,372</u>	\$ <u>75,345,808</u>	\$ <u>75,512,152</u>	\$ <u>78,330,600</u>	\$ <u>79,464,306</u>	\$ <u>81,343,199</u>	\$ <u>83,546,821</u>	\$ <u>87,913,135</u>	\$ <u>92,162,136</u>	\$ <u>96,677,630</u>
Total government										
Net investment in capital assets	\$ 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	\$ 97,204,473
Restricted	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	20,935,216
Unrestricted	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	58,691,181
Total government net position	\$ <u>146,876,156</u>	\$ <u>149,867,826</u>	\$ <u>151,844,259</u>	\$ <u>142,260,253</u>	\$ <u>144,074,499</u>	\$ <u>146,395,335</u>	\$ <u>156,486,622</u>	\$ <u>162,240,236</u>	\$ <u>167,530,536</u>	\$ <u>176,830,870</u>

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

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

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 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	\$ 5,078,516
Public safety	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	5,167,897
Highways and streets	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	4,191,395
Culture and recreation	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	1,751,345
Interest and fiscal charges	1,330,224	1,316,893	1,302,228	2,555,567	1,220,471	1,168,513	983,379	890,305	952,965	883,292
Total governmental activities expenses	<u>16,321,957</u>	<u>17,309,647</u>	<u>18,565,569</u>	<u>32,626,486</u>	<u>15,661,812</u>	<u>15,021,992</u>	<u>14,473,492</u>	<u>17,052,472</u>	<u>18,367,416</u>	<u>17,072,445</u>
Business-type activities:										
Water utility	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	1,590,737
Sewer utility	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	1,523,670
Street light utility	148,140	158,369	163,758	165,651	176,736	161,733	178,666	176,732	159,378	160,952
Recycling utility	298,631	307,662	302,947	302,936	308,629	321,321	320,901	359,418	373,775	380,055
Storm water utility	358,522	350,521	410,666	496,309	491,370	509,709	557,267	742,043	633,101	573,878
Total business-type activities	<u>3,173,696</u>	<u>3,213,827</u>	<u>3,384,739</u>	<u>3,345,668</u>	<u>3,460,487</u>	<u>3,496,276</u>	<u>3,626,547</u>	<u>4,205,404</u>	<u>4,097,939</u>	<u>4,229,292</u>
Total government expenses	<u>\$ 19,495,653</u>	<u>\$ 20,523,474</u>	<u>\$ 21,950,308</u>	<u>\$ 35,972,154</u>	<u>\$ 19,122,299</u>	<u>\$ 18,518,268</u>	<u>\$ 18,100,039</u>	<u>\$ 21,257,876</u>	<u>\$ 22,465,355</u>	<u>\$ 21,301,737</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 303,122	\$ 344,922	\$ 313,195	\$ 416,152	\$ 479,970	\$ 461,538	\$ 529,820	\$ 457,901	\$ 571,464	\$ 691,819
Public safety	802,196	979,828	918,296	1,177,840	901,570	626,844	946,887	698,310	878,141	1,168,258
Highways and streets	284,026	487,507	738,136	81,159	239,234	266,447	347,984	261,658	235,020	229,555
Culture and recreation	19,763	27,016	9,910	628,571	158,376	173,310	815,511	483,727	585,033	1,355,365
Operating grants and contributions	614,816	326,986	298,077	2,008,709	1,180,725	385,574	9,999,527	508,694	379,185	368,099
Capital grants and contributions	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	4,765,578
Total governmental activities program revenues	<u>4,724,394</u>	<u>4,994,499</u>	<u>6,464,879</u>	<u>8,178,762</u>	<u>6,168,825</u>	<u>4,936,858</u>	<u>15,764,294</u>	<u>6,220,255</u>	<u>7,675,700</u>	<u>8,578,674</u>
Business-type activities:										
Charges for services:										
Water utility	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	3,484,687
Sewer utility	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	2,182,944
Street light utility	172,897	179,272	178,850	179,124	177,158	188,185	190,872	196,253	204,418	211,360
Recycling utility	284,515	294,617	297,226	296,358	298,034	309,160	307,128	308,052	310,471	317,090
Storm water utility	578,666	617,598	617,579	647,169	677,936	706,135	770,812	1,034,552	958,960	1,057,705
Operating grants and contributions	59,963	49,873	50,279	57,239	79,358	65,817	39,423	67,100	92,602	72,257
Capital grants and contributions	102,512	310,040	88,349	1,315,030	488,687	101,107	1,185,135	1,799,057	1,864,137	906,190
Total business-type activities program revenues	<u>4,107,087</u>	<u>4,346,470</u>	<u>4,290,440</u>	<u>5,950,722</u>	<u>5,060,149</u>	<u>4,623,941</u>	<u>5,930,696</u>	<u>6,816,742</u>	<u>7,987,346</u>	<u>8,232,233</u>
Total government program revenues	<u>\$ 8,831,481</u>	<u>\$ 9,340,969</u>	<u>\$ 10,755,319</u>	<u>\$ 14,129,484</u>	<u>\$ 11,228,974</u>	<u>\$ 9,560,799</u>	<u>\$ 21,694,990</u>	<u>\$ 13,036,997</u>	<u>\$ 15,663,046</u>	<u>\$ 16,810,907</u>
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (8,493,771)
Business-type activities	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	4,002,941
Total government net expense	<u>\$ (10,664,172)</u>	<u>\$ (11,182,505)</u>	<u>\$ (11,194,989)</u>	<u>\$ (21,842,670)</u>	<u>\$ (7,893,325)</u>	<u>\$ (8,957,469)</u>	<u>\$ 3,594,951</u>	<u>\$ (8,220,879)</u>	<u>\$ (6,802,309)</u>	<u>\$ (4,490,830)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 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	\$ 12,384,300
General grants and contributions	204,752	114,692	120,932	9,175	38,577	3,198	4,204	3,905	3,586	102,994
Investment earnings (charges)	1,116,588	1,283,533	903,786	474,076	(411,446)	980,922	422,405	280,597	454,089	578,770
Gain on sale of capital assets	5,816	-	14,716	-	-	-	8,914	-	5,530	75,047
Transfers	91,800	(125,751)	1,199,585	107,500	112,000	119,500	124,000	214,445	133,000	137,500
Total governmental activities	<u>14,438,810</u>	<u>13,417,382</u>	<u>13,910,779</u>	<u>12,045,270</u>	<u>10,173,527</u>	<u>10,527,077</u>	<u>10,624,144</u>	<u>11,173,643</u>	<u>11,733,015</u>	<u>13,278,611</u>
Business-type activities:										
Investment earnings (charges)	734,353	631,042	460,228	320,894	(353,956)	870,728	385,490	325,628	492,594	650,053
Transfers	(91,800)	125,751	(1,199,585)	(107,500)	(112,000)	(119,500)	(124,000)	(214,445)	(133,000)	(137,500)
Total business-type activities	<u>642,553</u>	<u>756,793</u>	<u>(739,357)</u>	<u>213,394</u>	<u>(465,956)</u>	<u>751,228</u>	<u>261,490</u>	<u>111,183</u>	<u>359,594</u>	<u>512,553</u>
Total government	<u>\$ 15,081,363</u>	<u>\$ 14,174,175</u>	<u>\$ 13,171,422</u>	<u>\$ 12,258,664</u>	<u>\$ 9,707,571</u>	<u>\$ 11,278,305</u>	<u>\$ 10,885,634</u>	<u>\$ 11,284,826</u>	<u>\$ 12,092,609</u>	<u>\$ 13,791,164</u>
Change in Net Position										
Governmental activities	\$ 2,841,247	\$ 1,102,234	\$ 1,810,089	\$ (12,402,454)	\$ 680,540	\$ 441,943	\$ 11,914,946	\$ 341,426	\$ 1,041,299	\$ 4,784,840
Business-type activities	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	4,515,494
Total government	<u>\$ 4,417,191</u>	<u>\$ 2,991,670</u>	<u>\$ 1,976,433</u>	<u>\$ (9,584,006)</u>	<u>\$ 1,814,246</u>	<u>\$ 2,320,836</u>	<u>\$ 14,480,585</u>	<u>\$ 3,063,947</u>	<u>\$ 5,290,300</u>	<u>\$ 9,300,334</u>

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Tax Increment</u>	<u>Total</u>
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
2018	11,400,536	983,764	12,384,300

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

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General fund										
Reserved	\$ 6,794	\$ 14,115	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	7,010,159	6,045,644	-	-	-	-	-	-	-	-
Nonspendable	-	-	9,929	4,042	50,561	4,805	1,613	15,431	12,393	21,335
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	8,468,792
Total general fund	<u>\$ 7,016,953</u>	<u>\$ 6,059,759</u>	<u>\$ 6,388,632</u>	<u>\$ 6,725,283</u>	<u>\$ 6,771,394</u>	<u>\$ 6,982,569</u>	<u>\$ 7,273,045</u>	<u>\$ 7,517,393</u>	<u>\$ 7,912,618</u>	<u>\$ 8,490,127</u>
All other governmental funds										
Reserved	\$ 12,898,120	\$ 12,906,280	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	5,973,123	6,632,439	-	-	-	-	-	-	-	-
Debt service funds	2,344,463	2,524,951	-	-	-	-	-	-	-	-
Capital projects funds	12,777,036	10,291,562	-	-	-	-	-	-	-	-
Nonspendable	-	-	304	-	590	-	-	450	920	1,205
Restricted	-	-	25,032,219	17,606,291	19,148,705	15,295,400	18,484,179	18,377,993	18,187,321	19,369,642
Committed	-	-	819,839	946,312	927,557	743,944	890,603	1,041,932	1,226,234	1,631,444
Assigned	-	-	10,552,354	9,962,381	10,719,398	10,651,554	12,645,683	13,331,150	13,394,815	14,094,178
Unassigned	-	-	(853,086)	(456,692)	(282,159)	(110,979)	(556,135)	(87,659)	-	-
Total all other governmental funds	<u>\$ 33,992,742</u>	<u>\$ 32,355,232</u>	<u>\$ 35,551,630</u>	<u>\$ 28,058,292</u>	<u>\$ 30,514,091</u>	<u>\$ 26,579,919</u>	<u>\$ 31,464,330</u>	<u>\$ 32,663,866</u>	<u>\$ 32,809,290</u>	<u>\$ 35,096,469</u>

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

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

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues										
Property taxes	\$ 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	\$ 12,416,534
Special assessments	446,452	492,870	545,764	436,854	370,791	326,465	468,844	444,235	959,217	559,599
Licenses and permits	373,462	412,071	368,153	534,910	718,875	458,532	784,954	526,008	732,129	1,031,944
Intergovernmental revenue	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	2,947,966
Charges for services	947,307	1,319,586	1,517,320	1,681,400	877,849	966,951	1,779,697	1,298,085	1,469,703	2,355,969
Fines and forfeits	113,661	100,199	105,833	75,562	73,110	72,216	60,236	66,410	59,701	46,651
Investment earnings (charges)	1,102,245	1,269,263	895,184	468,032	(403,836)	965,382	416,508	276,142	447,200	570,243
Other	1,422,878	838,148	746,505	1,909,229	1,402,508	596,208	10,679,794	773,836	707,675	765,601
Total Revenues	<u>19,378,219</u>	<u>18,613,012</u>	<u>19,029,155</u>	<u>20,387,885</u>	<u>16,449,823</u>	<u>15,546,376</u>	<u>26,418,223</u>	<u>15,865,600</u>	<u>17,739,270</u>	<u>20,694,507</u>
Expenditures										
General government	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	4,212,365
Public safety	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	4,788,902
Highways and streets	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	2,390,707
Culture and recreation	861,406	817,538	857,927	836,452	1,013,089	1,004,750	1,428,116	1,478,090	1,960,624	1,291,816
Capital outlay	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	3,568,285
Debt service										
Principal	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	2,100,000
Interest	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	923,125
Total Expenditures	<u>20,213,403</u>	<u>21,543,011</u>	<u>24,156,413</u>	<u>34,916,380</u>	<u>14,707,853</u>	<u>17,368,873</u>	<u>26,572,856</u>	<u>16,906,779</u>	<u>18,237,741</u>	<u>19,275,200</u>
Excess (deficiency) of revenues over expenditures	(835,184)	(2,929,999)	(5,127,258)	(14,528,495)	1,741,970	(1,822,497)	(154,633)	(1,041,179)	(498,471)	1,419,307
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	1,175,000
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	35,246
Payments on refunded bonds	—	—	—	(17,227,352)	—	(2,895,000)	—	—	—	—
Proceeds on sale of capital assets	28,545	8,361	19,980	11,753	12,940	—	8,914	—	5,530	75,047
Transfers in	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	1,447,137
Transfers (out)	(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)	(1,287,049)
Total other financing sources (uses)	<u>1,435,220</u>	<u>335,295</u>	<u>8,652,529</u>	<u>7,371,808</u>	<u>759,940</u>	<u>(1,900,500)</u>	<u>5,329,520</u>	<u>2,485,063</u>	<u>1,039,120</u>	<u>1,445,381</u>
Special item	<u>5,851,196</u>	—	—	—	—	—	—	—	—	—
Net change in fund balances	<u>\$ 6,451,232</u>	<u>\$ (2,594,704)</u>	<u>\$ 3,525,271</u>	<u>\$ (7,156,687)</u>	<u>\$ 2,501,910</u>	<u>\$ (3,722,997)</u>	<u>\$ 5,174,887</u>	<u>\$ 1,443,884</u>	<u>\$ 540,649</u>	<u>\$ 2,864,688</u>
Debt service as a percentage of noncapital expenditures	<u>30.17%</u>	<u>23.42%</u>	<u>17.25%</u>	<u>13.21%</u>	<u>18.05%</u>	<u>20.17%</u>	<u>48.79%</u>	<u>19.08%</u>	<u>18.71%</u>	<u>19.25%</u>

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Tax Increment</u>	<u>Total</u>
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
2018	11,432,770	983,764	12,416,534

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

Fiscal Year Ended Dec 31	Real Property		Personal Property	Total Taxable Market Value	Tax Capacity Value	Total Direct Tax Rate	Estimated Actual Value	Tax Capacity Value as a Percentage of Market Value
	Residential Property	Commercial Property	Other					
2009	\$ 2,005,067,600	\$ 347,622,600	\$ 16,932,200	\$ 2,369,622,400	\$ 25,040,188	39.263%	\$ 2,408,464,200	1.06%
2010	1,845,420,600	327,882,200	17,277,000	2,190,579,800	23,787,900	37.811%	2,232,018,600	1.09%
2011	1,659,908,100	301,333,900	18,253,100	1,979,495,100	20,609,005	39.801%	2,015,100,000	1.04%
2012	1,606,421,000	282,627,300	17,640,900	1,906,689,200	19,881,220	44.174%	1,939,707,200	1.04%
2013	1,498,299,700	257,979,400	18,811,000	1,775,090,100	18,068,054	44.290%	1,806,808,800	1.02%
2014	1,500,637,400	245,491,800	17,567,700	1,763,696,900	19,356,717	44.237%	1,795,975,400	1.10%
2015	1,720,911,700	251,254,300	16,579,800	1,988,745,800	21,196,036	42.259%	2,025,977,100	1.07%
2016	1,797,814,500	259,553,800	20,929,000	2,078,297,300	22,262,546	43.316%	2,116,664,200	1.07%
2017	1,900,784,000	272,746,700	21,166,600	2,194,697,300	23,635,124	42.454%	2,236,219,500	1.08%
2018	2,116,035,700	276,246,500	24,178,500	2,416,460,700	26,075,064	41.730%	2,460,843,300	1.08%

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**

<u>Fiscal Year</u>	<u>City of Ramsey</u>			<u>County</u>	<u>School District</u>		<u>Other</u>	<u>Total</u>	
	<u>General Operating Levy</u>	<u>Debt Service Levy</u>	<u>Total City Levy</u>	<u>Anoka County</u>	<u>ISD No 11</u>	<u>ISD No 728</u>	<u>Special Taxing Districts (3)</u>	<u>Direct & Overlapping Rates-ISD No 11</u>	<u>Direct & Overlapping Rates-ISD No 728</u>
Tax rates per \$100 of tax capacity									
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
2018	34.830	6.900	41.730	35.820	18.392	36.137	4.902	100.844	118.589

Source: Anoka County records

- (1) Information reflects total tax rates levied by each entity. Tax rates are expressed as a percent of "net tax capacity." A property's tax capacity is determined by multiplying its taxable market value by a state-determined class rate. Class rates vary by property type and change periodically based on state legislation.
- (2) Overlapping rates are those of local and county governments that apply to property owners within the City of Ramsey. Not all overlapping rates apply to all City of Ramsey property owners (e.g., the rates for special districts may apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district.)
- (3) Other taxing districts include the Metropolitan Council, Regional Transit Area, Mosquito Control, and the Anoka County Regional Railroad Authority.

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

Taxpayer	2018			2009		
	<u>Taxable Market Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Market Value</u>	<u>Taxable Market Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Market Value</u>
Residence at the COR Apartments	\$ 32,951,900	1	1.36%	\$ -	-	N/A
Connexus Energy/Anoka Electric Co-op	15,847,000	2	0.66%	23,389,300	2	0.99%
Parkview East, LLC	13,545,100	3	0.56%	-	-	N/A
Brunswick Corporation	12,231,000	4	0.51%	9,273,400	6	0.39%
S & A Partners, LLC	11,232,900	5	0.46%	14,423,500	3	0.61%
PSD LLC	10,396,600	6	0.43%	6,690,900	8	0.28%
Northstar Marketplace Station	8,683,400	7	0.36%	-	-	N/A
Sabra Ramsey, LLC	8,322,200	8	0.34%	-	-	N/A
Vision Ease/Insight Equity	5,587,800	9	0.23%	7,048,200	7	0.30%
Ramsey Professional Center	5,245,500	10	0.22%	24,060,600	1	1.02%
Anchorbank FSB	-	-	NA	10,712,900	4	0.45%
Sophia-Ramsey LLC	-	-	NA	9,391,400	5	0.40%
NAU Holding Company	-	-	NA	5,504,300	9	0.23%
Individual-Manufacturing	-	-	NA	5,487,800	10	0.23%

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
2009	\$ 9,831,529	\$ 9,374,414	95.35%	\$ 456,813	\$ 9,831,227	100.00%
2010	8,994,443	8,432,354	93.75%	559,978	8,992,332	99.98%
2011	8,497,158	7,975,431	93.86%	519,495	8,494,926	99.97%
2012	8,782,330	8,616,750	98.11%	163,286	8,780,036	99.97%
2013	8,185,481	7,961,650	97.27%	222,073	8,183,723	99.98%
2014	8,772,143	8,649,053	98.60%	121,028	8,770,081	99.98%
2015	9,407,821	9,330,900	99.18%	72,455	9,403,355	99.95%
2016	9,971,075	9,890,058	99.19%	75,946	9,966,004	99.95%
2017	10,479,058	10,409,108	99.33%	58,669	10,467,777	99.89%
2018	11,374,395	11,314,369	99.47%	–	11,314,369	99.47%

Source: Anoka County records

- (1) Includes general, debt service and HRA levy.
- (2) Includes property tax credit collections shown in intergovernmental revenue.

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

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income(1)	Per Capita(1)
	General Obligation Bonded Debt	Capital Equipment Certificates			
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
2018	25,295,000	875,000	26,170,000	2.77%	989

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

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

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund (3)</u>	<u>Total</u>	<u>Percentage of Total Taxable Market Value of Property(1)</u>	<u>Per Capita(2)</u>
2009	\$ 26,570,000	\$ 2,344,463	\$ 24,225,537	1.02%	\$ 997
2010	24,695,000	2,524,951	22,170,049	1.01%	937
2011	30,505,000	5,753,130	24,751,870	1.25%	1,044
2012	36,345,000	5,618,631	30,726,369	1.61%	1,289
2013	35,030,000	4,963,143	30,066,857	1.69%	1,237
2014	30,615,000	1,914,472	28,700,528	1.63%	1,151
2015	27,060,000	1,721,796	25,338,204	1.27%	990
2016	27,120,000	1,778,495	25,341,505	1.22%	980
2017	26,075,000	2,380,281	23,694,719	1.08%	903
2018	25,295,000	2,573,517	22,721,483	0.94%	859

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, 2018

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable(1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Anoka County	\$ 110,265,000	7.41%	\$ 8,175,123
ISD No. 11, Anoka-Hennepin	61,870,000	9.93%	6,141,753
ISD No. 728, Elk River	229,745,000	3.57%	<u>8,201,678</u>
Subtotal, overlapping debt			<u>22,518,554</u>
City of Ramsey direct debt	26,170,000	100.00%	<u>26,170,000</u>
Total direct and overlapping debt			<u>\$ 48,688,554</u>

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

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

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

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

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 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	\$ 72,493,821
Total net debt applicable to limit	<u>17,825,537</u>	<u>16,465,049</u>	<u>12,206,870</u>	<u>15,675,147</u>	<u>15,993,070</u>	<u>16,141,727</u>	<u>19,191,513</u>	<u>18,316,143</u>	<u>17,454,836</u>	<u>16,444,851</u>
Legal debt margin	<u>\$ 53,263,135</u>	<u>\$ 49,252,345</u>	<u>\$ 47,177,983</u>	<u>\$ 41,525,529</u>	<u>\$ 37,259,633</u>	<u>\$ 36,769,180</u>	<u>\$ 40,470,861</u>	<u>\$ 44,032,776</u>	<u>\$ 48,386,083</u>	<u>\$ 56,048,970</u>
Total net debt applicable to limit as a percentage of debt limit	25.08%	25.05%	20.56%	27.40%	30.03%	30.51%	32.17%	29.38%	26.51%	22.68%

Legal Debt Margin Calculation for Fiscal Year 2018

Taxable Market value	\$ 2,416,460,700
Debt limit (3% of market value)	72,493,821
Debt applicable to limit:	
Total bonded debt and certificates	\$ 26,170,000
Less:	
Obligations issued with special assessments	(8,930,000)
Amounts available in respective Debt Service Funds	<u>(795,149)</u>
Total deductions	<u>(9,725,149)</u>
	<u>16,444,851</u>
Legal debt margin	<u>\$ 56,048,970</u>

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

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
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%
2018	26,462	945,222,640	35,720	5,449	2.5%

(1) Year 2009 population based on combination of Metropolitan Council estimates and City of Ramsey estimates generated from building permit data. In 2010, the United States Census Bureau completed its decennial census showing continued growth; however, the 2010 census revealed a lower persons per household than used in population estimates based on building permit data by the city. 2011-current year data based off of 2010 census and City of Ramsey estimates.

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

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

(4) Anoka-Hennepin School District #11 and Elk River School District #728.

(5) Minnesota Department of Employment and Economic Development

* Estimated based on state annual increase

** Used prior year as best estimated

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

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Employees</u> <u>(1)</u>	<u>Rank</u>	<u>Percentage of</u> <u>Total City</u> <u>Employment</u>	<u>Employees</u> <u>(1)</u>	<u>Rank</u>	<u>Percentage of</u> <u>Total City</u> <u>Employment</u>
Life Fitness/Parabody Inc.	398	1	5.78%	312	2	5.67%
BMC Vision Ease Lens	246	2	3.58%	378	1	6.87%
Sign Zone	236	3	3.43%	175	4	3.18%
Connexus Energy/Anoka Electric	215	4	3.12%	246	3	4.47%
Zero Zone Refrigeration	211	5	3.07%	—	—	0.00%
Anderson & Dahlen (Knoll Properties)	175	6	2.54%	130	7	2.36%
Green Valley Greenhouse	157	7	2.28%	—	—	0.00%
Coborns Superstore	153	8	2.22%	—	—	0.00%
Diamond Graphic	151	9	2.19%	—	—	0.00%
In'Tech Industries	150	10	2.18%	—	—	0.00%
Altron Inc.	—	—	0.00%	136	5	2.47%
ISD No. 11 (located in Ramsey)	—	—	0.00%	135	6	2.45%
RJM Distributing	—	—	0.00%	100	8	1.82%
Command Tooling	—	—	0.00%	100	9	1.82%
City of Ramsey	—	—	0.00%	88	10	1.60%
Total	2,092		30.40%	1,800		32.73%

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	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General government	21.22	20.22	19.10	18.60	16.00	20.00	19.13	17.36	18.36	18.86
Public safety										
Police										
Officers	23.00	23.00	23.00	23.00	22.00	22.00	24.00	24.00	26.26	26.26
Civilians	5.00	5.00	5.00	5.00	5.00	5.50	4.00	4.00	3.50	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	0.50	0.50	0.50	0.50	1.00	0.70	0.70
Protective Inspections	3.00	2.00	1.00	1.00	2.00	3.25	3.75	3.75	3.75	3.25
Highways and streets										
Engineering	7.48	6.48	6.60	6.60	6.30	6.30	7.00	7.00	7.00	6.00
Streets	7.00	7.00	7.00	7.00	7.00	7.00	7.50	8.50	8.50	10.50
Maintenance	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Culture and recreation	2.47	2.47	3.47	3.47	5.47	3.97	3.97	3.97	3.97	3.97
Water	2.00	2.00	2.00	2.00	4.00	3.00	4.00	4.00	4.00	4.00
Total	<u>87.75</u>	<u>84.75</u>	<u>82.75</u>	<u>81.75</u>	<u>82.85</u>	<u>86.10</u>	<u>88.43</u>	<u>88.16</u>	<u>90.62</u>	<u>91.62</u>

Source: City Budget documents

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

Function	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Police										
Number of arrests	437	352	463	416	465	377	358	273	255	289
Motor Vehicle Accidents	545	465	631	471	493	279	279	289	162	466
Traffic violations	2,875	4,008	3,488	3,292	4,453	4,182	5,378	4,855	2,997	1,812
Fire										
Number of calls answered	453	481	483	459	443	486	460	498	698	821
Inspections	194	177	260	303	205	177	196	134	158	194
Highways and streets										
Street resurfacing (miles)	15.65	16.59	14.86	22.00	14.50	14.25	15.74	19.84	13.41	15.45
Culture and recreation										
Park Acreage maintained	565	565	565	565	571	571	571	571	571	571
Trails/sidewalks maintained (miles)	30	40	45	45	46	50	50	50	55	55
Water										
Number of connections	3,914	3,962	4,013	4,087	4,228	4,308	4,406	4,510	4,611	4,777
Water main breaks	–	–	2	–	–	–	–	1	–	–
Average daily consumption (gallons)	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	1,948,161

Source: Various City departments

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

Function	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	6	6	6	6	6	6	6	10	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	172.88	172.88	172.88	180.40	183.27	184.70	186.01
Streetlights	626	626	631	659	659	1,060	1,166	1,179	1,194	1,213
Culture and recreation										
Parks acreage	565	565	565	565	565	565	565	585	585	585
Parks *	35	35	35	35	38	38	38	38	38	38
Tennis courts	16	12	12	10	10	10	10	10	10	10
Water										
Water mains (miles)	87	87	89	90	90	91	91	91	94	97
Fire hydrants	1,000	1,000	1,020	1,030	1,030	1,045	1,047	1,047	1,079	1,100
Maximum daily capacity **	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	5,256,000
Sewer										
Sanitary sewers (miles)	48	48	63	63	63	64	65	65	67	69
Storm sewers (miles)	19	21	25	28	34	36	39	43	46	47

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, 2018

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PRINCIPALS

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

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, 2018. 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 23, 2019

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AUDIT SUMMARY

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2018. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

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

AUDIT OPINION AND FINDINGS

Based on our audit of the City's financial statements for the year ended December 31, 2018:

- We have issued an unmodified opinion on the City's basic financial statements. Our report included a paragraph emphasizing the City's implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the year ended December 31, 2018. Our opinion was not modified with respect to this matter.
- We reported no deficiencies in the City's internal control over financial reporting that we consider to be a material weakness.
- The results of our testing disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.
- We reported no findings based on our testing of the City's compliance with Minnesota laws and regulations.

AUDIT COMMENTS

Land Held for Resale – The City currently holds a material amount of land for resale, which management reports at the lower of cost or 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, 2018; however, the City implemented the following governmental accounting standards during the fiscal year:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which established new accounting and financial reporting requirements for governments whose employees are provided with other post-employment benefits (OPEB).
- GASB Statement No. 85, *Omnibus 2017*, which addressed issues that have been identified during implementation and application of certain GASB statements.

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.
- **Total Other Post-Employment Benefit (OPEB) and Net Pension Liabilities** – The City has recorded liabilities and activity for OPEB and pension benefits. These obligations are calculated using actuarial methodologies described in the GASB Statement Nos. 68 and 75. 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.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

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. There were no misstatements detected as a result of audit procedures that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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 23, 2019.

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, which is 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

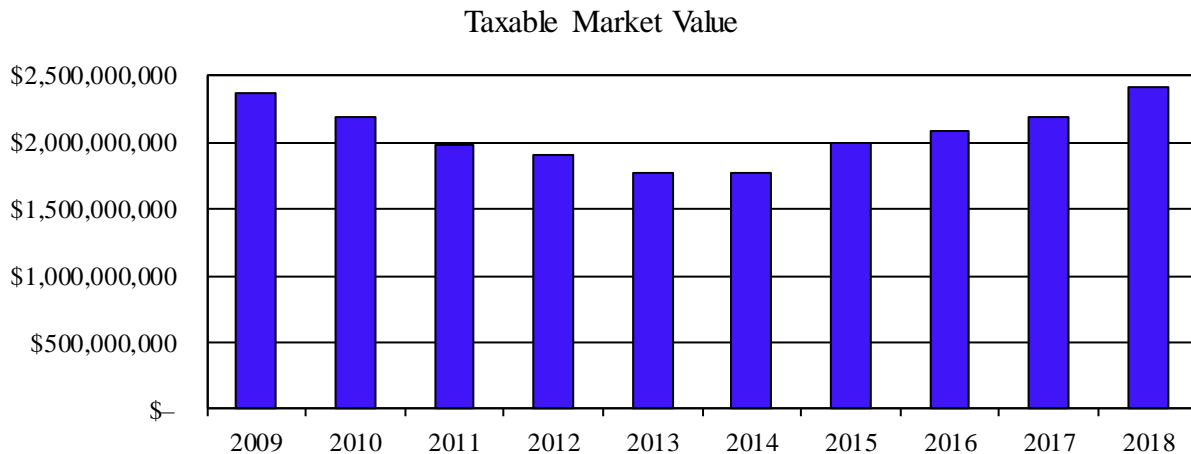
This section of the report provides you with an overview of the financial trends and activities of the City's governmental funds, which includes the General, special revenue, debt service, and capital project funds. These funds are used to account for the basic services the City provides to all of its 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 2017 fiscal year, local ad valorem property tax levies provided 41.1 percent of the total governmental fund revenues for cities over 2,500 in population, and 37.4 percent for cities under 2,500 in population. Total property taxes levied by all Minnesota cities for taxes payable in 2018 increased 6.2 percent from the prior year, and total certified levies payable in 2019 are projected to increase by 5.6 percent.

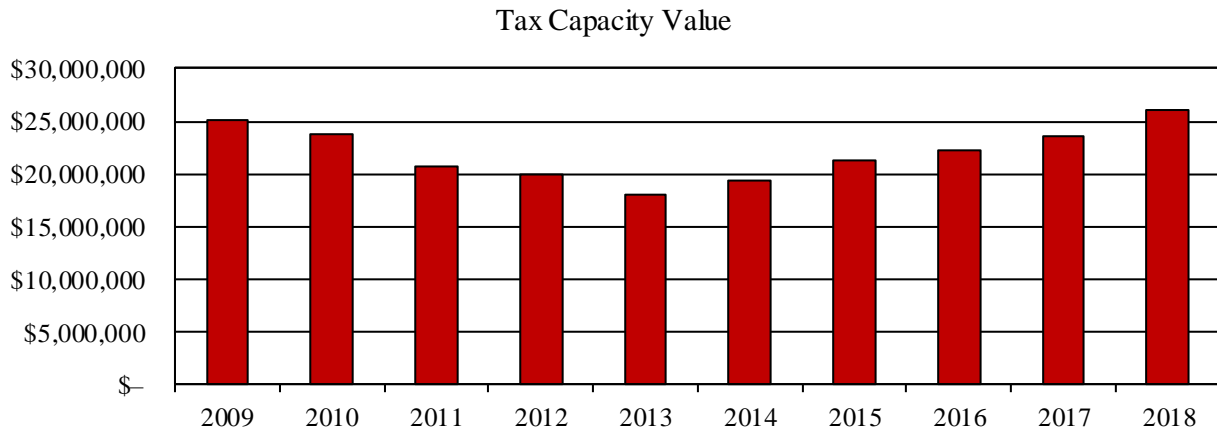
The total market value of property in Minnesota cities increased about 5.6 percent for the 2017 levy year (state-wide market value information for the 2018 levy year was not available at the time this report was issued). The market values used for levying property taxes are based on the previous fiscal year (e.g., market values for taxes levied in 2018 were based on assessed values as of January 1, 2017), 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 5.6 percent for taxes payable in 2017 and 10.1 percent for taxes payable in 2018. 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 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 6.2 percent for 2017 and 10.3 percent for 2018.

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:

Rates Expressed as a Percentage of Net Tax Capacity			
	City of Ramsey		
	2016	2017	2018
Average tax rate			
City	43.3	42.5	41.7
County	39.4	37.3	35.8
School	20.9	18.6	18.4
Special taxing	<u>5.5</u>	<u>5.1</u>	<u>4.9</u>
Total	<u><u>109.1</u></u>	<u><u>103.5</u></u>	<u><u>100.8</u></u>

The school tax rate for Independent School District (ISD) No. 11, Anoka-Hennepin, was used for the above table.

The increase previously discussed for market value and tax capacity value within the City, contributed to the overall reduction in the average tax rate.

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, 2018, presented both by fund balance classification and by fund:

Governmental Fund Changes in Fund Balance			
	Fund Balance as of December 31,		Increase (Decrease)
	<u>2018</u>	<u>2017</u>	
Fund balances of governmental funds			
Total by classification			
Nonspendable	\$ 22,540	\$ 13,313	\$ 9,227
Restricted	19,369,642	18,187,321	1,182,321
Committed	1,631,444	1,226,234	405,210
Assigned	14,094,178	13,394,815	699,363
Unassigned	<u>8,468,792</u>	<u>7,900,225</u>	<u>568,567</u>
Total – governmental funds	<u>\$ 43,586,596</u>	<u>\$ 40,721,908</u>	<u>\$ 2,864,688</u>
Total by fund			
Major funds			
General	\$ 8,490,127	\$ 7,912,618	\$ 577,509
Special revenue funds			
Tax Increment	4,841,978	4,633,143	208,835
COR Land	8,629,937	8,629,937	–
Debt Service Fund			
2011A Armstrong/Bunker Bond	971,719	997,504	(25,785)
Capital Project Fund			
Public Improvement Revolving	4,399,893	4,687,410	(287,517)
Road Reconstruction and Overlay	911,902	714,656	197,246
Public Facilities Construction	1,095,055	964,900	130,155
Puma/Bunker Street Improvement	13,141	–	13,141
Nonmajor funds	<u>14,232,844</u>	<u>12,181,740</u>	<u>2,051,104</u>
Total – governmental funds	<u>\$ 43,586,596</u>	<u>\$ 40,721,908</u>	<u>\$ 2,864,688</u>

As reflected in the table above, total governmental fund balance increased by \$2,864,688. The increase is due in part to continued development in the City and favorable operating results of the General Fund in the current year. The change was spread across several funds as presented in the table above, including the nonmajor special revenue, debt service, and capital project funds.

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					
Year Population	State-Wide		City of Ramsey		
	2016 <u>20,000–100,000</u>	2017 <u>20,000–100,000</u>	2016 <u>25,868</u>	2017 <u>26,251</u>	2018 <u>26,462</u>
Property taxes	\$ 455	\$ 475	\$ 386	\$ 398	\$ 432
Tax increments	42	38	27	27	37
Franchise and other taxes	45	48	–	–	–
Special assessments	59	59	17	37	21
Licenses and permits	42	49	20	28	39
Intergovernmental revenues	152	147	69	84	111
Charges for services	103	103	50	56	89
Other	54	48	43	46	52
Total revenue	<u>\$ 952</u>	<u>\$ 967</u>	<u>\$ 612</u>	<u>\$ 676</u>	<u>\$ 781</u>

The City's governmental funds have generated significantly less revenue per capita in total than other Minnesota cities in its population class. 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 2018 were \$20,694,507, an increase of \$2,955,237 from the prior year. On a per capita basis, the City received \$781 in governmental fund revenue for 2018, an increase of \$105 from the prior year. An increase in the approved levy, along with significant development activity contributed to the increase in most sources presented above. The only category that decreased was special assessments, which recognized more prepayments in the prior year.

GOVERNMENTAL FUND EXPENDITURES

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

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

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

Year	State-Wide		City of Ramsey		
	2016	2017	2016	2017	2018
Population	20,000–100,000	20,000–100,000	25,868	26,251	26,462
Current					
General government	\$ 97	\$ 101	\$ 137	\$ 154	\$ 159
Public safety	273	287	164	180	181
Public works	95	101	85	97	90
Recreation	95	99	57	75	49
All other	91	77	–	–	–
	<u>651</u>	<u>665</u>	<u>443</u>	<u>506</u>	<u>479</u>
Capital outlay and construction	301	263	107	73	135
Debt service					
Principal	115	121	67	79	79
Interest and fiscal	34	32	37	37	35
	<u>149</u>	<u>153</u>	<u>104</u>	<u>116</u>	<u>114</u>
Total expenditures	<u>\$ 1,101</u>	<u>\$ 1,081</u>	<u>\$ 654</u>	<u>\$ 695</u>	<u>\$ 728</u>

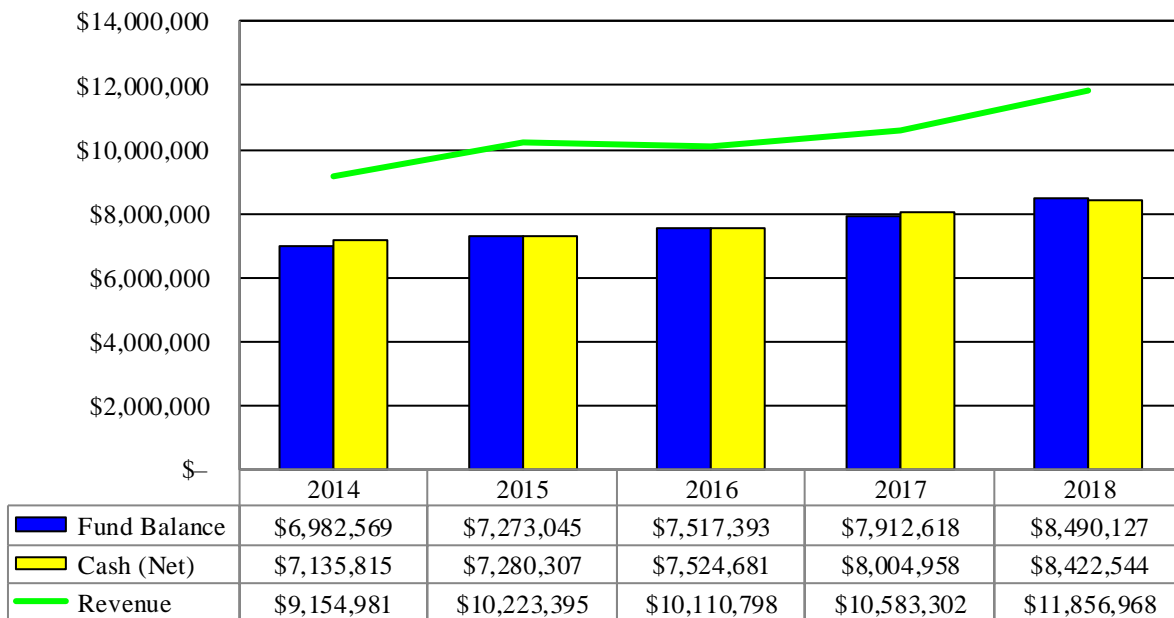
The City has historically and consistently used limited expenditure functions for financial statement reporting purposes. As the City has grown and increased spending for community development and other areas, we encourage the City to review the format and level of functional detail presented in future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

Total expenditures in the City's governmental funds for 2018 were \$19,275,200, an increase of \$1,037,459 from the prior year. On a per capita basis, the City expended a total of \$728 in 2018. Current expenditures decreased \$27 per capita from the prior year, primarily in recreation spending. Capital outlay expenditures were \$62 more per capita than the prior year. Debt service spending decreased by \$2 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,



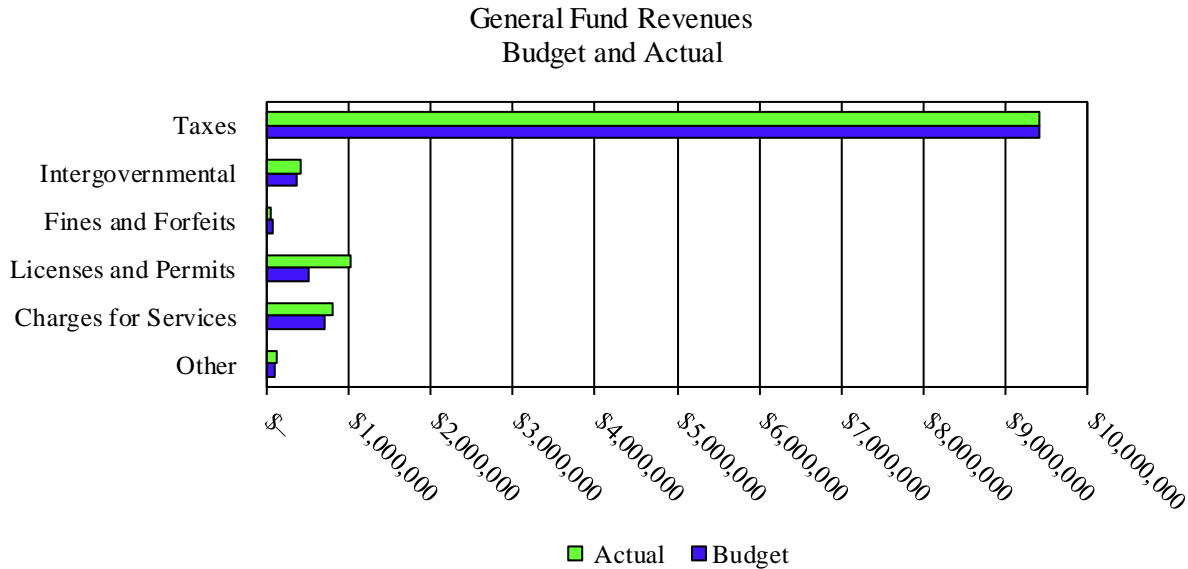
The City's General Fund cash and investments balance (net of interfund borrowing) at December 31, 2018 was \$8,422,544, an increase of \$417,586 from the previous year. Total fund balance at year-end was \$8,490,127, an increase of \$577,509 from the prior year.

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.

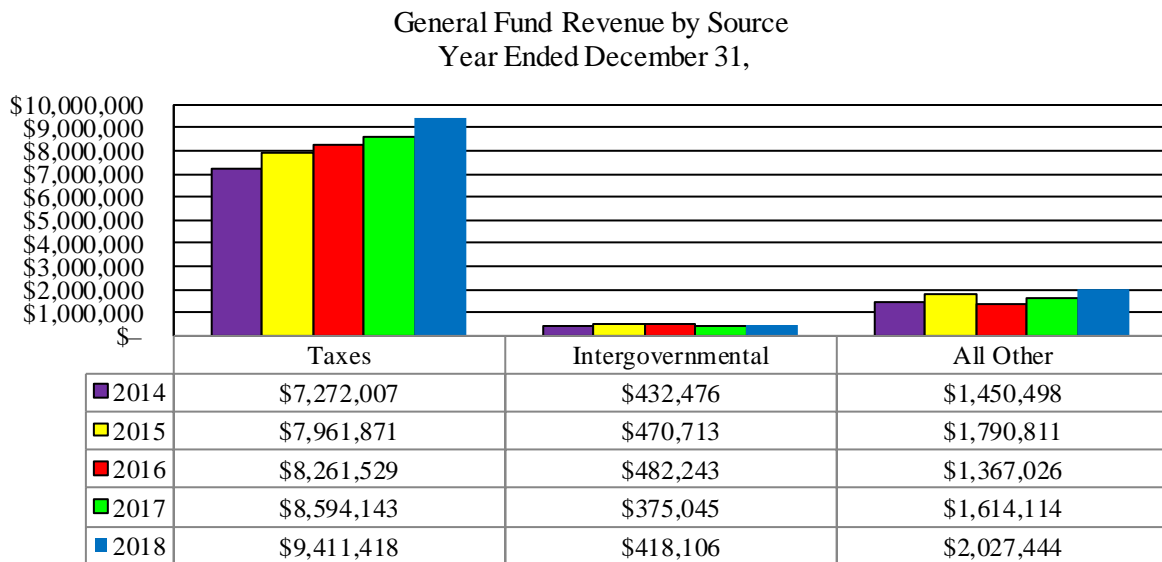
A trend that is typical to Minnesota local governments, especially the General Fund of cities, is the unusual cash flow experienced throughout the year. The City's General Fund cash disbursements are made fairly evenly during the year other than the impact of seasonal services such as snowplowing, street maintenance, and park activities. Cash receipts of the General Fund are quite a different story. Property taxes comprise 79.4 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 2018:



Total General Fund revenues for 2018 were \$11,856,968, an increase of \$1,273,666 (12.0 percent) from the previous year, and \$704,282 (6.3 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. An increase in the tax levy approved also contributed to the increase in revenues.

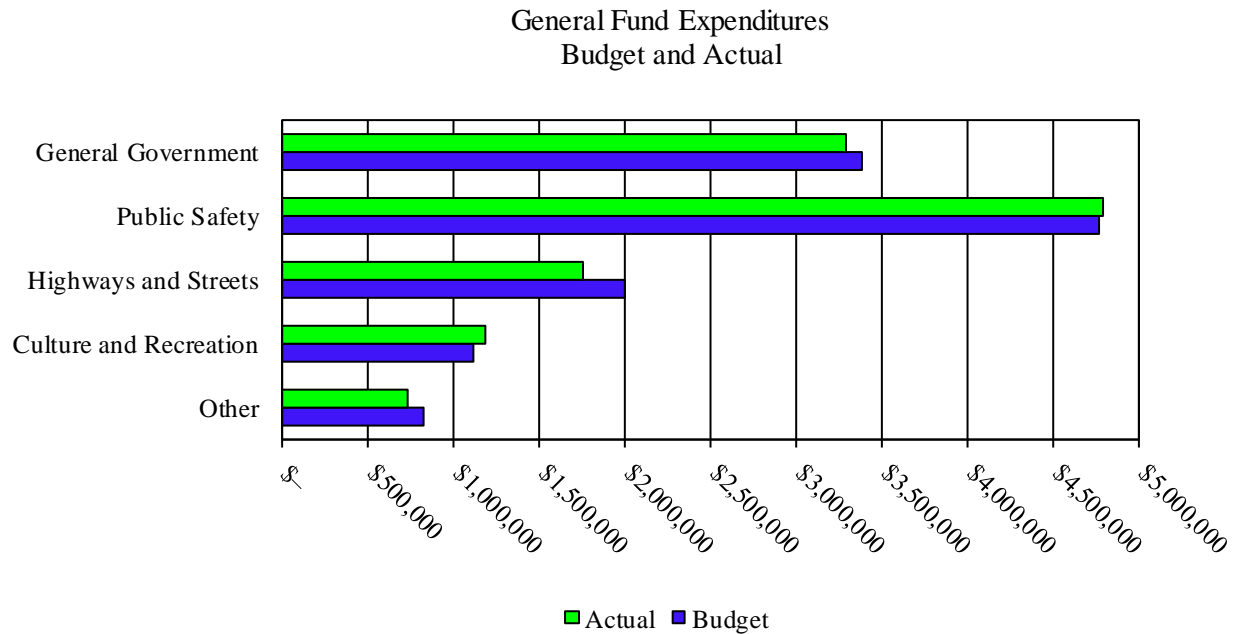
The following graph presents the City’s General Fund revenues by source for the last five years:



The trend of increased reliance on tax revenue and decreasing intergovernmental (primarily state revenue) is typical to Minnesota cities. As presented in the graph above, property taxes account for 79.4 percent of General Fund revenues.

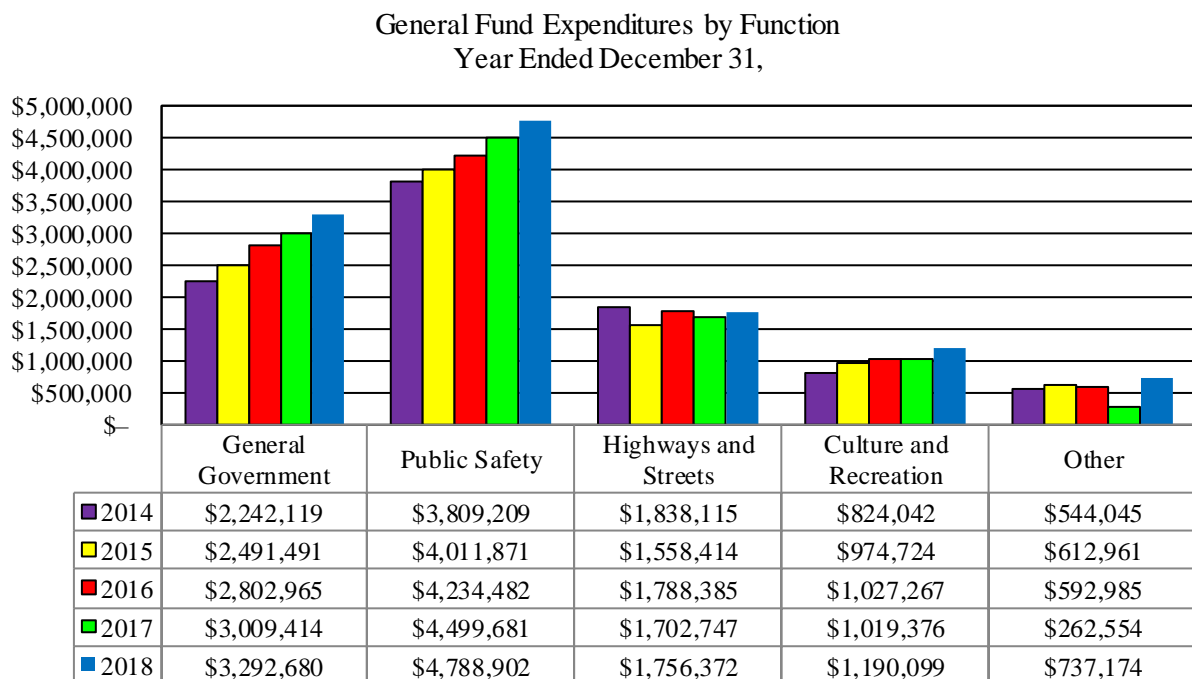
During 2018, tax sources increased by \$817,275, due to an increase in the approved General Fund levy. The City received \$43,061 more intergovernmental revenue in 2018. The 2018 increase in the category for all other (\$413,330) above includes licenses, permits, and charges for services related to more 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 2018:



General Fund expenditures totaled \$11,765,227 in 2018, an increase of \$1,271,455 (or 12.1 percent) from the prior year, and were \$358,057 (or 3.0 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:



As the graph displays, the increase in expenditures was spread across all categories as anticipated in the budget. Natural inflationary increases and the continued growth in development in the City contributed to the overall increase in expenditures. An increase in capital spending as planned in the budget contributed to the increase in the “Other” category presented above.

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, 2018, presented both by classification and by fund:

Enterprise Funds Change in Financial Position			
	Net Position as of December 31,		Increase (Decrease)
	<u>2018</u>	<u>2017</u>	
Net position of enterprise funds			
Total by classification			
Net investment in capital assets	\$ 53,653,338	\$ 53,855,285	\$ (201,947)
Unrestricted	<u>43,024,292</u>	<u>38,306,851</u>	<u>4,717,441</u>
Total – enterprise funds	<u><u>\$ 96,677,630</u></u>	<u><u>\$ 92,162,136</u></u>	<u><u>\$ 4,515,494</u></u>
Total by fund			
Water Utility	\$ 49,832,678	\$ 47,254,551	\$ 2,578,127
Sewer Utility	30,823,058	29,676,700	1,146,358
Street Light Utility	1,853,352	1,802,365	50,987
Recycling Utility	405,416	403,189	2,227
Storm Water Utility	<u>13,763,126</u>	<u>13,025,331</u>	<u>737,795</u>
Total – enterprise funds	<u><u>\$ 96,677,630</u></u>	<u><u>\$ 92,162,136</u></u>	<u><u>\$ 4,515,494</u></u>

In total, the net position of the City’s enterprise funds increased by \$4,515,494 as presented in the table above. Capital contributions recognized and positive operating results contributed to the total overall increase in net position within the City’s enterprise funds.

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

	2014	2015	2016	2017	2018
Utility enterprise funds					
Water					
Operating revenue	\$ 1,860,380	\$ 2,045,225	\$ 1,953,478	\$ 2,772,003	\$ 3,484,687
Operating expenses	1,221,211	1,278,204	1,489,070	1,396,021	1,590,737
Operating income	<u>\$ 639,169</u>	<u>\$ 767,021</u>	<u>\$ 464,408</u>	<u>\$ 1,375,982</u>	<u>\$ 1,893,950</u>
Operating income as a percentage of operating revenue	<u>34.4 %</u>	<u>37.5 %</u>	<u>23.8 %</u>	<u>49.6 %</u>	<u>54.4 %</u>
Sewer					
Operating revenue	\$ 1,393,157	\$ 1,392,101	\$ 1,458,250	\$ 1,784,755	\$ 2,182,944
Operating expenses	1,282,302	1,291,509	1,438,141	1,535,664	1,523,670
Operating income	<u>\$ 110,855</u>	<u>\$ 100,592</u>	<u>\$ 20,109</u>	<u>\$ 249,091</u>	<u>\$ 659,274</u>
Operating income as a percentage of operating revenue	<u>8.0 %</u>	<u>7.2 %</u>	<u>1.4 %</u>	<u>14.0 %</u>	<u>30.2 %</u>
Street Light					
Operating revenue	\$ 188,185	\$ 190,872	\$ 196,253	\$ 204,418	\$ 211,360
Operating expenses	161,733	178,666	176,732	159,378	160,952
Operating income	<u>\$ 26,452</u>	<u>\$ 12,206</u>	<u>\$ 19,521</u>	<u>\$ 45,040</u>	<u>\$ 50,408</u>
Operating income as a percentage of operating revenue	<u>14.1 %</u>	<u>6.4 %</u>	<u>9.9 %</u>	<u>22.0 %</u>	<u>23.8 %</u>
Recycling					
Operating revenue	\$ 309,160	\$ 307,128	\$ 308,052	\$ 310,471	\$ 317,090
Operating expenses	321,321	320,901	359,418	373,775	380,055
Operating income (loss)	<u>\$ (12,161)</u>	<u>\$ (13,773)</u>	<u>\$ (51,366)</u>	<u>\$ (63,304)</u>	<u>\$ (62,965)</u>
Operating income (loss) as a percentage of operating revenue	<u>(3.9) %</u>	<u>(4.5) %</u>	<u>(16.7) %</u>	<u>(20.4) %</u>	<u>(19.9) %</u>
Storm Water					
Operating revenue	\$ 706,135	\$ 770,812	\$ 1,034,552	\$ 958,960	\$ 1,057,705
Operating expenses	509,709	557,267	742,043	633,101	573,878
Operating income	<u>\$ 196,426</u>	<u>\$ 213,545</u>	<u>\$ 292,509</u>	<u>\$ 325,859</u>	<u>\$ 483,827</u>
Operating income as a percentage of operating revenue	<u>27.8 %</u>	<u>27.7 %</u>	<u>28.3 %</u>	<u>34.0 %</u>	<u>45.7 %</u>

As displayed in the table above, each of the individual enterprise funds was able to report positive operating results for the year ended December 31, 2018, 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 \$7,253,786 in 2018, compared to \$6,030,607 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 up from the prior year, with \$4,229,292 in 2018 compared to \$4,097,939 of spending incurred in 2017, or an overall increase of 3.2 percent. The largest change in expenses was in depreciation, which was up \$68,393 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, 2018 and 2017, for governmental activities and business-type activities:

	As of December 31,		Increase (Decrease)
	2018	2017	
Net position			
Governmental activities			
Net investment in capital assets	\$ 43,551,135	\$ 42,129,791	\$ 1,421,344
Restricted	20,935,216	19,679,434	1,255,782
Unrestricted	15,666,889	13,559,175	2,107,714
Total governmental activities	<u>80,153,240</u>	<u>75,368,400</u>	4,784,840
Business-type activities			
Net investment in capital assets	53,653,338	53,855,285	(201,947)
Unrestricted	43,024,292	38,306,851	4,717,441
Total business-type activities	<u>96,677,630</u>	<u>92,162,136</u>	4,515,494
Total net position	<u>\$ 176,830,870</u>	<u>\$ 167,530,536</u>	<u>\$ 9,300,334</u>

Net position increased by \$9,300,334 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 net position within governmental activities presents the overall operating results of the governmental funds previously discussed along with the continued development and investment in infrastructure within the City. 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, 2018 and 2017:

	2018		2017	
	Expenses	Program Revenues	Net Change	Net Change
Net (expense) revenue				
Governmental activities				
General government	\$ 5,078,516	\$ 1,632,437	\$ (3,446,079)	\$ (4,064,361)
Public safety	5,167,897	1,453,197	(3,714,700)	(4,659,712)
Highways and streets	4,191,395	4,025,264	(166,131)	(53,859)
Culture and recreation	1,751,345	1,467,776	(283,569)	(960,819)
Interest and fiscal charges	883,292	-	(883,292)	(952,965)
Business-type activities				
Water utility	1,590,737	3,827,707	2,236,970	2,102,649
Sewer utility	1,523,670	2,490,715	967,045	735,603
Street light utility	160,952	211,360	50,408	45,040
Recycling utility	380,055	389,011	8,956	2,091
Storm water utility	573,878	1,313,440	739,562	1,004,024
Total net (expense) revenue	<u>\$ 21,301,737</u>	<u>\$ 16,810,907</u>	(4,490,830)	(6,802,309)
General revenues				
Property taxes			12,384,300	11,136,810
General grants and contributions			102,994	3,586
Investment earnings			1,228,823	946,683
Gain on sale of capital assets			75,047	5,530
Total general revenues			<u>13,791,164</u>	<u>12,092,609</u>
Change in net position			<u>\$ 9,300,334</u>	<u>\$ 5,290,300</u>

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

LEGISLATIVE UPDATES

The 2018 legislative session, falling in the second half of the state's fiscal biennium, was a short session in which only two major finance-related bills were passed, omnibus bonding bills related to bonding, and pensions. The following is a brief summary of specific legislative changes from the 2018 session or previous legislative sessions potentially impacting Minnesota cities.

Omnibus Bonding Bill – The omnibus bonding bill authorized financing for over \$1.5 billion in capital improvements. Included in the approved funding was \$542 million for various transportation infrastructure, \$99 million for local city-related economic development projects, and appropriations for a number of different utility (water, sewer, wastewater, etc.) infrastructure improvement programs.

Wastewater Investment Protection – Effective retroactively back to August 1, 2017, when a city builds a new wastewater treatment facility or upgrades one to meet current standards that exceed its previous performance, the investment in that facility would be considered adequate for a period of 16 years before a city could be required to upgrade the facility again to meet updated state wastewater facility standards.

Competitive Bidding Threshold – Effective for contracts awarded on or after August 1, 2018, the dollar threshold at which Minnesota Statutes require the use of a sealed bidding process was raised from \$100,000 to \$175,000. This extends the dollar range for which contracts may be awarded using direct negotiation (obtaining two quotations) to contracts between \$25,000 and \$175,000. By reference, this change also increased the dollar threshold at which public contractors' performance and payment bonds are required for contracts over \$175,000.

Water Tank Maintenance Contracts – Effective for contracts awarded on or after September 1, 2018, multi-year service contracts for water tank maintenance work that were previously allowed to be awarded through direct negotiation, are required to be awarded through a sealed bid or best value bid procurement process when the total cost of the contract for the services and supplies is expected to exceed the competitive bid threshold of \$175,000.

Minnesota Licensing and Registration System (MNLARS) – The Legislature established the MNLARS steering committee, and a one-time appropriation of \$9.65 million was approved for fiscal year 2018 to fund costs related to the continued development, improvement, operation, and deployment of the MNLARS. However, a bill to provide an additional proposed appropriation of \$9 million to partially compensate deputy registrars throughout the state for financial losses related to the flawed rollout of the MNLARS was vetoed by the Governor.

Pension Benefit Reforms – The 2018 pension bill included a number of reforms to the various defined benefit pension plans across the state, including the plans administered by the Public Employees Retirement Association (PERA).

- Reforms impacting the PERA General Employees Retirement Fund (GERF) plan included:
 - Post-retirement cost of living adjustments (COLAs) will be equal to 50.0 percent of the annual increase for Social Security, but not less than 0.5 percent, and not more than 1.5 percent.
 - For early retirees that retire on or after January 1, 2024, COLAs are deferred until the retiree reaches the normal retirement age.
 - Phases in actuarial reduction factors over five year on early retirement benefits payable beginning July 1, 2019.
 - The rate of interest paid on refunds of employee contributions to former public employees was reduced from an annual rate of 4.0 percent to 3.0 percent.

- Reforms impacting the PERA Public Employees Police and Fire Fund (PEPFF) plan included:
 - Post-retirement COLAs were permanently set at 1.00 percent.
 - Employer contribution rates increase from the current 16.20 percent of covered salaries to 16.95 percent beginning January 1, 2019, and 17.70 percent beginning January 1, 2020.
 - Employee contribution rates increase from the current 10.80 percent of covered salaries to 11.30 percent beginning January 1, 2019, and 11.80 percent beginning January 1, 2020.
 - To reduce the need for additional contribution increases, the state will contribute an additional \$4.5 million to the plan annually for fiscal years 2019 and 2020, increasing to \$9.0 million annually thereafter through fiscal 2048, or until the plan is fully funded.
 - The rate of interest paid on refunds of employee contributions to former public employees was reduced from an annual rate of 4.00 percent to 3.00 percent.

- Reforms impacting the volunteer firefighter relief associations plan included:
 - Added a requirement that the fire chief annually certify each firefighter's service credit to the relief association and the related municipality effective January 1, 2019.

ACCOUNTING AND AUDITING UPDATES

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. 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 the 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.

GASB STATEMENT NO. 88, CERTAIN DISCLOSURES RELATED TO DEBT, INCLUDING DIRECT BORROWINGS AND DIRECT PLACEMENTS

The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

The requirements of this statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows.

This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. It also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

GASB STATEMENT NO. 89, ACCOUNTING FOR INTEREST COST INCURRED BEFORE THE END OF A CONSTRUCTION PERIOD

The objectives of this statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period.

This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will no longer be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should continue to be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this statement should be applied prospectively.

**GASB STATEMENT NO. 90, MAJORITY EQUITY INTEREST—AN AMENDMENT OF GASB STATEMENTS
No. 14 AND No. 61**

The primary objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

It specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. It further specifies that such investments should generally be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund, in which case the majority equity interest should be measured at fair value.

All other holdings of a majority equity interest in a legally separate organization that do not meet the definition of an investment result in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit, and should report an asset related to the majority equity interest using the equity method.

This statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to reporting a majority equity interest in a component unit and reporting a component unit if the government acquires a 100 percent equity interest, which should be applied prospectively.

UNIFORM GUIDANCE, MICRO-PURCHASE THRESHOLD

Under the Uniform Guidance for federal programs, a micro-purchase is one for goods or services that, due to its relatively low value, does not require the government to abide by many of its ordinary competitive procedures, including small business set-asides. Because the contract is theoretically such a low amount, the contracting officer can pick virtually whatever company and product he or she wants to satisfy the procurement, so long as the price is reasonable. The standard micro-purchase threshold has been amended to increase the threshold to \$10,000, effective June 20, 2018. Entities are not required to increase the micro-purchase and simplified acquisition thresholds but, if they wish to do so, they must update their procurement policies and procedures to reflect the change in thresholds. They cannot retroactively make these changes effective prior to June 20, 2018.

CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

Special Purpose Audit Reports

Year Ended
December 31, 2018

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CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

Special Purpose Audit Reports
Year Ended December 31, 2018

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PRINCIPALS

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Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA

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, 2018, 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 23, 2019.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(continued)

COMPLIANCE AND OTHER MATTERS

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

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 23, 2019



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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, 2018, 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 23, 2019.

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 23, 2019

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Meeting Date: 06/11/2019

Information

Title:

Begin 2020 Budget Discussions

Purpose/Background:

The purpose of this meeting is to review the budget calendar, to receive Council input/direction on the 2020 budget process, and to review strategic priorities as outlined in the 2019 Strategic plan that may have 2020 budget impacts.

The City's adopted 2020 budget calendar calls for the 2020 preliminary levies and budget to be presented to the City Council at worksessions beginning July 9. The City annually adopts a preliminary levy that consists of the General Fund levy, Economic Development Authority (EDA) levy and the debt service levy. Council worksessions will continue up to the preliminary levy/budget adoption on September 24, 2019 and the final adoption of the budget/levy in December 2019.

Attached is a copy of the budget calendar, the current Strategic Plan, and a list of strategic priorities that could have a budget impact in 2020. It is recommended that the Council and staff prioritize 2020 strategic investments to provide staff direction in regard to the preparation of the 2020 draft budget.

Timeframe:

30 minutes

Funding Source:

Responsible Party(ies):

City Administrator
Finance Director

Outcome:

Review the calendar for preparation of the 2020 budget, and to provide direction on the strategic priorities prior to the preparation of the 2020 General Fund Budget.

Attachments

2020 Budget Calendar

2019 Adopted Strategic Plan

Strategic Priorities for 2020

Form Review

Inbox

Kurt Ulrich

Form Started By: Diana Lund

Final Approval Date: 06/06/2019

Reviewed By

Kurt Ulrich

Date

06/06/2019 11:45 AM

Started On: 06/03/2019 11:52 AM

Councilmember Shryock introduced the following resolution and moved for its adoption:

RESOLUTION #19-009

RESOLUTION APPROVING THE CITY OF RAMSEY'S 2020 BUDGET CALENDAR

WHEREAS, the Ramsey City Charter states that a budget calendar shall be established annually by resolution; and

WHEREAS, the City of Ramsey's Finance Committee recommends the Council adopt the following calendar:

- January 8 Council adopts the 2019 Budget Calendar.

- January 14 –
February 22 City Council and Staff Leadership Team meet to Review and Develop a Three-Year Strategic Action Plan.(Current Plan goes through 2018, amendments only)

- April 22 Finance Director to distribute 2020 Cost Center Budget Worksheets to Department Heads and supervisors. Worksheets include actual expenditures for 2016, 2017, 2018, 2019-year-to-date and adopted 2019 budget.

- April 22 Finance Director to distribute listing of fixed assets as of December 31, 2018 to Department Heads and supervisors for review including item existence, accuracy, replacement values and number of years remaining in useful life.

- April 22 Finance Director to distribute current Schedule of Rates, Fees and Charges to staff.

- April 22 City Administrator to distribute most recent version of goals, objectives and 3-year departmental plans to Department Heads and supervisors.

- May 20 Department Heads and supervisors to submit completed budget worksheets and accompanying justifications to the Finance Director.

- May 20 Department Heads and supervisors to return listing of fixed assets to the Finance Director with any corrections noted.

- May 20 Staff to return Schedule of Rates, Fees and Charges to the Finance Director with recommendations for 2019 amendments noted.

- May 20 Department Heads and supervisors to submit goals, objectives and 3-year departmental plans to the City Administrator.

- June 17-June 28 City Administrator and staff work sessions on the preliminary 2020 budget.
June 24 City Administrator to distribute preliminary goals, objectives and 3-year departmental plans for staff work sessions.

- July 9 Finance Director and City Administrator submit preliminary budget to the City Council.
- July 30 Department of Revenue certifies LGA amounts to all cities with populations over 2,500 and those receiving LGA.
- August 15 Counties notify cities of the dates, which school districts, metropolitan special districts, and the county have selected for 2019 Truth in Taxation Hearings.
- August 1 - September 6 Final Budget Work sessions before adoption of proposed budget/levy.
- August 12 Department Heads and supervisors to submit items to be included in the 2020-2029 Capital Improvement Program.
- August 19 August 23 Staff work sessions to review goals, objectives and 3-year departmental plans.
- September 10 or 24 Staff recommends a 2020 Proposed Municipal Budget; 2019 Levy, Payable 2020, Proposed Municipal Levy to the City Council.
- September 10 or 24 City Council adopts the 2020 Proposed Municipal Budget; 2019 Levied Payable 2020 Proposed Municipal Levy and sets the 2019 hearing dates for the 2020 Budget Public Hearing(s).
- September 27 City certifies 2020 Proposed Municipal Budget; 2019 Payable 2020 Proposed Municipal Levy and 2020 Budget Public Hearing date.
- September/October Council work sessions as needed.
- Sept 9-Sept 20 City Council work sessions on 2020 Goals, Objectives and 3-Year Departmental Plans.
- October 22 City Council review and adopt 2020-2029 Capital Improvement Program.
- November 4-22 County mails notice of proposed property taxes for payable 2020.
- November 27 City Council to review and adopt the 2019 Schedule of Rates, Fees and Charges.
- November 26 2020 Goals, Objectives and 3-Year Departmental Plans submitted to City Council for adoption.
- November 30 - December 28 Public Hearing(s) on Final 2020 Municipal Budget and Levy
- December 10 Adopt 2020 Municipal Budget and Final 2019, Payable 2020 Levy

December 31

Final levy certification to County auditor and certification of compliance with Truth in Taxation requirements to the Department of Revenue.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RAMSEY, COUNTY OF ANOKA, STATE OF MINNESOTA, as follows:

- 1) That the City Council of Ramsey hereby approves the 2020 Budget Calendar.

The motion for the adoption of the foregoing resolution was duly seconded by Councilmember Kuzma, and upon vote being taken thereon, the following voted in favor thereof:

Mayor LeTourneau
Councilmember Shryock
Councilmember Kuzma
Councilmember Heinrich
Councilmember Musgrove
Councilmember Riley

and the following voted against the same:

None

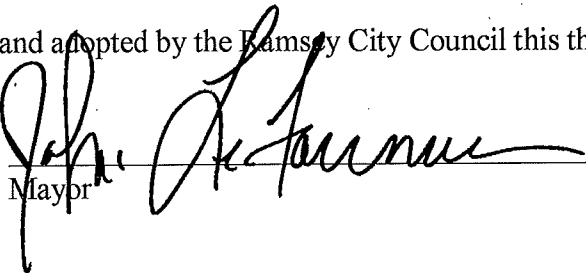
and the following abstained:

None

and the following were absent:

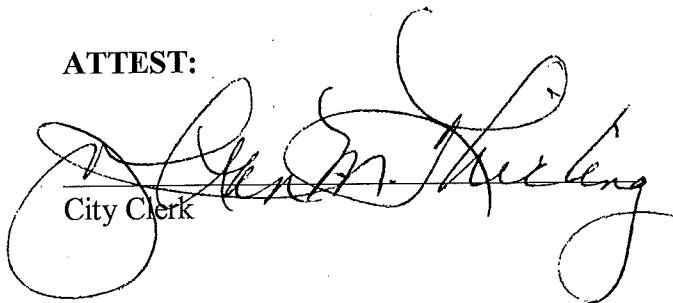
Existing Vacancy

Whereupon said resolution was declared duly passed and adopted by the Ramsey City Council this the 8th day of January, 2019.



Mayor

ATTEST:



City Clerk

Strategic Plan Update

2019 Update – May 28 Version

ABOUT RAMSEY

Ramsey is a suburban city located in the northwestern part of Anoka County, with a population of approximately 26,500. Two rivers dominate its borders, the Rum River and the Mississippi River.

The first settlement in Ramsey began because of trading along the banks of the Mississippi. Many settlers came here on a steamboat called *The Governor Ramsey* named after our first territorial governor, from which the City reportedly acquired the name.

Only a few of the first houses and structures built in Ramsey remain today. The most notable structure of historic significance is on the National Register of Historic Places, the Old Ramsey Town Hall, located west of Highway 47 (Saint Francis Boulevard) just north of County Road 116 (Bunker Lake Boulevard). This 19th century structure was originally used as a schoolhouse. The building is a community landmark and the City is working on a long term plan for the structure.

Two school districts now serve Ramsey - Elk River #728, and Anoka-Hennepin #11. Students from both districts regularly exceed the state average on the Minnesota Basic Standards in math, reading, and writing, and score well above the national average on college entrance exams.

Many people have chosen to live in Ramsey because of its rural character, wetlands, wildlife, parks, recreation and the housing choices. Ramsey is a mixture of farms, large-lot single family, urban single-family, and multi-family with a range of prices that appeals to a wide variety of families and individuals. The City is expected to grow by approximately 10,000 people over the next 20 years. Economic Development continues to be a priority for our City. With nearly 7,000 employees working in Ramsey everyday, new industrial and retail growth may add an additional 5,000 employees over the next 20 years. We are proud of our commitment to attract economically and environmentally sound commercial development.

Ramsey is committed to manage future growth to provide a high quality of life, enhanced employment opportunities and a stable tax base. Looking ahead, our city is working toward retail and commercial growth that includes restaurants, shopping, entertainment and additional employment opportunities.

Please note: this document is a work in progress. Staff is still working on final formatting. Please focus on content over formatting at this stage.

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

VISION

Ramsey will be a secure, citizen-driven, collaborative community that respects the balance and connectivity between its unique urban, rural and natural environments.

MISSION

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

OBJECTIVES

Financial Stability

A Balance of Rural Character and Urban Growth

An Active and Connected Community

Smart, Citizen-Focused Government

An Effective Organization

STRATEGIES

Identify and implement operational efficiencies, cost savings and additional funding sources.

Promote economic growth and development.

Create a positive image for residential neighborhoods, business districts and key corridors.

Enhance Community Engagement in policy decision-making processes.

Strengthen and enhance our identity and brand.

Improve the safety and mobility of transportation corridors.

Connect the community both physically and socially to destinations, services and activities.

Enhance customer service through process improvements.

Enhance sustainability and efficiency through public facilities and infrastructure investments.

Improve City's communication.

Improve and sustain high organizational morale.

Strive to reflect the demographics of the community.

ACTION PLAN

Action	Timeframe	Resources	Key Outcomes and Indicators	Responsible Party
Strategy: Identify and implement operational efficiencies, cost savings and additional funding sources.				
1. Complete a Road Maintenance Funding Study and Public Engagement/Education Process.	Q3 2019	Existing Staff WSB Contact Budget Impact = Medium	Updated policy on appropriate funding for long term maintenance of local roads. Results will influence future decision on road funding.	Bruce Westby
2. Implement a Road Maintenance Funding Program.	Q1 2020	Budget Impact = Medium	Retain existing program or choose a new program.	Diana Lund
3. Identify and improve one organizational workflow process.	2019	Budget Impact = Low	Experienced cost savings as a result of improved workflow. Example: Purchasing Policy	Kurt Ulrich
4. Create an Alternative Funding Toolkit.	2019	Budget Impact = Low	List of potential funding sources for capital improvements. Improved funding partnership and successful capital projects.	Diana Lund
5. Evaluate Asset Management Options for Public Infrastructure.	2019	Budget Impact = Low RCP Report	Improved tracking of roads, utilities, etc. More efficient utilization of personnel resources.	Bruce Westby
Strategy: Promote economic growth and development.				
6. Expand Business Retention and Expansion efforts.	2019	Existing Staff: Budget Impact = Low	Stable base of local employers, representing the largest opportunity for future growth of jobs and tax base. Increase the number of business visits. Improve the quality and attendance at EDA events.	Sean Sullivan
7. Expand recruitment process to secure new commercial (retail) users.	2019	Existing Staff: Real estate broker Budget Impact = Low RCP Report	Continued growth of jobs, tax base, and services. 5,000 square feet of new retail space.	Sean Sullivan
8. Expand recruitment process to secure new industrial users.			Continued growth of jobs, tax base, and services. 50,000 square feet of new industrial space.	
9. Complete Comprehensive Housing Study and recruit new residential neighborhoods.	Q3 2019	Existing Staff: Budget Impact = Medium RCP Report	Plan for market relevant housing to jobs ratio (1 job per 1.5 household).	Tim Gladhill
Strategy: Create a positive image for residential neighborhoods, business districts and key corridors.				

Action	Timeframe	Resources	Key Outcomes and Indicators	Responsible Party
10. Create baseline metrics to track and evaluate effectiveness of changes to Code Enforcement Program and use to track future trends.	Q4 2019	Existing Staff: Budget Impact = Low	Reduced blight and public nuisance. Improved responsiveness of neighborhood concerns. Improved empathy to private property rights and complex regulations. Improved aesthetics and reduced blight along Highway 10 and Highway 47.	Tim Gladhill
11. Create a coalition of local multifamily (apartments, condos, etc.) property managers.	2019	Budget Impact = Low RCP Report	Ensure that multifamily properties maintain high quality. Consider HOAs	Chloe McGuire Brigl
Strategy: Enhance Community Engagement in policy decision-making processes.				
12. Create Public Engagement Toolkit/Manual.	Q1 2020	Existing Staff: Budget Impact = Low RCP Report	New and improved engagement with the community on all key policy topics.	Tim Gladhill
Strategy: Strengthen and enhance our identity and brand.				
13. Complete a feasibility study for a future Postal Facility to obtain a Ramsey ZIP Code.	2020	Existing Staff Budget Impact = Medium RCP Report (community identity)	ZIP Code will identify itself as Ramsey. Take a step forward in achieving a Ramsey ZIP Code. Seek third-party funding to assist.	Kurt Ulrich
14. Install and/or replace signs at Highway 10/Ramsey Boulevard, Highway 10/Rail Station.	Q3 2019	Budget Impact = Medium to High RCP Report	Unified community brand for key nodes.	Chloe McGuire Brigl
15. Develop a plan for Historic Town Hall.	Q3 2019	Budget Impact = Low RCP Report	Adaptive reuse and tax base generation of historic town hall. Consider other buyers.	Kurt Ulrich
Strategy: Improve the safety and mobility of transportation corridors.				
16. Complete County Road 5 Corridor Study.	Future Parking Lot List Revisit adding	Budget Impact = Medium	Unified vision for Nowthen Boulevard. Improved safety and reduced congestion.	Bruce Westby
17. Complete State Highway 47 Study Update.	Q1 2020	Existing Staff: Budget Impact = Medium	Unified vision for Highway 47. Improved safety and reduced congestion.	Bruce Westby
18. Complete the Ramsey Gateway Study.	Q4 2019	Existing Staff/Resources Budget Impact = High RCP Report	Unified vision for Highway 10. Improved safety and reduced congestion.	Tim Gladhill

Action	Timeframe	Resources	Key Outcomes and Indicators	Responsible Party
Strategy: Connect the community both physically and socially to destinations, services, and activities.				
19. Complete the Master Parks and Trail Plan/Capital Improvement Program Update.	2019	Existing Staff/Resources Budget Impact = Medium RCP Report	Adequate parks, trails and public spaces, both future and existing. Unique recreation destinations.	Mark Riverblood
20. Update Recreation Programming Work Plan	2019	Budget Impact = Low	Deliver a diversity of programs that finds a balance of revenue and access.	Mark Riverblood
Strategy: Enhance customer service through process improvements.				
21. Complete snow removal study and alternatives analysis.	2019	Budget Impact = Low	Ensure process and staffing for snow removal meets community expectations.	Grant Riemer
Strategy: Enhance sustainability and efficiency through public facilities and infrastructure investments.				
22. Complete Regional Surface Water Supply Feasibility Study.	Q1 2020	Study funded by Metropolitan Council. Budget Impact = Low	Adequate supply of water to supply community's future vision. Ensure that groundwater is the most appropriate source for the future.	Bruce Westby
23. Explore Water Supply Treatment Options			Reduce levels of manganese in municipal water supply.	
24. Complete Plans and Specifications for Future Public Works Campus.	2019	Budget Impact = High	Adequate space to effectively maintain public infrastructure. Savings of time and money in operational efficiencies.	Grant Riemer
25. Consider smart irrigation rebate program.	2019	Budget Impact = Medium	Reduced demand on public water supply and avoid/delay of infrastructure investments.	Chris Anderson
Strategy: Improve City's communication.				
26. Update Communications Plan.	2019	Existing Staff Budget Impact = Low RCP Report	Improved external communication. Provide more information of interest to residents in multiple formats. New and more effective ways to reach the community, including but not limited to social media. Talking Points for Key Projects. Policy, process, and timing for communicating key topics. Improved administration of Ramsey Resident Newsletter.	Megan Thorstad
27. Enhance Employee Intranet.	Q4 2019	Budget Impact = Low	Enhanced access for personnel policies and resources for existing and future Councilmembers, Employees, and Commissioners. Improved internal communication.	Colleen Lasher

Action	Timeframe	Resources	Key Outcomes and Indicators	Responsible Party
Strategy: Improve and sustain high organizational morale.				
This remains a high priority for the community and is addressed in multiple actions above.				
Strategy: Strive to reflect the demographics of the community.				
This remains a high priority for the community and is addressed in multiple actions above.				

Budget Impact Key; Low = Existing Staff/thousands of dollars; Medium = Additional Staff/Consultants/tens of thousands of dollars; High = capital improvement/hundreds of thousands of dollars.

RCP Report = Partnership with the University of Minnesota completed in 2018. This partnership created a library of resources and policy alternatives. A full list of completed reports can be found online at rcp.umn.edu/ramsey-projects.

PARKING LOT LIST

Action	Strategy
Complete a Development Fee Impact Study.	Identify and implement operational efficiencies, cost savings and additional funding sources.
Complete Comprehensive Streetscape and Greenway Manual.	Create a positive image for residential neighborhoods, business districts and key corridors.
Complete Neighborhood Plans for Pearson Properties and Makowsky Farms.	Create a positive image for residential neighborhoods, business districts and key corridors.
Remodel 2 nd Floor of City Hall for additional collaboration and meeting space.	Enhance Community Engagement in policy decision-making processes.
Complete a Fire Department Duty Crew Analysis.	Enhance customer service through process improvements.
Complete Organization Staffing Plan.	Improve and sustain high organizational morale.

CULTURE

- Utilize Strategic Plan to prioritize budget requests.
- Leverage additional funding sources.
- Seek grants to do high priority projects.
- Seek public and private partnerships.
- Improve Park and Recreation revenue through user fees and sponsorships.
- Provide adequate public safety staffing based upon common metrics (i.e., calls for service, time of day caseload, land use and population, citizen expectations).
- Continue Staff Recognition Programs.
- Increase awareness of various employee resources.

Strategic Priorities for 2020 Budget

Medium and High Cost Actions from 2019 Strategic Plan Update

1. Implement a Road Maintenance Funding Program.
2. Complete a feasibility study for a future Postal Facility to obtain a Ramsey ZIP Code.
3. Install and/or replace signs at Highway 10/Ramsey Boulevard, Highway 10/Rail Station.
4. Complete County Road 5 Corridor Study.
5. Complete State Highway 47 Study Update.
6. Complete the Master Parks and Trail Plan/Capital Improvement Program Update.
7. Explore Water Supply Treatment Options.
8. Complete Plans and Specifications for Future Public Works Campus.
9. Consider smart irrigation rebate program.

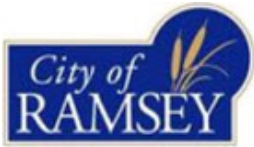
Other Considerations

- Code Enforcement Level of Service and Community Development Staffing Transition
- Others?

Prioritizing Strategic Investments

The City Council will be asked to rank the importance/priority of each strategic priority ranging from:

- (0) = low priority/not willing to invest additional resources
- (10) = high priority/willing to invest additional resources



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

CC Work Session

4. 0.

Meeting Date: 06/11/2019

By: Katie Schmidt, 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 List

Form Review

Inbox

Colleen Lasher

Kurt Ulrich

Form Started By: Katie Schmidt

Final Approval Date: 06/06/2019

Reviewed By

Colleen Lasher

Kurt Ulrich

Date

06/04/2019 02:11 PM

06/06/2019 10:43 AM

Started On: 06/03/2019 08:17 AM

City Council Future Topics – Work Session

(Draft)

Date	Topics for Discussion – Council Action
06-25-19	CCWS/Continue Discussion on Outsourcing Ramsey Resident Newsletter
TBD	Mediation Services presentation (Request of Anoka County mediation).
TBD	Discuss Councilmembers Serving on Boards and Commissions
TBD	Review History of Land Use Plan and Branding for The COR -- Gladhill
TBD	Discuss Ford Brook Park Renovation
TBD	Discuss Historic Town Hall – Ulrich
Date	Topics for Discussion – Policy
TBD	Discuss Pro-active vs. Re-active Code Enforcement
TBD	Discuss Temporary Outdoor Fabric Structures
July	Intersection Control Evaluation for Spot Improvements on Armstrong -- Westby
2019	Newsletter Policy to Address Advertising and Content Control --Ulrich
TBD	Council Committee Assignments Process
TBD	Discuss Planning for Future Potable Water Supply --Westby
Date	Topics for Discussion – Planning and Budget
07-09-19	2020 Budget
Fall	Drug Task Force Officer Presentation
October	Trail Maintenance Policy – Westby
November	Stormwater Pond Maintenance Policy -Westby
TBD	Summary of Employee Compensation and Development Plan --Lasher
TBD	Accounting of City Engineering Staff Time for City Projects
TBD	Capital and Equipment Funding and Existing Fund Balances
TBD	Water Treatment Plant