

**City of Ramsey**  
**Agenda**  
**City Council Work Session**  
**Tuesday, June 27, 2023**

**5:30 pm**  
**Lake Itasca Room, 7550 Sunwood Drive NW**

Remote Attendance available at [www.cityoframsey.com/meetings](http://www.cityoframsey.com/meetings).  
Those joining remotely and requesting to speak are asked to use a webcam when speaking.

1. **Call to Order**
  
2. **Topics for Discussion**
  1. 2023 Legislative Session Review
  
  2. Review 2022 Annual Comprehensive Finance Report, Management Report, Special Purpose Report and Single Audit
  
  3. Discussion Regarding the Annual Performance Review of the City Administrator, an Individual Who is Subject to the City Council's Authority - May be Closed to the Public
  
3. **Topics for Future Discussion**
  1. Review Future Topics/Calendar
  
4. **Mayor/Council/Staff Input**
  
5. **Adjournment\***

**\*Note: the City Council may motion to recess this Work Session meeting and reconvene after the regular City Council meeting if items on the agenda are not completed.**

**CC Work Session**

**2. 1.**

**Meeting Date:** 06/27/2023

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**Information**

**Title:**

2023 Legislative Session Review

**Purpose/Background:**

Representative Harry Niska will be present to review this year's legislative session. Unfortunately, Senator Cal Bahr is unable to attend the meeting.

**Timeframe:**

30 minutes

**Funding Source:**

**Responsible Party(ies):**

**Outcome:**

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**Attachments**

*No file(s) attached.*

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**Form Review**

**Inbox**

Brian Hagen

Form Started By: Katie Schmidt

Final Approval Date: 06/22/2023

**Reviewed By**

Brian Hagen

**Date**

06/22/2023 01:25 PM

Started On: 06/13/2023 10:29 AM

Meeting Date: 06/27/2023

**Information**

**Title:**

Review 2022 Annual Comprehensive Finance Report, Management Report, Special Purpose Report and Single Audit

**Purpose/Background:**

The City's 2022 annual report has been completed. Aaron Nielsen from the auditing firm of MMKR will be present to review the 2022 Annual Comprehensive Financial Report and Management Report that provides auditors comments on audit process and the Special Purpose Audit Reports on internal controls and legal compliance. The City was also required to have a Single Audit this year in regards to the Coronavirus funds received under the American Rescue Plan Act (ARPA).

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

The receipt of the 2022 Annual Comprehensive Financial Report and the request for submittal of the Annual Comprehensive Financial Report 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:**

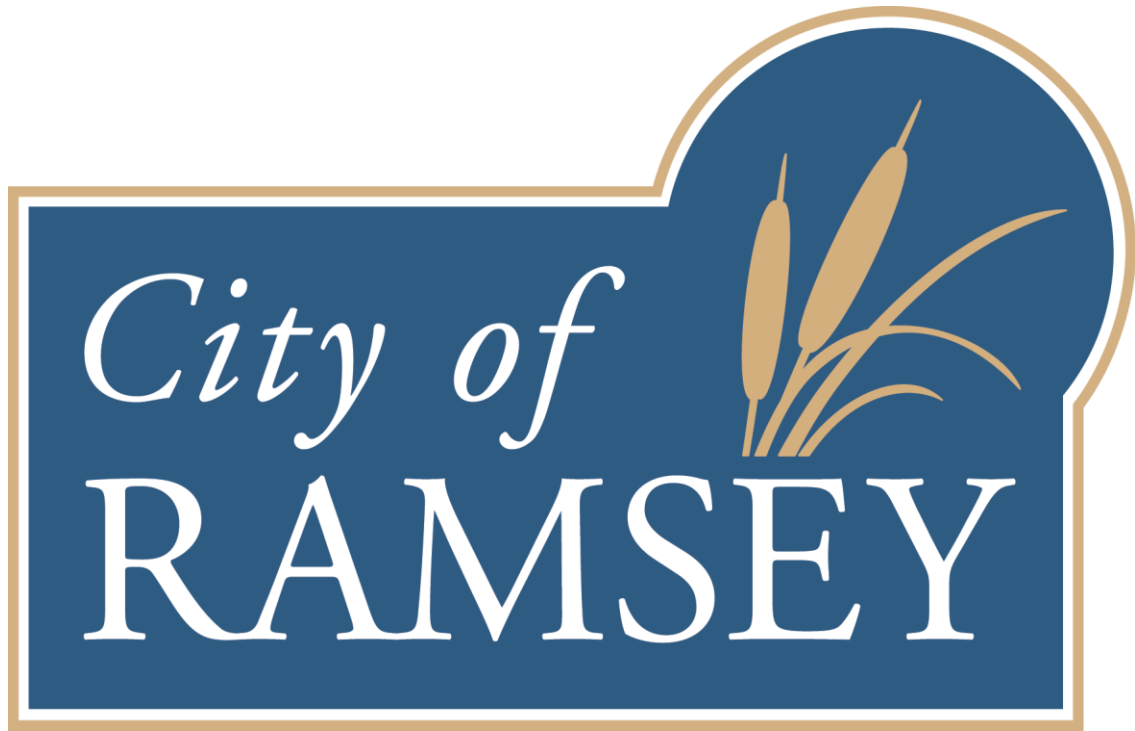
Presentation of the summarization of the Annual Comprehensive Report, Management Report, Special Purpose Report and Single Audit Report.

**Attachments**

- 2022 Annual Comprehensive Financial Report
- 2022 Management Report
- 2022 Special Purpose Report
- 2022 Single Audit Report

**Form Review**

Inbox	Reviewed By	Date
Brian Hagen	Brian Hagen	06/22/2023 01:27 PM
Form Started By: Diana Lund		Started On: 06/20/2023 08:58 AM
Final Approval Date: 06/22/2023		



*Minnesota*

*Annual Comprehensive  
Financial Report*

*Year Ended December 31, 2022*



CITY OF RAMSEY  
ANOKA COUNTY, MINNESOTA

Annual Comprehensive Financial Report  
Year Ended  
December 31, 2022

Prepared by  
Finance Department

Diana Lund  
Finance Director



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CITY OF RAMSEY  
ANOKA COUNTY, MINNESOTA

**Table of Contents**

<b>INTRODUCTORY SECTION</b>	<b>Page</b>
City Council and Other Officials	9
Organizational Chart	11
City Goals/Imperatives, Measures of Success and Core Values	13
Letter of Transmittal	15-17
Certificate of Achievement for Excellence in Financial Reporting	19
 <b>FINANCIAL SECTION</b>	
<b>INDEPENDENT AUDITOR’S REPORT</b>	23-25
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	27-36
 <b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements	
Statement of Net Position	39
Statement of Activities	41
Fund Financial Statements	
Governmental Funds	
Balance Sheet	42-43
Reconciliation of the Balance Sheet to the Statement of Net Position	45
Statement of Revenue, Expenditures, and Changes in Fund Balances	46-47
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	49
Statement of Revenue, Expenditures, and Changes in Fund Balances - General Fund - Budget and Actual	51
Proprietary Funds	
Statement of Net Position	52-53
Statement of Revenue, Expenses, and Changes in Net Position	54-55
Statement of Cash Flows	56-57
Fiduciary Funds	
Statement of Fiduciary Net Position	59
Statement of Changes in Fiduciary Net Position	59
Notes to Basic Financial Statements	61-96
 <b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
PERA - General Employees Retirement Fund	
Schedule of City's and Non-Employer Proportionate Share of Net Pension Liability	99
Schedule of City Contributions	99
PERA - Public Employees Police and Fire Fund	
Schedule of City's and Non-Employer Proportionate Share of Net Pension Liability	100
Schedule of City Contributions	100
Other Post-Employment Benefits Plan - Schedule of Changes in the City's Total OPEB Liability and Related Ratios	101
Notes To Required Supplementary Information - General Employees Retirement Fund	102-104
Notes To Required Supplementary Information - Public Employees Police and Fire Fund	105-107

CITY OF RAMSEY  
ANOKA COUNTY, MINNESOTA

**Table of Contents (continued)**

	Page
<b>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES</b>	
Nonmajor Governmental Funds	
Combining Balance Sheet	111
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	113
Nonmajor Special Revenue Funds	
Combining Balance Sheet	116-117
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	118-119
Schedule of Revenue, Expenditures, and Changes in Fund Balances	
Economic Development Authority - Budget and Actual	121
Nonmajor Debt Service Funds	
Combining Balance Sheet	124-125
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	126-127
Nonmajor Capital Project Funds	
Combining Balance Sheet	130-131
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	132-133
 <b>STATISTICAL SECTION (UNAUDITED)</b>	
Statistical Section Summary	137
Net Position by Component	138
Changes in Net Position	139
Governmental Activities Tax Revenues by Source	140
Fund Balances of Governmental Funds	141
Changes in Fund Balances of Governmental Funds	142
General Governmental Tax Revenues By Source	143
Taxable Market Value and Estimated Actual Value of Taxable Property	144
Property Tax Rates - Direct and Overlapping Governments	145
Principal Property Taxpayers	146
Property Tax Levies and Collections	147
Ratios of Outstanding Debt by Type	148
Ratios of General Bonded Debt Outstanding	149
Direct and Overlapping Governmental Activities Debt	150
Legal Debt Margin Information	151
Demographic and Economic Statistics	152
Principal Employers	153
Full-time Equivalent City Government Employees by Function	154
Operating Indicators by Function	155
Capital Asset Statistics by Function	156

INTRODUCTORY SECTION



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CITY OF RAMSEY  
ANOKA COUNTY, MINNESOTA

City Council and Other Officials  
Year Ended December 31, 2022

**CITY COUNCIL**

Mark Kuzma	Mayor
Ryan Heineman	Councilmember
Chelsee Howell	Councilmember
Debra Musgrove	Councilmember
Chris Riley	Councilmember
Dan Specht	Councilmember
Matt Woestehoff	Councilmember

**CITY OFFICIALS**

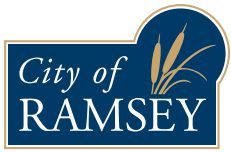
Brian Hagen	City Administrator
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**DEPARTMENT HEADS**

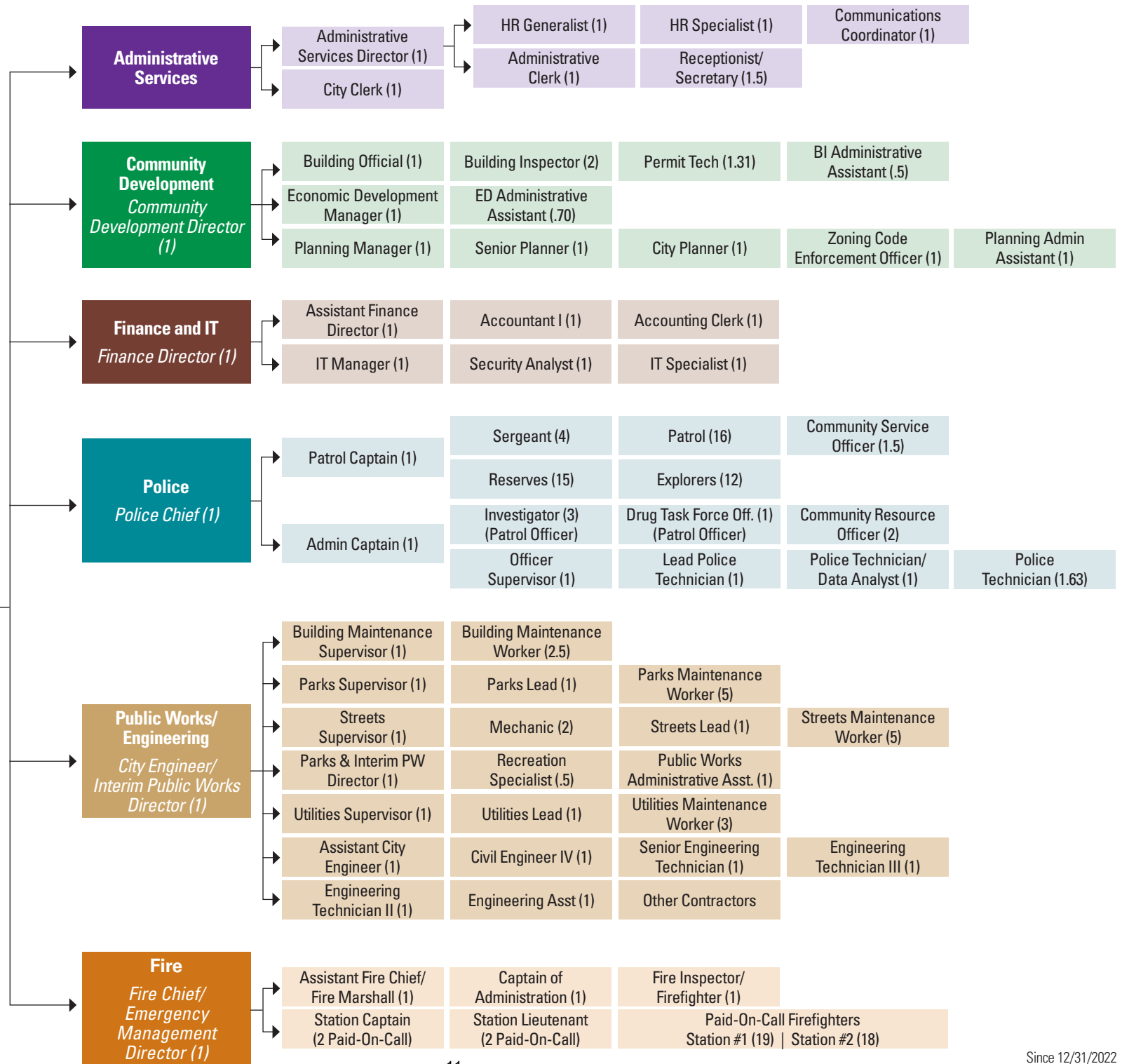
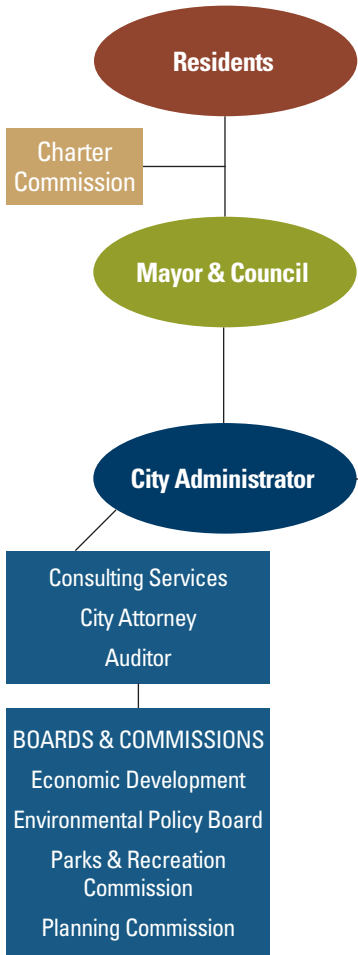
Stephanie Hanson	Community Development Director
Matthew Kohner	Fire Chief/ Emergency Management Director
Jeff Katers	Police Chief
Diana Lund	Finance Director City Engineer/
Bruce Westby	Public Works Superintendent
Colleen Lasher	Administrative Services Director



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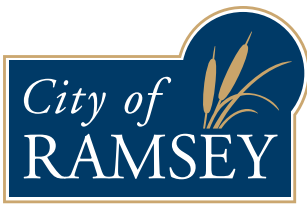


# Organizational Chart





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# Goals/Imperatives

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## **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 Balance of Rural Character & Suburban Growth**

Continue to respect the balance and connectivity between our unique suburban, rural, and natural environment for current and future generations.

## **An Active & 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.

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## **Measures of 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

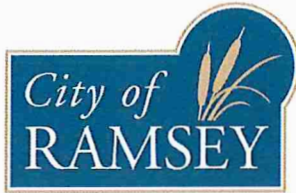
Excellence and Quality in the Delivery of Service

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](http://www.cityoframsey.com)

June 13, 2023  
Honorable Mayor and Members of the City Council  
City of Ramsey, Minnesota

The annual comprehensive financial report of the City of Ramsey, Minnesota (the City) for the fiscal year ended December 31, 2022 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 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 2.8% in comparison to the state average of 3.2%. Ramsey has an employed labor force of 16,461. Anoka County, in which Ramsey is located, has an employed labor force of 198,513 and an unemployment rate of 3.0%.

There are approximately 7,571 detached single-family homes and 2,573 multifamily units located within the City. In addition, there were 90 single-family homes and 36 multi-family units constructed in 2022.

Six hundred and ten businesses call Ramsey home; those businesses employ nearly 7,182 people. In 2022, approximately 323,000 square feet of industrial space was added in the City. Oppidan completed two industrial flex buildings totaling 258,300 square feet in 2022. Lexington Manufacturing is the first tenant to occupy this space. The third 147,000 square foot building in this industrial complex commenced construction in 2023 and will be completed in 2023. PSD, LLC completed construction of a 67,000 multi-tenant building in 2022. The main tenant is Integrity Engineering and Manufacturing. O'Reilly Auto Parts opened a 7,000 square foot retail building in 2022. NorthStar Marketplace completed construction of a 7,200 square foot multi-tenant retail building and will be leasing in 2023.

The City has three major industrial districts containing multiple business parks with a combined capacity of over 500 acres and 70 industrial/office buildings. Bunker Lake Industrial Park, the newest 115-acre business park, west of Armstrong Boulevard, opened in 2018 and now has 732,800 square feet of industrial buildings constructed. Upon completion, this new business park is estimated to generate around three million dollars in annual property taxes and create about 1,500 jobs. In addition, the city is actively developing a city center known as The COR (Center of Ramsey). The development vision for this 400 acre area located in the heart of Ramsey is for it to become the region's center of retail, restaurants, service and office space, outdoor entertainment and parks, community amenities and housing.

### **LONG-TERM FINANCIAL PLANNING**

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

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

### **RELEVANT FINANCIAL POLICIES**

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

## MAJOR INITIATIVES

The City continued working with the State and County in what is termed the Ramsey Gateway Project. The Ramsey Gateway Project will provide grade separations of US Highway 10/169 and the BNSF Railway. Highway 10 improvements at Sunfish Lake and Ramsey Boulevard are part of the project plan. This project, with an estimated cost of \$138 million, is fully funded as of July 2021, and construction is set to begin in fall 2023 with the final touches completed in 2026. Ramsey's contribution to the project is estimated at \$2,000,000.

The City issued \$10,765,000 of General Obligation Street Reconstruction Bonds in 2022 for street improvements throughout the city limits. The City is planning to reconstruct or overlay approximately 45% of its streets in the next ten years. The rating firm of Standard and Poor's reaffirmed the City's AA+ bond rating with this debt issue.

The City will begin construction of a ten million gallon per day water treatment plant in the spring of 2023. The project is estimated to cost approximately \$42.5 million and be completed in the fall of 2025. Funding is proposed to come from the City's Enterprise Funds in which the city has been budgeting for the project since 2004 and also the issuance of a revenue bond. Debt service will be paid from the City's municipal water users via quarterly utility billing collections.

## 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 Annual Comprehensive Financial Report for the year ended December 31, 2021. This was the twenty-eighth 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 Annual Comprehensive Financial Report 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 2022 Annual Comprehensive Financial Report 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,



Brian Hagen  
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 Annual Comprehensive  
Financial Report  
for the Fiscal Year Ended

**December 31, 2021**

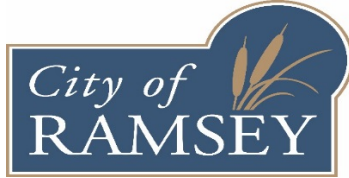
*Christopher P. Morill*

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  
Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR'S REPORT

To the City Council and Management  
City of Ramsey, Minnesota

**OPINIONS**

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2022, 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.

**BASIS FOR OPINIONS**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**EMPHASIS OF MATTER**

*Change in Accounting Principle*

As described in Note 1 to the basic financial statements, in fiscal 2022, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

(continued)

## **RESPONSIBILITIES OF MANAGEMENT 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

(continued)

## **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 is the responsibility of management and, 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.

## **SUPPLEMENTARY 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 accompanying combining and individual fund statements and schedules, as listed in the table of contents, are presented for purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **OTHER INFORMATION**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## **OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2023, 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  
June 13, 2023



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## CITY OF RAMSEY

### Management's Discussion and Analysis Year Ended December 31, 2022

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, 2022. The discussion and analysis is intended to be considered in conjunction with the additional information that we have furnished in our letter of transmittal, located earlier in this report, and the City's financial statements contained within this report.

#### **FINANCIAL HIGHLIGHTS**

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at December 31, 2022 by \$215,192,728 (net position).
- Government-wide revenues totaled \$36,420,425 and were \$9,175,482 more than expenses.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$61,436,516, an increase of \$14,685,510 from the prior fiscal year, largely due to the issuance of \$10,765,000 General Obligation Street Reconstruction Bonds.
- At the end of the current fiscal year the General Fund equity balance of \$11,095,052 included \$30,636 of nonspendable fund balance and \$11,064,416 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, culture and recreation, and economic development. The business-type activities of the City include enterprises for water, sewer, street light, recycling, and storm water utilities.

## OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

**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 insurance 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 City. 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 annual comprehensive financial report 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 \$215,192,728 at December 31, 2022. Total net position increased by \$9,175,482 from current year operating results.

By far, the largest portion of the City's net position (59 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 is 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:

	Summary Statement of Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Assets</b>						
Current and other assets	\$ 72,626,918	\$ 56,014,868	\$ 44,461,716	\$ 48,675,454	\$ 117,088,634	\$ 104,690,322
Capital assets, net of depreciation	88,271,396	84,205,527	63,486,708	58,014,508	151,758,104	142,220,035
Total assets	<u>\$ 160,898,314</u>	<u>\$ 140,220,395</u>	<u>\$ 107,948,424</u>	<u>\$ 106,689,962</u>	<u>\$ 268,846,738</u>	<u>\$ 246,910,357</u>
<b>Deferred outflows of resources</b>						
OPEB plan deferments	\$ 539,144	\$ 87,802	\$ -	\$ -	\$ 539,144	\$ 87,802
Pension plan deferments	9,240,986	5,479,282	232,460	318,114	9,473,446	5,797,396
Total deferred outflows of resources	<u>\$ 9,780,130</u>	<u>\$ 5,567,084</u>	<u>\$ 232,460</u>	<u>\$ 318,114</u>	<u>\$ 10,012,590</u>	<u>\$ 5,885,198</u>
<b>Liabilities</b>						
Current and other liabilities	\$ 6,466,702	\$ 5,991,152	\$ 80,941	\$ 182,082	\$ 6,547,643	\$ 6,173,234
Long-term liabilities	54,229,001	32,905,558	716,367	395,230	54,945,368	33,300,788
Total liabilities	<u>\$ 60,695,703</u>	<u>\$ 38,896,710</u>	<u>\$ 797,308</u>	<u>\$ 577,312</u>	<u>\$ 61,493,011</u>	<u>\$ 39,474,022</u>
<b>Deferred inflows of resources</b>						
Leases receivable for subsequent years	\$ 1,379,641	\$ -	\$ -	\$ -	\$ 1,379,641	\$ -
OPEB plan deferments	611,952	325,258	-	-	611,952	325,258
Pension plan deferments	164,764	6,614,912	17,232	364,117	181,996	6,979,029
Total deferred inflows of resources	<u>\$ 2,156,357</u>	<u>\$ 6,940,170</u>	<u>\$ 17,232</u>	<u>\$ 364,117</u>	<u>\$ 2,173,589</u>	<u>\$ 7,304,287</u>
<b>Net position</b>						
Net investment in capital assets	\$ 63,796,121	\$ 57,322,004	\$ 63,486,708	\$ 57,940,442	\$ 127,282,829	\$ 115,262,446
Restricted	20,624,484	19,886,753	-	-	20,624,484	19,886,753
Unrestricted	23,405,779	22,741,842	43,879,636	48,126,205	67,285,415	70,868,047
Total net position	<u>\$ 107,826,384</u>	<u>\$ 99,950,599</u>	<u>\$ 107,366,344</u>	<u>\$ 106,066,647</u>	<u>\$ 215,192,728</u>	<u>\$ 206,017,246</u>

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 a high-quality bond rating. The City's AA+ bond rating was reaffirmed by Standard and Poor's (S&P) in November 2022. 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 City also issued debt for future street projects that increased long-term liabilities.

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

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 1,918,322	\$ 3,022,077	\$ 6,752,601	\$ 6,723,121	\$ 8,670,923	\$ 9,745,198
Operating grants and contributions	707,228	774,960	57,700	73,524	764,928	848,484
Capital grants and contributions	9,697,841	5,637,619	4,839,693	3,756,359	14,537,534	9,393,978
General revenues						
Property taxes	17,637,477	14,761,012	-	-	17,637,477	14,761,012
Franchise fees	4,859	2,071,476	-	-	4,859	2,071,476
General grants and contributions	3,644	2,963	-	-	3,644	2,963
Investment earnings (charges)	(286,023)	(164,122)	(4,935,417)	(220,914)	(5,221,440)	(385,036)
Gain on sale of capital assets	22,500	22,325	-	-	22,500	22,325
Total revenues	29,705,848	26,128,310	6,714,577	10,332,090	36,420,425	36,460,400
<b>Expenses</b>						
General government	4,967,112	4,568,229	-	-	4,967,112	4,568,229
Public safety	7,989,480	6,363,724	-	-	7,989,480	6,363,724
Highways and streets	5,308,212	4,686,416	-	-	5,308,212	4,686,416
Culture and recreation	1,997,522	1,834,153	-	-	1,997,522	1,834,153
Economic development	1,096,422	2,140,267	-	-	1,096,422	2,140,267
Interest and fiscal charges	564,462	883,504	-	-	564,462	883,504
Water utility	-	-	1,895,776	1,772,358	1,895,776	1,772,358
Sewer utility	-	-	1,947,356	1,742,380	1,947,356	1,742,380
Street light utility	-	-	172,765	178,576	172,765	178,576
Recycling utility	-	-	514,231	507,067	514,231	507,067
Storm water utility	-	-	791,605	715,349	791,605	715,349
Total expenses	21,923,210	20,476,293	5,321,733	4,915,730	27,244,943	25,392,023
Changes in net position before transfers	7,782,638	5,652,017	1,392,844	5,416,360	9,175,482	11,068,377
Transfers	93,147	85,147	(93,147)	(85,147)	-	-
Changes in net position	7,875,785	5,737,164	1,299,697	5,331,213	9,175,482	11,068,377
Net position - beginning	99,950,599	94,213,435	106,066,647	100,735,434	206,017,246	194,948,869
Net position - ending	\$ 107,826,384	\$ 99,950,599	\$ 107,366,344	\$ 106,066,647	\$ 215,192,728	\$ 206,017,246

**Governmental Activities** – Governmental activities account for a \$7,875,785 increase in the City's net position. Capital grants and contributions increased by \$4,060,222 to reflect the increases in funding for street improvements, the reclassification of park dedication fees, and developer contributions.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

Investment earnings (charges) decreased \$121,901. The city is required per the Governmental Accounting Standards Board to reflect most investments at fair value as of December 31<sup>st</sup> of the current year. The city reflects any changes in fair value against interest earnings (charges). Property taxes saw an increase of \$2,876,465 or 19% which was attributed to the City increasing their 2022 tax levy by approximately 18% over the 2021 adopted levy. A large percentage of this levy increase pertained to a new Pavement Management Levy due to the termination of the franchise fee, thus franchise fee collections decreased by \$2,066,617 in 2022. Charges for services decreased by \$1,103,755 as the City now records the collection of park dedication fees under capital grants and contributions.

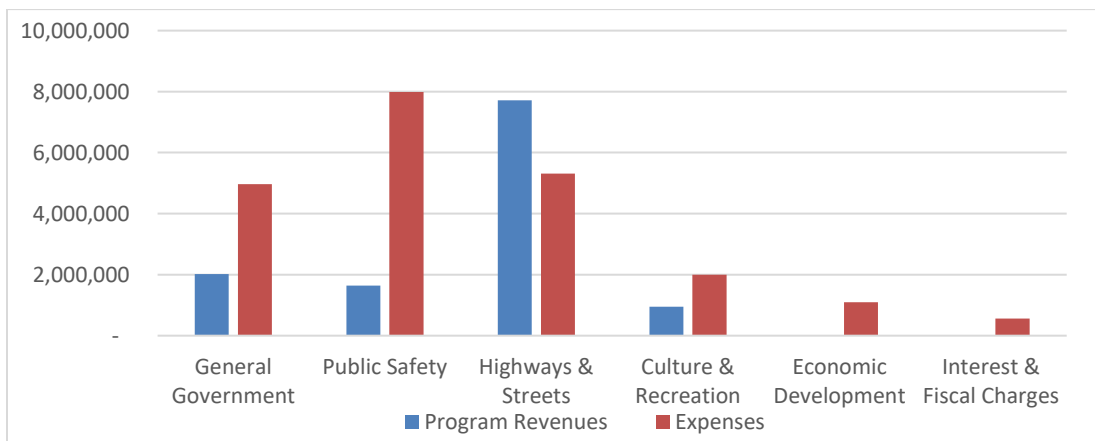
The public safety function increased by \$1,625,756 due largely to the change in the Public Employees Retirement Account (PERA) pension expense for the Public Employees Police and Fire Fund (PEPFF). Highways and streets expense increased by \$621,796 due to an increase in depreciation expense on the new public works campus and an overall increase in general operations. The economic development function decreased by \$1,043,845 due to a decrease in construction in the COR area.

**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 \$1,299,697. Key elements of this increase are as follows.

- Revenues exceeded expenses before transfers by \$1,392,844, with this excess decreasing \$4,023,516 from the prior year.
- Capital grants and contributions increased by \$1,083,334 from the prior year. This is primarily due to an increase in capital contributions from developers for water, sewer and storm water utility improvements.
- Investment earnings decreased \$4,714,503. The city is required per the Governmental Accounting Standards Board to reflect most investments at fair value as of December 31<sup>st</sup> of the current year. The city reflects any changes in fair value against interest earnings (charges). Due to a large cash inflow needed for the city’s proposed water treatment plant, the city’s investments, due to the requirement to write down to market value, were greatly affected by the sharp and quick increase in interest rates by the Federal Reserve in 2022.

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

**Expenses and Program Revenues – Governmental Activities**

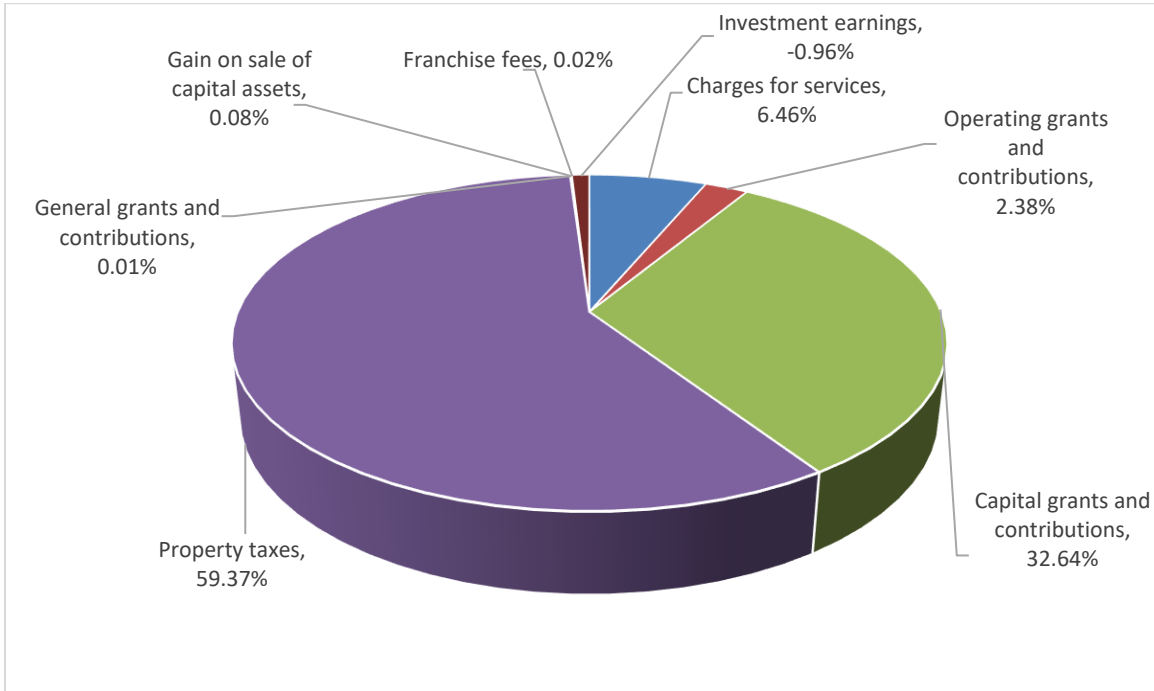


The graph clearly reflects the need for property taxes to supplement the governmental activities of the City. The trend of property taxes shows an increasing reliance on this source of revenue.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

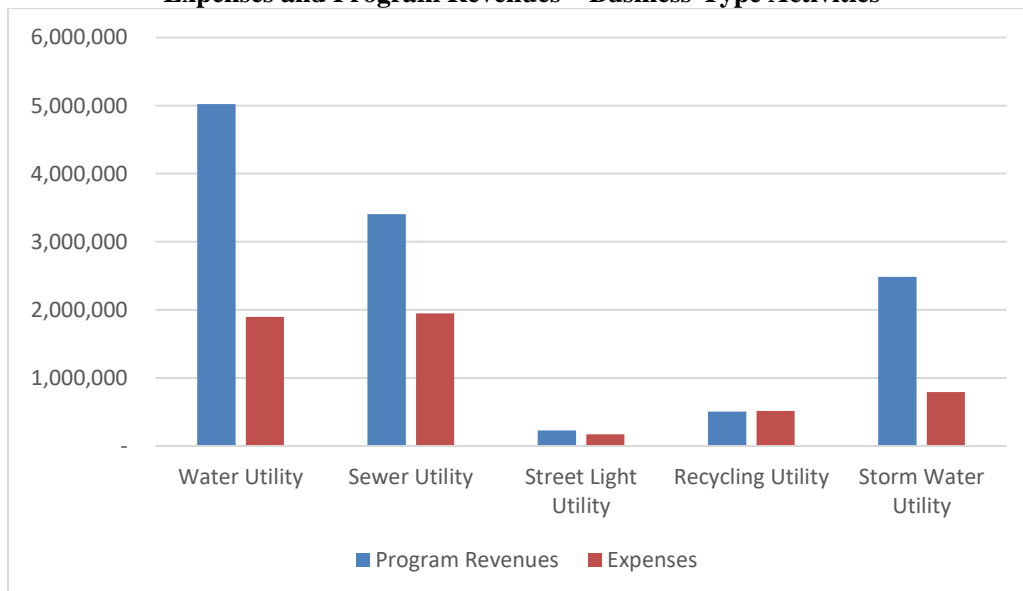
**Governmental Activities** – The following chart illustrates the City’s governmental activities revenues:

**Revenue by Source – Governmental Activities**



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

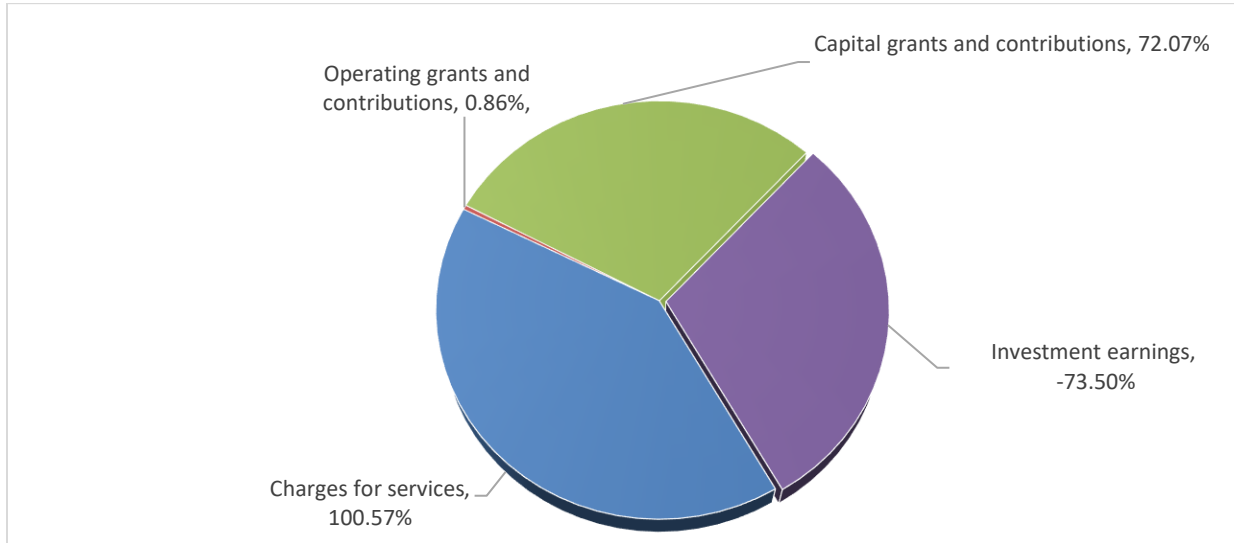
**Expenses and Program Revenues – Business-Type Activities**



**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

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

**Revenues By Source – Business-Type Activities**



Charges for services (100.57%) and Capital grants and contributions (72.07%) are the main sources of revenue for the business-type activities, which represent the Utility Funds. Investment earnings (-73.50%) was due to writing down investments to fair value, even though the City holds investments to maturity.

**FINANCIAL ANALYSIS OF THE CITY’S FUNDS**

**Governmental Funds** – At the end of the fiscal year, the City’s Governmental Funds reported combined ending fund balances of \$61,436,516, an increase of \$14,685,510 in comparison with the prior year. The increase is largely attributed to the issuance of \$10,765,000 General Obligation Street Reconstruction Bonds in 2022. The General Fund reported a fund balance increase of \$645,563 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	\$ 13,518,840	\$ 13,518,840	\$ 14,718,976	\$ 1,200,136	8.88%
Expenditures	<u>14,492,640</u>	<u>14,492,640</u>	<u>14,390,861</u>	<u>(101,779)</u>	-0.70%
Excess (deficiency) of revenue over expenditures	(973,800)	(973,800)	328,115	1,301,915	
Other financing sources (uses)	<u>973,800</u>	<u>973,800</u>	<u>317,448</u>	<u>(656,352)</u>	
Net change in fund balances	<u>\$ –</u>	<u>\$ –</u>	<u>645,563</u>	<u>\$ 645,563</u>	
Fund balances					
Beginning of year			<u>10,449,489</u>		
End of year			<u>\$ 11,095,052</u>		

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

### 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 presented monthly to City Council and responsible staff.

The city experienced a favorable revenue variance in that actual revenues exceeded budgeted revenues by \$1,200,136. The majority of the variance was attributed to conservative budgeting with most sources surpassing budget expectations. The largest variances occurred in intergovernmental (\$411,275) and property tax (\$306,001) sources.

The difference between the final expenditure budget and actual was a difference of \$101,779 and is 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.

Overall fund balance increased by \$645,563 to an ending fund balance of \$11,095,052. The city's ending fund balance increase of \$645,563 is determined by its fund balance policy which for the year ending is summarized:

- \$720,757 increase based on 50% increase in next years adopted budget
- \$(32,071) decrease in prior year encumbrances related to public safety personnel costs, worker's compensation, general liabilities and capital maintenance transfer
- \$(43,123) decrease in compensated absences liability

**Tax Increment Fund** – This Special Revenue Fund had a year-end fund balance of \$5,831,704 which reflects an increase of \$788,404 from 2021. The increase was due to additional property tax increments received for the current year and a decrease in capital improvements in the COR tax increment district.

**COR Land Fund** – This Special Revenue Fund held a constant year-end fund balance of \$8,148,079.

**Private Developer Fund** – This Special Revenue Fund was previously reported as an Agency fund in years prior to 2019. There is no fund balance recorded for 2022.

**Federal Relief Fund** – This Special Revenue Fund had a year-end fund balance of \$0. The City has not expended the remaining \$750,000 of the Coronavirus State and Local Fiscal Rescue Funds (SLFRF) authorized by the American Recovery Plan Act of 2021 by year end 2022.

**State-Aid Construction Fund** – This Capital Project Fund saw an overall increase in fund balance of \$385,242, due to an increase in the amount of state aid funding requested.

**Pavement Management Program Fund** – This Capital Project Fund saw an increase in fund balance of \$13,395,907 due to the issuance of a \$10,765,000 General Obligation Street Reconstruction Bond.

**Park Improvement Fund** – This Capital Project Fund had a year-end fund balance of \$6,940,689, or a \$627,426 increase from 2021. The increase was due to the collection of park dedication fees.

**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 \$107,366,344 at December 31, 2022. 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 \$418,926.

The Enterprise Funds consist of the Water Utility Fund, Sewer Utility Fund, Street Light Utility Fund, Recycling Utility Fund, and Storm Water Utility Fund.

## CAPITAL ASSETS AND LONG-TERM LIABILITIES

**Capital Assets** – The City’s investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of December 31, 2022 are as follows:

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Capital Assets - Not Depreciated	\$ 10,772,232	\$ 7,800,527	\$ 2,329,071	\$ 1,740,097	\$ 13,101,303	\$ 9,540,624
Capital Assets - Depreciated	77,499,164	76,405,000	61,157,637	56,274,411	138,656,801	132,679,411
Total capital assets, net of depreciation	<u>\$ 88,271,396</u>	<u>\$ 84,205,527</u>	<u>\$ 63,486,708</u>	<u>\$ 58,014,508</u>	<u>\$ 151,758,104</u>	<u>\$ 142,220,035</u>
Depreciation expense	<u>\$ 4,535,799</u>	<u>\$ 4,230,458</u>	<u>\$ 1,893,088</u>	<u>\$ 1,754,541</u>	<u>\$ 6,428,887</u>	<u>\$ 5,984,999</u>

The City’s investment in capital assets for its governmental and business-type activities as of December 31, 2022 amounts to approximately \$152 million (net of accumulated depreciation).

The governmental activities show a net increase of \$4,065,869 in capital assets attributable to the construction and reconstruction of City streets. Business-type activities show a net increase of \$5,472,200 in capital assets. The increase is attributable to developer contributions to the City’s utility system as part of their private developments. Additional details of capital asset activity for the year can be found in Note 5 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 governmental activity general obligation bonds. The revenue sources for these funds include annual tax levies and special assessments. At year-end, the City had fund balance of \$713,656 restricted for debt service.

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

	2022	2021
<b>Governmental Activities</b>		
G.O. improvement bonds	\$ 34,895,000	\$ 25,885,000
Capital equipment certificates	260,000	420,000
Unamortized bond premiums	1,951,694	795,714
Compensated absences payable	1,069,926	1,113,049
Net pension liability	15,256,095	4,128,461
Total OPEB liability	<u>796,286</u>	<u>563,334</u>
Subtotal	<u>54,229,001</u>	<u>32,905,558</u>
<b>Business-type Activities</b>		
Net pension liability	<u>716,367</u>	<u>395,230</u>
<b>Total</b>	<u>\$ 54,945,368</u>	<u>\$ 33,300,788</u>

During the current fiscal year, the City saw an increase of \$8,850,000 in bonds and certificates. The City had one debt issuance during the current year. The series 2022A, were \$10,765,000 General Obligation Street Reconstruction Bonds that were issued to fund the reconstruction and overlays in the City as outlined in the City’s 5-Year Street Reconstruction and Overlay Plan (SRPOP). The new bond issue resulted in an increase in bond premium. Due to the retirement of a few long-term employees, the compensated absence liability decreased by \$43,123. Net pension liability saw a large increase of \$11,448,771 to reflect the change in the City’s proportionate share of the state-wide PERA pension plan obligations. Other Post-Employment Benefits (OPEB) increased \$232,952 due to costs exceeding the annual OPEB contributions as actuarially determined with the parameters of GASB Statement No. 75.

## **CAPITAL ASSETS AND LONG-TERM LIABILITIES (CONTINUED)**

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 \$65,002,295.

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 6 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 2.8%, which is a increase from a rate of 2.2% a year ago. The state of Minnesota shows an average unemployment rate of 3.2%, whereas, nationally the unemployment rate is 3.3%.
- The booming housing market has increased Ramsey's estimated market value from \$3.346 billion in 2021/taxes payable 2022 to \$4.125 billion in 2022/taxes payable 2023 for a percentage increase of approximately 23%.
- In an attempt to suppress inflation, the Federal Reserve was very aggressive in raising short-term interest rates. The Federal Reserve increased interest rates seven times from March 2022 thru December 2022 with the interest rate increasing from 0.25% to 4.4%. This vast increase effected the City's operations and is expected to continue to impact the City's finances and operations in fiscal 2023 and beyond. At this time, the City is unable to determine what effect this may have on its future financial condition.

All of these factors were considered in preparing the City of Ramsey's budget for the 2023 fiscal year.

The water and sewer rates are proposed to increase in July 2023. The water utility, which has a tiered rate structure, will increase by an average of 10% for all customers. The sewer utility, which has a flat rate structure for residential accounts only, will also see an increase of 10%. Commercial sewer accounts, whose charges are based on their water usage, will also see a rate increase of 10%. The increased rates not only offset current maintenance costs and depreciation, but will help finance the construction of a water treatment plant and other 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, 2022

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and temporary investments	\$ 59,623,512	\$ 42,104,144	\$ 101,727,656
Receivables			
Unremitted taxes	282,227	-	282,227
Delinquent taxes	106,749	-	106,749
Unremitted special assessments	3,759	-	3,759
Delinquent special assessments	2,716	9,464	12,180
Deferred special assessments	835,422	269,059	1,104,481
Accounts	95,472	1,698,525	1,793,997
Interest	553,262	-	553,262
Internal balances	(258,148)	258,148	-
Leases	1,379,641	-	1,379,641
Due from other governmental units	2,084,668	27,468	2,112,136
Prepays	36,910	94,908	131,818
Land held for resale	7,880,728	-	7,880,728
Capital assets			
Not depreciated	10,772,232	2,329,071	13,101,303
Depreciated	77,499,164	61,157,637	138,656,801
Total capital assets, net of depreciation	<u>88,271,396</u>	<u>63,486,708</u>	<u>151,758,104</u>
Total assets	160,898,314	107,948,424	268,846,738
<b>Deferred outflows of resources</b>			
OPEB plan deferments	539,144	-	539,144
Pension plan deferments	9,240,986	232,460	9,473,446
Total deferred outflows of resources	<u>9,780,130</u>	<u>232,460</u>	<u>10,012,590</u>
Total assets and deferred outflows of resources	<u>\$ 170,678,444</u>	<u>\$ 108,180,884</u>	<u>\$ 278,859,328</u>
<b>Liabilities</b>			
Accounts and contracts payable	\$ 445,796	\$ 45,927	\$ 491,723
Salaries and benefits payable	344,715	-	344,715
Accrued interest payable	84,282	-	84,282
Deposits payable	4,836,961	-	4,836,961
Due to other governmental units	4,948	35,014	39,962
Unearned revenue	750,000	-	750,000
Long-term liabilities			
Due within one year	3,190,452	-	3,190,452
Due in more than one year	51,038,549	716,367	51,754,916
Total long-term liabilities	<u>54,229,001</u>	<u>716,367</u>	<u>54,945,368</u>
Total liabilities	60,695,703	797,308	61,493,011
<b>Deferred inflows of resources</b>			
Leases receivable for subsequent years	1,379,641	-	1,379,641
OPEB plan deferments	611,952	-	611,952
Pension plan deferments	164,764	17,232	181,996
Total deferred inflows of resources	<u>2,156,357</u>	<u>17,232</u>	<u>2,173,589</u>
<b>Net Position</b>			
Net investment in capital assets	63,796,121	63,486,708	127,282,829
Restricted for			
Street improvements	3,960,405	-	3,960,405
Debt service	853,354	-	853,354
Economic development	1,352,556	-	1,352,556
Housing and redevelopment	8,148,079	-	8,148,079
Recreation/community programs	434,946	-	434,946
Law enforcement programs	34,066	-	34,066
Tax increment	5,841,078	-	5,841,078
Unrestricted	23,405,779	43,879,636	67,285,415
Total net position	<u>107,826,384</u>	<u>107,366,344</u>	<u>215,192,728</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 170,678,444</u>	<u>\$ 108,180,884</u>	<u>\$ 278,859,328</u>

See notes to basic financial statements



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CITY OF RAMSEY

Balance Sheet  
Governmental Funds  
December 31, 2022

	Special Revenue Funds				
	General	Tax Increment	COR Land	Private Developer	Federal Relief
<b>Assets</b>					
Cash and temporary investments	\$ 10,850,120	\$ 5,864,270	\$ 267,351	\$ 4,752,952	\$ 757,862
Receivables					
Unremitted taxes	215,612	822	-	-	-
Delinquent taxes	75,577	9,374	-	-	-
Unremitted special assessments	-	-	-	-	-
Delinquent special assessments	-	-	-	-	-
Deferred special assessments	-	-	-	-	-
Accounts	47,002	-	-	39,363	-
Interest	520,617	-	-	-	-
Leases	900,668	-	-	-	-
Due from other governmental units	13,341	-	-	-	-
Due from other funds	-	-	-	-	-
Prepays	30,636	-	-	-	-
Land held for resale	-	-	7,880,728	-	-
	<u>12,653,573</u>	<u>5,874,466</u>	<u>8,148,079</u>	<u>4,792,315</u>	<u>757,862</u>
<b>Total assets</b>	<b>\$ 12,653,573</b>	<b>\$ 5,874,466</b>	<b>\$ 8,148,079</b>	<b>\$ 4,792,315</b>	<b>\$ 757,862</b>
<b>Liabilities</b>					
Accounts and contracts payable	\$ 189,437	\$ 4,918	\$ -	\$ 462	\$ 7,862
Salaries and benefits payable	344,715	-	-	-	-
Deposits payable	45,292	-	-	4,791,669	-
Due to other governmental units	2,832	-	-	184	-
Due to other funds	-	28,470	-	-	-
Advances from other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	750,000
<b>Total liabilities</b>	<b>582,276</b>	<b>33,388</b>	<b>-</b>	<b>4,792,315</b>	<b>757,862</b>
<b>Deferred inflows of resources</b>					
Leases receivable for subsequent years	900,668	-	-	-	-
Unavailable revenue - MSA allocation	-	-	-	-	-
Unavailable revenue - property taxes	75,577	9,374	-	-	-
Unavailable revenue - special assessments	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>976,245</b>	<b>9,374</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>					
Nonspendable	30,636	-	-	-	-
Restricted	-	5,831,704	8,148,079	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	11,064,416	-	-	-	-
<b>Total fund balances</b>	<b>11,095,052</b>	<b>5,831,704</b>	<b>8,148,079</b>	<b>-</b>	<b>-</b>
	<u>12,653,573</u>	<u>5,874,466</u>	<u>8,148,079</u>	<u>4,792,315</u>	<u>757,862</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 12,653,573</b>	<b>\$ 5,874,466</b>	<b>\$ 8,148,079</b>	<b>\$ 4,792,315</b>	<b>\$ 757,862</b>

See notes to basic financial statements

Capital Project Funds

<u>State-Aid Construction</u>	<u>Pavement Management Program</u>	<u>Park Improvement</u>	<u>Nonmajor</u>	<u>Totals</u>
\$ 2,025,261	\$ 15,063,467	\$ 6,940,689	\$ 12,682,614	\$ 59,204,586
—	30,370	—	35,423	282,227
—	8,685	—	13,113	106,749
—	414	—	3,345	3,759
—	99	—	2,617	2,716
—	49,903	—	785,519	835,422
—	—	—	9,107	95,472
—	32,645	—	—	553,262
—	—	—	478,973	1,379,641
2,064,528	—	—	6,799	2,084,668
—	—	—	28,470	28,470
—	—	—	6,274	36,910
—	—	—	—	7,880,728
<u>\$ 4,089,789</u>	<u>\$ 15,185,583</u>	<u>\$ 6,940,689</u>	<u>\$ 14,052,254</u>	<u>\$ 72,494,610</u>
\$ 127,452	\$ 24,370	\$ —	\$ 91,295	\$ 445,796
—	—	—	—	344,715
—	—	—	—	4,836,961
1,932	—	—	—	4,948
—	—	—	—	28,470
—	—	—	258,148	258,148
—	—	—	—	750,000
129,384	24,370	—	349,443	6,669,038
—	—	—	478,973	1,379,641
2,064,528	—	—	—	2,064,528
—	8,685	—	13,113	106,749
—	50,002	—	788,136	838,138
2,064,528	58,687	—	1,280,222	4,389,056
—	—	—	6,274	36,910
1,895,877	11,904,760	—	2,528,383	30,308,803
—	—	—	1,682,136	1,682,136
—	3,197,766	6,940,689	8,205,796	18,344,251
—	—	—	—	11,064,416
<u>1,895,877</u>	<u>15,102,526</u>	<u>6,940,689</u>	<u>12,422,589</u>	<u>61,436,516</u>
<u>\$ 4,089,789</u>	<u>\$ 15,185,583</u>	<u>\$ 6,940,689</u>	<u>\$ 14,052,254</u>	<u>\$ 72,494,610</u>



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CITY OF RAMSEY

Reconciliation of the Balance Sheet  
to the Statement of Net Position  
Governmental Funds  
December 31, 2022

Total fund balances – Governmental Funds \$ 61,436,516

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.

Net book value of capital assets 88,271,396

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	(35,155,000)
Unamortized bond premiums	(1,951,694)
Compensated absences payable	(1,069,926)
Net pension liability	(15,256,095)
Total OPEB liability	(796,286)

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

3,009,415

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

(84,282)

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

Deferred outflows of resources for OPEB plan deferments	539,144
Deferred outflows of resources for pension plan deferments	9,240,986
Deferred inflows of resources for OPEB plan deferments	(611,952)
Deferred inflows of resources for pension plan deferments	(164,764)

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.

418,926

Total net position – governmental activities \$ 107,826,384

See notes to basic financial statements

CITY OF RAMSEY

Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 Year Ended December 31, 2022

	Special Revenue Funds				
	General	Tax Increment	COR Land	Private Developer	Federal Relief
<b>Revenue</b>					
Property taxes	\$ 11,961,591	\$ 1,988,871	\$ -	\$ -	\$ -
Franchise fees	-	-	-	-	-
Special assessments	-	-	-	-	-
Licenses and permits	843,010	-	-	-	-
Intergovernmental revenue	885,575	-	-	-	323,789
Charges for services	814,985	-	-	-	-
Fines and forfeits	45,717	-	-	-	-
Other revenue					
Investment earnings (charges)	(67,639)	(42,683)	-	-	-
Miscellaneous	235,737	-	-	77,893	-
Total revenue	<u>14,718,976</u>	<u>1,946,188</u>	<u>-</u>	<u>77,893</u>	<u>323,789</u>
<b>Expenditures</b>					
<b>Current</b>					
General government	3,740,839	-	-	77,893	1,000
Public safety	6,744,368	-	-	-	-
Highways and streets	2,026,890	-	-	-	-
Culture and recreation	1,428,226	-	-	-	-
Economic development	-	1,016,044	-	-	-
Capital outlay	450,538	141,740	-	-	322,789
<b>Debt service</b>					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>14,390,861</u>	<u>1,157,784</u>	<u>-</u>	<u>77,893</u>	<u>323,789</u>
Excess (deficiency) of revenue over expenditures	328,115	788,404	-	-	-
<b>Other financing sources (uses)</b>					
Debt issued	-	-	-	-	-
Premium on debt issues	-	-	-	-	-
Proceeds on sale of capital assets	-	-	-	-	-
Transfers in	570,182	-	-	-	-
Transfers (out)	(252,734)	-	-	-	-
Total other financing sources (uses)	<u>317,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	645,563	788,404	-	-	-
<b>Fund balances</b>					
Beginning of year	<u>10,449,489</u>	<u>5,043,300</u>	<u>8,148,079</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 11,095,052</u>	<u>\$ 5,831,704</u>	<u>\$ 8,148,079</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to basic financial statements

Capital Project Funds

<u>State-Aid Construction</u>	<u>Pavement Management Program</u>	<u>Park Improvement</u>	<u>Nonmajor</u>	<u>Totals</u>
\$ -	\$ 1,669,353	\$ -	\$ 2,012,943	\$17,632,758
-	4,859	-	-	4,859
-	10,645	-	93,578	104,223
-	-	-	-	843,010
2,711,957	1,900,000	-	402,086	6,223,407
-	-	827,652	209,973	1,852,610
-	-	-	-	45,717
(13,382)	17,860	(60,539)	(115,731)	(282,114)
-	1,840	-	1,175,309	1,490,779
<u>2,698,575</u>	<u>3,604,557</u>	<u>767,113</u>	<u>3,778,158</u>	<u>27,915,249</u>
-	-	-	227,779	4,047,511
-	-	-	85,009	6,829,377
38,819	138,389	-	293,889	2,497,987
-	-	38,887	-	1,467,113
-	-	-	80,378	1,096,422
2,274,514	2,075,604	100,800	1,491,090	6,857,075
-	-	-	1,915,000	1,915,000
-	-	-	640,244	640,244
<u>2,313,333</u>	<u>2,213,993</u>	<u>139,687</u>	<u>4,733,389</u>	<u>25,350,729</u>
385,242	1,390,564	627,426	(955,231)	2,564,520
-	10,765,000	-	-	10,765,000
-	1,240,343	-	-	1,240,343
-	-	-	22,500	22,500
-	-	-	197,444	767,626
-	-	-	(421,745)	(674,479)
-	<u>12,005,343</u>	-	<u>(201,801)</u>	<u>12,120,990</u>
385,242	13,395,907	627,426	(1,157,032)	14,685,510
<u>1,510,635</u>	<u>1,706,619</u>	<u>6,313,263</u>	<u>13,579,621</u>	<u>46,751,006</u>
<u>\$ 1,895,877</u>	<u>\$ 15,102,526</u>	<u>\$ 6,940,689</u>	<u>\$ 12,422,589</u>	<u>\$61,436,516</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, 2022

Total net change in fund balances – Governmental Funds \$ 14,685,510

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

Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlays	6,857,075
Contributed assets from Internal Service Fund	33,868
Contributed assets from developers	1,710,725
Depreciation expense	(4,535,799)

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

Issuance of new debt	(10,765,000)
Repayment of principal on long-term debt	1,915,000
Debt premiums	(1,155,980)

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

(8,582)

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

128,908

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	43,123
Governmental activities – pension expense	(915,782)

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.

(68,304)

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.

(48,977)

Change in net position – governmental activities \$ 7,875,785

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, 2022

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>Revenue</b>				
Property taxes	\$ 11,655,590	\$ 11,655,590	\$ 11,961,591	\$ 306,001
Licenses and permits	688,900	688,900	843,010	154,110
Intergovernmental revenue	474,300	474,300	885,575	411,275
Charges for services	589,300	589,300	814,985	225,685
Fines and forfeits	45,000	45,000	45,717	717
<b>Other revenue</b>				
Investment earnings (charges)	50,000	50,000	(67,639)	(117,639)
Miscellaneous	15,750	15,750	235,737	219,987
Total revenue	<u>13,518,840</u>	<u>13,518,840</u>	<u>14,718,976</u>	<u>1,200,136</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	3,938,041	3,938,041	3,740,839	(197,202)
Public safety	6,430,902	6,430,902	6,744,368	313,466
Highways and streets	1,963,699	1,963,699	2,026,890	63,191
Culture and recreation	1,464,825	1,464,825	1,428,226	(36,599)
Capital outlay	588,800	588,800	450,538	(138,262)
<b>Debt service</b>				
Interest and fiscal charges	106,373	106,373	–	(106,373)
Total expenditures	<u>14,492,640</u>	<u>14,492,640</u>	<u>14,390,861</u>	<u>(101,779)</u>
Excess (deficiency) of revenue over expenditures	(973,800)	(973,800)	328,115	1,301,915
<b>Other financing sources (uses)</b>				
Transfers in	973,800	973,800	570,182	(403,618)
Transfers (out)	–	–	(252,734)	(252,734)
Total other financing sources (uses)	<u>973,800</u>	<u>973,800</u>	<u>317,448</u>	<u>(656,352)</u>
Net change in fund balances	<u>\$ –</u>	<u>\$ –</u>	645,563	<u>\$ 645,563</u>
<b>Fund balances</b>				
Beginning of year			<u>10,449,489</u>	
End of year			<u>\$ 11,095,052</u>	

See notes to basic financial statements

CITY OF RAMSEY

Statement of Net Position  
 Proprietary Funds  
 December 31, 2022

	Business-Type Activities – Enterprise Funds		
	Water Utility	Sewer Utility	Street Light Utility
<b>Assets</b>			
Current assets			
Cash and temporary investments	\$ 26,118,932	\$ 11,556,423	\$ 1,309,990
Receivables			
Delinquent special assessments	4,732	4,732	–
Deferred special assessments	129,805	139,254	–
Accounts	589,740	547,404	71,339
Due from other governmental units	–	–	–
Prepays	–	94,908	–
Total current assets	<u>26,843,209</u>	<u>12,342,721</u>	<u>1,381,329</u>
Noncurrent assets			
Advances to other Funds	258,148	–	–
Capital assets			
Land	868,513	–	–
Construction in progress	822,975	–	–
Buildings and structures	6,177,522	–	–
Improvements other than buildings	–	–	1,135,881
Machinery and equipment	172,992	625,948	–
Water and sewer lines	33,815,008	29,179,717	–
	<u>41,857,010</u>	<u>29,805,665</u>	<u>1,135,881</u>
Less accumulated depreciation	<u>13,370,258</u>	<u>10,482,799</u>	<u>732,231</u>
Net capital assets	<u>28,486,752</u>	<u>19,322,866</u>	<u>403,650</u>
Total noncurrent assets	<u>28,744,900</u>	<u>19,322,866</u>	<u>403,650</u>
Total assets	55,588,109	31,665,587	1,784,979
Deferred Outflows of Resources			
Pension plan deferments	108,482	61,989	–
Total assets and deferred outflows of resources	<u>\$ 55,696,591</u>	<u>\$ 31,727,576</u>	<u>\$ 1,784,979</u>
<b>Liabilities</b>			
Current liabilities			
Accounts and contracts payable	\$ 23,494	\$ 8,303	\$ 10,456
Due to other governmental units	32,427	2,460	127
Total current liabilities	<u>55,921</u>	<u>10,763</u>	<u>10,583</u>
Noncurrent liabilities			
Net pension liability	334,305	191,031	–
Total liabilities	<u>390,226</u>	<u>201,794</u>	<u>10,583</u>
Deferred Inflows of Resources			
Pension plan deferments	8,042	4,595	–
<b>Net Position</b>			
Net investment in capital assets	28,486,752	19,322,866	403,650
Unrestricted	26,811,571	12,198,321	1,370,746
Total net position	<u>55,298,323</u>	<u>31,521,187</u>	<u>1,774,396</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 55,696,591</u>	<u>\$ 31,727,576</u>	<u>\$ 1,784,979</u>

See notes to basic financial statements

Recycling Utility	Storm Water Utility	Totals	Governmental Activities Internal Service
\$ 250,811	\$ 2,867,988	\$ 42,104,144	\$ 418,926
–	–	9,464	–
–	–	269,059	–
137,433	352,609	1,698,525	–
27,468	–	27,468	–
–	–	94,908	–
415,712	3,220,597	44,203,568	418,926
–	–	258,148	–
–	637,583	1,506,096	–
–	–	822,975	–
–	–	6,177,522	–
–	18,541,041	19,676,922	–
–	524,025	1,322,965	–
–	334,378	63,329,103	–
–	20,037,027	92,835,583	–
–	4,763,587	29,348,875	–
–	15,273,440	63,486,708	–
–	15,273,440	63,744,856	–
415,712	18,494,037	107,948,424	418,926
–	61,989	232,460	–
\$ 415,712	\$ 18,556,026	\$ 108,180,884	\$ 418,926
\$ 92	\$ 3,582	\$ 45,927	\$ –
–	–	35,014	–
92	3,582	80,941	–
–	191,031	716,367	–
92	194,613	797,308	–
–	4,595	17,232	–
–	15,273,440	63,486,708	–
415,620	3,083,378	43,879,636	418,926
415,620	18,356,818	107,366,344	418,926
\$ 415,712	\$ 18,556,026	\$ 108,180,884	\$ 418,926

CITY OF RAMSEY

Statement of Revenue, Expenses, and Changes in Net Position  
 Proprietary Funds  
 Year Ended December 31, 2022

	Business-Type Activities – Enterprise Funds		
	Water Utility	Sewer Utility	Street Light Utility
Operating revenue			
Charges for services	\$ 2,962,563	\$ 1,870,397	\$ 230,392
Sewer access surcharge	–	6,560	–
Other	–	–	–
Total operating revenue	<u>2,962,563</u>	<u>1,876,957</u>	<u>230,392</u>
Operating expenses			
Personal services	447,835	210,116	–
Supplies	236,211	20,726	–
Service charges			
Disposal charges	–	989,491	–
Other	386,764	96,964	139,879
Depreciation	824,966	630,059	32,886
Total operating expenses	<u>1,895,776</u>	<u>1,947,356</u>	<u>172,765</u>
Operating income (loss)	1,066,787	(70,399)	57,627
Nonoperating revenue (expense)			
Intergovernmental revenue	1,465	837	–
Capital contributions to governmental funds	–	–	–
Investment earnings (charges)	(3,561,789)	(1,331,238)	(11,160)
Total nonoperating revenue (expense)	<u>(3,560,324)</u>	<u>(1,330,401)</u>	<u>(11,160)</u>
Income (loss) before contributions and transfers	(2,493,537)	(1,400,800)	46,467
Capital contributions - developer contributions	1,216,906	1,223,241	–
Capital contributions - connection fees	841,673	304,880	–
Transfers in	61,853	–	–
Transfers (out)	(49,000)	(43,000)	(25,000)
Change in net position	(422,105)	84,321	21,467
Net position			
Beginning of year	<u>55,720,428</u>	<u>31,436,866</u>	<u>1,752,929</u>
End of year	<u>\$ 55,298,323</u>	<u>\$ 31,521,187</u>	<u>\$ 1,774,396</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>
\$ 452,107	\$ 1,230,582	\$ 6,746,041	\$ -
-	-	6,560	-
-	-	-	10,269
<u>452,107</u>	<u>1,230,582</u>	<u>6,752,601</u>	<u>10,269</u>
27,015	249,698	934,664	-
27,699	32,593	317,229	3,345
-	-	989,491	-
459,517	104,137	1,187,261	18,124
-	405,177	1,893,088	-
<u>514,231</u>	<u>791,605</u>	<u>5,321,733</u>	<u>21,469</u>
(62,124)	438,977	1,430,868	(11,200)
54,561	837	57,700	-
-	-	-	(33,868)
(2,294)	(28,936)	(4,935,417)	(3,909)
<u>52,267</u>	<u>(28,099)</u>	<u>(4,877,717)</u>	<u>(37,777)</u>
(9,857)	410,878	(3,446,849)	(48,977)
-	1,252,993	3,693,140	-
-	-	1,146,553	-
-	-	61,853	-
-	(38,000)	(155,000)	-
(9,857)	1,625,871	1,299,697	(48,977)
<u>425,477</u>	<u>16,730,947</u>	<u>106,066,647</u>	<u>467,903</u>
<u>\$ 415,620</u>	<u>\$ 18,356,818</u>	<u>\$ 107,366,344</u>	<u>\$ 418,926</u>

CITY OF RAMSEY

Statement of Cash Flows  
 Proprietary Funds  
 Year Ended December 31, 2022

	Business-Type Activities – Enterprise Funds		
	Water Utility	Sewer Utility	Street Light Utility
Cash flows from operating activities			
Receipts from customers and users	\$ 2,927,644	\$ 1,825,144	\$ 227,365
Receipts from interfund services provided	–	–	–
Paid to suppliers/service providers	(692,129)	(1,150,304)	(139,813)
Paid to employees	(419,877)	(194,142)	–
Net cash flows from operating activities	<u>1,815,638</u>	<u>480,698</u>	<u>87,552</u>
Cash flows from capital and related financing activities			
Capital assets purchased and contributed to governmental activities	–	–	–
Capital contributions - connection fees	841,673	304,880	–
Acquisition of capital assets	(1,666,424)	(1,182,355)	–
Net cash flows from capital and related financing activities	<u>(824,751)</u>	<u>(877,475)</u>	<u>–</u>
Cash flows from investing activities			
Interest and changes in fair value on investments	(3,561,789)	(1,331,238)	(11,160)
Cash flows from noncapital financing activities			
Transfers in	61,853	–	–
Transfers (out)	(49,000)	(43,000)	(25,000)
Intergovernmental revenue	1,465	837	–
Repayment of advances to other funds	38,566	–	–
Net cash flows from noncapital financing activities	<u>52,884</u>	<u>(42,163)</u>	<u>(25,000)</u>
Net increase (decrease) in cash and temporary investments/cash equivalents	(2,518,018)	(1,770,178)	51,392
Cash and temporary investments/cash equivalents			
Beginning of year	<u>28,636,950</u>	<u>13,326,601</u>	<u>1,258,598</u>
End of year	<u>\$ 26,118,932</u>	<u>\$ 11,556,423</u>	<u>\$ 1,309,990</u>
Reconciliation of operating income (loss) to net cash flows from operating activities			
Operating income (loss)	\$ 1,066,787	\$ (70,399)	\$ 57,627
Adjustments to reconcile operating income (loss) to net cash flows from operating activities			
Depreciation	824,966	630,059	32,886
Change in assets, deferred inflows, liabilities and deferred outflows			
Receivables			
Delinquent and deferred special assessments	(31,228)	(29,302)	–
Accounts	(13,291)	(22,511)	(3,027)
Due from other governmental units	9,600	–	–
Prepays	–	(12,450)	–
Deferred outflows - pension plan deferments	39,972	22,841	–
Accounts payable	(67,735)	3,769	67
Unearned revenue	–	–	–
Due to other governmental units	(1,419)	(34,442)	(1)
Net pension liability	149,865	85,636	–
Deferred inflows - pension plan deferments	(161,879)	(92,503)	–
Net cash flow from operating activities	<u>\$ 1,815,638</u>	<u>\$ 480,698</u>	<u>\$ 87,552</u>
Noncash, investing, capital, and financing activities			
Contributions of capital assets from developers	<u>\$ 1,216,906</u>	<u>\$ 1,223,241</u>	<u>\$ –</u>

See notes to basic financial statements

			Governmental Activities
Recycling Utility	Storm Water Utility	Totals	Internal Service
\$ 426,853	\$ 1,218,236	\$ 6,625,242	\$ -
-	-	-	10,269
(488,487)	(136,840)	(2,607,573)	(21,945)
(27,015)	(233,724)	(874,758)	-
<u>(88,649)</u>	<u>847,672</u>	<u>3,142,911</u>	<u>(11,676)</u>
-	-	-	(33,868)
-	-	1,146,553	-
-	(823,369)	(3,672,148)	-
<u>-</u>	<u>(823,369)</u>	<u>(2,525,595)</u>	<u>(33,868)</u>
(2,294)	(28,936)	(4,935,417)	(3,909)
-	-	61,853	-
-	(38,000)	(155,000)	-
54,561	837	57,700	-
-	-	38,566	-
<u>54,561</u>	<u>(37,163)</u>	<u>3,119</u>	<u>-</u>
(36,382)	(41,796)	(4,314,982)	(49,453)
<u>287,193</u>	<u>2,909,784</u>	<u>46,419,126</u>	<u>468,379</u>
<u>\$ 250,811</u>	<u>\$ 2,867,988</u>	<u>\$ 42,104,144</u>	<u>\$ 418,926</u>
\$ (62,124)	\$ 438,977	\$ 1,430,868	\$ (11,200)
-	405,177	1,893,088	-
-	-	(60,530)	-
(4,068)	(12,346)	(55,243)	-
(21,186)	-	(11,586)	-
-	-	(12,450)	-
-	22,841	85,654	-
(1,271)	(110)	(65,280)	(476)
-	-	-	-
-	-	(35,862)	-
-	85,636	321,137	-
-	(92,503)	(346,885)	-
<u>\$ (88,649)</u>	<u>\$ 847,672</u>	<u>\$ 3,142,911</u>	<u>\$ (11,676)</u>
<u>\$ -</u>	<u>\$ 1,252,993</u>	<u>\$ 3,693,140</u>	<u>\$ -</u>



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CITY OF RAMSEY

Statement of Fiduciary Net Position  
Fiduciary Fund  
December 31, 2022

	<u>Custodial Fund</u>
Assets	
Assets held for resale	\$ 10,998,336
Liabilities	
Due to other governmental units	<u>10,998,336</u>
Net Position	<u><u>\$ -</u></u>

CITY OF RAMSEY

Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
Year Ended December 31, 2022

	<u>Custodial Fund</u>
Additions	\$ -
Deductions	<u>-</u>
Net change of fiduciary net position	-
Net position - beginning	<u>-</u>
Net position - ending	<u><u>\$ -</u></u>

See notes to basic financial statements



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## CITY OF RAMSEY

Notes to Basic Financial Statements  
December 31, 2022

### 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 (GAAP).

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

#### B. Reporting Entity

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

##### 1. Blended Component Units

The Ramsey Economic Development Authority (EDA) was created to carry out housing and economic development activities within the City. The governing board of the EDA is the City Council who approve the annual tax levy and direct the activities of the EDA's management. City employees such as the City Administrator, Deputy City Administrator, and the Economic Development Manager perform key management functions for the EDA. 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 2022 fiscal year, the City paid LOGIS approximately \$311,023 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 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. For this purpose, the City considers revenues to be available if collected within 60 days after year-end. 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.

Fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, similar to the government-wide financial statements. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the City, these funds are excluded from the government-wide statements.

### 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)**

**Private Developer Special Revenue Fund** – This fund is used to account for monies deposited from developers to offset city administrative costs.

**Federal Relief Special Revenue Fund** – This fund is used to account for the funds received from the Coronavirus State and Local Fiscal Recovery Funds (SLFRF), authorized by the American Rescue Plan Act of 2021.

**State-Aid Construction Capital Project Fund** – This fund is used to account for state-aid allotments used by the City for improvement projects to thoroughfare roads within the City.

**Pavement Management Program Capital Project Fund** – This fund is used to account for the resources to be used for road reconstructions and overlays per the City’s Pavement Management Program.

**Park Improvement Capital Project Fund** – This fund is used to account for all park dedication fees to be used for land acquisition and park development.

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

**Custodial Fund** – This fund is used to account 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 City reports all other investments at fair value except for certain investment pools reported at amortized cost. 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**

Utility and miscellaneous accounts receivable are reported at gross. 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 leases receivable, property taxes receivable 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. State-Wide Pension Plans**

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 PERA. 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.

### **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. Deferred outflows of resources represent a consumption of net assets that applies to future periods and deferred inflows of resources represent an acquisition of net assets that applies to future periods. These separate financial statement elements 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, net collective difference 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.

The City reports deferred inflows of resources related to lease receivables, which requires lessors to recognize deferred inflows of resources to correspond to lease receivables. These amounts are deferred and amortized in a systematic and rationale manner over the term of the lease. The City currently reports deferred inflows of resources for leases in the government-wide statement of net position and governmental funds balance sheet.

Deferred inflows of resources for 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: long-term and MSA allocation receivables, property taxes, and special assessments. 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. 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 2004.

Capital assets are recorded in the government-wide and Proprietary Fund financial statements, but are not reported in the Governmental Fund financial statements. 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 structures and improvements other than buildings, 5 to 10 years for office equipment, motor vehicles and machinery and equipment, and 20 to 50 years for water and sewer lines and 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 of unused sick leave (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 as they accrue. Bond premiums and discounts that are material are amortized over the life of the bond issue. 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, proprietary fund, and fiduciary 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.

For the year ended December 31, 2022, expenditures were over budget in the Economic Development Fund by \$15,161.

### 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.

## **NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **U. Risk Management**

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

The City has elected higher deductibles through LMCIT in order to keep premiums at a minimum. To supplement the commercial coverages, the City established the Self-Insurance Internal Service Fund. This fund is funded primarily through dividend paybacks from LMCIT. 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 2022.

### **V. Use of Estimates**

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

### **W. Change in Accounting Principle**

During the year ended December 31, 2022, the City implemented GASB Statement No. 87, *Leases*. This statement included major changes in 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. 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. Certain amounts necessary to fully restate fiscal year 2021 financial information are not determinable, therefore, prior year comparative amounts have not been restated. The implementation of this new GASB statement in the current year resulted in the City reporting a new category for leases receivable and deferred inflows of resources, but did not require a restatement of net position. See Note 3 for additional detail on this change in the current year.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

**A. Components of Cash and Investments**

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

Deposits	\$	751,320
Investments		100,976,036
Cash on hand		300
Total	\$	<u>101,727,656</u>

**B. Deposits**

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

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

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

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

At year end, the carrying amount of the City's deposits was \$751,320 while the balance on the bank records was \$29,315. At December 31, 2022, all deposits were fully covered by federal depository insurance, surety bonds, or by collateral held by the City’s agent in the City’s name.

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

### C. Investments

The City has the following investments at year end:

Investment Type	Credit Risk		Fair Value	Interest Risk- Maturity Duration in Years			Total
	Rating	Agency	Measurements Using	Less Than 1	1 to 5	6 to 10	
U.S. Agencies	AAA	Moody's	Level 2	\$ 1,724,799	\$ 4,326,343	\$ -	\$ 6,051,142
U.S. Treasuries	AAA	Moody's	Level 2	\$ 14,282,365	\$ -	\$ -	\$ 14,282,365
Municipal Bonds	A-AAA	Moody's	Level 2	\$ 1,399,502	\$ 11,771,085	\$ 4,206,204	\$ 17,376,791
Municipal Bonds	A-AAA	S&P	Level 2	\$ 1,301,130	\$ 19,543,297	\$ 6,744,682	\$ 27,589,109
Negotiable Certificates of Deposit	N/A	N/A	Level 2	\$ 1,360,948	\$ 3,062,961	\$ -	\$ 4,423,909
Commercial Paper	A1	S&P	Level 1	\$ 594,437	\$ -	\$ -	\$ 594,437
<b>Investment Pools</b>							
Dreyfus Money Market Fund	AAA	S&P	Level 1	\$ 506,998	\$ -	\$ -	\$ 506,998
Minnesota Municipal Money Market 4M Plus Fund	N/R	N/A	Amortized Cost	\$ 985,724	\$ -	\$ -	\$ 985,724
Term Series	N/R	N/A	Amortized Cost	\$ 21,000,000	\$ -	\$ -	\$ 21,000,000
Morgan Stanley Money Market Fund	AAA	S&P	Net Asset Value	\$ 5,886,888	\$ -	\$ -	\$ 5,886,888
UBS Select Prime Institutional Fund	AAA	Moody's	Net Asset Value	\$ 2,278,673	\$ -	\$ -	\$ 2,278,673
Total Investments							<u>\$ 100,976,036</u>

The City's investments include the following investment pools:

The Dreyfus Money Market Fund includes investments primarily in short-term, high-credit-quality money market instruments that invest domestically and globally in both long and short-term common stocks across all market capitalizations. The fund aims to preserve capital, maintain liquidity and produce a competitive yield. This is an external investment pool that operates in conformity with the Securities and Exchange Commission's rules. There are no withdrawal restrictions related to the fund. The City's investments in this investment pool are assigned a AAA rating by S&P.

Investment pools managed by the Minnesota Municipal Money Market (4M) which is an external investment pool regulated by Minnesota Statutes and is not registered with the Securities and Exchange Commission (SEC) that follows the same regulatory rules of the SEC. The City's investments in this investment pool – 4M Plus Fund and Term Series are based on amortized cost methods that approximate fair value. The 4M Fund is sponsored by the League of Minnesota Cities. For this investment pool, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice required for the liquid class; the redemption period is 14 days for the Plus Class. The Term Series redemption is based on its stated term date.

The Morgan Stanley Money Market Fund includes investments primarily in short-term, high-credit-quality money market instruments that invest domestically and globally in both long and short-term common stocks across all market capitalizations. The fund aims to preserve capital, maintain liquidity and produce a competitive yield. This is an external investment pool that operates in conformity with the Securities and Exchange Commission's rules. There are no withdrawal restrictions related to the fund. The City's investments in this investment pool are assigned a AAA rating by S&P.

The UBS Select Prime Industrial Fund includes investments primarily in short-term, high-credit-quality money market instruments that invest domestically and globally in both long and short-term common stocks across all market capitalizations. The fund aims to preserve capital, maintain liquidity and produce a competitive yield. This is an external investment pool that operates in conformity with the Securities and Exchange Commission's rules. There are no withdrawal restrictions related to the fund. The City's investments in this investment pool are assigned a AAA rating by Moody's.

## 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 – LEASE RECEIVABLE

The City has entered into lease receivable agreements for cell tower rental space on city property. These leases are reported using an incremental borrowing rate of 3.25 percent with final maturities through fiscal 2032. During the current year, the City received principal and interest payments on these leases of \$87,344.

The City has entered into lease receivable agreements for rental space in city owned buildings and vacant land. These leases are reported using an incremental borrowing rate of 3.25 percent with final maturities through 2030. During the current year, the City received principal and interest payments on these leases of \$197,873.

**NOTE 4 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

**A. Short-Term Interfund Receivables/Payables**

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

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental Fund	Major Governmental Fund	<u>\$ 28,470</u>
Economic Development Authority	Tax Increment	
Special Revenue Fund	Special Revenue Fund	

This internal loan was utilized for cash flow purposes.

**B. Advances To and From Other Funds**

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

Receivable Fund	Payable Fund	Amount	Purpose
Major Enterprise Fund; Water Utility	Nonmajor Capital Project Fund; Public Facilities Construction	\$ 258,148	Internally finance facility loan

The fund is to be repaid by 2028 with a stated rate of interest of 2%.

**C. Interfund Transfers**

Transfers Out	Transfers In			Total
	General Fund	Nonmajor Governmental Funds	Water Utility Enterprise Fund	
General Fund	\$ -	\$ 190,881	\$ 61,853	\$ 252,734
Nonmajor Governmental Funds	415,182	6,563	-	421,745
Water Utility Enterprise Fund	49,000	-	-	49,000
Sewer Utility Enterprise Fund	43,000	-	-	43,000
Street Light Utility Enterprise Fund	25,000	-	-	25,000
Storm Water Utility Enterprise Fund	38,000	-	-	38,000
Total	<u>\$ 570,182</u>	<u>\$ 197,444</u>	<u>\$ 61,853</u>	<u>\$ 829,479</u>

The interfund receivables, payables and transfers are used to move funds to finance various programs or projects that the City must account for in other funds in accordance with budgetary authorizations and to move revenues from the fund with collection authorization to funds where related expenditures are occurring. Interfund activity is eliminated as needed for entity-wide financial statement reporting.

**NOTE 4 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)**

In 2022, the General Fund transferred \$81,806 each to the Public Improvement Revolving Fund and Equipment Revolving Fund and \$27,269 to the Public Facilities Construction Fund for their respective shares as outlined in the City’s Fund Balance Policy. The General Fund transferred \$61,853 to the water utility fund for its annual repayment of the Municipal Center capital contribution.

The Landfill Fund transferred \$6,563 to the Equipment Revolving Fund for capital equipment purchases.

The General Government Special Projects Fund transferred \$17,800 to the General Fund for capital equipment purchases.

The Public Improvement Revolving Fund transferred \$150,000 to the General Fund for operating purposes.

The Equipment Revolving Fund transferred \$184,382 to the General Fund for capital equipment purchases.

The Landfill Fund transferred \$63,000 to the General Fund for capital equipment purchases.

The Water Utility Fund transferred \$49,000 to the General Fund for operating purposes.

The Sewer Utility Fund transferred \$43,000 to the General Fund for operating purposes.

The Street Light Utility Fund transferred \$25,000 to the General Fund for operating purposes.

The Storm Water Utility Fund transferred \$38,000 to the General Fund for operating purposes.

## NOTE 5 – CAPITAL ASSETS

### A. Changes in Capital Assets Used in Governmental Activities

	Balance – Beginning of Year	Additions	Completed Construction/ Adjustments	Deletions	Balance – End of Year
<b>Capital assets, not depreciated</b>					
Land	\$ 6,848,022	\$ 229,569	\$ -	\$ -	\$ 7,077,591
Construction in progress	952,505	3,632,955	(890,819)	-	3,694,641
Total capital assets, not depreciated	7,800,527	3,862,524	(890,819)	-	10,772,232
<b>Capital assets, depreciated</b>					
Buildings and structures	45,210,150	-	-	-	45,210,150
Improvements other than buildings	11,704,644	191,463	-	-	11,896,107
Office equipment	704,713	21,039	-	-	725,752
Motor vehicles	3,944,376	33,868	-	(215,243)	3,763,001
Machinery and equipment	8,275,449	653,721	116,891	-	9,046,061
Infrastructure	49,959,340	3,839,053	773,928	-	54,572,321
Total capital assets, depreciated	119,798,672	4,739,144	890,819	(215,243)	125,213,392
<b>Less accumulated depreciation on</b>					
Buildings and structures	(9,371,272)	(943,484)	-	-	(10,314,756)
Improvements other than buildings	(6,658,630)	(570,228)	-	-	(7,228,858)
Office equipment	(553,472)	(43,185)	-	-	(596,657)
Motor vehicles	(3,395,585)	(221,201)	-	215,243	(3,401,543)
Machinery and equipment	(4,511,936)	(542,407)	-	-	(5,054,343)
Infrastructure	(18,902,777)	(2,215,294)	-	-	(21,118,071)
Total accumulated depreciation	(43,393,672)	(4,535,799)	-	215,243	(47,714,228)
Total capital assets, depreciated, net	76,405,000	203,345	890,819	-	77,499,164
Net capital assets	\$ 84,205,527	\$ 4,065,869	\$ -	\$ -	\$ 88,271,396

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

	Balance – Beginning of Year	Additions	Completed Construction/ Adjustments	Deletions	Balance – End of Year
<b>Capital assets, not depreciated</b>					
Land	\$ 1,506,096	\$ -	\$ -	\$ -	\$ 1,506,096
Construction in progress	234,001	588,974	-	-	822,975
Total capital assets, not depreciated	1,740,097	588,974	-	-	2,329,071
<b>Capital assets, depreciated</b>					
Buildings and structures	6,177,522	-	-	-	6,177,522
Improvements other than buildings	17,713,527	1,963,395	-	-	19,676,922
Machinery and equipment	1,205,883	117,082	-	-	1,322,965
Water and sewer lines	58,633,266	4,695,837	-	-	63,329,103
Total capital assets, depreciated	83,730,198	6,776,314	-	-	90,506,512
<b>Less accumulated depreciation on</b>					
Buildings and structures	(1,988,071)	(123,463)	-	-	(2,111,534)
Improvements other than buildings	(4,954,251)	(410,148)	-	-	(5,364,399)
Machinery and equipment	(566,572)	(93,139)	-	-	(659,711)
Water and sewer lines	(19,946,893)	(1,266,338)	-	-	(21,213,231)
Total accumulated depreciation	(27,455,787)	(1,893,088)	-	-	(29,348,875)
Total capital assets, depreciated, net	56,274,411	4,883,226	-	-	61,157,637
Net capital assets	\$58,014,508	\$ 5,472,200	\$ -	\$ -	\$ 63,486,708

## NOTE 5 – CAPITAL ASSETS (CONTINUED)

### C. Depreciation Expense by Function

Governmental activities	
General government	\$ 847,045
Public safety	462,543
Highways and streets	2,766,709
Culture and recreation	459,502
Total depreciation expense – governmental activities	<u>\$ 4,535,799</u>
Business-type activities	
Water Utility	\$ 824,966
Sewer Utility	630,059
Street Light Utility	32,886
Storm Water Utility	405,177
Total depreciation expense – business-type activities	<u>\$ 1,893,088</u>

## NOTE 6 – 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 2011B	\$ 3,090,000	2.00-2.70%	12/29/2011	12/15/2025	\$ 910,000
Series 2015A	\$ 3,880,000	2.00-3.50%	6/15/2015	12/1/2035	2,840,000
Series 2015B	\$ 1,205,000	2.00-2.25%	6/15/2015	12/1/2025	385,000
Series 2016A	\$ 1,650,000	2.00%	7/21/2016	12/15/2026	685,000
Series 2017A	\$ 895,000	1.15-2.50%	8/17/2017	12/15/2027	460,000
Series 2018A	\$ 1,175,000	3.00%	7/17/2018	12/15/2028	735,000
Series 2020A	\$ 9,055,000	1.00-1.65%	12/30/2020	12/15/2041	9,055,000
Series 2021A	\$ 9,845,000	2.00-3.00%	10/19/2021	12/15/2031	9,060,000
Series 2022A	\$ 10,765,000	5.00%	12/6/2022	12/15/2037	<u>10,765,000</u>
Total general obligation improvement bonds					34,895,000
Capital Equipment Certificates					
Series 2013A	\$ 635,000	0.50-3.00%	9/5/2013	9/1/2023	70,000
Series 2014A	\$ 875,000	0.60-2.35%	12/3/2014	12/15/2024	<u>190,000</u>
Total capital equipment certificates					260,000
Unamortized bond premiums					1,951,694
Compensated absences payable					1,069,926
Net pension liability					15,256,095
Total OPEB liability					<u>796,286</u>
Total governmental activities					<u>54,229,001</u>
Business-type activities					
Net pension liability					<u>716,367</u>
Total government and business-type activities					<u>\$ 54,945,368</u>

### B. Descriptions of Long-Term Debt

- **General Obligation Improvement Bonds –**

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

The Series 2015B were issued to fund the street improvements related to the reconstruction of Garnet and 168<sup>th</sup> Avenue and some overlay projects.

The Series 2016A were issued to fund the street improvements related to the reconstruction of Andrie Street and 164<sup>th</sup> Lane and some overlay projects.

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

## NOTE 6 – LONG-TERM DEBT (CONTINUED)

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

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

The Series 2020A were issued to fund approximately 50% of the construction costs of the Public Works Facility in the City.

The Series 2021A, a \$9,845,000 Capital Improvement Plan Bond, was issued to refund the 2012A Series bonds that were called on December 15, 2021.

The Series 2022A were issued to fund the reconstruction and overlay street improvement projects as outlined in the City's 5-Year Street Reconstruction and Overlay Plan (SROP).

- **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.

Debt service is covered respectively by special assessments, state aids, and general property taxes. General Obligation bonds and equipment certificates are direct obligations and have the pledge of the full faith and credit of the City.

- **Unamortized Bond Premiums** – This amount represents the remaining bond premium that will be amortized against interest expense in the future.
- **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 6 – LONG-TERM DEBT (CONTINUED)**

**C. Changes in Long-Term Debt**

	Balance - Beginning of Year	Additions	Deletions	Balance – End of Year	Due Within One Year
<b>Governmental activities</b>					
G.O. Improvement Bonds	\$ 25,885,000	\$ 10,765,000	\$ 1,755,000	\$ 34,895,000	\$ 2,330,000
Capital Equipment Certificates	420,000	–	160,000	260,000	165,000
Unamortized bond premiums	795,714	1,240,343	84,363	1,951,694	–
Compensated absences payable	1,113,049	631,055	674,178	1,069,926	695,542
Net pension liability	4,128,461	12,044,076	916,442	15,256,095	–
Total OPEB liability	563,334	239,917	6,965	796,286	–
<b>Total governmental activities</b>	<b>32,905,558</b>	<b>24,920,391</b>	<b>3,596,948</b>	<b>54,229,001</b>	<b>3,190,542</b>
<b>Business type Activities</b>					
Net pension liability	395,230	380,964	59,827	716,367	–
<b>Total governmental and business type activities</b>	<b>\$ 33,300,788</b>	<b>\$ 25,301,355</b>	<b>\$ 3,656,775</b>	<b>\$ 54,945,368</b>	<b>\$ 3,190,542</b>

**D. Minimum Debt Payments**

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

Year Ending December 31,	Governmental Activities	
	Bonded and Capital Equipment Certificate Debt	
	Principal	Interest
2023	\$ 2,495,000	\$ 1,078,581
2024	2,535,000	988,978
2025	2,525,000	909,508
2026	2,155,000	828,815
2027	2,045,000	755,765
2028-2032	9,955,000	2,743,425
2033-2037	9,675,000	1,215,487
2038-2041	3,770,000	152,075
	<b>\$ 35,155,000</b>	<b>\$ 8,672,634</b>

**NOTE 7 – NET INVESTMENT IN CAPITAL ASSETS**

**A. Net Investment in Capital Assets**

The government-wide statement of net position at December 31, 2022 includes the City’s net investment in capital assets calculated as follows:

	Governmental Activities	Business-Type Activities	Total
<b>Net investment in capital assets:</b>			
Capital assets			
Not depreciated	\$ 10,772,232	\$ 2,329,071	\$ 13,101,303
Depreciated	77,499,164	61,157,637	138,656,801
Less capital-related long-term debt outstanding - adjusted for unspent proceeds	(24,291,934)	–	(24,291,934)
Less capital-related accounts, contracts, and retainage payables	(183,341)	–	(183,341)
<b>Total net investments in capital assets</b>	<b>\$ 63,796,121</b>	<b>\$ 63,486,708</b>	<b>\$ 127,282,829</b>

**NOTE 8 – FUND BALANCE POLICY AND CLASSIFICATION**

**A. Classifications**

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

	Special Revenue Funds					Capital Project Funds				Total
	General	Tax Increment	COR Land	Private Developer	Federal Relief	State-Aid Construction	Pavement Management Program	Park Improvement	Nonmajor	
Fund balances										
Nonspendable										
Prepays	\$ 30,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,274	\$ 36,910
Restricted for										
Street improvements	-	-	-	-	-	1,895,877	11,904,760	-	-	13,800,637
Debt service	-	-	-	-	-	-	-	-	713,656	713,656
Economic development	-	-	-	-	-	-	-	-	1,351,732	1,351,732
Housing and redevelopment	-	-	8,148,079	-	-	-	-	-	-	8,148,079
Recreation/community programs	-	-	-	-	-	-	-	-	432,561	432,561
Law enforcement programs	-	-	-	-	-	-	-	-	30,434	30,434
Tax increment financing	-	5,831,704	-	-	-	-	-	-	-	5,831,704
	-	5,831,704	8,148,079	-	-	1,895,877	11,904,760	-	2,528,383	30,308,803
Committed										
Stormwater development projects	-	-	-	-	-	-	-	-	1,081,777	1,081,777
Community/business programs	-	-	-	-	-	-	-	-	600,359	600,359
	-	-	-	-	-	-	-	-	1,682,136	1,682,136
Assigned										
Street improvements	-	-	-	-	-	-	3,197,766	-	6,122,624	9,320,390
Capital improvements	-	-	-	-	-	-	-	-	684,039	684,039
Cemetery improvements	-	-	-	-	-	-	-	-	81,180	81,180
Park improvements	-	-	-	-	-	-	-	6,940,689	684,039	7,624,728
Right-of-way acquisitions	-	-	-	-	-	-	-	-	505,220	505,220
Parking ramp maintenance	-	-	-	-	-	-	-	-	128,694	128,694
	-	-	-	-	-	-	3,197,766	6,940,689	8,205,796	18,344,251
Unassigned	11,064,416	-	-	-	-	-	-	-	-	11,064,416
Total fund balances	<u>\$ 11,095,052</u>	<u>\$ 5,831,704</u>	<u>\$ 8,148,079</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,895,877</u>	<u>\$ 15,102,526</u>	<u>\$ 6,940,689</u>	<u>\$ 12,422,589</u>	<u>\$ 61,436,516</u>

**NOTE 8 – FUND BALANCE POLICY AND CLASSIFICATION (CONTINUED)**

**B. Fund Balance Policy – General Fund**

When General Fund 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 General Fund 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, 2022, the City has met its general fund balance policy goal.

**NOTE 9 – 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	\$ 4,775,781	\$ 1,549,737	\$ 114,887	\$ 767,236
PERA – PEPFF	11,196,681	7,923,709	67,109	1,249,070
<b>Total - all pensions</b>	<b>\$ 15,972,462</b>	<b>\$ 9,473,446</b>	<b>\$ 181,996</b>	<b>\$ 2,016,306</b>

## **NOTE 10 – 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 Public Employees Retirement Association (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 (IRC).

#### 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 the PERA.

### **B. Benefits Provided**

The 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 Plan members is 1.20% of average salary for each of the first 10 years of service and 1.70% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.70% 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. The post-retirement increase is equal to 50.00% of the cost of living adjustment (COLA) announced by the Social Security Administration, with a minimum increase of a least 1.00% and a maximum of 1.50%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase, will receive the full increase. Recipients receiving the annuity or benefit for a least one month, but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under rule of 90 are exempt from the delay to normal retirement.

## **NOTE 10 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

### **2. PEPFF Benefits**

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

Benefit increases are provided to benefit recipients each January. The post-retirement increase is fixed at 1.00%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase, will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months, but less than 36 months as of the June 30 before the effective date of the increase, will receive a reduced prorated increase.

### **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 2022 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, 2022, were \$346,788. The City's contributions were equal to the required contributions as set by state statute.

#### **2. PEPFF Contributions**

Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2022 and the City was required to contribute 17.70% for Police and Fire Plan members. The City's contributions to the PEPFF for the year ended December 31, 2022, were \$553,715. 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, 2022, the City reported a liability of \$4,775,781 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. 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 \$140,084. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**NOTE 10 – 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA’s participating employers. The City’s proportionate share was 0.0603% at the end of the measurement period and 0.0617% for the beginning of the period.

The amount recognized by the City as its proportionate share of the net pension liability, the direct aid and total portion of the net pension liability that was associated with the City were as follows:

City’s proportionate share of the net pension liability	\$4,775,781
State of Minnesota’s proportionate share of the net pension liability associated with the City	<u>140,084</u>
Total	<u>\$4,915,865</u>

For the year ended December 31, 2022, the City recognized pension expense of \$746,304 for its proportionate share of the GERP’s pension expense. In addition, the City recognized an additional \$20,932 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s contribution of \$16.0 million to the GERP.

At December 31, 2022, the City reported its proportionate share of the GERP’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	\$ 39,891	\$ 51,815
Changes in actuarial assumptions	1,105,182	18,232
Net collective difference between projected and actual investment earnings	29,102	-
Changes in proportion	202,643	44,840
Contributions paid to the PERA subsequent to the measurement date	<u>172,919</u>	<u>-</u>
Total	<u>\$ 1,549,737</u>	<u>\$114,887</u>

A total of \$172,919 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 ending December 31, 2023. 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>
2023	\$ 521,632
2024	489,663
2025	(181,263)
2026	<u>431,899</u>
Total	<u>\$ 1,261,931</u>

**NOTE 10 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

2. PEPFF Pension Costs

At December 31, 2022, the City reported a liability of \$11,196,681 for its proportionate share of the PEPFF’s net pension liability. The net pension liability was measured as of June 30, 2022, 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 July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA’s participating employers. The City’s proportionate share was 0.2573% at the end of the measurement period and 0.2447% for the beginning of the period.

The State of Minnesota also contributed \$18 million to the PEPFF in the plan fiscal year ended June 30, 2022. The contribution consisted of \$9.0 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9.0 million of direct state was paid on October 1, 2021. Thereafter, by October 1 of each year, the state will pay \$9 million to the PEPFF until full funding is reached by July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota Retirement System) is 90% funded, whichever occurs later.

The State of Minnesota is included as a non-employer contributing entity in the PEPFF Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9.0 million in direct state aid. PEPFF employers need to recognize their proportionate share of the State of Minnesota’s pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2022, the City recognized pension expense of \$1,154,205 for its proportionate share of the PEPFF’s pension expense. The City recognized \$94,865 as grant revenue for its proportionate share of the State of Minnesota’s pension expense for the contribution of \$9.0 million to the PEPFF.

The amount recognized by the City as its proportionate share of the net pension liability, the direct aid and total portion of the net pension liability that was associated with the City were as follows:

City’s proportionate share of the net pension liability	11,196,681
State of Minnesota’s proportionate share of the net pension liability associated with the City	<u>489,060</u>
Total	<u>\$11,685,741</u>

The State of Minnesota is not included as a non-employer contributing entity in the PEPFF allocation schedules for the \$9 million in supplemental state aid. The City also recognized \$23,157 for the year ended December 31, 2022 as revenue and an off-setting reduction of net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the PEPFF.

**NOTE 10 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

At December 31, 2022, 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	\$ 667,726	\$ -
Changes in actuarial assumptions	6,476,614	60,583
Net collective difference between projected and actual investment earnings	281,022	-
Changes in proportion	220,561	6,526
Contributions paid to the PERA subsequent to the measurement date	<u>277,786</u>	<u>-</u>
Total	<u>\$7,923,709</u>	<u>\$67,109</u>

A total of \$277,786 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 ending December 31, 2023. 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>
2023	\$ 1,493,433
2024	1,499,366
2025	1,334,450
2026	2,303,767
2027	<u>947,798</u>
Total	<u>\$ 7,578,814</u>

**E. Long-Term Expected Return on Investments**

The Minnesota State Board of Investment, which manages the investments of the 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 Equity	33.50%	5.10%
International Equity	16.50%	5.30%
Fixed Income	25.00%	0.75%
Private Markets	<u>25.00%</u>	5.90%
Total	<u>100.00%</u>	

## NOTE 10 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

### F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of total liability is 6.50%. This assumption is based on review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.50% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the GERF and 2.25% for the PEPFF. Benefit increases after retirement are assumed to be 1.25% for the GERF. The PEPFF benefit increase is fixed at 1.00% per year and that increase was used in the valuation.

Salary growth assumptions in the GERF range in annual increments from 10.25% after one year of service to 3.00% after 27 years of service. In the PEPFF, salary growth assumptions range from 11.75% after one year of service to 3.00% after 24 years of service.

Mortality rates for the GERF are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the PEPFF are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit the PERA's experience.

Actuarial assumptions for the GERF are reviewed every four years. The most recent four-year experience study for the GERF was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for the PEPFF was completed in 2020, adopted by the Board, and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions occurred in 2022:

1. GERF:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2. PEPFF:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50% to 5.40%.

**NOTE 10 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**G. Discount Rate**

The discount rate for the GERF used to measure the total pension liability in 2022 was 6.50%. 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 GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the PEPFF, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in fiscal year ended June 30, 2061 for the PEPFF, projected benefit payments exceed the funds’ projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69% (based on the weekly rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”). The resulting equivalent single discount rate of 5.40% for the PEPFF was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of the project benefits using 6.50% applied to all years of projected benefits through the point of asset depletion and 3.69% thereafter.

**H. 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>(5.5%)</u>	Current Discount Rate <u>(6.5%)</u>	1% Increase in Discount Rate <u>(7.5%)</u>
The City’s Proportionate Share of the GERF Net Pension Liability:	\$7,543,595	\$4,775,781	\$ 2,505,745

	1% Decrease in Discount Rate <u>(4.4%)</u>	Current Discount Rate <u>(5.4%)</u>	1% Increase in Discount Rate <u>(6.4%)</u>
The City’s Proportionate Share of the PEPFF Net Pension Liability:	\$16,944,739	\$11,196,681	\$6,549,718

**I. 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](http://www.mnpera.org).

**NOTE 11 – DEFINED CONTRIBUTION PLAN – STATE-WIDE**

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of their 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 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, 2022	\$1,300	\$1,300	5%	5%	5%
December 31, 2021	\$1,300	\$1,300	5%	5%	5%
December 31, 2020	\$1,002	\$1,002	5%	5%	5%

**NOTE 12 – 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, 2022 was \$239,195, compared to a total city payroll of \$9,160,454.

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

**NOTE 12 – DEFINED CONTRIBUTION PENSION PLAN – FIRE RELIEF ASSOCIATION  
(CONTINUED)**

**B. Pension Benefits**

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

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

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

**C. Contributions Required and Contributions Made**

Contributions to the plan include State Fire Aid pursuant to Minnesota Statutes Chapter 69. In addition, the City is allowed to make voluntary contributions of other public funds pursuant to Minnesota Statutes Chapter 69. The City's contribution to the Association in 2022, including both city and state fire aid passed through the City totaled \$198,360. This contribution represents nearly 83% of the current 2022 covered payroll of \$239,195. There were no current year changes in plan provisions.

**NOTE 13 – 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.

**NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

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.

**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 \$17,187.

**D. Membership**

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

Retirees and beneficiaries receiving benefits	4
Active plan members	<u>94</u>
Total members	<u><u>98</u></u>

**E. Total OPEB Liability of the City**

The City’s total OPEB liability of \$796,286 as of year-end was measured as of December 31, 2022, and was determined by an actuarial valuation as of January 1, 2022.

**F. Actuarial Methods and Assumptions**

The total OPEB liability was determined by an actuarial valuation as of January 1, 2022, 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	2.06%
20-year municipal bond yield	2.06%
Inflation rate	2.50%
Salary increases	3.00%
Healthcare cost trend rate	6.20% grading to 3.90% over several decades

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

**NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

**G. Changes in the Total OPEB Liability**

	<u>Total OPEB Liability</u>
Beginning Balance	\$ 563,334
Changes for the year	
Service cost	81,145
Interest	13,589
Differences between expected and actual experience	510,595
Changes of assumptions	(365,412)
Benefit payments	<u>(6,965)</u>
Total net changes	<u>232,952</u>
Ending Balance	<u>\$ 796,286</u>

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 2.12 percent to 2.06 percent.
- The healthcare trend rates and plan experience assumptions were updated for changes in recent studies and inflationary adjustments.

**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	1.06%	2.06%	3.06%
Total OPEB liability	\$ 847,318	\$ 796,286	\$ 743,864

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 Cost Trend Rate</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
OPEB healthcare trend rate	5.20% grading to 2.9% over several decades	6.20% grading to 3.9% over several decades	7.20% grading to 4.9% over several decades
Total OPEB liability	\$ 683,233	\$ 796,286	\$ 932,073

**NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

**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 \$52,640. As of year-end, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 462,354	\$ 259,256
Changes of assumptions	59,603	352,696
City contributions subsequent to the measurement date	<u>17,187</u>	<u>-</u>
Total	<u>\$ 539,144</u>	<u>\$ 611,952</u>

A total of \$17,187 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, 2023. 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>June 30,</u>	<u>Amount</u>
2023	(16,217)
2024	(16,217)
2025	(16,217)
2026	(16,217)
2027	(16,217)
Thereafter	<u>(8,910)</u>
Total	<u>\$ (89,995)</u>

**NOTE 14 – FLEXIBLE BENEFIT PLAN**

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

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

#### **NOTE 14 – FLEXIBLE BENEFIT PLAN (CONTINUED)**

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 15 – 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 seven private development agreements: four redevelopment and three housing that would be considered a tax abatement under GASB Statement 77 as of December 31, 2022.

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

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

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

## **NOTE 15 – TAX ABATEMENT AGREEMENTS(CONTINUED)**

For the fiscal year ended December 31, 2022, the City abated property taxes totaling \$622,723 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: \$227,722 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: \$35,007 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 date is February 2033.
- Housing: \$75,097 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.
- Redevelopment: \$39,883 abated for a \$218,000 Tax Increment Revenue Note issued in 2019 for a 56,000 square-foot industrial building in Bunker Lake Business Park. Final note payment date is February 2028.
- Housing: \$158,947 abated for a \$681,395 Tax Increment Revenue Note issued in 2020 for a 174-unit senior living facility. Final note payment date is February 2040.
- Redevelopment: \$65,367 abated for a \$972,000 Tax Increment Revenue Note issued in 2021 for a 210,000 square-foot manufacturing building in Bunker Lake Business Park. Final note payment date is February 2030.

The outstanding principal balance as of December 31, 2022 for all of these agreements was \$3,416,206.

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 16 – 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, 2022, there was one series of Industrial Revenue Bonds and one Lease Revenue Bond outstanding with aggregate principal amounts payable of \$340,000 and \$41,465,000 respectively.

## **NOTE 17 – COMMITMENTS AND CONTINGENCIES**

### **A. Commitments for Construction**

At December 31, 2022, the City is committed to various construction contracts for the improvement of city property. The City's remaining commitment under these contracts is \$445,898. 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 18 – SUBSEQUENT EVENTS**

### **A. New Accounting Standard**

A new standard was issued by the GASB for Subscription Based Information Technology Arrangements (SBITAs). An SBITA is a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange-like transaction. At the commencement of the subscription term, a government should recognize a subscription liability and an intangible right-to-use asset. This standard will be adopted by the City beginning in 2023, and will require the restatement of certain balances reported as of December 31, 2022. The effects of this change have not yet been determined and are not reflected in these financial statements.

**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%
12/31/2019	06/30/2019	0.0530%	\$ 2,930,253	\$ 91,163	\$ 3,021,416	\$ 3,752,320	78.09%	80.20%
12/31/2020	06/30/2020	0.0566%	\$ 3,393,429	\$ 104,560	\$ 3,497,989	\$ 4,036,013	84.08%	79.10%
12/31/2021	06/30/2021	0.0617%	\$ 2,634,866	\$ 80,483	\$ 2,715,349	\$ 4,313,560	61.08%	87.00%
12/31/2022	06/30/2022	0.0603%	\$ 4,775,781	\$ 140,084	\$ 4,915,865	\$ 4,518,169	105.70%	76.70%

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%
12/31/2019	\$ 293,639	\$ 293,639	\$ –	\$ 3,915,187	7.50%
12/31/2020	\$ 312,137	\$ 312,137	\$ –	\$ 4,161,827	7.50%
12/31/2021	\$ 330,724	\$ 330,724	\$ –	\$ 4,409,653	7.50%
12/31/2022	\$ 346,788	\$ 346,788	\$ –	\$ 4,624,488	7.50%

Note 1: The City implemented GASB Statement No. 68 in fiscal 2015. 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 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 Net Pension Liability	City’s Proportionate 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 and the City’s Share of the State of Minnesota’s Share of the Net Pension Liability	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	\$ –	\$ 2,374,729	\$ 1,917,443		123.85%	86.60%
12/31/2016	06/30/2016	0.2080%	\$ 8,347,402	\$ –	\$ 8,347,402	\$ 2,000,574		417.25%	63.90%
12/31/2017	06/30/2017	0.2190%	\$ 2,956,761	\$ –	\$ 2,956,761	\$ 2,243,957		131.77%	85.40%
12/31/2018	06/30/2018	0.2161%	\$ 2,303,404	\$ –	\$ 2,303,404	\$ 2,277,516		101.14%	88.80%
12/31/2019	06/30/2019	0.2331%	\$ 2,481,585	\$ –	\$ 2,481,585	\$ 2,458,454		100.94%	89.30%
12/31/2020	06/30/2020	0.2397%	\$ 3,159,502	\$ 74,418	\$ 3,233,920	\$ 2,703,294		116.88%	87.20%
12/31/2021	06/30/2021	0.2447%	\$ 1,888,825	\$ 84,916	\$ 1,973,741	\$ 2,891,892		65.31%	93.70%
12/31/2022	06/30/2022	0.2573%	\$ 11,196,681	\$ 489,060	\$ 11,685,741	\$ 3,125,648		358.22%	70.50%

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%
12/31/2019	\$ 433,917	\$ 433,917	\$ –	\$ 2,559,982	16.95%
12/31/2020	\$ 492,217	\$ 492,217	\$ –	\$ 2,780,887	17.70%
12/31/2021	\$ 541,368	\$ 541,368	\$ –	\$ 3,058,576	17.70%
12/31/2022	\$ 553,715	\$ 553,715	\$ –	\$ 3,128,333	17.70%

Note 1: The City implemented GASB Statement No. 68 in fiscal 2015. 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

	Fiscal Year				
	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	\$ 40,892	\$ 74,389	\$ 55,942	\$ 69,584	\$ 81,145
Interest	22,858	24,695	30,837	14,428	13,589
Differences between expected and actual experience	–	–	(368,975)	6,307	510,595
Changes of assumptions	19,347	(41,435)	47,099	20,586	(365,412)
Benefit payments	(3,349)	(3,476)	(2,775)	(9,111)	(6,965)
Net change in total OPEB liability	79,748	54,173	(237,872)	101,794	232,952
Total OPEB liability – beginning of year	565,491	645,239	699,412	461,540	563,334
Total OPEB liability – end of year	\$ 645,239	\$ 699,412	\$ 461,540	\$ 563,334	\$ 796,286
Covered-employee payroll	\$ 5,400,000	\$ 5,600,000	\$ 6,400,000	\$ 6,700,000	\$ 6,800,000
Total OPEB liability as a percentage of covered-employee payroll	11.95%	12.49%	7.21%	8.41%	11.71%

Note 1: **Changes in Actuarial Assumptions.** (1) 2022 Changes - The discount rate was changed from 2.12 percent to 2.06 percent. The healthcare trend rates and plan experience assumptions were updated for changes in recent studies and inflationary adjustments. (2) 2021 Changes - The discount rate was changed from 2.74 percent to 2.12 percent. The healthcare trend rates were updated for changes in recent studies and inflationary adjustments. (3) 2020 Changes - The discount rate was changed from 4.09 percent to 2.74 percent. The healthcare trend rates, mortality tables, and payroll growth rates were updated for changes in recent studies and inflationary adjustments. (4) 2019 Changes - The discount rate was changed from 3.44 percent to 4.09 percent. (5) 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.

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. There are no factors that affect trends in the amounts reported, such as changes in benefit terms or assumptions.

## CITY OF RAMSEY

### Notes to Required Supplementary Information General Employees Retirement Fund Year Ended December 31, 2022

#### **2022 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

#### **2021 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

#### **2020 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2020 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

#### **2020 CHANGES IN PLAN PROVISIONS**

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023 and zero percent after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

## CITY OF RAMSEY

### Notes to Required Supplementary Information General Employees Retirement Fund (continued) Year Ended December 31, 2022

#### **2019 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The mortality projection scale was changed from MP-2017 to MP-2018.

#### **2019 CHANGES IN PLAN PROVISIONS**

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

#### **2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044, and 2.50 percent per year thereafter, to 1.25 percent per year.

#### **2018 CHANGES IN PLAN PROVISIONS**

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

#### **2017 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

## CITY OF RAMSEY

### Notes to Required Supplementary Information General Employees Retirement Fund (continued) Year Ended December 31, 2022

#### **2017 CHANGES IN PLAN PROVISIONS**

- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018, and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21.0 million to \$31.0 million in calendar years 2019 to 2031. The state's contribution changed from \$16.0 million to \$6.0 million in calendar years 2019 to 2031.

#### **2016 CHANGES IN ACTUARIAL ASSUMPTIONS**

- 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 years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study 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.

#### **2015 CHANGES IN ACTUARIAL ASSUMPTIONS**

- 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.

#### **2015 CHANGES IN PLAN PROVISIONS**

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892.0 million. Upon consolidation, state and employer contributions were revised; the state's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

## CITY OF RAMSEY

### Notes to Required Supplementary Information Public Employees Police and Fire Fund Year Ended December 31, 2022

#### **2022 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate was changed from 6.50 percent to 5.40 percent.

#### **2021 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 Public Safety Mortality Table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality Table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality Table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes would result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

#### **2020 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The mortality projection scale was changed from MP-2018 to MP-2019.

#### **2019 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The mortality projection scale was changed from MP-2017 to MP-2018.

#### **2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The mortality projection scale was changed from MP-2016 to MP-2017.

## CITY OF RAMSEY

### Notes to Required Supplementary Information Public Employees Police and Fire Fund (continued) Year Ended December 31, 2022

#### **2018 CHANGES IN PLAN PROVISIONS**

- Post-retirement benefit increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter, until the plan reaches 100.00 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019, and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019, and 17.70 percent of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

#### **2017 CHANGES IN ACTUARIAL ASSUMPTIONS**

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30.00 percent for vested and nonvested deferred members. The CSA has been changed to 33.00 percent for vested members, and 2.00 percent for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 Fully Generational Table to the RP-2014 Fully Generational Table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 Disabled Mortality Table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities 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 was changed from 5.60 percent per annum to 7.50 percent per annum.

## CITY OF RAMSEY

Notes to Required Supplementary Information  
Public Employees Police and Fire Fund (continued)  
Year Ended December 31, 2022

### **2016 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037, 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 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.

### **2015 CHANGES IN ACTUARIAL ASSUMPTIONS**

- 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.

### **2015 CHANGES IN PLAN PROVISIONS**

- The post-retirement benefit increase to be paid after attainment of the 90.00 percent funding threshold was changed from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.



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**COMBINING AND INDIVIDUAL FUND STATEMENTS**  
**AND SCHEDULES**



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CITY OF RAMSEY

Nonmajor Governmental Funds  
 Combining Balance Sheet  
 December 31, 2022

	Special Revenue	Debt Service	Capital Project	Totals
<b>Assets</b>				
Cash and temporary investments	\$ 3,462,846	\$ 679,050	\$ 8,540,718	\$ 12,682,614
Receivables				
Unremitted taxes	1,389	34,034	-	35,423
Delinquent taxes	567	12,546	-	13,113
Unremitted special assessments	-	572	2,773	3,345
Delinquent special assessments	-	232	2,385	2,617
Deferred special assessments	-	211,202	574,317	785,519
Accounts	8,946	-	161	9,107
Leases	-	-	478,973	478,973
Due from other governmental units	6,799	-	-	6,799
Due from other funds	28,470	-	-	28,470
Prepays	6,274	-	-	6,274
	<u>\$ 3,515,291</u>	<u>\$ 937,636</u>	<u>\$ 9,599,327</u>	<u>\$ 14,052,254</u>
<b>Liabilities</b>				
Accounts and contracts payable	\$ 11,587	\$ -	\$ 79,708	\$ 91,295
Advances from other funds	-	-	258,148	258,148
Total liabilities	11,587	-	337,856	349,443
<b>Deferred inflows of resources</b>				
Leases receivable for subsequent years	-	-	478,973	478,973
Unavailable revenue - property taxes	567	12,546	-	13,113
Unavailable revenue - special assessments	-	211,434	576,702	788,136
Total deferred inflows of resources	567	223,980	1,055,675	1,280,222
<b>Fund balances</b>				
Nonspendable	6,274	-	-	6,274
Restricted	1,814,727	713,656	-	2,528,383
Committed	1,682,136	-	-	1,682,136
Assigned	-	-	8,205,796	8,205,796
Total fund balance	<u>3,503,137</u>	<u>713,656</u>	<u>8,205,796</u>	<u>12,422,589</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,515,291</u>	<u>\$ 937,636</u>	<u>\$ 9,599,327</u>	<u>\$ 14,052,254</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, 2022

	Special Revenue	Debt Service	Capital Project	Totals
<b>Revenue</b>				
Property taxes	\$ 77,028	\$ 1,891,395	\$ 44,520	\$ 2,012,943
Special assessments	-	67,607	25,971	93,578
Intergovernmental revenue	63,576	338,510	-	402,086
Charges for services	-	-	209,973	209,973
<b>Other revenue</b>				
Investment earnings (charges)	(29,466)	(11,843)	(74,422)	(115,731)
Miscellaneous	596,273	209	578,827	1,175,309
Total revenue	<u>707,411</u>	<u>2,285,878</u>	<u>784,869</u>	<u>3,778,158</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	114,558	-	113,221	227,779
Public safety	85,009	-	-	85,009
Highways and streets	-	-	293,889	293,889
Economic development	80,378	-	-	80,378
Capital outlay	192,792	-	1,298,298	1,491,090
<b>Debt service</b>				
Principal retirement	-	1,915,000	-	1,915,000
Interest and fiscal charges	-	634,289	5,955	640,244
Total expenditures	<u>472,737</u>	<u>2,549,289</u>	<u>1,711,363</u>	<u>4,733,389</u>
Excess (deficiency) of revenue over expenditures	234,674	(263,411)	(926,494)	(955,231)
<b>Other financing sources (uses)</b>				
Proceeds on sale of capital assets	22,500	-	-	22,500
Transfers in	-	-	197,444	197,444
Transfers (out)	(17,800)	-	(403,945)	(421,745)
Total other financing sources (uses)	<u>4,700</u>	<u>-</u>	<u>(206,501)</u>	<u>(201,801)</u>
Net change in fund balances	239,374	(263,411)	(1,132,995)	(1,157,032)
<b>Fund balances</b>				
Beginning of year	<u>3,263,763</u>	<u>977,067</u>	<u>9,338,791</u>	<u>13,579,621</u>
End of year	<u>\$ 3,503,137</u>	<u>\$ 713,656</u>	<u>\$ 8,205,796</u>	<u>\$ 12,422,589</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.

**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, 2022

	<u>Revolving Loan</u>	<u>Lawful Gambling</u>	<u>Peace Officers</u>	<u>Developer's Fees</u>
<b>Assets</b>				
Cash and temporary investments	\$ 350,199	\$ 426,815	\$ 29,664	\$ 1,081,777
Receivables				
Unremitted taxes	-	-	-	-
Delinquent taxes	-	-	-	-
Accounts	-	8,946	-	-
Due from other governmental units	-	-	6,799	-
Due from other funds	-	-	-	-
Prepays	-	2,385	3,632	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 350,199</u>	<u>\$ 438,146</u>	<u>\$ 40,095</u>	<u>\$ 1,081,777</u>
<b>Liabilities</b>				
Accounts and contracts payable	\$ -	\$ 3,200	\$ 6,029	\$ -
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	-	-	-	-
<b>Fund balances</b>				
Nonspendable	-	2,385	3,632	-
Restricted	-	432,561	30,434	-
Committed	350,199	-	-	1,081,777
Total fund balances	<u>350,199</u>	<u>434,946</u>	<u>34,066</u>	<u>1,081,777</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 350,199</u>	<u>\$ 438,146</u>	<u>\$ 40,095</u>	<u>\$ 1,081,777</u>

General Govt Special Projects	Economic Development Authority	Totals
\$ 250,160	\$ 1,324,231	\$ 3,462,846
-	1,389	1,389
-	567	567
-	-	8,946
-	-	6,799
-	28,470	28,470
-	257	6,274
<u>\$ 250,160</u>	<u>\$ 1,354,914</u>	<u>\$ 3,515,291</u>
\$ -	\$ 2,358	\$ 11,587
-	567	567
-	257	6,274
-	1,351,732	1,814,727
250,160	-	1,682,136
<u>250,160</u>	<u>1,351,989</u>	<u>3,503,137</u>
<u>\$ 250,160</u>	<u>\$ 1,354,914</u>	<u>\$ 3,515,291</u>

CITY OF RAMSEY

Nonmajor Special Revenue Funds  
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Year Ended December 31, 2022

	Revolving Loan	Lawful Gambling	Peace Officers	Developer's Fees
<b>Revenue</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	63,576	-
<b>Other revenue</b>				
Investment earnings (charges)	(3,075)	(3,712)	(250)	(9,053)
Miscellaneous	-	108,696	10,750	172,941
Total revenue	<u>(3,075)</u>	<u>104,984</u>	<u>74,076</u>	<u>163,888</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	45,726	-	-
Public Safety	-	-	85,009	-
Economic development	-	-	-	-
Capital outlay	-	43,880	-	128,769
Total expenditures	<u>-</u>	<u>89,606</u>	<u>85,009</u>	<u>128,769</u>
Excess (deficiency) of revenue over expenditures	(3,075)	15,378	(10,933)	35,119
<b>Other financing sources (uses)</b>				
Proceeds on sale of capital assets				
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(3,075)	15,378	(10,933)	35,119
<b>Fund balances</b>				
Beginning of year	<u>353,274</u>	<u>419,568</u>	<u>44,999</u>	<u>1,046,658</u>
End of year	<u>\$ 350,199</u>	<u>\$ 434,946</u>	<u>\$ 34,066</u>	<u>\$ 1,081,777</u>

General Govt Special Projects	Economic Development Authority	Totals
\$       –	\$     77,028	\$     77,028
–	–	63,576
(2,174)	(11,202)	(29,466)
105,248	198,638	596,273
<u>103,074</u>	<u>264,464</u>	<u>707,411</u>
68,832	–	114,558
–	–	85,009
–	80,378	80,378
–	20,143	192,792
<u>68,832</u>	<u>100,521</u>	<u>472,737</u>
34,242	163,943	234,674
22,500	–	22,500
<u>(17,800)</u>	<u>–</u>	<u>(17,800)</u>
<u>4,700</u>	<u>–</u>	<u>4,700</u>
38,942	163,943	239,374
211,218	1,188,046	3,263,763
<u>\$   250,160</u>	<u>\$ 1,351,989</u>	<u>\$ 3,503,137</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, 2022

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Property taxes	\$ 75,360	\$ 75,360	\$ 77,028	\$ 1,668
Other revenue				
Investment earnings (charges)	10,000	10,000	(11,202)	(21,202)
Miscellaneous	–	–	198,638	198,638
Total revenue	<u>85,360</u>	<u>85,360</u>	<u>264,464</u>	<u>179,104</u>
Expenditures				
Current				
Economic development	85,360	85,360	80,377	(4,983)
Capital Outlay	–	–	20,144	20,144
Total expenditures	<u>85,360</u>	<u>85,360</u>	<u>100,521</u>	<u>15,161</u>
Net change in fund balances	<u>\$ –</u>	<u>\$ –</u>	163,943	<u>\$ 163,943</u>
Fund balances				
Beginning of year			<u>1,188,046</u>	
End of year			<u>\$ 1,351,989</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.

**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.

**2020A GO Capital Improvement Bond** – The \$9,055,000 General Obligation Capital Improvement Bond is to finance the construction of the city's Public Works Campus.

**2021A/2012A GO Refund Improvement Bond** – The \$9,845,000 General Obligation Capital Improvement Bond were issued to refund the 2012A General Obligation Capital Improvement Bond that had refunded the 2005A Public Project Lease Revenue Bond that was issued to finance the construction of the city's Municipal Center.

CITY OF RAMSEY

Nonmajor Debt Service Funds  
 Combining Balance Sheet  
 Year Ended December 31, 2022

	2011B Refund GO Improvement Bonds	2013A Capital Equipment Certificates	2014A Capital Equipment Certificates	2015A GO Capital Improvement Bond	2015B GO Street Reconstruction Bond
<b>Assets</b>					
Cash and temporary investments	\$ 244,102	\$ 29,829	\$ 37,554	\$ 96,601	\$ 15,291
Receivables					
Unremitted taxes	-	1,422	1,886	4,946	2,139
Delinquent taxes	-	519	696	1,838	719
Unremitted special assessments	-	-	-	-	1
Delinquent special assessments	-	-	-	-	232
Deferred special assessments	-	-	-	-	25,932
<b>Total assets</b>	<b>\$ 244,102</b>	<b>\$ 31,770</b>	<b>\$ 40,136</b>	<b>\$ 103,385</b>	<b>\$ 44,314</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue - property taxes	\$ -	\$ 519	\$ 696	\$ 1,838	\$ 719
Unavailable revenue - special assessments	-	-	-	-	26,164
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>519</b>	<b>696</b>	<b>1,838</b>	<b>26,883</b>
<b>Fund balances</b>					
Restricted	244,102	31,251	39,440	101,547	17,431
<b>Total deferred inflows of resources and fund balances</b>	<b>\$ 244,102</b>	<b>\$ 31,770</b>	<b>\$ 40,136</b>	<b>\$ 103,385</b>	<b>\$ 44,314</b>

2016A GO Street Reconstruction Bond	2017A GO Street Reconstruction Bond	2018A GO Street Reconstruction Bond	2020A GO Capital Improvement Bond	2021A/2012A GO Refund Improvement Bond	Totals
\$ 91,467	\$ 8,155	\$ 62,529	\$ 13,510	\$ 80,012	\$ 679,050
2,856	1,752	2,030	2,346	14,657	34,034
983	610	708	761	5,712	12,546
402	-	169	-	-	572
-	-	-	-	-	232
94,333	22,848	68,089	-	-	211,202
<u>\$ 190,041</u>	<u>\$ 33,365</u>	<u>\$ 133,525</u>	<u>\$ 16,617</u>	<u>\$ 100,381</u>	<u>\$ 937,636</u>
\$ 983	\$ 610	\$ 708	\$ 761	\$ 5,712	\$ 12,546
94,333	22,848	68,089	-	-	211,434
95,316	23,458	68,797	761	5,712	223,980
94,725	9,907	64,728	15,856	94,669	713,656
<u>\$ 190,041</u>	<u>\$ 33,365</u>	<u>\$ 133,525</u>	<u>\$ 16,617</u>	<u>\$ 100,381</u>	<u>\$ 937,636</u>

CITY OF RAMSEY

Nonmajor Debt Service Funds  
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Year Ended December 31, 2022

	2011B Refund GO Improvement Bonds	2013A Capital Equipment Certificates	2014A Capital Equipment Certificates	2015A GO Capital Improvement Bond	2015B GO Street Reconstruction Bond
Revenue					
Property taxes	\$ -	\$ 79,560	\$ 103,398	\$ 285,738	\$ 119,774
Special assessments	-	-	-	-	10,592
Intergovernmental revenue	338,510	-	-	-	-
Other revenue					
Investment earnings (charges)	(4,015)	(163)	(457)	(878)	(313)
Miscellaneous	-	-	-	-	17
Total revenue	<u>334,495</u>	<u>79,397</u>	<u>102,941</u>	<u>284,860</u>	<u>130,070</u>
Expenditures					
Debt service					
Principal retirement	290,000	70,000	90,000	180,000	125,000
Interest and fiscal charges	<u>35,667</u>	<u>5,115</u>	<u>7,250</u>	<u>87,707</u>	<u>11,745</u>
Total expenditures	<u>325,667</u>	<u>75,115</u>	<u>97,250</u>	<u>267,707</u>	<u>136,745</u>
Excess (deficiency) of revenues over expenditures	8,828	4,282	5,691	17,153	(6,675)
Fund balances					
Beginning of year	<u>235,274</u>	<u>26,969</u>	<u>33,749</u>	<u>84,394</u>	<u>24,106</u>
End of year	<u>\$ 244,102</u>	<u>\$ 31,251</u>	<u>\$ 39,440</u>	<u>\$ 101,547</u>	<u>\$ 17,431</u>

2016A GO Street Reconstruction Bond	2017A GO Street Reconstruction Bond	2018A GO Street Reconstruction Bond	2020A GO Capital Improvement Bond	2021A/2012A GO Refund Improvement Bond	Totals
\$ 156,842	\$ 97,818	\$ 112,711	\$ 130,019	\$ 805,535	\$ 1,891,395
34,031	5,831	17,153	-	-	67,607
-	-	-	-	-	338,510
(1,083)	(237)	(828)	(49)	(3,820)	(11,843)
43	138	11	-	-	209
<u>189,833</u>	<u>103,550</u>	<u>129,047</u>	<u>129,970</u>	<u>801,715</u>	<u>2,285,878</u>
170,000	90,000	115,000	-	785,000	1,915,000
17,995	14,635	26,395	122,110	305,670	634,289
<u>187,995</u>	<u>104,635</u>	<u>141,395</u>	<u>122,110</u>	<u>1,090,670</u>	<u>2,549,289</u>
1,838	(1,085)	(12,348)	7,860	(288,955)	(263,411)
<u>92,887</u>	<u>10,992</u>	<u>77,076</u>	<u>7,996</u>	<u>383,624</u>	<u>977,067</u>
<u>\$ 94,725</u>	<u>\$ 9,907</u>	<u>\$ 64,728</u>	<u>\$ 15,856</u>	<u>\$ 94,669</u>	<u>\$ 713,656</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.

**Public Improvement Revolving Fund** – used to account for the resources to be used to finance the City's share of the annual street maintenance program.

**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.

**Public Works Campus Fund** – used to account for the resources used for the construction of the public works campus and its amenities.

**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.

**Riverdale Drive Street Improvement Fund** – used to account for the resources used to finance the construction of Riverdale Drive.

**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.

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

CITY OF RAMSEY

Nonmajor Capital Project Funds  
 Combining Balance Sheet  
 December 31, 2022

	Public Improvement Revolving	RALF Funded Projects	Trott Brook Cemetery Perpetual Care	Public Works Campus	Parking Ramp Maintenance
<b>Assets</b>					
Cash and temporary investments	\$ 5,515,659	\$ 507,521	\$ 81,180	\$ 734,887	\$ 134,000
<b>Receivables</b>					
Unremitted special assessments	2,773	-	-	-	-
Delinquent special assessments	2,385	-	-	-	-
Deferred special assessments	574,317	-	-	-	-
Accounts	-	161	-	-	-
Leases	-	478,973	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 6,095,134</u>	<u>\$ 986,655</u>	<u>\$ 81,180</u>	<u>\$ 734,887</u>	<u>\$ 134,000</u>
<b>Liabilities</b>					
Accounts and contracts payable	\$ -	\$ 2,462	\$ -	\$ 50,848	\$ 5,306
Advances from other funds	-	-	-	-	-
Total liabilities	<u>          </u>	<u>2,462</u>	<u>          </u>	<u>50,848</u>	<u>5,306</u>
<b>Deferred inflows of resources</b>					
Leases receivable for subsequent years	-	478,973	-	-	-
Unavailable revenue - special assessments	576,702	-	-	-	-
Total deferred inflows of resources	<u>576,702</u>	<u>478,973</u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Fund balances</b>					
Assigned	<u>5,518,432</u>	<u>505,220</u>	<u>81,180</u>	<u>684,039</u>	<u>128,694</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,095,134</u>	<u>\$ 986,655</u>	<u>\$ 81,180</u>	<u>\$ 734,887</u>	<u>\$ 134,000</u>

Riverdale Drive Street Improvement	Landfill	Equipment Revolving	Public Facilities Construction	Totals
\$ 101,962	\$ -	\$ 753,712	\$ 711,797	\$ 8,540,718
-	-	-	-	2,773
-	-	-	-	2,385
-	-	-	-	574,317
-	-	-	-	161
-	-	-	-	478,973
<u>\$ 101,962</u>	<u>\$ -</u>	<u>\$ 753,712</u>	<u>\$ 711,797</u>	<u>\$ 9,599,327</u>
\$ 21,092	\$ -	\$ -	\$ -	\$ 79,708
-	-	-	258,148	258,148
<u>21,092</u>	<u>-</u>	<u>-</u>	<u>258,148</u>	<u>337,856</u>
-	-	-	-	478,973
-	-	-	-	576,702
-	-	-	-	1,055,675
<u>80,870</u>	<u>-</u>	<u>753,712</u>	<u>453,649</u>	<u>8,205,796</u>
<u>\$ 101,962</u>	<u>\$ -</u>	<u>\$ 753,712</u>	<u>\$ 711,797</u>	<u>\$ 9,599,327</u>

CITY OF RAMSEY

Nonmajor Capital Project Funds  
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Year Ended December 31, 2022

	Public Improvement Revolving	RALF Funded Projects	Trott Brook Cemetery Perpetual Care	Public Works Campus	Parking Ramp Maintenance
<b>Revenue</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	17,072	-	-	-	-
Charges for services	-	209,973	-	-	-
<b>Other revenue</b>					
Investment earnings (charges)	(47,124)	-	(1,187)	(10,984)	(507)
Miscellaneous	406,646	-	3,900	-	133,281
Total revenue	<u>376,594</u>	<u>209,973</u>	<u>2,713</u>	<u>(10,984)</u>	<u>132,774</u>
<b>Expenditures</b>					
<b>Current</b>					
General government	-	-	-	-	104,477
Highways and streets	22,047	231,180	-	40,662	-
Capital outlay	-	-	-	515,687	-
<b>Debt service</b>					
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>22,047</u>	<u>231,180</u>	<u>-</u>	<u>556,349</u>	<u>104,477</u>
Excess (deficiency) of revenue over expenditures	354,547	(21,207)	2,713	(567,333)	28,297
<b>Other financing sources (uses)</b>					
Transfers in	81,806	-	-	-	-
Transfers (out)	(150,000)	-	-	-	-
Total other financing sources (uses)	<u>(68,194)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	286,353	(21,207)	2,713	(567,333)	28,297
<b>Fund balances</b>					
Beginning of year	<u>5,232,079</u>	<u>526,427</u>	<u>78,467</u>	<u>1,251,372</u>	<u>100,397</u>
End of year	<u>\$ 5,518,432</u>	<u>\$ 505,220</u>	<u>\$ 81,180</u>	<u>\$ 684,039</u>	<u>\$ 128,694</u>

Riverdale Drive Street Improvement	Landfill	Equipment Revolving	Public Facilities Construction	Totals
\$ -	\$ -	\$ -	\$ 44,520	\$ 44,520
8,899	-	-	-	25,971
-	-	-	-	209,973
-	-	(7,864)	(6,756)	(74,422)
-	-	35,000	-	578,827
<u>8,899</u>	<u>-</u>	<u>27,136</u>	<u>37,764</u>	<u>784,869</u>
513	-	8,231	-	113,221
-	-	-	-	293,889
603,878	-	12,134	166,599	1,298,298
-	-	-	5,955	5,955
<u>604,391</u>	<u>-</u>	<u>20,365</u>	<u>172,554</u>	<u>1,711,363</u>
(595,492)	-	6,771	(134,790)	(926,494)
-	-	88,369	27,269	197,444
<u>-</u>	<u>(69,563)</u>	<u>(184,382)</u>	<u>-</u>	<u>(403,945)</u>
<u>-</u>	<u>(69,563)</u>	<u>(96,013)</u>	<u>27,269</u>	<u>(206,501)</u>
(595,492)	(69,563)	(89,242)	(107,521)	(1,132,995)
<u>676,362</u>	<u>69,563</u>	<u>842,954</u>	<u>561,170</u>	<u>9,338,791</u>
<u>\$ 80,870</u>	<u>\$ -</u>	<u>\$ 753,712</u>	<u>\$ 453,649</u>	<u>\$ 8,205,796</u>



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**STATISTICAL SECTION (UNAUDITED)**



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## STATISTICAL SECTION

This part of the City of Ramsey's annual comprehensive 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>138-143</u>
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	<u>144-147</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>148-151</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>152-153</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>154-156</u>

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

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 40,374,256	\$ 41,657,601	\$ 41,216,689	\$ 42,170,710	\$ 42,129,791	\$ 43,551,135	\$ 44,658,317	\$ 52,756,077	\$ 57,322,004	\$ 63,796,121
Restricted	16,128,452	15,273,582	18,430,141	18,323,930	19,679,434	20,935,216	21,006,537	18,957,706	19,886,753	20,624,484
Unrestricted	8,107,485	8,120,953	13,292,971	13,832,461	13,559,175	15,666,889	16,759,261	22,499,652	22,741,842	23,405,779
Total governmental activities net position	<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>	<u>\$ 82,424,115</u>	<u>\$ 94,213,435</u>	<u>\$ 99,950,599</u>	<u>\$ 107,826,384</u>
Business-type activities										
Net investment in capital assets	\$ 50,494,576	\$ 50,427,367	\$ 49,340,145	\$ 51,959,594	\$ 53,855,285	\$ 53,653,338	\$ 55,575,211	\$ 56,166,921	\$ 57,940,442	\$ 63,486,708
Unrestricted	28,969,730	30,915,832	34,206,676	35,953,541	38,306,851	43,024,292	46,993,793	44,568,513	48,126,205	43,879,636
Total business-type activities net position	<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>	<u>\$ 102,569,004</u>	<u>\$ 100,735,434</u>	<u>\$ 106,066,647</u>	<u>\$ 107,366,344</u>
Total government										
Net investment in capital assets	\$ 90,868,832	\$ 92,084,968	\$ 90,556,834	\$ 94,130,304	\$ 95,985,076	\$ 97,204,473	\$ 100,233,528	\$ 108,922,998	\$ 115,262,446	\$ 127,282,829
Restricted	16,128,452	15,273,582	18,430,141	18,323,930	19,679,434	20,935,216	21,006,537	18,957,706	19,886,753	20,624,484
Unrestricted	37,077,215	39,036,785	47,499,647	49,786,002	51,866,026	58,691,181	63,753,054	67,068,165	70,868,047	67,285,415
Total government net position	<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>	<u>\$ 184,993,119</u>	<u>\$ 194,948,869</u>	<u>\$ 206,017,246</u>	<u>\$ 215,192,728</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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental activities:										
General government	\$ 3,735,657	\$ 4,087,755	\$ 4,075,505	\$ 4,528,920	\$ 4,992,809	\$ 5,078,516	\$ 5,139,352	\$ 5,640,679	\$ 4,568,229	\$ 4,967,112
Public safety	4,074,688	4,079,362	4,349,763	5,875,567	5,782,563	5,167,897	5,844,265	6,468,397	6,363,724	7,989,480
Highways and streets	5,215,260	4,263,552	3,197,571	3,826,143	4,254,234	4,191,395	4,442,720	4,028,294	4,686,416	5,308,212
Culture and recreation	1,415,736	1,422,810	1,867,274	1,931,537	2,384,845	1,751,345	1,756,810	1,917,228	1,834,153	1,997,522
Economic development	-	-	-	-	-	-	-	481,858	2,140,267	1,096,422
Interest and fiscal charges	1,220,471	1,168,513	983,379	890,305	952,965	883,292	845,651	839,444	883,504	564,462
Total governmental activities expenses	<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>	<u>18,028,798</u>	<u>19,375,900</u>	<u>20,476,293</u>	<u>21,923,210</u>
Business-type activities:										
Water utility	1,293,201	1,221,211	1,278,204	1,489,070	1,396,021	1,590,737	1,483,584	1,657,356	1,772,358	1,895,776
Sewer utility	1,190,551	1,282,302	1,291,509	1,438,141	1,535,664	1,523,670	1,631,260	1,723,238	1,742,380	1,947,356
Street light utility	176,736	161,733	178,666	176,732	159,378	160,952	171,619	169,463	178,576	172,765
Recycling utility	308,629	321,321	320,901	359,418	373,775	380,055	380,192	366,764	507,067	514,231
Storm water utility	491,370	509,709	557,267	742,043	633,101	573,878	590,645	777,252	715,349	791,605
Total business-type activities	<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>	<u>4,257,300</u>	<u>4,694,073</u>	<u>4,915,730</u>	<u>5,321,733</u>
Total government expenses	<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>	<u>\$ 22,286,098</u>	<u>\$ 24,069,973</u>	<u>\$ 25,392,023</u>	<u>\$ 27,244,943</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 479,970	\$ 461,538	\$ 529,820	\$ 457,901	\$ 571,464	\$ 691,819	\$ 640,173	\$ 534,279	\$ 574,117	\$ 676,862
Public safety	901,570	626,844	946,887	698,310	878,141	1,168,258	1,098,016	974,955	1,010,111	911,592
Highways and streets	239,234	266,447	347,984	261,658	235,020	229,555	214,272	259,161	311,408	315,999
Culture and recreation	158,376	173,310	815,511	483,727	585,033	1,355,365	926,530	373,669	1,126,441	13,869
Operating grants and contributions	1,180,725	385,574	9,999,527	508,694	379,185	368,099	461,826	603,389	774,960	707,228
Capital grants and contributions	3,208,950	3,023,145	3,124,565	3,809,965	5,026,857	4,765,578	3,434,344	4,930,496	5,637,619	9,697,841
Total governmental activities program revenues	<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>	<u>6,775,161</u>	<u>7,675,949</u>	<u>9,434,656</u>	<u>12,323,391</u>
Business-type activities:										
Charges for services:										
Water utility	1,997,302	1,860,380	2,045,225	1,953,478	2,772,003	3,484,687	2,138,209	2,541,651	3,057,474	2,962,563
Sewer utility	1,341,674	1,393,157	1,392,101	1,458,250	1,784,755	2,182,944	1,672,072	1,714,469	1,805,614	1,876,957
Street light utility	177,158	188,185	190,872	196,253	204,418	211,360	217,169	216,545	222,364	230,392
Recycling utility	298,034	309,160	307,128	308,052	310,471	317,090	319,940	319,664	440,097	452,107
Storm water utility	677,936	706,135	770,812	1,034,552	958,960	1,057,705	1,168,494	1,164,868	1,197,572	1,230,582
Operating grants and contributions	79,358	65,817	39,423	67,100	92,602	72,257	67,961	57,865	73,524	57,700
Capital grants and contributions	488,687	101,107	1,185,135	1,799,057	1,864,137	906,190	2,596,210	1,683,338	3,756,359	4,839,693
Total business-type activities program revenues	<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>	<u>8,180,055</u>	<u>7,698,400</u>	<u>10,553,004</u>	<u>11,649,994</u>
Total government program revenues	<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>	<u>\$ 14,955,216</u>	<u>\$ 15,374,349</u>	<u>\$ 19,987,660</u>	<u>\$ 23,973,385</u>
Net (expense)/revenue										
Governmental activities	\$ (9,492,987)	\$ (10,085,134)	\$ 1,290,802	\$ (10,832,217)	\$ (10,691,716)	\$ (8,493,771)	\$ (11,253,637)	\$ (11,699,951)	\$ (11,041,637)	\$ (9,599,819)
Business-type activities	1,599,662	1,127,665	2,304,149	2,611,338	3,889,407	4,002,941	3,922,755	3,004,327	5,637,274	6,328,261
Total government net expense	<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>	<u>\$ (7,330,882)</u>	<u>\$ (8,695,624)</u>	<u>\$ (5,404,363)</u>	<u>\$ (3,271,558)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 10,421,456	\$ 9,423,457	\$ 10,064,621	\$ 10,674,696	\$ 11,136,810	\$ 12,384,300	\$ 12,894,388	\$ 13,744,948	\$ 14,761,012	\$ 17,637,477
Franchise fees	-	-	-	-	-	-	-	423,045	2,071,476	4,859
General grants and contributions	38,577	3,198	4,204	3,905	3,586	102,994	5,617	2,053,933	2,963	3,644
Investment earnings (charges)	(411,446)	980,922	422,405	280,597	454,089	578,770	1,122,573	1,035,274	(164,122)	(286,023)
Gain on sale of capital assets	12,940	-	8,914	-	5,530	75,047	8,428	2,372	22,325	22,500
Transfers	112,000	119,500	124,000	214,445	133,000	137,500	(506,494)	6,229,699	85,147	93,147
Total governmental activities	<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>	<u>13,524,512</u>	<u>23,489,271</u>	<u>16,778,801</u>	<u>17,475,604</u>
Business-type activities:										
Investment earnings (charges)	(353,956)	870,728	385,490	325,628	492,594	650,053	1,462,125	1,391,802	(220,914)	(4,935,417)
Transfers	(112,000)	(119,500)	(124,000)	(214,445)	(133,000)	(137,500)	506,494	(6,229,699)	(85,147)	(93,147)
Total business-type activities	<u>(465,956)</u>	<u>751,228</u>	<u>261,490</u>	<u>111,183</u>	<u>359,594</u>	<u>512,553</u>	<u>1,968,619</u>	<u>(4,837,897)</u>	<u>(306,061)</u>	<u>(5,028,564)</u>
Total government	<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>	<u>\$ 15,493,131</u>	<u>\$ 18,651,374</u>	<u>\$ 16,472,740</u>	<u>\$ 12,447,040</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 680,540	\$ 441,943	\$ 11,914,946	\$ 341,426	\$ 1,041,299	\$ 4,784,840	\$ 2,270,875	\$ 11,789,320	\$ 5,737,164	\$ 7,875,785
Business-type activities	1,133,706	1,878,893	2,565,639	2,722,521	4,249,001	4,515,494	5,891,374	(1,833,570)	5,331,213	1,299,697
Total government	<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>	<u>\$ 8,162,249</u>	<u>\$ 9,955,750</u>	<u>\$ 11,068,377</u>	<u>\$ 9,175,482</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>Franchise Fees</u>	<u>Total</u>
	<u>Ad Valorem</u>	<u>Tax Increment</u>		
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
2019	11,819,552	1,074,836	-	12,894,388
2020	12,515,773	1,229,175	423,045	14,167,993
2021	13,006,098	1,754,914	2,071,476	16,832,488
2022	15,648,606	1,988,871	4,859	17,642,336

Franchise fees were implemented in 2020 with a full year of collections in 2021. The franchise fee was rescinded for year beginning 2022.

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

	Fiscal Year									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General fund										
Nonspendable	\$ 50,561	\$ 4,805	\$ 1,613	\$ 15,431	\$ 12,393	\$ 21,335	\$ 23,640	\$ 16,849	\$ 36,195	\$ 30,636
Assigned	175,008	-	-	-	-	-	-	-	-	-
Unassigned	6,545,825	6,977,764	7,271,432	7,501,962	7,900,225	8,468,792	8,856,806	10,073,204	10,413,294	11,064,416
Total general fund	<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>	<u>\$ 8,880,446</u>	<u>\$ 10,090,053</u>	<u>\$ 10,449,489</u>	<u>\$ 11,095,052</u>
Nonspendable	\$ 590	\$ -	\$ -	\$ 450	\$ 920	\$ 1,205	\$ 1,801	\$ 295	\$ 52	\$ 6,274
Restricted	19,148,705	15,295,400	18,484,179	18,377,993	18,187,321	19,369,642	19,957,595	27,518,666	17,331,642	30,308,803
Committed	927,557	743,944	890,603	1,041,932	1,226,234	1,631,444	1,184,262	1,326,070	1,611,150	1,682,136
Assigned	10,719,398	10,651,554	12,645,683	13,331,150	13,394,815	14,094,178	15,297,043	18,886,283	17,358,673	18,344,251
Unassigned	(282,159)	(110,979)	(556,135)	(87,659)	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 36,440,701</u>	<u>\$ 47,731,314</u>	<u>\$ 36,301,517</u>	<u>\$ 50,341,464</u>

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

	Fiscal Year									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Revenues</b>										
Property taxes	\$ 10,490,825	\$ 9,544,771	\$ 10,175,399	\$ 10,684,896	\$ 11,150,611	\$ 12,416,534	\$ 12,872,234	\$ 13,682,348	\$ 14,846,572	\$ 17,632,758
Franchise fees	-	-	-	-	-	-	-	423,045	2,071,476	4,859
Special assessments	370,791	326,465	468,844	444,235	959,217	559,599	1,025,527	484,810	766,131	104,223
Licenses and permits	718,875	458,532	784,954	526,008	732,129	1,031,944	901,222	850,504	917,645	843,010
Intergovernmental revenue	2,919,701	2,615,851	2,052,791	1,795,988	2,213,034	2,947,966	1,518,639	5,793,188	1,610,478	6,223,407
Charges for services	877,849	966,951	1,779,697	1,298,085	1,469,703	2,355,969	1,892,517	1,246,378	2,038,120	1,852,610
Fines and forfeits	73,110	72,216	60,236	66,410	59,701	46,651	49,479	34,735	51,153	45,717
Investment earnings (charges)	(403,836)	965,382	416,508	276,142	447,200	570,243	1,104,969	1,020,655	(161,690)	(282,114)
Other	1,402,508	596,208	10,679,794	773,836	707,675	765,601	1,036,319	842,747	1,064,495	1,490,779
<b>Total Revenues</b>	<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>	<u>20,400,906</u>	<u>24,378,410</u>	<u>23,204,380</u>	<u>27,915,249</u>
<b>Expenditures</b>										
General government	2,837,610	3,175,959	3,119,273	3,537,925	4,031,933	4,212,365	4,358,408	4,849,293	3,941,404	4,047,511
Public safety	3,740,132	3,809,209	4,011,871	4,234,482	4,727,493	4,788,902	5,360,402	5,967,770	6,415,511	6,829,377
Highways and streets	3,883,519	2,930,144	1,815,409	2,199,615	2,542,463	2,390,707	2,528,216	2,068,827	2,164,326	2,497,987
Culture and recreation	1,013,089	1,004,750	1,428,116	1,478,090	1,960,624	1,291,816	1,281,153	1,476,727	1,417,251	1,467,113
Economic development	-	-	-	-	-	-	-	481,858	2,140,267	1,096,422
Capital outlay	705,383	3,688,952	6,314,573	2,756,193	1,922,947	3,568,285	1,505,922	7,406,231	16,026,400	6,857,075
Debt service										
Principal	1,315,000	1,580,000	8,780,000	1,735,000	2,085,000	2,100,000	2,280,000	4,045,000	1,930,000	1,915,000
Interest	1,213,120	1,179,859	1,103,614	965,474	967,281	923,125	854,188	873,623	851,152	640,244
<b>Total Expenditures</b>	<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>	<u>18,168,289</u>	<u>27,169,329</u>	<u>34,886,311</u>	<u>25,350,729</u>
Excess (deficiency) of revenues over expenditures	1,741,970	(1,822,497)	(154,633)	(1,041,179)	(498,471)	1,419,307	2,232,617	(2,790,919)	(11,681,931)	2,564,520
<b>Other financing sources (uses)</b>										
Debt issued	635,000	875,000	5,085,000	1,650,000	895,000	1,175,000	10,765,000	9,055,000	-	10,765,000
Refunding debt issued	-	-	-	-	-	-	-	-	9,845,000	-
Payments on refunded debt	-	(2,895,000)	-	-	-	-	-	-	(10,510,000)	-
Premium on debt issues	-	-	111,606	69,482	5,590	35,246	-	4,068	809,201	1,240,343
Proceeds on sale of capital assets	12,940	-	8,914	-	5,530	75,047	8,428	2,372	46,443	22,500
Transfers in	2,606,637	2,329,539	3,642,196	2,183,931	1,536,025	1,447,137	1,714,327	11,238,331	2,049,840	767,626
Transfers (out)	(2,494,637)	(2,210,039)	(3,518,196)	(1,418,350)	(1,403,025)	(1,287,049)	(2,220,821)	(5,008,632)	(1,628,914)	(674,479)
<b>Total other financing sources (uses)</b>	<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>	<u>10,266,934</u>	<u>15,291,139</u>	<u>611,570</u>	<u>12,120,990</u>
<b>Net change in fund balances</b>	<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>	<u>\$ 12,499,551</u>	<u>\$ 12,500,220</u>	<u>\$ (11,070,361)</u>	<u>\$ 14,685,510</u>
Debt service as a percentage of noncapital expenditures	<u>18.05%</u>	<u>20.17%</u>	<u>48.79%</u>	<u>19.08%</u>	<u>18.71%</u>	<u>19.25%</u>	<u>18.81%</u>	<u>24.89%</u>	<u>14.75%</u>	<u>13.82%</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>Franchise Fees</u>	<u>Total</u>
	<u>Ad Valorem</u>	<u>Tax Increment</u>		
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
2019	11,797,398	1,074,836	-	12,872,234
2020	12,453,173	1,229,175	423,045	14,105,393
2021	13,091,658	1,754,914	2,071,476	16,918,048
2022	15,643,887	1,988,871	4,859	17,637,617

Franchise fees were implemented in 2020 with a full year of collections in 2021. The franchise fee was rescinded for year beginning 2022.

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

<b>Fiscal Year Ended Dec 31</b>	<b>Real Property</b>		<b>Personal Property</b>	<b>Total Taxable Market Value</b>	<b>Tax Capacity Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Value</b>	<b>Tax Capacity Value as a Percentage of Market Value</b>
	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Other</b>					
2013	\$ 1,360,374,300	\$ 257,979,400	\$ 18,811,000	\$ 1,637,164,700	\$ 18,068,054	44.290	\$ 1,806,808,800	1.10%
2014	1,362,070,464	245,491,800	17,567,700	1,625,129,964	19,356,717	44.237	1,795,975,400	1.19%
2015	1,598,276,536	251,254,300	16,579,800	1,866,110,636	21,196,036	42.259	2,025,977,100	1.14%
2016	1,680,308,461	259,553,800	20,929,000	1,960,791,261	22,262,546	43.316	2,116,664,200	1.14%
2017	1,788,112,555	272,746,700	21,166,600	2,082,025,855	23,635,124	42.454	2,236,219,500	1.14%
2018	2,017,773,356	276,246,500	24,178,500	2,318,198,356	26,075,064	41.730	2,460,843,300	1.12%
2019	2,173,440,579	298,573,500	27,720,100	2,499,734,179	28,214,447	40.355	2,645,430,600	1.13%
2020	2,364,387,414	320,472,500	29,789,700	2,714,649,614	30,594,502	39.592	2,856,636,800	1.13%
2021	2,546,762,283	332,693,800	31,551,800	2,911,007,883	32,823,984	39.251	3,043,492,300	1.13%
2022	2,814,558,929	377,854,900	30,903,900	3,223,317,729	36,435,817	42.239	3,345,686,400	1.13%

Note: The tax capacity value of property is calculated by applying a statutory formula to the estimated market value of the property.

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

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

Fiscal Year	City of Ramsey			County	School District		Other	Total	
	General Operating Levy	Debt Service Levy	Total City Levy	Anoka County	ISD No 11	ISD No 728	Special Taxing Districts (3)	Direct & Overlapping Rates-ISD No 11	Direct & Overlapping Rates-ISD No 728
Tax rates per \$100 of tax capacity									
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
2019	34.483	5.872	40.355	34.908	16.330	32.865	4.619	96.212	112.747
2020	34.063	5.529	39.592	33.483	16.948	34.371	4.361	94.384	111.807
2021	33.882	5.369	39.251	31.567	16.152	31.717	4.236	91.206	106.771
2022	37.131	5.108	42.239	29.605	16.319	30.889	4.063	92.226	106.796

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	2022			2013		
	Taxable Market Value	Rank	Percentage of Total Taxable Market Value	Taxable Market Value	Rank	Percentage of Total Taxable Market Value
Residence at the COR Apartments	\$ 45,320,400	1	1.41%	\$ -	-	N/A
Affinity at Ramsey, LLC	37,279,800	2	1.16%	-	-	N/A
Sapphire Apartments	21,406,600	3	0.66%	-	-	N/A
Parkview East, LLC	19,862,300	4	0.62%	-	-	N/A
Minnegaso Inc.	18,834,900	5	0.58%	6,236,200	6	0.38%
Connexus Energy/Anoka Electric	18,064,100	6	0.56%	17,961,800	1	1.10%
AMP Ex, LLC	14,602,800	7	0.45%	-	-	N/A
Life Fitness LLC	14,476,800	8	0.45%	-	-	N/A
Individual	12,724,700	9	0.39%	-	-	N/A
Davis Farms (Green Valley), LLC	10,664,800	10	0.33%	-	-	N/A
S & A Partners, LLC	-	-	N/A	9,528,500	2	0.58%
Brunswick Corporation	-	-	N/A	7,383,700	3	0.45%
PSD, LLC	-	-	N/A	7,360,600	4	0.45%
Sophia-Ramsey LLC	-	-	N/A	7,029,000	5	0.43%
Insight Equity APX	-	-	N/A	5,606,400	7	0.34%
Zero-Zone Refrigeration	-	-	N/A	4,439,800	8	0.27%
Knoll Properties	-	-	N/A	3,841,200	9	0.23%
Individual	-	-	N/A	3,449,800	10	0.21%
<b>Total principal property taxpayers</b>	<b>\$ 213,237,200</b>		<b>6.61%</b>	<b>\$ 72,837,000</b>		<b>4.45%</b>

Source: County Board of Equalization and Assessment

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

<b>Fiscal Year Ended December 31</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy (2)</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2013	\$ 8,185,481	\$ 7,961,650	97.27%	\$ 222,872	\$ 8,184,522	99.99%
2014	8,772,143	8,649,053	98.60%	122,079	8,771,132	99.99%
2015	9,407,821	9,330,900	99.18%	74,940	9,405,840	99.98%
2016	9,971,075	9,890,058	99.19%	78,968	9,969,026	99.98%
2017	10,479,058	10,409,108	99.33%	66,750	10,475,858	99.97%
2018	11,374,395	11,314,369	99.47%	54,109	11,368,478	99.95%
2019	11,831,335	11,736,217	99.20%	79,229	11,815,446	99.87%
2020	12,509,232	12,405,409	99.17%	99,386	12,504,795	99.96%
2021	13,009,808	12,956,334	99.59%	49,258	13,005,592	99.97%
2022	15,312,856	15,230,344	99.46%	–	15,230,344	99.46%

Source: Anoka County records

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

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

<b>Fiscal Year</b>	<b>Governmental Activities</b>			<b>Total Primary Government</b>	<b>Percentage of Personal Income(1)</b>	<b>Per Capita(1)</b>
	<b>General Obligation Bonded Debt</b>	<b>Unamortized Bond Premiums</b>	<b>Capital Equipment Certificates</b>			
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
2019	23,165,000	-	725,000	23,890,000	2.30%	883
2020	28,325,000	-	575,000	28,900,000	2.75%	1,060
2021	25,885,000	795,714	420,000	27,100,714	2.57%	970
2022	34,895,000	1,951,694	260,000	37,106,694	3.12%	1,301

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>Unamortized Bond Premiums</u>	<u>Capital Equipment Certificates</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>
2013	\$ 35,030,000	\$ -	\$ 635,000	\$ 4,963,143	\$ 30,701,857	1.88%	\$ 1,263
2014	30,615,000	-	1,450,000	1,914,472	30,150,528	1.86%	1,209
2015	27,060,000	-	1,310,000	1,721,796	26,648,204	1.43%	1,041
2016	27,120,000	-	1,165,000	1,778,495	26,506,505	1.35%	1,025
2017	26,075,000	-	1,020,000	2,380,281	24,714,719	1.19%	941
2018	25,295,000	-	875,000	2,573,517	23,596,483	1.02%	892
2019	23,165,000	-	725,000	2,749,777	21,140,223	0.85%	781
2020	28,325,000	-	575,000	1,422,444	27,477,556	1.01%	1,008
2021	25,885,000	795,714	420,000	977,067	26,123,647	0.90%	935
2022	34,895,000	1,951,694	260,000	713,656	36,393,038	1.13%	1,276

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, 2022**

<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	\$ 48,670,000	7.60%	\$ 3,698,190
ISD No. 11, Anoka-Hennepin	245,055,000	10.15%	24,867,201
ISD No. 728, Elk River	288,640,000	3.47%	10,021,292
Metropolitan Council	218,520,000	0.70%	<u>1,539,692</u>
Subtotal, overlapping debt			<u>40,126,376</u>
City of Ramsey direct debt	37,106,694	100.00%	<u>37,106,694</u>
Total direct and overlapping debt			<u>\$ 77,233,070</u>

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

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

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

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Fiscal Year 2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt Limit	\$ 53,252,703	\$ 52,910,907	\$ 59,662,374	\$ 62,348,919	\$ 65,840,919	\$ 72,493,821	\$ 77,913,726	\$ 81,439,488	\$ 87,330,236	\$ 96,699,532
Total net debt applicable to limit	<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>	<u>15,298,888</u>	<u>23,195,703</u>	<u>21,803,268</u>	<u>31,697,237</u>
Legal debt margin	<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>	<u>\$ 62,614,838</u>	<u>\$ 58,243,785</u>	<u>\$ 65,526,968</u>	<u>\$ 65,002,295</u>
Total net debt applicable to limit as a percentage of debt limit	30.03%	30.51%	32.17%	29.38%	26.51%	22.68%	19.64%	28.48%	24.97%	32.78%

**Legal Debt Margin Calculation for Fiscal Year 2022**

Taxable Market value	\$ 3,223,317,729
Debt limit (3% of market value)	96,699,532
Debt applicable to limit:	
Total bonded debt and certificates	\$ 35,155,000
Less:	
Obligations issued with special assessments	(3,175,000)
Amounts available in respective Debt Service Funds	<u>(282,763)</u>
Total deductions	<u>(3,457,763)</u>
	<u>31,697,237</u>
Legal debt margin	<u>\$ 65,002,295</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**

<b><u>Fiscal Year</u></b>	<b><u>Population (1)</u></b>	<b><u>Personal Income (2)</u></b>	<b><u>Per Capita Personal Income (3)</u></b>	<b><u>School Enrollment (4)</u></b>	<b><u>Unemployment Rate (5)</u></b>
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%
2019	27,051	1,037,649,309	38,359	5,464	3.2%
2020	27,263	1,049,407,396	38,492	5,395	4.4%
2021	27,946	1,119,432,922	40,057	5,346	2.2%
2022	28,520	1,188,114,680	41,659	6,160	2.8%

(1) Calculated based on census data and City of Ramsey community development 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) Source: US Census Bureau. Anoka-Hennepin School District #11 and Elk River School District #728. Only includes schools located in Ramsey City limits.

(5) Minnesota Department of Employment and Economic Development.

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

<u>Employer</u>	<u>2022</u>			<u>2013</u>		
	<u>Employees*</u>	<u>Rank</u>	<u>Percentage of Total City Employment**</u>	<u>Employees*</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Anderson & Dahlen (Knoll Properties)	325	1	4.49%	150	4	2.84%
BMC/Hoya Vision Ease/Care	263	2	3.64%	355	1	6.71%
Life Fitness/Parabody Inc.	237	3	3.28%	350	2	6.62%
ISD No. 11 (located in Ramsey)	235	4	3.25%	135	5	2.55%
Showdown Displays	234	5	3.23%	–	–	N/A
Connexus Energy/Anoka Electric	217	6	3.00%	230	3	4.35%
Diamond Graphics	181	7	2.50%	100	9	1.89%
Delta ModTech	180	8	2.49%	–	–	N/A
Coborns Superstore	155	9	2.14%	–	–	N/A
Green Valley Greenhouse	155	9	2.14%	–	–	N/A
Zero Zone Refrigeration	–	–	N/A	130	6	2.46%
Altron Inc	–	–	N/A	120	7	2.27%
Waltek	–	–	N/A	108	8	2.04%
RJM Distributing	–	–	N/A	100	9	1.89%
<b>Total</b>	<b>2,182</b>		<b>30.16%</b>	<b>1,778</b>		<b>33.62%</b>

\* Source: City Inquiries with Businesses / Full-time Equivalent

\*\* Source 2022 Q3: DEED Employment; Workforce 7,235

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

<u>Function</u>	Fiscal Year									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019*</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General government	16.00	20.00	19.13	17.36	18.36	18.86	18.92	19.10	19.20	21.70
Public safety										
Police										
Officers	22.00	22.00	24.00	24.00	26.26	26.26	27.00	27.00	29.00	29.00
Civilians	5.00	5.50	4.00	4.00	3.50	3.50	4.74	4.84	5.52	6.13
Fire										
Firefighters and officers	9.58	9.58	9.58	9.58	9.58	9.58	10.58	10.58	10.58	11.58
Civilians	0.50	0.50	0.50	1.00	0.70	0.70	0.70	0.70	0.70	-
Protective Inspections	2.00	3.25	3.75	3.75	3.75	3.25	2.81	2.81	3.82	4.85
Highways and streets										
Engineering	6.30	6.30	7.00	7.00	7.00	6.00	6.00	6.00	6.00	6.00
Streets	7.00	7.00	7.50	8.50	8.50	10.50	10.00	9.00	9.00	9.00
Maintenance	5.00	5.00	5.00	5.00	5.00	5.00	3.13	3.13	3.50	3.50
Culture and recreation	5.47	3.97	3.97	3.97	3.97	3.97	8.50	8.50	9.50	9.50
Water	4.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
<b>Total</b>	<u>82.85</u>	<u>86.10</u>	<u>88.43</u>	<u>88.16</u>	<u>90.62</u>	<u>91.62</u>	<u>96.38</u>	<u>95.66</u>	<u>100.82</u>	<u>105.26</u>

Source: City Budget documents

\* Beginning with 2019 reporting, several positions have moved between departments.

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

Function	Fiscal Year									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Police*										
Number of arrests	465	377	358	273	255	289	331	292	331	214
Motor Vehicle Accidents	493	279	279	289	162	466	423	335	403	468
Traffic violations	4,453	4,182	5,378	4,855	2,997	1,812	1,278	1,094	1,234	954
Fire										
Number of calls answered	443	486	460	498	698	821	975	1133	1301	1381
Inspections**	205	177	196	134	158	194	508	209	414	446
Highways and streets										
Street resurfacing (miles)	14.50	14.25	15.74	19.84	13.41	15.45	16.27	2.52	7.3	5.9
Culture and recreation										
Park Acreage maintained	571	571	571	571	571	571	572	572	572	572
Trails/sidewalks maintained (miles)***	46	50	50	50	55	55	97	97	100	100
Water										
Number of connections	4,228	4,308	4,406	4,510	4,611	4,777	4,884	5,038	5,210	5,370
Water main breaks	-	-	-	1	-	-	-	-	-	-
Average daily consumption (gallons)	1,697,771	1,610,006	1,811,752	1,645,027	1,923,213	1,948,161	1,755,575	2,004,024	2,402,742	2,236,545

Source: Various City departments

\* Beginning in 2018 new calculations and tracking processes were used for the Police statistics and are not able to be accurately used as comparisons to prior years.

\*\* Beginning in 2019, inspections include all inspections done by Fire Department, including construction and building inspections.

\*\*\* In 2019 the trails were mapped with GIS and provided a more accurate number. This basis will be used going forward.

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

Function	Fiscal Year									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	6	6	6	10	10	10	11	11	11	12
Fire stations	2	2	2	2	2	2	2	2	2	2
Highways and streets										
Streets (miles) *	172.88	172.88	182.04	183.27	184.70	186.01	186.59	187.80	188.55	189.85
Streetlights	659	1,060	1,166	1,179	1,194	1,213	1,226	1,243	1,255	1,272
Culture and recreation										
Parks acreage	565	565	565	585	585	585	586	586	586	586
Parks **	38	38	38	38	38	38	39	39	39	39
Tennis/pickleball courts ***	10	10	10	10	10	10	10	10	14	14
Water										
Water mains (miles)	90	91	91	91	94	97	98	99	100	101
Fire hydrants	1,030	1,045	1,047	1,047	1,079	1,100	1,150	1,160	1,194	1,239
Maximum daily capacity ****	5,256,000	5,256,000	5,256,000	5,256,000	5,256,000	5,256,000	4,837,000	4,837,000	5,256,000	5,256,000
Sewer										
Sanitary sewers (miles)	63	64	65	65	67	69	72	73	75	75
Storm sewers (miles)	34	36	39	43	46	47	54	55	62	64

Source: Various City departments

\* Street (miles) were previously reported including unbuilt MSA segment roads.  
Beginning in 2019 they will be excluded. 2019 MSA roads = 4.81 miles

\*\* The city has 39 total parks with 32 receiving some form of maintenance

\*\*\* In 2021 pickleball courts were added.

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

Management Report

for

City of Ramsey  
Anoka County, Minnesota

December 31, 2022

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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  
Kalen T. Karnowski, 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, 2022. We have organized this report into the following sections:

- Audit Summary
- Governmental Funds Overview
- Enterprise Funds Overview
- Government-Wide Financial Statements
- Accounting and Auditing Updates

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

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

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

Minneapolis, Minnesota  
June 13, 2023

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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, 2022. 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, 2022:

- 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. 87, *Leases*, during the year. 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 material weaknesses. It should be understood that internal controls are never perfected, and those controls, which protect the City's funds from such things as fraud and accounting errors, need to be continually reviewed by your management and modified as necessary.
- 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.

### **OTHER OBSERVATIONS AND RECOMMENDATIONS**

#### **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 fair 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 on an ongoing basis to ensure a proper reporting of city assets and financial activity between funds is accurately presented.

## **Deposit Sweep Account**

Minnesota Statutes § 118A.03 requires banks holding local government entity deposits to protect the deposits from custodial credit risk (the risk of loss in the event of a bank failure) by providing adequate insurance, bond, or pledged collateral to cover amounts “on deposit at the close of the financial institution’s banking day.” Some banks utilize arrangements under which governmental entities’ deposit balances in excess of Federal Deposit Insurance Corporation limits are swept out of their depository accounts daily into other investments or to depository accounts at other banks.

An issue has arisen with some sweep account arrangements, caused by a lag between the timing of when the primary bank’s records show the funds being swept out of its account and when the receiving bank’s records acknowledge receipt of the funds. If the receiving bank’s records do not show the transferred funds arriving the same business day as the primary bank shows them being swept out, the funds in transit would legally still be considered in the custody of the primary depository at the end of the banking day. This would potentially subject any excess deposits to custodial credit risk and not complying with statutory requirements. The Minnesota Office of the State Auditor (OSA) has added audit requirements to test such sweep arrangements in their *Legal Compliance Audit Guide*. In addition, recent bank failures have placed additional emphasis on the importance of protecting local government deposits from custodial credit risk. We recommend the City review the terms of any sweep arrangement it has in place or is considering and verify that the financial institutions on both sides of the sweep transaction are recognizing the transfer of funds the same banking day.

## **Credit Card Transactions**

Minnesota cities have the authority to make purchases using credit cards issued on behalf of their city. Credit card purchases are becoming more commonplace, especially with the proliferation of e-commerce, and have consequently been garnering increased scrutiny from oversight agencies. The statutes authorizing credit card use by cities restrict their use to purchases made on behalf of a city, do not permit personal use of the credit card by the card user, and specify they should only be used by employees authorized to make purchases. Employees are personally liable for unauthorized credit card purchases.

Purchases made with credit cards must comply with other applicable state laws, including the requirement that all claims presented for payment must be in writing and itemized. In its Statement of Position (SOP) on credit card use, the OSA has clarified that the statement from the credit card company lacks sufficient detail to comply with this requirement and, therefore, “public entities using credit cards must retain the invoices and receipts needed to support the items charged in the bill from the credit card company.” The SOP also states that the individual vendors providing the goods or services should be listed on the claims list provided to a city council for review and approval, rather than the credit card company.

While the authorized use of a credit card to make small purchases offers advantages, such as convenience and expedited purchasing, the ability of the credit card users to make a city liable for purchases that are improper or not in compliance with statutory requirements is an added risk related to such transactions. The OSA recommends that a robust credit card policy be established by public entities allowing credit card purchases, which clearly delineates the requirements for use, supporting documentation required, and the review and approval process for credit card purchases. The OSA also recommends that cities obtain signed written acknowledgement of the policy from all authorized card users.

## **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, 2022. However, the City implemented the following governmental accounting standard during the fiscal year:

As described in Note 1 of the notes to basic financial statements, the City implemented GASB Statement No. 87, *Leases*, during fiscal year ended December 31, 2022. This standard changed the way lease transactions are reported by the City, but did not result in a restatement of net position in the current year.

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

## **ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS**

Accounting estimates are an integral part of the 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, compensated absence balances, and the likelihood that sick leave will ultimately be paid at termination.
- **Total Other Post-Employment Benefit (OPEB) and Net Pension Liabilities** – The City has recorded liabilities and activity for pension benefits and OPEB. These obligations are calculated using actuarial methodologies described in 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 accounting estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures included in the notes to the basic financial statements related to OPEB and pension benefits are particularly sensitive, due to the materiality of the liabilities, and the large and complex estimates involved in determining the disclosures.

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 June 13, 2023.

## **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 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 supplementary information accompanying the financial statements, which are not RSI. With respect to this supplementary 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 supplementary 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 section and the statistical section, 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.

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## GOVERNMENTAL FUNDS OVERVIEW

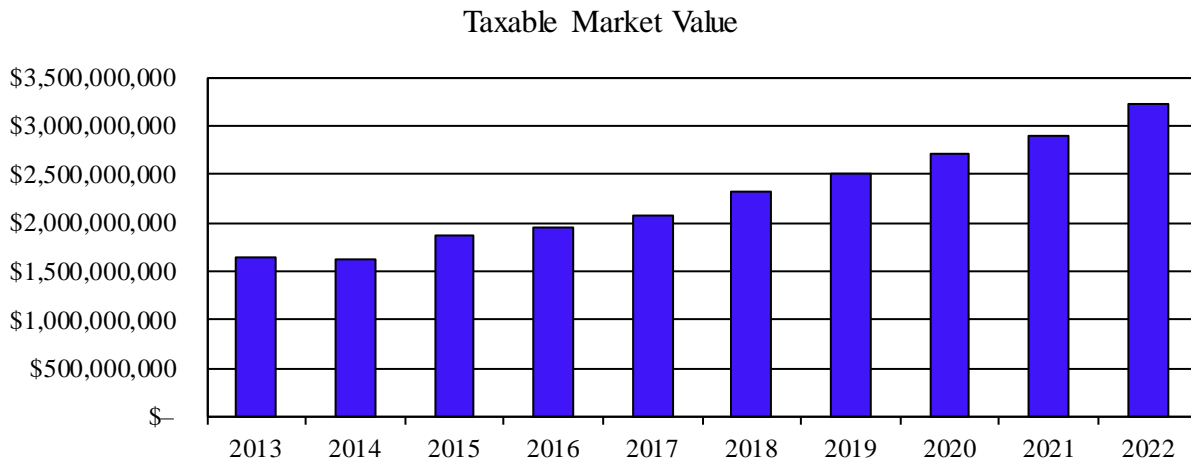
This section of the report provides you with an overview of the financial trends and activities of the City's governmental funds, which includes the General, special revenue, debt service, and capital project funds. These funds are used to account for the basic services the City provides to all of its 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 2021 fiscal year, local ad valorem property tax levies provided 44.0 percent of the total governmental fund revenues for cities over 2,500 in population, and 35.5 percent for cities under 2,500 in population. Total property taxes levied by all Minnesota cities for taxes payable in 2022 increased 5.9 percent compared to the prior year, and 4.2 percent for taxes payable in 2023.

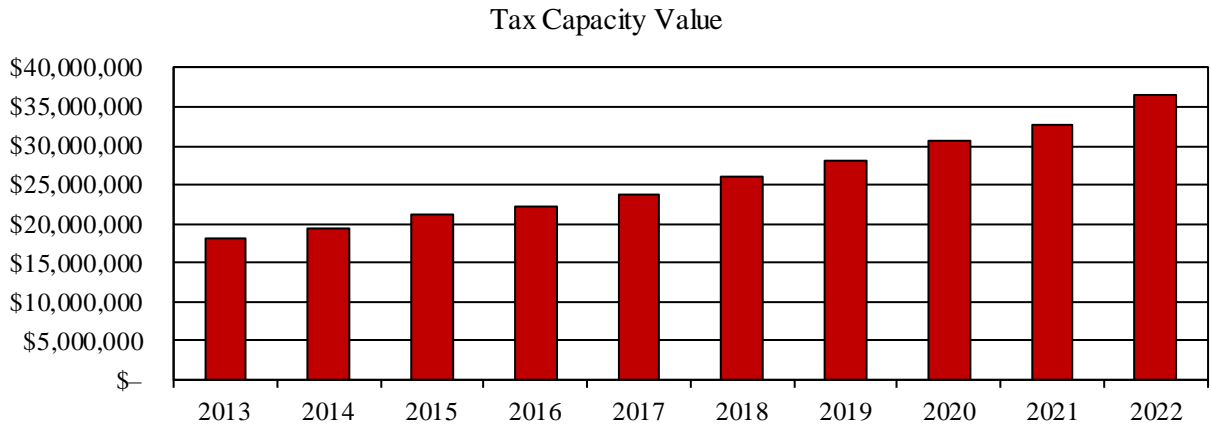
The total tax capacity value of property in Minnesota cities increased about 5.6 percent for the 2022 levy year. The tax capacity values used for levying property taxes are based on the assessed market values for the previous fiscal year (e.g., tax capacity values for taxes levied in 2022 were based on assessed market values as of January 1, 2021), so the trend of change in these tax capacity values lags somewhat behind the housing market and economy in general.

The City's taxable market value increased 7.2 percent for taxes payable in 2021 and increased 10.7 percent for taxes payable in 2022. 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 a 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 7.3 percent for 2021 and increased 11.0 percent for 2022.

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:

<b>Rates Expressed as a Percentage of Net Tax Capacity</b>			
	City of Ramsey		
	2020	2021	2022
<b>Average tax rate</b>			
City	39.6	39.3	42.2
County	33.5	31.6	29.6
School	16.9	16.2	16.3
Special taxing	4.4	4.2	4.1
<b>Total</b>	<u>94.4</u>	<u>91.3</u>	<u>92.2</u>

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

The overall increase in the average tax rate was largely in the City tax rate with the increase in the approved levy. This increase was largely due to the City’s new Pavement Management Levy, which was approved and implemented in the current year to replace the collections of franchise fees that ended in fiscal year 2022.

## 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, 2022, presented both by fund balance classification and by major fund:

<b>Governmental Fund Changes in Fund Balance</b>			
	Fund Balance as of December 31,		Change
	<u>2022</u>	<u>2021</u>	
Fund balances of governmental funds			
Total by classification			
Nonspendable	\$ 36,910	\$ 36,247	\$ 663
Restricted	30,308,803	17,331,642	12,977,161
Committed	1,682,136	1,611,150	70,986
Assigned	18,344,251	17,358,673	985,578
Unassigned	<u>11,064,416</u>	<u>10,413,294</u>	<u>651,122</u>
Total governmental funds	<u>\$ 61,436,516</u>	<u>\$ 46,751,006</u>	<u>\$ 14,685,510</u>
Total by fund			
Major funds			
General	\$ 11,095,052	\$ 10,449,489	\$ 645,563
Special revenue funds			
Tax Increment	5,831,704	5,043,300	788,404
COR Land	8,148,079	8,148,079	-
Capital Project Funds			
State-Aid Construction	1,895,877	1,510,635	385,242
Pavement Management Program	15,102,526	1,706,619	13,395,907
Park Improvement	6,940,689	6,313,263	627,426
Nonmajor funds	<u>12,422,589</u>	<u>13,579,621</u>	<u>(1,157,032)</u>
Total governmental funds	<u>\$ 61,436,516</u>	<u>\$ 46,751,006</u>	<u>\$ 14,685,510</u>

In total, the fund balances of the City's governmental funds increased by \$14,685,510 during the year ended December 31, 2022.

The largest changes were in restricted fund balances, primarily in the Capital Project Funds, as noted in the table above. The increase was mainly in the Pavement Management Program, which was due to the issuance of the 2022A General Obligation Street Reconstruction bonds which were issued on December 6, 2022.

## 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 OSA 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 they appear 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.

<b>Governmental Funds Revenue per Capita</b>					
With State-Wide Averages					
Year	State-Wide		City of Ramsey		
	2020	2021	2020	2021	2022
Population	20,000–100,000	20,000–100,000	27,263	27,946	28,520
Property taxes	\$ 537	\$ 557	\$ 457	\$ 468	\$ 549
Tax increments	44	49	45	63	70
Franchise fees	46	53	16	74	–
Special assessments	54	56	18	27	4
Licenses and permits	46	53	31	33	30
Intergovernmental revenues	273	202	212	58	218
Charges for services	91	110	46	73	65
Other	69	26	70	34	44
<b>Total revenue</b>	<b>\$ 1,160</b>	<b>\$ 1,106</b>	<b>\$ 895</b>	<b>\$ 830</b>	<b>\$ 980</b>

The City’s governmental fund revenues for 2022 were \$27,915,249, an increase of \$4,710,869 (20.3 percent) from the prior year. On a per capita basis, the City received \$980 in governmental fund revenue for 2022, an increase of \$150 from the prior year.

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. Some of the larger changes were in property taxes, intergovernmental revenues, and franchise fees. Property taxes were up \$81 per capita, while franchise fees were down \$74 per capita as previously discussed with the change from a franchise fee to a tax levy to finance the City’s Pavement Management Program. The levy also increased for inflationary growth and increased demand for city services as the City has continued to develop. Intergovernmental revenues were up \$160 per capita. The City recognized revenue of \$2.8 million from Coronavirus State and Local Fiscal Recovery Funds (CSLFRF), as well as an increase in state municipal maintenance and construction funds in the current 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		
	2020	2021	2020	2021	2022
Population	20,000–100,000	20,000–100,000	27,263	27,946	28,520
<b>Current</b>					
General government	\$ 118	\$ 116	\$ 178	\$ 141	\$ 142
Public safety	320	327	219	230	239
Public works	112	112	76	77	88
Recreation	95	107	54	51	51
All other	104	77	18	77	38
	<u>749</u>	<u>739</u>	<u>545</u>	<u>576</u>	<u>558</u>
<b>Capital outlay and construction</b>	331	317	272	573	240
<b>Debt service</b>					
Principal	91	110	148	69	67
Interest and fiscal	33	34	32	30	22
	<u>124</u>	<u>144</u>	<u>180</u>	<u>99</u>	<u>89</u>
<b>Total expenditures</b>	<u>\$ 1,204</u>	<u>\$ 1,200</u>	<u>\$ 997</u>	<u>\$ 1,248</u>	<u>\$ 887</u>

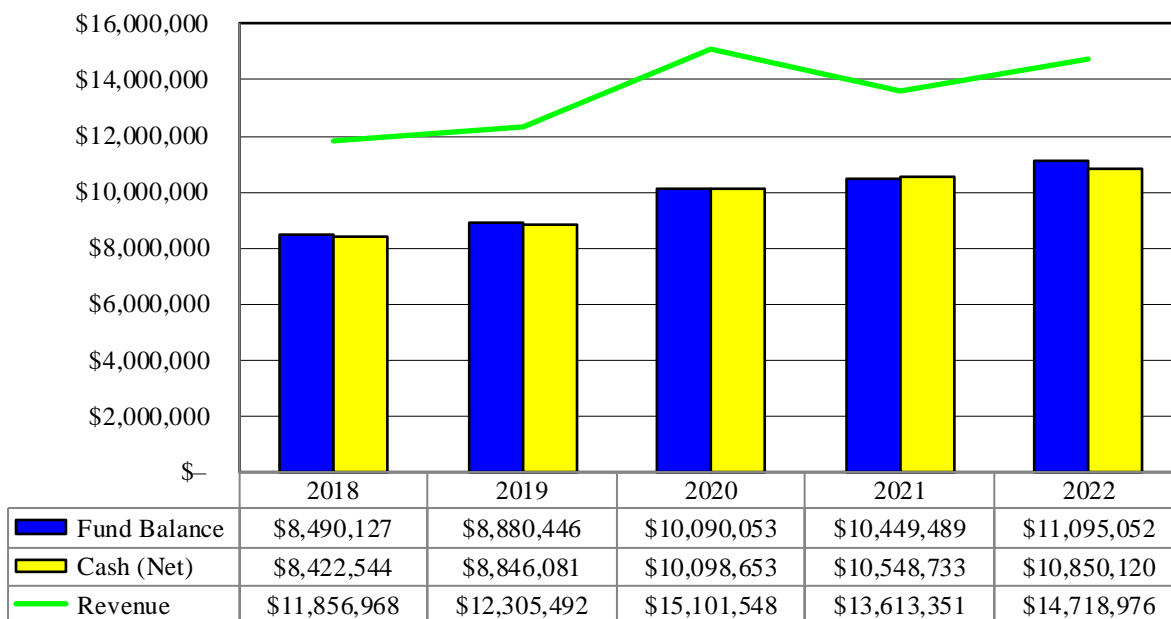
Total expenditures in the City’s governmental funds for 2022 were \$25,350,729, a decrease of \$9,535,582 (27.3 percent) from the prior year. On a per capita basis, the City expended a total of \$887 in 2022, a decrease of \$361 from the previous year.

Natural inflationary increases in current spending were more than offset by a decrease in “all other” for economic development expenditures in the current year. Capital outlay reported the largest change in comparison to the prior year. The Public Works Campus Capital Project Fund reported \$11,790,588 in capital outlay in fiscal 2021, compared to \$515,687 in fiscal 2022 due to the timing of this project. Debt service was down \$10 per capita as anticipated with approved debt financing plans.

## 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 at December 31, 2022 was \$10,850,120, an increase of \$301,387 from the previous year. Total fund balance at year-end was \$11,095,052, an increase of \$645,563 from the prior year.

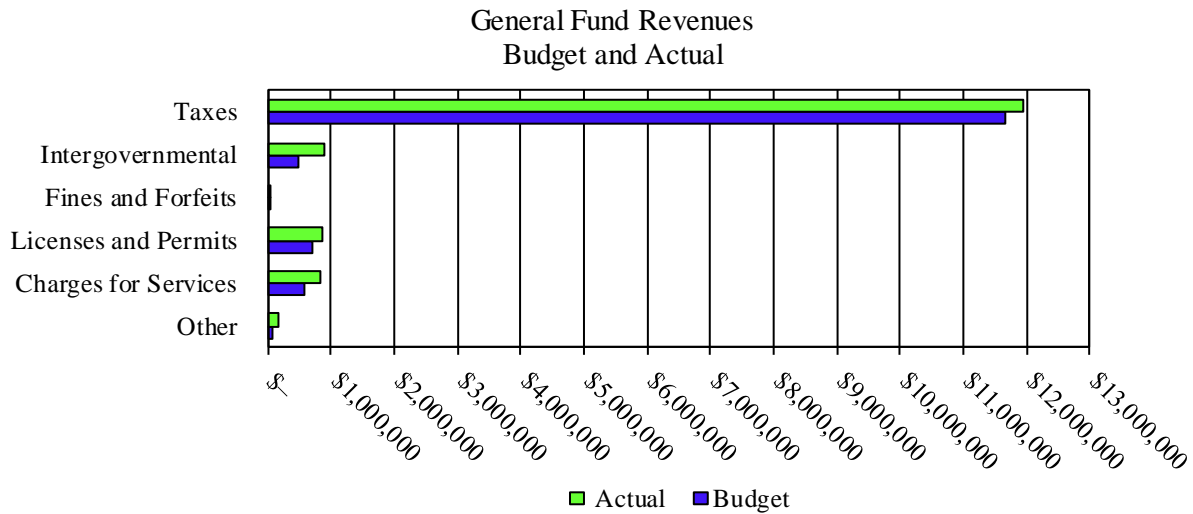
As the graph illustrates, the City has generally been able to maintain healthy cash and fund balance levels as the volume of financial activity has fluctuated. This is an important factor because a government, like any organization, requires a certain amount of equity to operate. A healthy financial 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 is 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. Taxes comprise about 81.3 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.

As of December 31, 2022, the City continued to meet the fund balance policy goal of the General Fund, which is to maintain an unrestricted amount equal to 50 percent of the following years adopted operating budget.

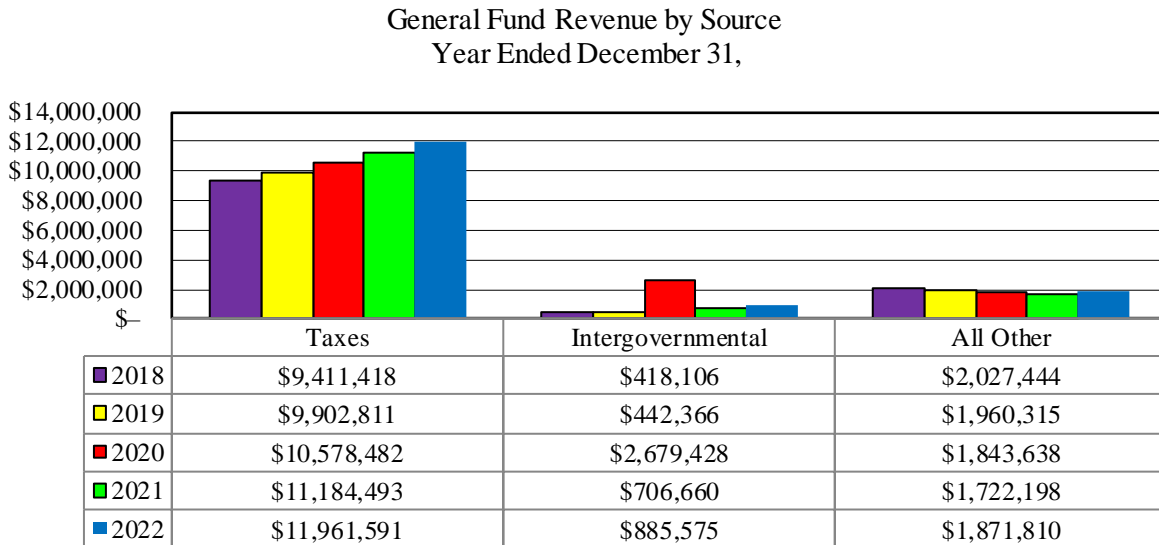
## GENERAL FUND REVENUES

The following graph reflects the City’s General Fund revenue sources for 2022 compared to budget:



General Fund revenue for 2022 was \$14,718,976, which was \$1,200,136 (8.9 percent) more than budget. The largest variances over budget were in intergovernmental sources (\$411,275) and property taxes (\$306,001), due to conservative budgeting for grants and strong collection rates in the City.

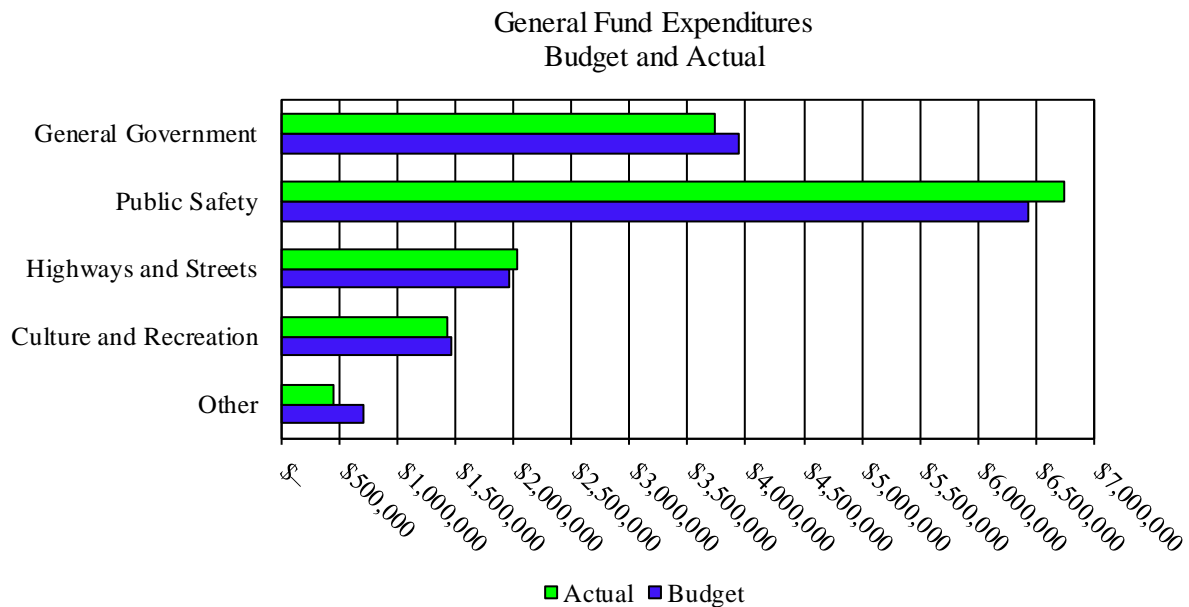
The following graph presents the City’s General Fund revenues by source for the last five years. The graph reflects the City’s reliance on property taxes, which represented 81.3 percent of General Fund revenues in 2022:



Total General Fund revenue for 2022 was \$1,105,625 (8.1 percent) more than last year. The increase in taxes was as anticipated and approved with the annual levy process. Intergovernmental increased, due to recognition of more municipal maintenance funds and a portion of the CSLFRF entitlement was reported in the General Fund in the current year. The increase noted in the “all other” category was in remaining various other miscellaneous sources and charges for services during the current year with elevated development activity.

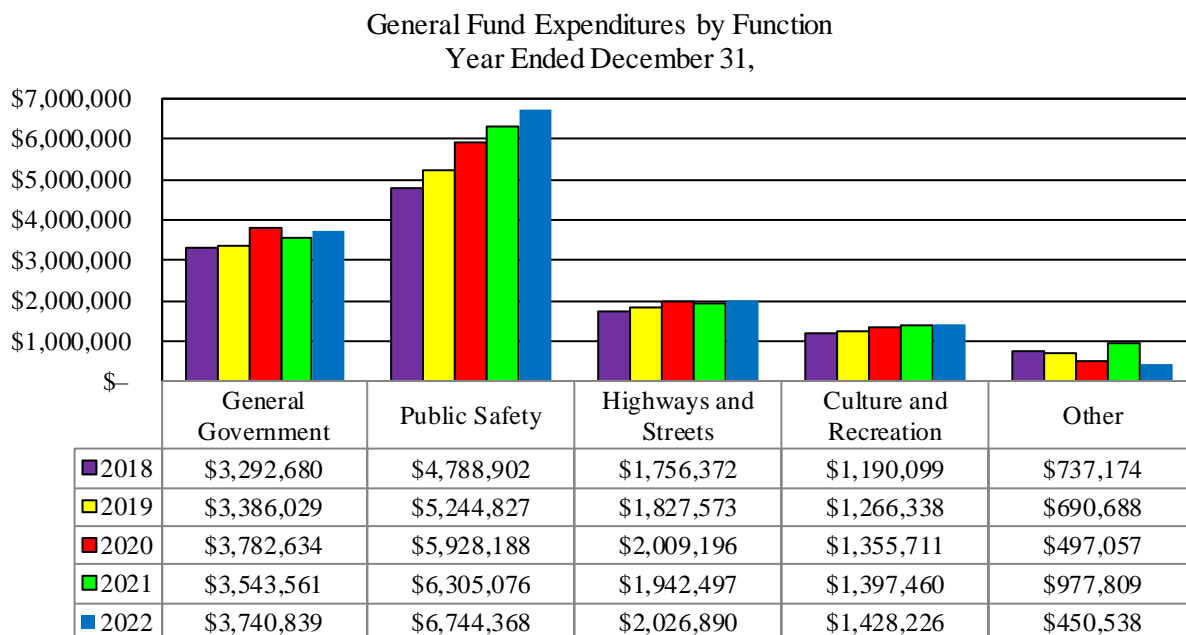
## GENERAL FUND EXPENDITURES

The following graph illustrates the components of General Fund spending for 2022 compared to budget:



General Fund expenditures totaled \$14,390,861 in 2022 and were \$101,779 (or 0.7 percent) under the final budget. Spending was over budget for public safety by \$313,466 and highways and streets by \$63,191. General government, culture and recreation, and other expenditures were \$197,202, \$36,599, and \$244,635 under budget, respectively. Open positions and conservative budgeting largely accounted for these variances. The largest variance in overspending for public safety was largely due to pension pass-through payments to the fire relief (offset by intergovernmental revenues) and additional overtime spending required in the current year.

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



Total General Fund expenditures for 2022 were \$224,458 (1.6 percent) more than the previous year. Natural inflationary increases and the continued growth in development in the City contributed to the overall increase in expenditures. Less capital spending reduced “other” spending from the prior year.

## 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 include the Water, Sewer, Street Light, Recycling, and Storm Water Utility Funds.

The utility funds comprise a considerable portion of the City’s activities. 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, 2022, presented both by classification and by fund:

<b>Enterprise Funds Change in Financial Position</b>			
	Net Position as of December 31,		Change
	2022	2021	
Net position of enterprise funds			
Total by classification			
Net investment in capital assets	\$ 63,486,708	\$ 57,940,442	\$ 5,546,266
Unrestricted	43,879,636	48,126,205	(4,246,569)
Total enterprise funds	<u>\$ 107,366,344</u>	<u>\$ 106,066,647</u>	<u>\$ 1,299,697</u>
Total by fund			
Water Utility	\$ 55,298,323	\$ 55,720,428	\$ (422,105)
Sewer Utility	31,521,187	31,436,866	84,321
Street Light Utility	1,774,396	1,752,929	21,467
Recycling Utility	415,620	425,477	(9,857)
Storm Water Utility	18,356,818	16,730,947	1,625,871
Total enterprise funds	<u>\$ 107,366,344</u>	<u>\$ 106,066,647</u>	<u>\$ 1,299,697</u>

In total, the net position of the City’s enterprise funds increased by \$1,299,697 during the year ended December 31, 2022. The increase in net position is primarily from connection fees and capital contributions recognized in the current year.

The increase in the net investment in capital assets portion of net position includes the City’s use of resources for infrastructure improvements in the current year, along with contributions from developers, which was partially offset by current year depreciation. The City’s use of resources for infrastructure reduced the unrestricted portion of net position. The unrestricted portion of net position was also negatively impacted by the market adjustment on investments recognized in the current year that more than offset the current year increase from operations.

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

	Operating Results – Fiscal Year Ended December 31,				
	2018	2019	2020	2021	2022
Utility enterprise funds					
Water					
Operating revenue	\$ 3,484,687	\$ 2,138,209	\$ 2,541,651	\$ 3,057,474	\$ 2,962,563
Operating expenses	1,590,737	1,481,163	1,657,356	1,772,358	1,895,776
Operating income	\$ 1,893,950	\$ 657,046	\$ 884,295	\$ 1,285,116	\$ 1,066,787
Operating income as a percentage of operating revenue	54.4 %	30.7 %	34.8 %	42.0 %	36.0 %
Sewer					
Operating revenue	\$ 2,182,944	\$ 1,672,072	\$ 1,714,469	\$ 1,805,614	\$ 1,876,957
Operating expenses	1,523,670	1,628,839	1,723,238	1,742,380	1,947,356
Operating income (loss)	\$ 659,274	\$ 43,233	\$ (8,769)	\$ 63,234	\$ (70,399)
Operating income (loss) as a percentage of operating revenue	30.2 %	2.6 %	(0.5) %	3.5 %	(3.8) %
Street Light					
Operating revenue	\$ 211,360	\$ 217,169	\$ 216,545	\$ 222,364	\$ 230,392
Operating expenses	160,952	171,619	169,463	178,576	172,765
Operating income	\$ 50,408	\$ 45,550	\$ 47,082	\$ 43,788	\$ 57,627
Operating income as a percentage of operating revenue	23.8 %	21.0 %	21.7 %	19.7 %	25.0 %
Recycling					
Operating revenue	\$ 317,090	\$ 319,940	\$ 319,664	\$ 440,097	\$ 452,107
Operating expenses	380,055	380,192	366,764	507,067	514,231
Operating income (loss)	\$ (62,965)	\$ (60,252)	\$ (47,100)	\$ (66,970)	\$ (62,124)
Operating income (loss) as a percentage of operating revenue	(19.9) %	(18.8) %	(14.7) %	(15.2) %	(13.7) %
Storm Water					
Operating revenue	\$ 1,057,705	\$ 1,168,494	\$ 1,164,868	\$ 1,197,572	\$ 1,230,582
Operating expenses	573,878	588,224	777,252	715,349	791,605
Operating income	\$ 483,827	\$ 580,270	\$ 387,616	\$ 482,223	\$ 438,977
Operating income as a percentage of operating revenue	45.7 %	49.7 %	33.3 %	40.3 %	35.7 %

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, 2022, with the exception of the Sewer Fund and the Recycling Fund.

Overall operating revenues totaled \$6,752,601 in 2022, compared to \$6,723,121 in the prior year. An increase in households and approved rate adjustments, slightly offset by a decrease in consumption contributed to the change over the prior year. The significant change in operating revenues beginning in 2019, was due to a reporting change to present developer connection fees as capital contributions. This reporting change primarily impacted the water and sewer utility operations. Overall operating expenses totaled \$5,231,733 in 2022, compared to \$4,915,730 in the prior year. Spending was up in personal services, sewer utility disposal charges, and depreciation, with an increase in population and households serviced by the City's utility system. Personal services increased with changes in state-wide pensions.

## 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.

The following table presents the components of the City's net position as of December 31, 2022 and 2021, for governmental activities and business-type activities:

	As of December 31,		Change
	2022	2021	
Net position			
Governmental activities			
Net investment in capital assets	\$ 63,796,121	\$ 57,322,004	\$ 6,474,117
Restricted	20,624,484	19,886,753	737,731
Unrestricted	23,405,779	22,741,842	663,937
Total governmental activities	<u>107,826,384</u>	<u>99,950,599</u>	<u>7,875,785</u>
Business-type activities			
Net investment in capital assets	63,486,708	57,940,442	5,546,266
Unrestricted	43,879,636	48,126,205	(4,246,569)
Total business-type activities	<u>107,366,344</u>	<u>106,066,647</u>	<u>1,299,697</u>
Total net position	<u>\$ 215,192,728</u>	<u>\$ 206,017,246</u>	<u>\$ 9,175,482</u>

The City's total net position on December 31, 2022 was \$9,175,482 more than the previous year. Governmental activities increased \$7,875,785 and business-type activities increased \$1,299,697.

The increase in net position within governmental activities presents the overall operating results of the governmental funds, along with the continued development and investment in infrastructure within the City. The increase in business-type activities net position matches the enterprise funds activity previously discussed.

At the end of the current fiscal year, the City is able to present positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

## STATEMENT OF ACTIVITIES

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

The following table presents the change in the net position of the City for the years ended December 31, 2022 and 2021:

	2022		2021	
	Expenses	Program Revenues	Net Change	Net Change
Net (expense) revenue				
Governmental activities				
General government	\$ 4,967,112	\$ 2,016,068	\$ (2,951,044)	\$ (2,837,175)
Public safety	7,989,480	1,641,877	(6,347,603)	(4,640,295)
Highways and streets	5,308,212	7,715,229	2,407,017	(92,682)
Culture and recreation	1,997,522	950,217	(1,047,305)	(447,714)
Economic development	1,096,422	–	(1,096,422)	(2,140,267)
Interest and fiscal charges	564,462	–	(564,462)	(883,504)
Business-type activities				
Water utility	1,895,776	5,022,607	3,126,831	3,100,763
Sewer utility	1,947,356	3,405,915	1,458,559	1,357,364
Street light utility	172,765	230,392	57,627	43,788
Recycling utility	514,231	506,668	(7,563)	(4,020)
Storm water utility	791,605	2,484,412	1,692,807	1,139,379
Total net (expense) revenue	<u>\$ 27,244,943</u>	<u>\$ 23,973,385</u>	(3,271,558)	(5,404,363)
General revenues				
Property taxes			17,637,477	14,761,012
Franchise fees			4,859	2,071,476
General grants and contributions			3,644	2,963
Investment earnings (charges)			(5,221,440)	(385,036)
Gain on sale of capital assets			22,500	22,325
Total general revenues			<u>12,447,040</u>	<u>16,472,740</u>
Change in net position			<u>\$ 9,175,482</u>	<u>\$ 11,068,377</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 taxes, unrestricted grants, and unrestricted investment earnings. In contrast, the City's business-type activities tend to rely more heavily on program revenues like charges for services (sales) and program-specific grants to cover expenses. This is critical given the current downward pressures on the general revenue sources.

The change in net (expense) revenue presented in the table above, when compared to the prior year, is primarily due to the amount of developer contributions and capital grants recognized from year-to-year. These contributions fluctuate with the size and number of completed development projects. Negative adjustments on investments in the current year reduced investment earnings compared to prior year, as seen in the above table. Changes in state-wide pension plans impacted functional expenses above, specifically impacting the public safety function with an increase in the current year.

## ACCOUNTING AND AUDITING UPDATES

The following is a summary of Governmental Accounting Standards Board (GASB) standards expected to be implemented in the next few years.

### **GASB STATEMENT NO. 96, *SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS***

This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines an SBITA; (2) establishes that an SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of an SBITA; and (4) requires note disclosures regarding an SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

An SBITA is defined as a contract that conveys control of the right to use another party's (an SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability.

This statement provides an exception for short-term SBITAs with a maximum possible term under the SBITA contract of 12 months, including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

### **GASB STATEMENT NO. 99, *OMNIBUS 2022***

The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.

- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the SBITA term, classification of an SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, to refer to resource flows statements.

The requirements of this statement that are effective are as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

**GASB STATEMENT NO. 100, ACCOUNTING CHANGES AND ERROR CORRECTIONS – AN AMENDMENT OF GASB STATEMENT NO. 62**

The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

The requirements of this statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

## **GASB STATEMENT NO. 101, *COMPENSATED ABSENCES***

The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used, but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled.

This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. A liability for leave that has been used, but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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CITY OF RAMSEY  
ANOKA COUNTY, MINNESOTA

Special Purpose Audit Reports

Year Ended  
December 31, 2022

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CITY OF RAMSEY  
ANOKA COUNTY, MINNESOTA

Special Purpose Audit Reports  
Year Ended December 31, 2022

**Table of Contents**

	Page
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 <i>Government Auditing Standards</i>	1-2
Independent Auditor's Report on Minnesota Legal Compliance	3

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

To the City Council and Management  
City of Ramsey, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ramsey, Minnesota (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 13, 2023.

**REPORT ON 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) as a basis for designing 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)

## **REPORT ON 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 financial statements. 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  
June 13, 2023



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  
Kalen T. Karnowski, CPA

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 13, 2023.

**MINNESOTA LEGAL COMPLIANCE**

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 contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minnesota Statutes § 6.65, insofar as they relate to accounting matters. 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, insofar as they relate to accounting matters.

**PURPOSE OF THIS REPORT**

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

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

Minneapolis, Minnesota  
June 13, 2023

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PRINCIPALS

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REPORT ON COMPLIANCE FOR THE U.S. DEPARTMENT  
OF THE TREASURY CORONAVIRUS STATE AND LOCAL FISCAL  
RECOVERY FUNDS (CSLFRF) PROGRAM REQUIREMENTS FOR AN  
ALTERNATIVE CSLFRF COMPLIANCE EXAMINATION ENGAGEMENT

INDEPENDENT ACCOUNTANT'S REPORT

To the City Council and Management  
City of Ramsey, Minnesota

We have examined the City of Ramsey, Minnesota's (the City) compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF Section of the 2022 Office of Management and Budget *Compliance Supplement* (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the year ended December 31, 2022. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Requirements for an Alternative CSLFRF Compliance Examination Engagement." Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, the City complied, in all material respects, with the specified requirements referenced above during the year ended December 31, 2022.

(continued)

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

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## **OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be *significant deficiencies* or *material weaknesses in internal control*; fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the City's compliance with the specified requirements; and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on the City's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards*.

### **PURPOSE OF THIS REPORT**

The purpose of this examination report is solely to express an opinion on whether the City complied, in all material respects, with the specified requirements referenced above and on the previous page during the year ended December 31, 2022. Accordingly, this report is not suitable for any other purpose.

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

Minneapolis, Minnesota  
June 13, 2023

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**CC Work Session****Meeting Date:** 06/27/2023**Primary Strategic Plan Initiative:** Strive for high organizational morale and employee retention**Information****Title:**

Discussion Regarding the Annual Performance Review of the City Administrator, an Individual Who is Subject to the City Council's Authority - May be Closed to the Public

**Purpose/Background:**

Mr. Hagen was hired as the City Administrator in 2022. As per Mr. Hagen's Employment Agreement with the City, an annual performance evaluation was conducted. The Mayor and Mr. Hagen met previously and discussed the evaluation.

Mr. Hagen's performance evaluation includes feedback from the City Council, his direct reports and Mr. Hagen himself. The results of the evaluation will be provided at the closed meeting where Mr. Hagen will meet with the full City Council to discuss his performance and receive feedback. At his discretion, Mr. Hagen may choose to open this meeting to the public.

Minnesota Statute 13D.05, Subd. 3a states that "A public body may close a meeting to evaluate the performance of an individual who is subject to its authority. The public body shall identify the individual to be evaluated prior to closing a meeting. At its next open meeting, the public body shall summarize its conclusions regarding the evaluation. A meeting must be open at the request of the individual who is the subject of the meeting."

Please note that both the performance evaluation and the City Councils' discussion regarding Mr. Hagen's performance is private and may not be discussed outside of the closed session.

**Timeframe:**

Approximately 30 Minutes

**Funding Source:**

Not Applicable.

**Responsible Party(ies):**

Colleen Lasher, Administrative Services Director

**Outcome:**

To arrive at a consensus regarding approval of the City Administrator's annual performance review to be formally adopted at the July 11, 2023 City Council meeting.

**Attachments**

Statute

**Form Review**

<b>Inbox</b>	<b>Reviewed By</b>	<b>Date</b>
Brian Hagen	Brian Hagen	06/22/2023 01:35 PM
Form Started By: Colleen Lasher		Started On: 06/22/2023 09:38 AM
Final Approval Date: 06/22/2023		



**13D.05 MEETINGS HAVING DATA CLASSIFIED AS NOT PUBLIC.**

Subdivision 1. **General principles.** (a) Except as provided in this chapter, meetings may not be closed to discuss data that are not public data.

(b) Data that are not public data may be discussed at a meeting subject to this chapter without liability or penalty, if the disclosure relates to a matter within the scope of the public body's authority and is reasonably necessary to conduct the business or agenda item before the public body.

(c) Data discussed at an open meeting retain the data's original classification; however, a record of the meeting, regardless of form, shall be public.

(d) All closed meetings, except those closed as permitted by the attorney-client privilege, must be electronically recorded at the expense of the public body. Unless otherwise provided by law, the recordings must be preserved for at least three years after the date of the meeting.

Subd. 2. **When meeting must be closed.** (a) Any portion of a meeting must be closed if expressly required by other law or if the following types of data are discussed:

(1) data that would identify alleged victims or reporters of criminal sexual conduct, domestic abuse, or maltreatment of minors or vulnerable adults;

(2) active investigative data as defined in section 13.82, subdivision 7, or internal affairs data relating to allegations of law enforcement personnel misconduct collected or created by a state agency, statewide system, or political subdivision;

(3) educational data, health data, medical data, welfare data, or mental health data that are not public data under section 13.32, 13.3805, subdivision 1, 13.384, or 13.46, subdivision 2 or 7; or

(4) an individual's medical records governed by sections 144.291 to 144.298.

(b) A public body shall close one or more meetings for preliminary consideration of allegations or charges against an individual subject to its authority. If the members conclude that discipline of any nature may be warranted as a result of those specific charges or allegations, further meetings or hearings relating to those specific charges or allegations held after that conclusion is reached must be open. A meeting must also be open at the request of the individual who is the subject of the meeting.

Subd. 3. **What meetings may be closed.** (a) A public body may close a meeting to evaluate the performance of an individual who is subject to its authority. The public body shall identify the individual to be evaluated prior to closing a meeting. At its next open meeting, the public body shall summarize its conclusions regarding the evaluation. A meeting must be open at the request of the individual who is the subject of the meeting.

(b) Meetings may be closed if the closure is expressly authorized by statute or permitted by the attorney-client privilege.

(c) A public body may close a meeting:

(1) to determine the asking price for real or personal property to be sold by the government entity;

(2) to review confidential or protected nonpublic appraisal data under section 13.44, subdivision 3; and

(3) to develop or consider offers or counteroffers for the purchase or sale of real or personal property.

Before holding a closed meeting under this paragraph, the public body must identify on the record the particular real or personal property that is the subject of the closed meeting. The proceedings of a meeting closed under this paragraph must be tape recorded at the expense of the public body. The recording must be preserved for eight years after the date of the meeting and made available to the public after all real or personal property discussed at the meeting has been purchased or sold or the governing body has abandoned the purchase or sale. The real or personal property that is the subject of the closed meeting must be specifically identified on the tape. A list of members and all other persons present at the closed meeting must be made available to the public after the closed meeting. If an action is brought claiming that public business other than discussions allowed under this paragraph was transacted at a closed meeting held under this paragraph during the time when the tape is not available to the public, section 13D.03, subdivision 3, applies.

An agreement reached that is based on an offer considered at a closed meeting is contingent on approval of the public body at an open meeting. The actual purchase or sale must be approved at an open meeting after the notice period required by statute or the governing body's internal procedures, and the purchase price or sale price is public data.

(d) Meetings may be closed to receive security briefings and reports, to discuss issues related to security systems, to discuss emergency response procedures and to discuss security deficiencies in or recommendations regarding public services, infrastructure and facilities, if disclosure of the information discussed would pose a danger to public safety or compromise security procedures or responses. Financial issues related to security matters must be discussed and all related financial decisions must be made at an open meeting. Before closing a meeting under this paragraph, the public body, in describing the subject to be discussed, must refer to the facilities, systems, procedures, services, or infrastructures to be considered during the closed meeting. A closed meeting must be tape recorded at the expense of the governing body, and the recording must be preserved for at least four years.

**History:** 1957 c 773 s 1; 1967 c 462 s 1; 1973 c 123 art 5 s 7; 1973 c 654 s 15; 1973 c 680 s 1,3; 1975 c 271 s 6; 1981 c 174 s 1; 1983 c 137 s 1; 1983 c 274 s 18; 1984 c 462 s 27; 1987 c 313 s 1; 1990 c 550 s 2,3; 1991 c 292 art 8 s 12; 1991 c 319 s 22; 1994 c 618 art 1 s 39; 1997 c 154 s 2; 1999 c 227 s 22; 2002 c 379 art 1 s 5; 2004 c 276 s 1; 2004 c 290 s 18; 2007 c 110 s 2; 2007 c 147 art 10 s 15; 2008 c 335 s 1; 2010 c 365 art 1 s 8

**CC Work Session**

**3.1.**

**Meeting Date:** 06/27/2023

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**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.

**Timeframe:**

**Funding Source:**

**Responsible Party(ies):**

**Outcome:**

For Council review - no formal action necessary.

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**Attachments**

Future Topics List

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**Form Review**

**Inbox**

Brian Hagen

Form Started By: Katie Schmidt

Final Approval Date: 06/22/2023

**Reviewed By**

Brian Hagen

**Date**

06/22/2023 01:28 PM

Started On: 06/20/2023 10:06 AM

Row #		<u><i>Tentative City Council Future Work Session Topics</i></u>	
	Proposed Date	Topic	Minutes (Estimate)
	<b>2023</b>		
	July TBD	Continue Policy Project Discussion – continue Park Policy discussion – Riverblood	30
	July 11	Preliminary Budget	90
	July 25	Preliminary Budget	75
	July 25	Quarterly Communications Updates (Q1 & Q2)	15
	August 8	Preliminary Budget	90
	August 8	Rental Housing – Hanson	20
	August 22	Preliminary Budget	90
	Sept 12	Preliminary Budget	90
	TBD	Rental Housing License costs and implementation – Hanson	30
	TBD	Happy Days Program Update/25th Anniversary	20
	TBD	Draft Trail Maintenance Policy – Riverblood	30
	TBD	Draft Stormwater Pond Maintenance Policy – Westby	30
	TBD	Review procedure/policy/best practice for introduction of resolutions/proclamations – Staff	20
	TBD	Discuss Council and B/C Remote Meetings Policy - Staff	15
	TBD 2024 Budget	Discuss Election Judge Pay - Schmidt	20