

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
OF THE  
CITY OF FALCON HEIGHTS,  
MINNESOTA**

**For the Year Ended**

**December 31, 2017**

Prepared by

THE DEPARTMENT OF FINANCE  
AND ADMINISTRATION

*Sack Thongvanh, City Administrator*

*Roland Olson, Finance Director*

CITY OF FALCON HEIGHTS  
2077 W. Larpenteur Avenue  
Falcon Heights, Minnesota 55113

(THIS PAGE LEFT BLANK INTENTIONALLY)

**City of Falcon Heights  
Table of Contents**

	Page
<b>Introductory Section</b>	
Elected Officials and Administration	1
Organization Chart	2
City Map	3
Letter of Transmittal	5
Certificate of Achievement for Excellence in Financial Reporting	10
<b>Financial Section</b>	
Independent Auditor's Report	11
Management's Discussion and Analysis	15
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	30
Statement of Activities	31
Fund Financial Statements	
Balance Sheet – Governmental Funds	32
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds	35
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds	38
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	39
Statement of Net Position – Proprietary Funds	40
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	41
Statement of Cash Flows – Proprietary Funds	42
Notes to Financial Statements	43
Required Supplementary Information	
Schedule of City's Proportionate Share of Net Pension Liability General Employees Retirement Fund	68
Schedule of City Contributions General Employees Retirement Fund	68
Required Supplementary Information and Notes to Required Supplementary Information	69
Notes to Required Supplementary Information	70
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds	72
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	76

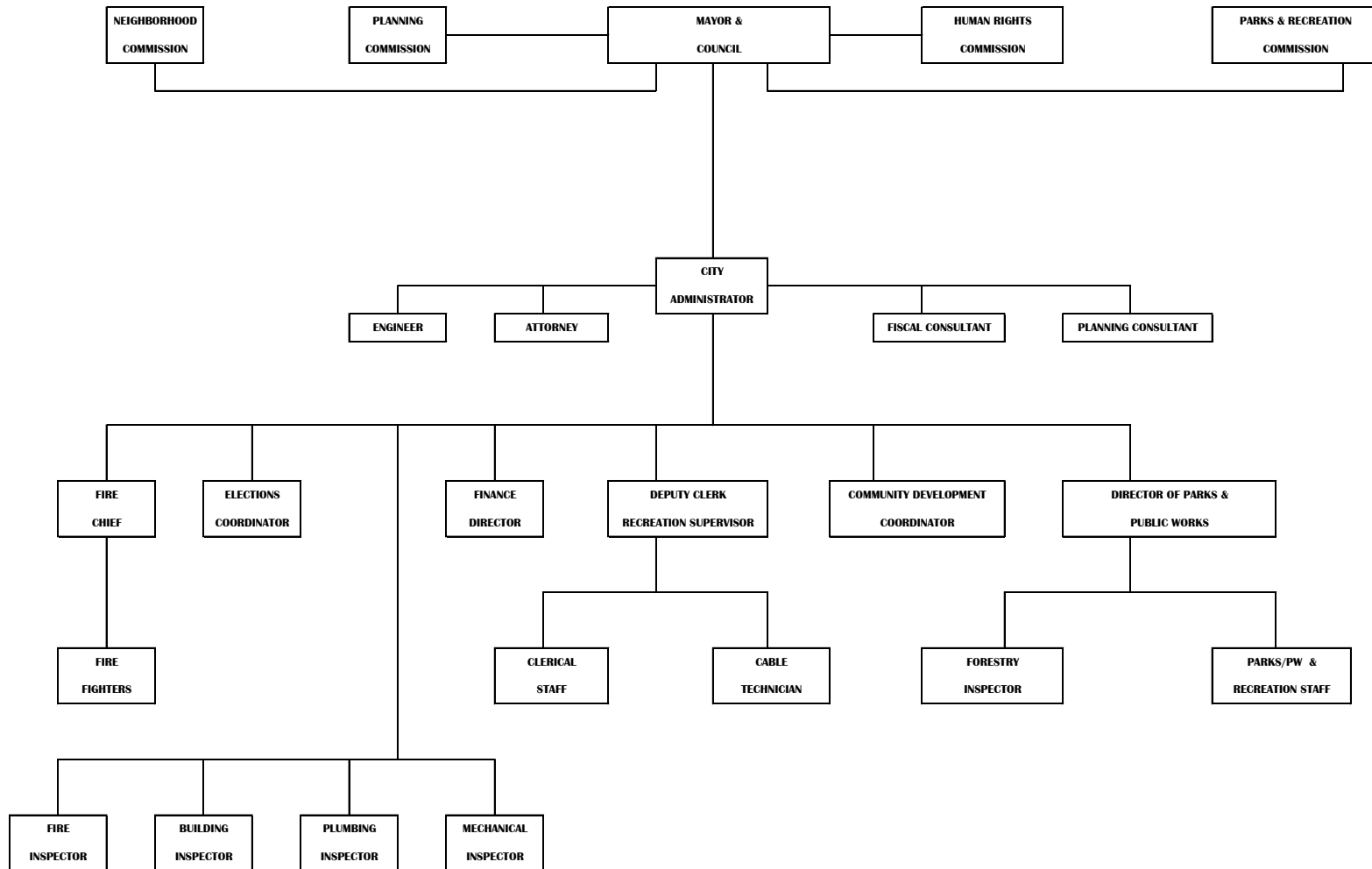
**City of Falcon Heights  
Table of Contents**

	Table	Page
<b>Financial Section (Continued)</b>		
Combining and Individual Fund Statements and Schedules (Continued)		
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual		
General Fund – Detailed		80
Park Programs Fund – Special Revenue Fund		83
Water Fund – Special Revenue Fund		84
Solid Waste Fund – Special Revenue Fund		85
Community Development Fund – Special Revenue Fund		86
Street Lighting Fund – Special Revenue Fund		87
Community Garden Fund – Special Revenue Fund		88
Emerald Ash Borer Grant Fund – Special Revenue Fund		89
G.O. Improvement Bonds, Series 2017A – Debt Service Fund		90
G.O. Improvement Bonds, Series 2013A – Debt Service Fund		91
G.O. Equipment Certificates, Series 2013B – Debt Service Fund		92
Future Improvements – Capital Projects Fund		93
Grove Street Improvement Project – Capital Projects Fund		94
General Capital Improvements – Capital Projects Fund		95
Parks/PW and Facilities Capital Improvements – Capital Projects Fund		96
Tax Increment No. 1 Construction – Capital Projects Fund		97
Tax Increment No. 1-3 – Capital Projects Fund		98
Public Safety Capital Improvements – Capital Projects Fund		99
<b>Statistical Section</b>		
Net Position by Component	1	103
Changes in Net Position	2	105
Governmental Activities Tax Revenues by Source	3	106
Fund Balances of Governmental Funds	4	107
Changes in Fund Balances of Governmental Funds	5	108
General Governmental Tax Revenues by Source	6	110
Assessed Value and Estimated Actual Value of Taxable Property	7	111
Property Tax Rates – Direct and Overlapping Governments	8	112
Principal Property Taxpayers	9	113
Property Tax Levies and Collections	10	114
Ratios of Outstanding Debt by Type	11	115
Ratios of General Bonded Debt Outstanding	12	117
Direct and Overlapping Governmental Activities Debt	13	118
Legal Debt Margin Information	14	120
Pledged-Revenue Coverage	15	121
Demographic and Economic Statistics	16	122
Principal Employers	17	123
Full-Time Equivalent City Government Employees by Function	18	124
Operating Indicators by Function	19	125
Capital Asset Statistics by Function	20	126

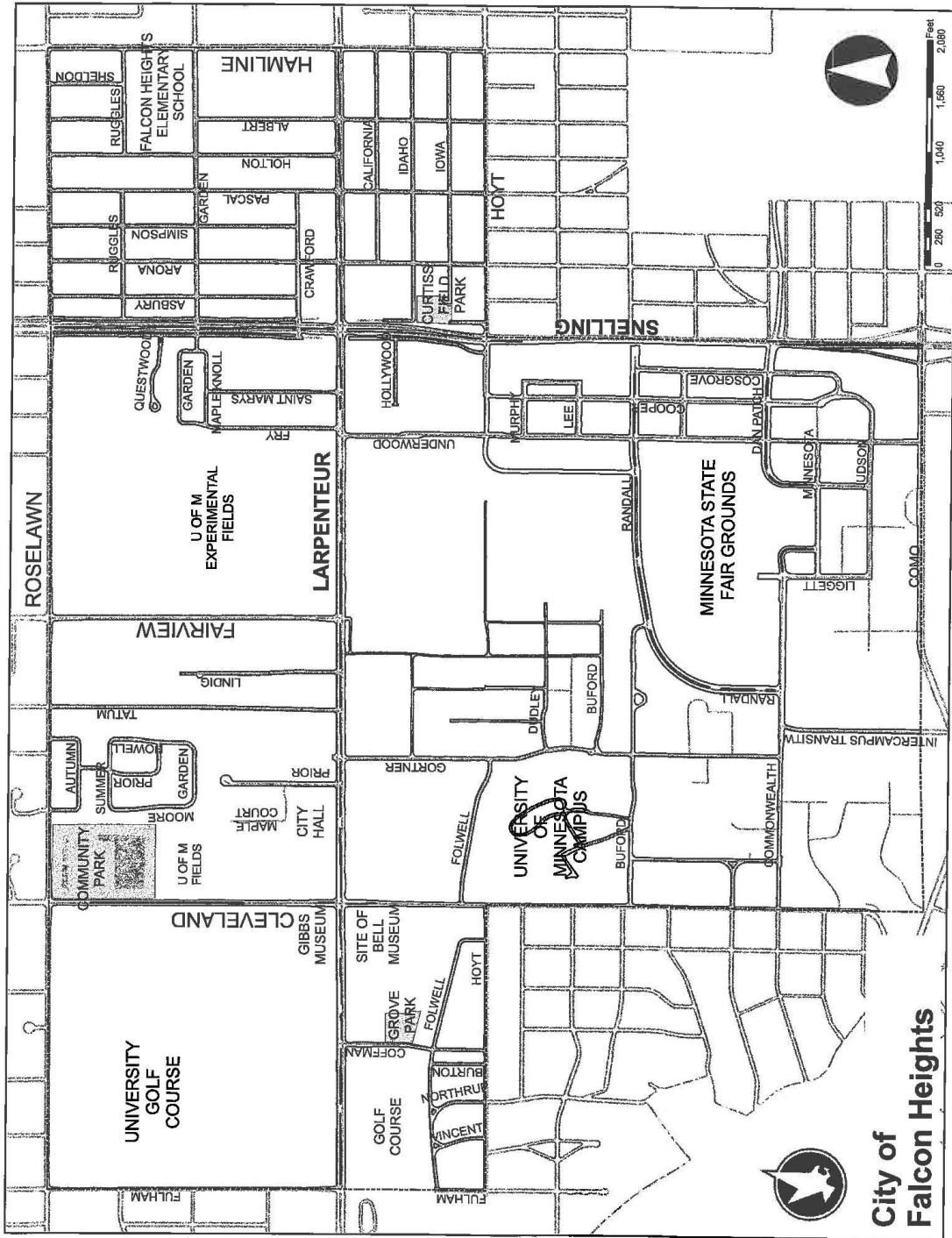
**City of Falcon Heights  
Elected Officials and Administration  
December 31, 2017**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Peter Lindstrom	Mayor	December 31, 2019
Joseph Brown Thunder	Council Member	December 31, 2019
Pamela Harris	Council Member	December 31, 2017
Randy Gustafson	Council Member	December 31, 2019
Tony Fischer	Council Member	December 31, 2017
<u>Administration</u>		
Sack Thongvanh	City Administrator	
Roland Olson	Finance Director	
Tim Pittman	Park and Public Works Director	
Rich Hinrichs	Fire Chief	

**City of Falcon Heights  
Organization Chart  
December 31, 2017**



City of Falcon Heights  
City Map  
December 31, 2017



City of  
Falcon Heights

(THIS PAGE LEFT BLANK INTENTIONALLY)





CITY OF  
**FALCON HEIGHTS**

2077 W. Larpenteur Avenue  
Falcon Heights, MN 55113-5594

email: [mail@falconheights.org](mailto:mail@falconheights.org)  
website: [www.falconheights.org](http://www.falconheights.org)

*The City That Soars!*

Phone - (651) 792-7600  
Fax - (651) 792-7610

April 30, 2018

To the Mayor, City Council Members, and Citizens of the City of Falcon Heights:

Minnesota statutes require that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2017.

Management assumes full responsibility for the completeness and propriety of the information contained in this report. The information herein is based upon a comprehensive framework of internal controls established for the summarization and disclosure of financial data. Because the cost of internal controls 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.

BerganKDV, Ltd., a firm of licensed certified public accountants, has audited the City of Falcon Heights' financial statements. BerganKDV, Ltd. has issued an unmodified ("clean") opinion on the City of Falcon Heights' financial statements for the year ended December 31, 2017. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements the Letter of Transmittal and should be read in conjunction with it.

### **Profile of the Government**

The City of Falcon Heights, incorporated in 1949, is located near the center of the Minneapolis and St. Paul metropolitan area. This area is considered the major population and economic growth area in Minnesota, and one of the top economic growth areas in the country. The City of Falcon Heights currently occupies a land area of 2.28 square miles and serves a population of 5,450. The City of Falcon Heights is empowered to levy a property tax on both real and personal properties located within its boundaries. While it also is empowered by state statute to extend its corporate limits by annexation, Falcon Heights has never utilized this option to extend its borders.

---

FAMILIES, FIELDS AND FAIR

---



PRINTED ON RECYCLED PAPER

### **Profile of the Government (Continued)**

Falcon Heights is a completely developed community. It has operated under the council/city administrator form of government since 1974. Policy-making and legislative authority are vested in a city council consisting of the mayor and four council members, all elected on a nonpartisan basis. The council appoints the city administrator, who in turn appoints the heads of the various departments. The council is responsible for passing ordinances, adopting the budget, appointing committees, and hiring the city administrator. The city administrator is responsible for carrying out the policies and ordinances of the council and for overseeing the day-to-day operations of the city government. Council members serve four-year staggered terms, with two council members elected every two years. The mayor is elected to serve a four-year term. The mayor and all four council members are elected at large.

The City of Falcon Heights provides a full range of services, including police and fire protection; construction and maintenance of highways, streets, and other infrastructure, sewer services; and recreational and cultural activities. St. Paul Regional Water Services provides the water services for the City. The City of Falcon Heights' volunteer fire service also provides fire protection services for the City of Lauderdale, a neighboring community.

The Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Falcon Heights' financial planning and control. All departments of the City of Falcon Heights are required to submit requests for appropriation to the city administrator during or before the second week in June each year. The city administrator uses these requests as the starting point for developing a proposed budget. By September of each year, the city staff submits to the city council a proposed operating budget for the fiscal year commencing the following January 1. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 31, the close of the City of Falcon Heights' fiscal year.

The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Transfers of appropriations between funds require the special approval of the city council. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 36 as part of the basic financial statements for the governmental funds. For the Special Revenue funds, Debt Service funds, and Capital Project funds, this comparison is presented on pages 71-91.

### **Local Economy**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Falcon Heights operates.

### **Local Economy (Continued)**

The City of Falcon Heights is primarily a bedroom, residential, inner ring suburban community situated near the center of the Minneapolis and St. Paul metropolitan area. The economy of the City consists of retail, commerce, agricultural-related businesses, and institutional landowners, such as the St. Paul campus of the University of Minnesota and the Minnesota State Fair. The St. Paul campus of the University of Minnesota has 2,700 employees and a student population of approximately 6,300 students enrolled in the specific colleges located on the St. Paul Campus. The Minnesota State Fair, held over a 12-day period, is one of the nation's largest and best-attended entertainment events with approximately 1.94

million visitors each year. Also, additional "non-fair" events have attendance estimated at 100,000 visitors. One of these "non-fair" events is the Minnesota Street Rod Convention, which attracts over 65,000 visitors.

Because of its location in a region with a varied economic base, unemployment is relatively stable and tends to be less than the State of Minnesota and national rates. During the past ten years, the unemployment rate for Ramsey County, within which the City is located, was at a high of 9.1% in July 2011, and in 2017, the unemployment rate was 3.2%. In 2017, the State of Minnesota's ending unemployment rate was 3.1% and the national ending unemployment rate was 4.1%. The average 2017 state of Minnesota's unemployment rate was 3.4% and the average 2017 national unemployment rate was 4.4%.

The City is at or near full development, with a 2% increase in the median market value of property during 2017. The City's economic conditions have remained relatively stable with the University of Minnesota agricultural campus, Spire Federal Credit Union, and the Minnesota State Fairgrounds providing a diversified economic employment base.

The City continues an aggressive plan of reconstruction and improvement of its streets. Ongoing maintenance activities will continue with yearly sealcoating, curb/gutter repairs, and sidewalk replacement as needed throughout the City. MSA street funds and assessments will be utilized for all street maintenance activities.

### **Long-Term Financial Planning**

During 2009, the City of Falcon Heights completed updating its Comprehensive Plan and obtained approval of the plan by the Metropolitan Council. As part of the plan, the City continues to look at alternative ways to increase the tax base of the City such as evaluating any re-development opportunities in our business district and increasing housing densities when appropriate.

The City continues to complete a ten-year capital improvement plan as part of its annual budget and uses a financial planning company to assist with any plans and bonding requirements.

### **Relevant Financial Policies**

The Mayor and council members continue to evaluate the level of reserves of the city with their desire to minimize property tax increases on the citizens while still maintaining service levels. With tax revenues scheduled for receipt in the months of July and December, the City needs to maintain sufficient working capital to mitigate cash flow timing concerns. One important reason for maintaining a high fund balance in the general fund is that it leads to increased investment income allocated to the General Fund since the investment income is allocated based upon levels of fund balance among all the funds. This helps to minimize any levy increases needed to support the general operating expenses of the city.

### **Major Initiatives**

In 2008, the City of Falcon Heights participated in a grant application of \$1,078,000 with the University of Minnesota and the neighboring city of Roseville to complete a three-mile pedestrian trail. This grant was awarded with construction to have phase I completed in 2011 and phase II completed in 2012. The Northeast Connector Trail project has now been completed. This development project was a collaborative effort between the City of Roseville, the City of Falcon Heights and the University of Minnesota to allow for residents of both cities and the university to enjoy walking or biking through Falcon Heights.

In 2010, the City finished preliminary improvements on the Larpenteur Avenue streetscape project, which included modifications to the street medians to allow for plants and flowers. Warranty work for this project was completed in 2012. Larpenteur Avenue is one of the two main street corridors for the City of Falcon Heights.

In 2013, the City completed two storm water underground storage and infiltration systems in our storm water system in an area of the city that had no storm water sewer system.

In 2014 and 2015, the City completed the relining of sanitary sewer lines in a residential section of the city. Also in 2015, approximately one mile of city streets was improved with mill and overlay resurfacing.

In 2015, an underground storage and infiltration system was completed in our Curtiss Field Park to prevent flooding whenever a large rainfall occurred.

In 2017, approximately one mile of city streets was improved with a reclaim and resurface project. New water lines were also installed with improvements in storm water catch basins and sanitary sewer basins.

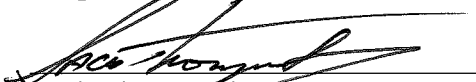
### **Awards and Acknowledgements**

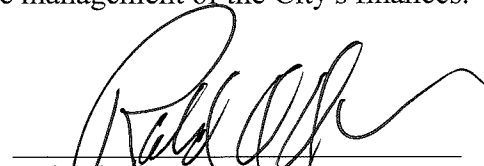
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Falcon Heights for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2017. This was the twenty-seventh consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department, as well as the auditing personnel of BerganKDV, Ltd. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report, and to the auditing firm for its professional assistance in preparing the Comprehensive Annual Financial Report for 2017. Credit also must be given to the mayor and the city council for their resolute support for maintaining high standards of professionalism in the management of the City's finances.

Respectfully submitted,

  
\_\_\_\_\_  
Sack Thongvanh  
City Administrator

  
\_\_\_\_\_  
Roland Olson  
Finance Director



Government Finance Officers Association

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

Presented to

**City of Falcon Heights  
Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

*Christopher P. Morrill*

Executive Director/CEO

## Independent Auditor's Report

Honorable Mayor and Members  
of the City Council  
City of Falcon Heights  
Falcon Heights, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Falcon Heights, Minnesota, as of and for the year ended December 31, 2017, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to in the first paragraph 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 of Falcon Heights, Minnesota, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Falcon Heights' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis, and are not a required part of the basic financial statements.





**Other Matters (Continued)**

*Other Information (Continued)*

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

*BerganKDV Ltd.*

Minneapolis, Minnesota  
April 30, 2018

(THIS PAGE LEFT BLANK INTENTIONALLY)

## **City of Falcon Heights Management's Discussion and Analysis**

As management of the City of Falcon Heights (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 5-9 of this report. All amounts, unless otherwise indicated, are expressed in dollars.

### **FINANCIAL HIGHLIGHTS**

- The assets & deferred inflows of resources of the City exceeded its liabilities & deferred inflows of resources at the close of the most recent fiscal year by \$14,035,741 (net position). Of this amount, \$4,673,610 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$22,274. Unrestricted net position decreased by \$272,364.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,327,175 an increase of \$1,133,545 in comparison with the prior year. Debt principal payments of \$150,000 and interest payments of \$15,593 occurred in 2017. A positive change in fund balance in the general fund of \$117,597, along with increases of \$1,015,948 in the fund balances of other governmental funds resulted in a net increase of \$1,133,545 in total fund balance.
- Fund balance definitions must conform to the Government Accounting Standards Board (GASB) Statement No. 54 for the most current year-ended. GASB 54 requires governments to allocate fund balances pursuant to a new hierarchy; fund balances are defined as "Non-spendable," "Restricted," "Committed," "Assigned," and "Unassigned." The new hierarchy defines how a fund discloses its fund balance. Only the general fund maintains an unassigned residual fund balance. The fund balances maintained by all of the other funds are designated for a specific purpose. Restricted, committed, and assigned balances represent differing forms of legal constraint. The reservation of restricted fund balances is stipulated by a city charter, constitution, or grant contract. Committed fund balances have been reserved by the highest law-making body of the government. An assigned fund balance is reserved for the purpose of the fund; for example, the fund balance in the Future Improvements Fund is assigned for future improvements. The General Fund's unassigned fund balance of \$1,828,155 is approximately 45% of the total fund balance of all governmental funds.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$1,828,155, or 96.5%, of total General Fund expenditures at 2017 levels.
- For 2017, there was an 8.9% increase in the property tax levy. For 2016, there was an 8.3% increase. In 2015 and 2014, there was no increase in the property tax levy. For 2013, there was a 6.5% increase in the property tax levy. For 2012, there was a 1.96% decrease in the property tax levy. For 2011, there was a 1.5% increase in the property tax levy.

**City of Falcon Heights  
Management's Discussion and Analysis**

**FINANCIAL HIGHLIGHTS (CONTINUED)**

- The City's total debt increased by \$695,000 during the current fiscal year. This represents scheduled payments of \$150,000 of the City's debt and the addition of the 2017 GO Improvement Bond of \$845,000. The principal of general obligation debt outstanding as of December 31, 2017 is \$1,625,000.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This management's discussion and analysis (MD&A) is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) Notes to the Financial Statements. This report also contains other supplementary 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 a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two 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 government'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., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by 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 of the City include general government, public safety, public works, parks and recreation, and community development. The business-type activities of the City include sanitary sewer and storm drainage.

The government-wide financial statements include only the City itself (known as the primary government). The City has no component units.

The government-wide financial statements can be found on pages 30-31 of this report.

## **City of Falcon Heights Management's Discussion and Analysis**

### **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. All funds of the City can be divided into two categories: governmental funds and proprietary 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 on 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 City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Any fund experiencing financial change during the year is considered active. The City maintained 18 individual governmental funds during 2017. Of these funds, five are major funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Future Improvements, G.O. Improvement Series 2017A Debt Service Fund, G.O. Improvement Series 2013A Debt Service Fund, and the Grove Street Improvement capital fund – the five major funds of the City. Data from the other 13 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. In addition, individual fund schedules are presented on pages 83-99 for all Special Revenue, Debt Service and Capital Projects Funds.

The City adopts an annual appropriated budget for its General Fund, Special Revenue Funds Debt Service Funds and Capital Project Funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 32-39 of this report.

**City of Falcon Heights  
Management's Discussion and Analysis**

**FUND FINANCIAL STATEMENTS (CONTINUED)**

**Proprietary Funds**

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sanitary sewer and storm drainage activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in greater detail. The proprietary fund financial statements provide separate information for sanitary sewer and storm drainage, both of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 40-42 of this report.

**NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 43-65 of this report.

**OTHER INFORMATION**

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the Notes to the Financial Statements, along with statistical tables for the City. Combining and individual fund statements and schedules can be found on pages 72-99. Statistical tables can be found on pages 103-126 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a city's financial position. In the case of the City, assets & deferred outflows of resources exceeded liabilities & deferred inflows of resources by \$14,035,741 at the close of the most recent fiscal year.

Thirty three percent (\$4,673,610) of the City's net position is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. About 4% (\$613,084) of the net position is restricted and represents resources that are subject to external restrictions on how they may be used. The remaining 63% (\$8,749,047) reflects the City's investment in capital assets (e.g., land, buildings, machinery, and equipment) offset by any related debt used to acquire those assets that are still outstanding.

**City of Falcon Heights  
Management's Discussion and Analysis**

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

**City of Falcon Heights' Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Current and other assets	\$ 4,645,762	\$ 3,416,385	\$ 2,319,781	\$ 2,689,272	\$ 6,965,543	\$ 6,105,657
Capital assets	7,902,797	8,069,185	1,675,687	1,487,989	9,578,484	9,557,174
Total assets	<u>12,548,559</u>	<u>11,485,570</u>	<u>3,995,468</u>	<u>4,177,261</u>	<u>16,544,027</u>	<u>15,662,831</u>
Deferred outflows of resources - pensions	114,286	210,172	39,589	74,223	153,875	284,395
Total assets and deferred outflows of resources	<u>\$ 12,662,845</u>	<u>\$ 11,695,742</u>	<u>\$ 4,035,057</u>	<u>\$ 4,251,484</u>	<u>\$ 16,697,902</u>	<u>\$ 15,947,226</u>
<b>Liabilities</b>						
Long-term liabilities						
Outstanding	\$ 1,999,014	\$ 1,330,190	\$ 168,938	\$ 198,485	\$ 2,167,952	\$ 1,528,675
Other liabilities	357,379	245,376	21,400	14,692	378,779	260,068
Total liabilities	<u>2,356,393</u>	<u>1,575,566</u>	<u>190,338</u>	<u>213,177</u>	<u>2,546,731</u>	<u>1,788,743</u>
Deferred inflows of resources - pensions	85,733	74,247	29,697	26,221	115,430	100,468
<b>Net Position</b>						
Net investment in capital assets	7,073,360	7,139,185	1,675,687	1,487,989	8,749,047	8,627,174
Restricted	613,084	484,867	-	-	613,084	484,867
Unrestricted	2,534,275	2,421,877	2,139,335	2,524,097	4,673,610	4,945,974
Total net position	<u>10,220,719</u>	<u>10,045,929</u>	<u>3,815,022</u>	<u>4,012,086</u>	<u>14,035,741</u>	<u>14,058,015</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 12,662,845</u>	<u>\$ 11,695,742</u>	<u>\$ 4,035,057</u>	<u>\$ 4,251,484</u>	<u>\$ 16,697,902</u>	<u>\$ 15,947,226</u>

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 extinguish these liabilities.

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

**City of Falcon Heights  
Management's Discussion and Analysis**

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

**City of Falcon Heights' Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 436,820	\$ 461,389	\$ 1,049,348	\$ 986,406	\$ 1,486,168	\$ 1,447,795
Operating grants and contributions	154,211	151,536	-	701	154,211	152,237
Capital grants and contributions	953,653	11,490	-	-	953,653	11,490
General revenues						
Property taxes	1,271,602	1,181,336	-	-	1,271,602	1,181,336
Other	736,979	793,796	-	-	736,979	793,796
Investment earnings	29,149	22,163	19,318	13,844	48,467	36,007
Gain of sale of assets	225	61	-	-	225	61
Total revenues	<u>3,582,639</u>	<u>2,621,771</u>	<u>1,068,666</u>	<u>1,000,951</u>	<u>4,651,305</u>	<u>3,622,722</u>
<b>Expenses</b>						
General government	752,640	696,194	-	-	752,640	696,194
Public safety	1,072,905	1,073,268	-	-	1,072,905	1,073,268
Public works	1,775,574	648,892	-	-	1,775,574	648,892
Park and recreation	174,392	162,958	-	-	174,392	162,958
Community development	3,726	1,789	-	-	3,726	1,789
Interest on long-term debt	28,612	18,363	-	-	28,612	18,363
Sanitary sewer	-	-	723,236	760,415	723,236	760,415
Storm drainage	-	-	142,494	122,303	142,494	122,303
Total expenses	<u>3,807,849</u>	<u>2,601,464</u>	<u>865,730</u>	<u>882,718</u>	<u>4,673,579</u>	<u>3,484,182</u>
Increase in net position before transfers	(225,210)	20,307	202,936	118,233	(22,274)	138,540
Transfer	400,000	40,000	(400,000)	(40,000)	-	-
Changes in net position	<u>174,790</u>	<u>60,307</u>	<u>(197,064)</u>	<u>78,233</u>	<u>(22,274)</u>	<u>138,540</u>
Net position – January 1	10,045,929	9,985,622	4,012,086	3,933,853	14,058,015	13,919,475
Net position - December 31	<u>\$ 10,220,719</u>	<u>\$ 10,045,929</u>	<u>\$ 3,815,022</u>	<u>\$ 4,012,086</u>	<u>\$ 14,035,741</u>	<u>\$ 14,058,015</u>

**GOVERNMENTAL ACTIVITIES**

Governmental activities increased the City's net position by \$174,790.

In 2017, the City Council increased the tax levy by 8.9% resulting in increased tax revenues by 8.4%. In 2016, the City Council increased the tax levy by 8.4%. In 2015, the property tax revenues increased by 3.63%. In 2014 there was a 3.4% decrease in property tax revenue due to a tax petition court case lowering the property taxes of one of the city's biggest taxpayers. The 2017 delinquencies in property tax collections were consistent with the delinquency payments in 2016, 2015 and 2014. The City's tax base continues to be very stable resulting in a low delinquency rate.

In the governmental activities section, overall, charges for services decreased \$24,569 from the 2016 level. Comparing to 2016 levels, roofing permits decreased \$10,844, plan check fees increased \$10,570, and the city's insurance refund decreased \$22,154.

Capital grants increased \$942,163 primarily due to the 2017 Grove street project with capital grant support of \$468,786 from St Paul Water Utility, \$79,083 from the University of Minnesota, \$190,000 from Minnesota Department of Transportation, and property street assessments of \$163,930.



**City of Falcon Heights  
Management's Discussion and Analysis**

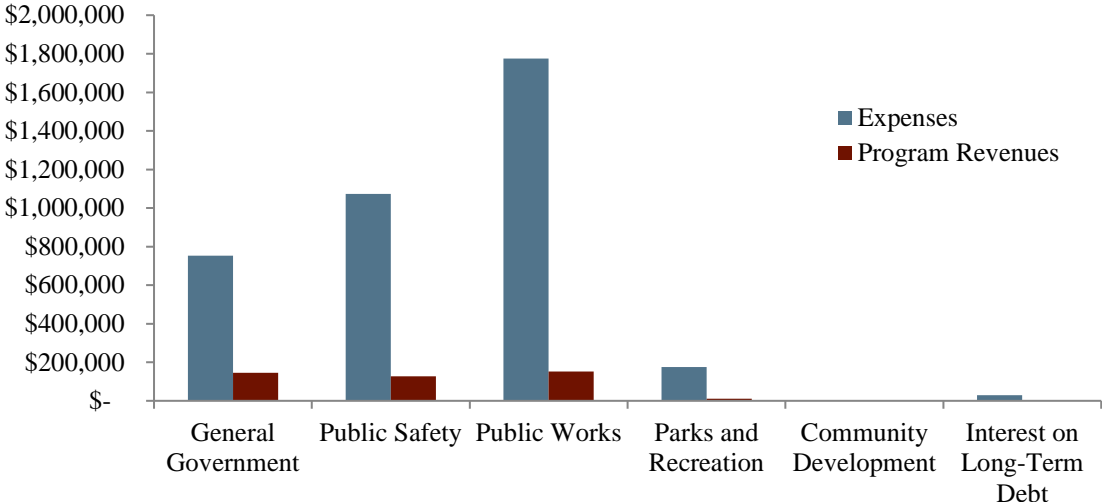
**GOVERNMENTAL ACTIVITIES (CONTINUED)**

Operating grants and contributions remain consistent with the 2016 level. In 2017, they were \$154,211 compared to \$151,536 in 2016.

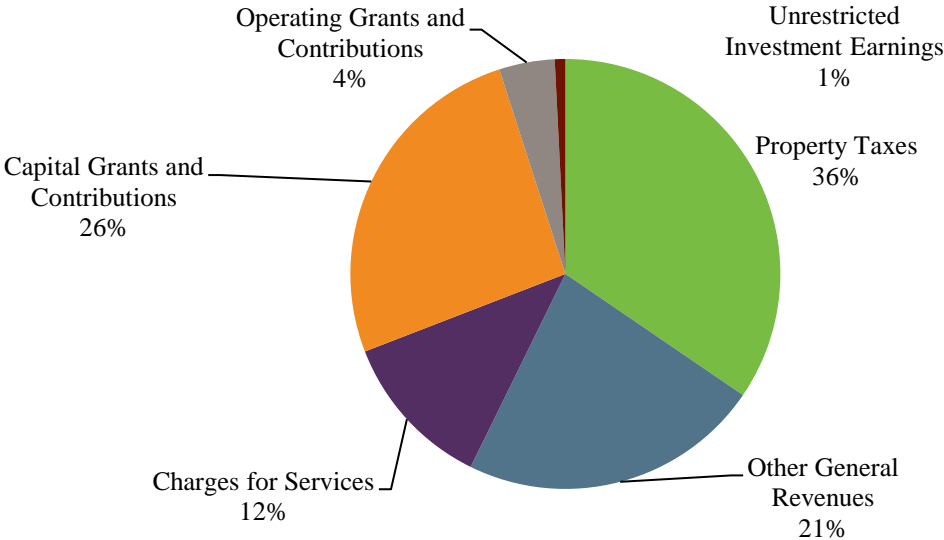
Local Government Aid (LGA) to the City from the State of Minnesota increased \$4,200 in 2017. The amount of LGA support from the State of Minnesota typically varies annually. In addition, governmental activities unrestricted investment revenues increased \$6,986 as compared to 2016.

On the following pages are specific graphs, which provide comparisons of the governmental activities' revenues and expenses.

**Expenses and Program Revenue – Governmental Activities**



**Revenues by Source – Governmental Activities**



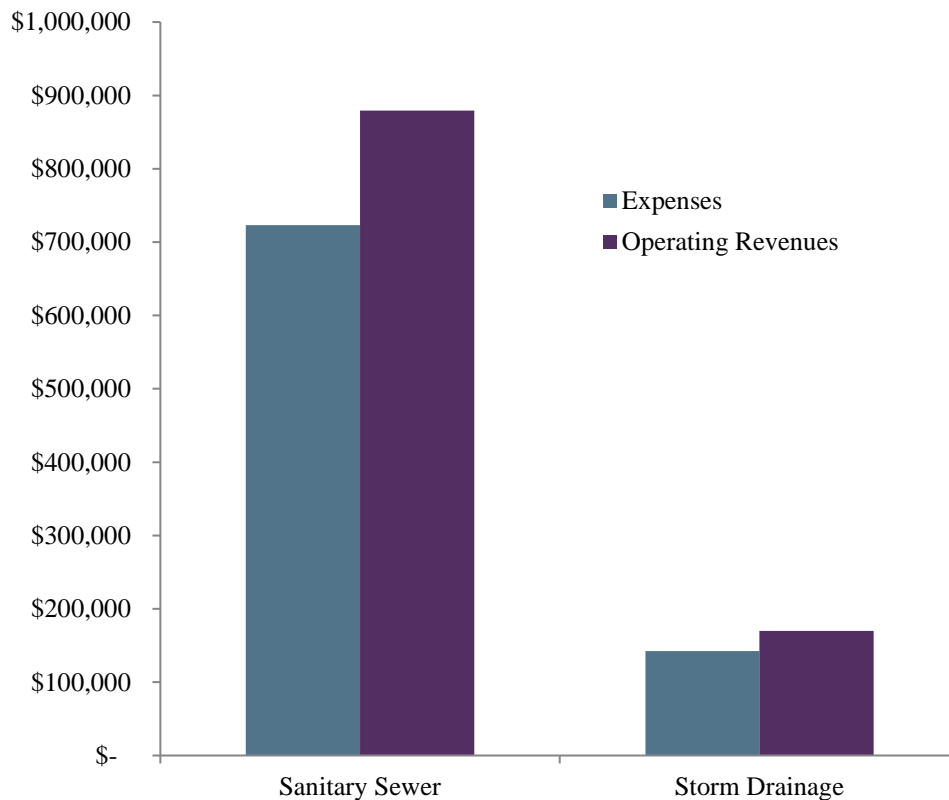
# City of Falcon Heights Management's Discussion and Analysis

## BUSINESS-TYPE ACTIVITIES

Business-type activities decreased the City's net position by \$197,064. In 2017, there was a 4.7% increase in the sanitary sewer fees and a 6.8% increase in storm drainage fees. In the business-type activities section, there was an increase in charges for services totaling \$62,942.

In 2017, there was a 4.7% increase in sanitary sewer fees and a 6.8% increase in storm drainage fees. In 2016, there was a 10.4% increase in sanitary sewer fees and no increase in storm drainage fees. In 2015 and 2014, there was no price increase for either sanitary sewer or storm drainage fees. In 2013, the sanitary sewer fees raised 8.5% and an 11.4% increase of storm sewer fees. No price increases in 2012. In 2011, the City changed the method of billing the sanitary sewer fees. The City instituted a base fee plus a variable fee determined by water consumption, instead of the previous method of using a flat fee for residential property owners. This resulted in property owners having an incentive to use less water consumption to help lower their sanitary sewer charges. The commercial properties were raised the same percentage increase as the residential properties. With the environmental importance of clean storm water drainage flows being discharged into our neighboring lakes and ponds, the City will continue to be required to make future capital improvements to our storm water drainage system.

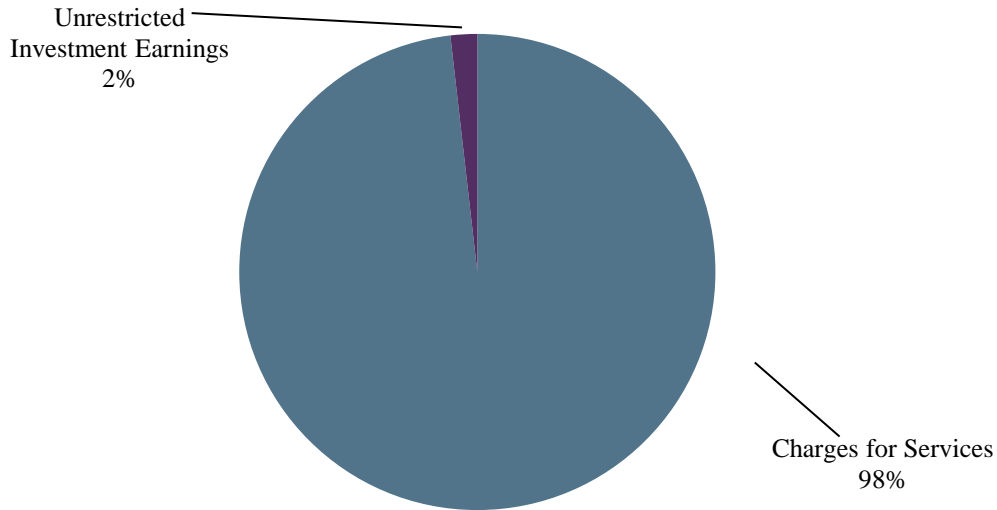
### Expenses and Operating Revenues – Business-Type Activities



**City of Falcon Heights  
Management's Discussion and Analysis**

**BUSINESS-TYPE ACTIVITIES (CONTINUED)**

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



**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a city's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,327,175, an increase of \$1,133,545 in comparison with the prior year. Approximately 42% (\$1,828,155) of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. Approximately one percent (\$37,201) of the remainder of fund balance is non-spendable, which indicates that it is not available for new spending because it has already been disbursed for various prepaid expenditures in the General Fund. Twelve percent (\$498,308) is restricted fund balance constrained to a specific purpose by outside legislation, external parties, or constitutional provisions. Seven percent (\$321,089) is committed fund balance constrained by the City Council for specific purposes. Thirty eight percent (\$1,642,422) is assigned fund balance intended for specific purposes by management as delegated authority by the City Council.

**City of Falcon Heights  
Management's Discussion and Analysis**

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)**

**Governmental Funds (Continued)**

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,828,155, while total fund balance reached \$1,865,356. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 96.5% of total General Fund expenditures, while total fund balance represents 98.5% of that same amount.

In 2017, the fund balance of the City's General Fund increased by \$117,597. Revenues were \$30,626 over budget. Expenditures were \$86,971 under budget. During 2017, the City emphasized operating within the budget. Key factors for this increased fund balance are:

Revenue Variances

- Property Tax revenue had a variance under budget of \$6,425 due to delinquencies.
- Revenues from fees associated with licenses and permits was \$33,394 over budget primarily due to building permits from three new homes being built and the elementary school being re-roofed.
- Intergovernmental revenue had a variance under budget of \$14,500 primarily due to less revenue from a neighboring city fire contract due to decreased fire calls.
- Fines and forfeits revenue had a variance of \$27,194 under budget primarily due to changes in police procedures. Ramsey County's court system collects the fines and forfeits for the City.
- Plan check fees were over budget by \$11,231. Once again due to increased building permits.
- Investment income was \$8,519 over budget due to improving yields on investments.
- Other revenues was over budget by \$14,539 due to a refund of the city's insurance policy, reimbursements from City of Anthony police expenses and fire training reimbursements from State of Minnesota.

Expenditure Variances

- The administrative section recognized a \$13,836 expenditure variance under budget. \$5,707 of this variance was due to a reduction in conference and education expenses.
- The Finance section recognized a \$7,713 expenditure variance under budget. This is due to lower salary and compensation expenses than budgeted.
- There was a \$6,210 expenditure variance under budget in Legal due to less use of legal representation.
- A \$6,039 expenditure variance over the budgeted amount in police expenditures was recognized by the City.
- Expenditures for firefighting for the City were \$5,694 under budget for the current year.
- The fire relief aid had a \$14,418 expenditure variance under budget.

**City of Falcon Heights  
Management's Discussion and Analysis**

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)**

**Governmental Funds (Continued)**

- Public works expenditures had a variance under budget of \$48,047. Savings in snow plowing costs of \$25,985 were achieved by a mild winter and performing snowplowing in house instead of hiring an outside vendor. Additional savings in motor fuel, lubricants, and supplies resulted in an additional \$4,845 variance under budget.
- A \$17,947 expenditure variance over budget in planning and inspection expenditures primarily due to the large permits that were granted in 2017.
- A \$4,559 expenditure variance under budget in total park and recreation expenditures was due to less overall park maintenance.
- A transfer of \$22,000 continued to be made from the General Fund to the Parks Program Special Revenue Fund to help support summer recreational sports programming activities. In additions, there was transfer of \$20,000 from the General Fund to the General Capital for future capital needs in city hall.

The Future Improvements Fund, a major fund, is the fund the City uses to record the infrastructure capital improvements of the City that would not be associated with any of the City's tax increment financing districts. The City received \$57,005 in street aid from the state of Minnesota and an additional grant of \$4,031 from the University of Minnesota for bike repair stations in the City. This Future Improvement Fund holds \$701,074 in assigned fund balance for future construction projects.

**Proprietary Funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail.

Unrestricted net position of the Sanitary Sewer Fund at the end of the year amounted to \$1,976,704 while unrestricted net position for the Storm Drainage Fund amounted to \$162,631.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year, General Fund expenditures were \$86,971 less than the budgetary estimates. Revenues were \$30,626 more than the budgetary estimates. Also, \$22,000 was transferred from the General Fund to the Parks Program Special Revenue Fund to help support summer recreational activities in the City and \$20,000 was transferred from the General Fund to the General Capital Fund for future capital projects in our council chambers. In 2017, the net change in fund balance for the General Fund was \$117,597

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2017 amounts to \$9,578,484 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements other than buildings, machinery and equipment and infrastructure.

**City of Falcon Heights  
Management's Discussion and Analysis**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

**Capital Assets (Continued)**

The City has elected to use the "modified approach," as defined by GASB Statement No. 34, for infrastructure reporting of its streets and alleys.

The City implemented a pavement management program in 2001 to assist in maintaining and monitoring the performance of the paved street network. This is one of the City's largest investments and would have a significant dollar value if it were to be replaced today. The software program, MicroPAVER, developed by the Army Corps of Engineers, was used by the City in 2001 and 2004. For 2007, 2010, 2013, and 2016 the City used the software program ICON, which was developed and supported by Goodpointe Technology as a tool for pavement management. While the software is different, the methodology is the same. Both systems use field surveys to identify distresses and rate the current condition of the streets. Both systems use the segment and distress information to determine the current Pavement Condition Index (PCI) for each segment. However, ICON provides the City with the ability to determine future needs based on current and past maintenance strategies and prioritize the appropriate rehabilitation at optimum times.

Also, ICON has a geographic information system interface to enable easy development of maps showing the results of the analysis.

ICON used the information gathered in the field to calculate a PCI rating for each pavement segment. A PCI rating of 100 would be indicative of a newly constructed street with no distress, while a rating of 0 would show a completely failed street. Segments then can be grouped into like categories of PCI ratings to help determine a schedule of maintenance, rehabilitation and reconstruction. The PCI groups set up for the City are as follows: 100 to 66 – Adequate; 65 to 36 – Marginal; and 35 to 0 – Poor. The City's minimum desired PCI rating is 70. For the year 2007, the City's PCI rating was 87. For the year 2010, the City's PCI rating was 76. For 2013, the City's PCI rating was 74. For 2016, the City's PCI rating was 77.

In 2017, the City conducted mill and overlay resurfacing in one of the neighborhoods. During 2015, two major capital asset events occurred. The City relined a portion of the sanitary sewer line in one of the sections of the city at a cost of \$166,190. The other major capital asset event was mill and overlay resurfacing on two of the city's streets including repair of storm drainage catch basins.

**City of Falcon Heights  
Management's Discussion and Analysis**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

**City of Falcon Heights' Capital Assets  
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 419,707	\$ 419,707	\$ -	\$ -	\$ 419,707	\$ 419,707
Construction in progress					-	-
Building and system	302,391	344,911	1,619,929	1,479,585	1,922,320	1,824,496
Improvements other						
Than buildings	529,625	534,672	-	-	529,625	534,672
Machinery and equipment	901,291	1,020,112	55,758	8,404	957,049	1,028,516
Infrastructure	5,749,783	5,749,783	-	-	5,749,783	5,749,783
<b>Total</b>	<b><u>\$ 7,902,797</u></b>	<b><u>\$ 8,069,185</u></b>	<b><u>\$ 1,675,687</u></b>	<b><u>\$ 1,487,989</u></b>	<b><u>\$ 9,578,484</u></b>	<b><u>\$ 9,557,174</u></b>

Additional information on the City's capital assets can be found in Note 3 on pages 54-55 of this report.

**Long-Term Debt**

At the end of the current fiscal year, the City had total bonded debt outstanding of \$1,625,000. During 2017 debt of \$845,000 was issued. The debt service payment in 2017 was \$150,000.

**City of Falcon Heights' Outstanding Debt  
General Obligation (G.O.) and Revenue Bonds**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
G.O. Bonds	<u>\$ 1,625,000</u>	<u>\$ 930,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,625,000</u>	<u>\$ 930,000</u>

The City earned a "AAA" rating from Standard and Poor's Rating Service on the latest debt issuance of 2017.

State statutes limit the amount of G.O. debt a governmental entity may issue to a percentage of its total assessed valuation. The current debt limitation for the City is \$8,068,774, which is in excess of the City's outstanding G.O. debt.

Additional information on the City's long-term debt can be found in Note 5 on pages 56-58 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The December 2017 unemployment rate for Ramsey County, in which the City resides, is currently 3.2%, which is a decrease from a rate of 3.5% a year ago. This local unemployment rate compares unfavorably to the state's December 2017 unemployment rate of 3.1% and favorably to the national December 2017 rate of 4.1%.

**City of Falcon Heights  
Management's Discussion and Analysis**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (CONTINUED)**

Inflationary trends in the region compare favorably to national indices. For a basket of goods indexed at \$100 in 1984, a resident of the Midwest Region will pay approximately \$236. This compares favorably to the average US citizen who pays approximately \$245 for that same basket. The sources for this data are the Federal Reserve Bank of Minneapolis and the Federal Bureau of Labor and Statistics.

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

During the current fiscal year, the fund balance in the General Fund increased by \$117,597 to a total of \$1,865,356. The City has designated \$1,828,155 of this balance as unassigned fund balance available for spending at the City's discretion.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 2077 W. Larpenteur Ave., City of Falcon Heights, Minnesota 55113.



## **BASIC FINANCIAL STATEMENTS**

**City of Falcon Heights**  
**Statement of Net Position**  
**December 31, 2017**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and investments (including cash equivalents)	\$ 4,349,489	\$ 2,063,766	\$ 6,413,255
Receivables			
Taxes receivable	10,727	-	10,727
Special assessments	151,284	-	151,284
Accounts receivable	44,758	207,020	251,778
Interest receivable	7,663	6,149	13,812
Due from other governments	44,640	-	44,640
Prepaid items	37,201	42,846	80,047
Capital assets (net of accumulated depreciation)			
Land	419,707	-	419,707
Infrastructure	5,749,783	-	5,749,783
Buildings and system	302,391	1,619,929	1,922,320
Improvements other than buildings	529,625	-	529,625
Machinery and equipment	901,291	55,758	957,049
	12,548,559	3,995,468	16,544,027
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources related to pensions	114,286	39,589	153,875
	\$ 12,662,845	\$ 4,035,057	\$ 16,697,902
<b>Liabilities</b>			
Accounts payable	\$ 64,395	\$ 5,883	\$ 70,278
Contracts payable	69,461	-	69,461
Due to other governments	660	-	660
Salaries and benefits payable	1,227	1,777	3,004
Interest payable	17,371	-	17,371
Unearned revenue	20,833	-	20,833
Bond principal payable			
Payable within one year	65,000	-	65,000
Payable after one year	1,089,437	-	1,089,437
Equipment certificate payable			
Payable within one year	85,000	-	85,000
Payable after one year	435,000	-	435,000
Compensated absences payable			
Payable within one year	33,432	13,740	47,172
Payable after one year	57,326	24,403	81,729
Net pension liability	417,251	144,535	561,786
Total liabilities	2,356,393	190,338	2,546,731
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources related to pensions	85,733	29,697	115,430
<b>Net Position</b>			
Net investment in capital assets	7,073,360	1,675,687	8,749,047
Restricted for			
Debt service	519,530	-	519,530
Tax increment	58,964	-	58,964
Park dedication	34,590	-	34,590
Unrestricted	2,534,275	2,139,335	4,673,610
Total net position	10,220,719	3,815,022	14,035,741
	\$ 12,662,845	\$ 4,035,057	\$ 16,697,902
Total liabilities, deferred inflows of resources, and net position	\$ 12,662,845	\$ 4,035,057	\$ 16,697,902

See notes to financial statements.

**City of Falcon Heights  
Statement of Activities  
Year Ended December 31, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 752,640	\$ 145,060	\$ -	\$ -	\$ (607,580)	\$ -	\$ (607,580)
Public safety	1,072,905	127,160	82,397	-	(863,348)	-	(863,348)
Public works	1,775,574	151,229	70,734	951,517	(602,094)	-	(602,094)
Park and recreation	174,392	11,476	1,080	-	(161,836)	-	(161,836)
Community development	3,726	1,895	-	2,136	305	-	305
Interest on long-term debt	28,612	-	-	-	(28,612)	-	(28,612)
Total governmental activities	<u>3,807,849</u>	<u>436,820</u>	<u>154,211</u>	<u>953,653</u>	<u>(2,263,165)</u>	<u>-</u>	<u>(2,263,165)</u>
Business-type activities							
Sanitary sewer	723,236	879,391	-	-	-	156,155	156,155
Storm sewer	142,494	169,957	-	-	-	27,463	27,463
Total business-type activities	<u>865,730</u>	<u>1,049,348</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>183,618</u>	<u>183,618</u>
Total governmental and business-type activities	<u>\$ 4,673,579</u>	<u>\$ 1,486,168</u>	<u>\$ 154,211</u>	<u>\$ 953,653</u>	(2,263,165)	183,618	(2,079,547)
General revenues							
Property taxes levied for general purposes					1,146,562	-	1,146,562
Property taxes levied for debt service					125,040	-	125,040
Tax increments					172,018	-	172,018
Unrestricted state aid					546,524	-	546,524
Other general revenue					18,437	-	18,437
Unrestricted investment earnings					29,149	19,318	48,467
Gain of sale of assets					225	-	225
Transfers					400,000	(400,000)	-
Total general revenues and transfers					<u>2,437,955</u>	<u>(380,682)</u>	<u>2,057,273</u>
Change in net position					174,790	(197,064)	(22,274)
Net position - beginning					<u>10,045,929</u>	<u>4,012,086</u>	<u>14,058,015</u>
Net position - ending					<u>\$ 10,220,719</u>	<u>\$ 3,815,022</u>	<u>\$ 14,035,741</u>

**City of Falcon Heights**  
**Balance Sheet - Governmental Funds**  
**December 31, 2017**

	General	Debt Service Funds	
		G.O. Improvement Series 2017A	G.O. Improvement Series 2013A
<b>Assets</b>			
Cash and investments	\$ 1,828,979	\$ 138,635	\$ 135,872
Taxes receivable - delinquent	9,793	-	-
Special assessment receivables - deferred	-	38,485	93,662
Accounts receivable	3,069	-	-
Interest receivable	5,208	-	-
Due from other governments	42,255	-	2,250
Prepaid items	37,201	-	-
<b>Total assets</b>	<b>\$ 1,926,505</b>	<b>\$ 177,120</b>	<b>\$ 231,784</b>
<b>Liabilities</b>			
Accounts payable	\$ 49,469	\$ -	\$ -
Contracts payable	-	-	-
Due to other governments	660	-	-
Salaries and benefits payable	1,227	-	-
Unearned revenue	-	-	-
<b>Total liabilities</b>	<b>51,356</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property tax	9,793	-	-
Unavailable revenue - special assessments	-	38,485	93,662
<b>Total deferred inflows of resources</b>	<b>9,793</b>	<b>38,485</b>	<b>93,662</b>
<b>Fund Balances</b>			
Nonspendable	37,201	-	-
Restricted	-	138,635	138,122
Committed	-	-	-
Assigned	-	-	-
Unassigned	1,828,155	-	-
<b>Total fund balances</b>	<b>1,865,356</b>	<b>138,635</b>	<b>138,122</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,926,505</b>	<b>\$ 177,120</b>	<b>\$ 231,784</b>

<u>Capital Projects Fund</u>			
<u>Future Improvements</u>	<u>Grove Street Improvement Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 704,858	\$ 599,319	\$ 941,826	\$ 4,349,489
934	-	-	10,727
19,137	-	-	151,284
-	18,943	22,746	44,758
1,816	-	639	7,663
-	-	135	44,640
-	-	-	37,201
<u>\$ 726,745</u>	<u>\$ 618,262</u>	<u>\$ 965,346</u>	<u>\$ 4,645,762</u>
\$ 5,600	\$ 560	\$ 8,766	\$ 64,395
-	64,461	5,000	69,461
-	-	-	660
-	-	-	1,227
-	-	20,833	20,833
<u>5,600</u>	<u>65,021</u>	<u>34,599</u>	<u>156,576</u>
934	-	-	10,727
19,137	-	-	151,284
<u>20,071</u>	<u>-</u>	<u>-</u>	<u>162,011</u>
-	-	-	37,201
-	-	221,551	498,308
-	-	321,089	321,089
701,074	553,241	388,107	1,642,422
-	-	-	1,828,155
<u>701,074</u>	<u>553,241</u>	<u>930,747</u>	<u>4,327,175</u>
<u>\$ 726,745</u>	<u>\$ 618,262</u>	<u>\$ 965,346</u>	<u>\$ 4,645,762</u>

(THIS PAGE LEFT BLANK INTENTIONALLY)

**City of Falcon Heights  
Reconciliation of the Balance Sheet to  
the Statement of Net Position - Governmental Funds  
December 31, 2017**

Total fund balances - governmental funds \$ 4,327,175

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.

Cost of capital assets	10,388,820
Less accumulated depreciation	(2,486,023)

Long-term liabilities, including bonds payable, 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:

Bond principal payable	(1,105,000)
Bond premium	(49,437)
Equipment certificates payable	(520,000)
Compensated absences payable	(90,758)
Net pension liability	(417,251)

Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.

Deferred inflows of resources related to pensions	(85,733)
Deferred outflows of resources related to pensions	114,286

Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

Property taxes	10,727
----------------	--------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred special assessments	151,284
------------------------------	---------

Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.

<u>(17,371)</u>
-----------------

Total net position - governmental activities

<u><u>\$ 10,220,719</u></u>
-----------------------------

**City of Falcon Heights**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds**  
**Year Ended December 31, 2017**

	General	Debt Service Funds	
		G.O. Improvement Series 2017A	G.O. Improvement Series 2013A
<b>Revenues</b>			
Property taxes	\$ 1,146,221	\$ -	\$ 26,228
Tax increments	-	-	-
Special assessments	-	-	39,328
Licenses and permits	93,344	-	-
Intergovernmental	654,024	-	-
Charges for services	73,723	-	-
Fines and forfeitures	45,806	-	-
Miscellaneous			
Investment income	15,519	185	527
Contributions and donations	-	-	-
Refunds and reimbursements	6,505	-	-
Other	18,039	-	-
Total revenues	<u>2,053,181</u>	<u>185</u>	<u>66,083</u>
<b>Expenditures</b>			
Current			
General government	660,203	-	781
Public safety	956,548	-	-
Public works	188,602	-	-
Park and recreation	88,231	-	-
Community development	-	-	-
Debt service			
Principal	-	-	65,000
Interest and other charges	-	-	10,544
Capital outlay			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Park and recreation	-	-	-
Total expenditures	<u>1,893,584</u>	<u>-</u>	<u>76,325</u>
Excess of revenues over (under) expenditures	159,597	185	(10,242)
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of capital assets	-	-	-
Bond issuance	-	13,450	-
Bond premium	-	-	-
Transfers in	-	125,000	25,000
Transfers out	(42,000)	-	-
Total other financing sources (uses)	<u>(42,000)</u>	<u>138,450</u>	<u>25,000</u>
Net change in fund balances	117,597	138,635	14,758
<b>Fund Balances</b>			
Beginning of year	<u>1,747,759</u>	<u>-</u>	<u>123,364</u>
End of year	<u>\$ 1,865,356</u>	<u>\$ 138,635</u>	<u>\$ 138,122</u>



Capital Projects Funds			
Future Improvements	Grove Street Improvement Project	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 99,356	\$ 1,271,805
-	-	172,018	172,018
7,697	163,931	-	210,956
-	-	-	93,344
61,402	737,869	25,699	1,478,994
184	-	162,021	235,928
-	-	-	45,806
5,731	2,154	5,033	29,149
-	-	1,080	1,080
-	-	-	6,505
-	91	20,332	38,462
<u>75,014</u>	<u>904,045</u>	<u>485,539</u>	<u>3,584,047</u>
-	-	1,560	662,544
-	-	781	957,329
10,641	176	152,051	351,470
-	-	36,165	124,396
-	-	3,726	3,726
-	-	85,000	150,000
-	-	10,436	20,980
-	-	30,303	30,303
-	-	20,777	20,777
5,555	1,234,523	167,850	1,407,928
-	-	18,619	18,619
<u>16,196</u>	<u>1,234,699</u>	<u>527,268</u>	<u>3,748,072</u>
58,818	(330,654)	(41,729)	(164,025)
-	-	225	225
-	831,550	-	845,000
-	52,345	-	52,345
-	-	292,000	442,000
-	-	-	(42,000)
<u>-</u>	<u>883,895</u>	<u>292,225</u>	<u>1,297,570</u>
58,818	553,241	250,496	1,133,545
<u>642,256</u>	<u>-</u>	<u>680,251</u>	<u>3,193,630</u>
<u>\$ 701,074</u>	<u>\$ 553,241</u>	<u>\$ 930,747</u>	<u>\$ 4,327,175</u>

**City of Falcon Heights  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances to  
the Statement of Activities - Governmental Funds  
Year Ended December 31, 2017**

Net change in fund balances - governmental funds	\$ 1,133,545
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	49,070
Depreciation expense	(215,458)
Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	
	(15,170)
Governmental funds recognized pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.	
	(20,587)
Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no effect on net assets in the Statement of Activities.	
	150,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires 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.	
	(10,540)
Proceeds from long-term debt are recognized as another financing source in the Governmental funds but as a decrease in net assets in the statement of activities.	
	(845,000)
The governmental funds report the effect of bond premiums, discounts, and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Premium on new bond issuances	(52,345)
Amortization of bond premiums	2,908
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Special assessments	(1,430)
Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
	<u>(203)</u>
Change in net position - governmental activities	<u><u>\$ 174,790</u></u>

**City of Falcon Heights  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance -  
Budget and Actual - General Fund  
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget -</u>
<b>Revenues</b>			
Property taxes	\$ 1,152,646	\$ 1,146,221	\$ (6,425)
Licenses and permits	59,950	93,344	33,394
Intergovernmental	668,524	654,024	(14,500)
Charges for services	52,935	73,723	20,788
Fines and forfeitures	73,000	45,806	(27,194)
Miscellaneous revenues			
Investment income	7,000	15,519	8,519
Refunds and reimbursements	5,000	6,505	1,505
Other	3,500	18,039	14,539
Total revenues	<u>2,022,555</u>	<u>2,053,181</u>	<u>30,626</u>
<b>Expenditures</b>			
Current			
General government	678,150	660,203	(17,947)
Public safety	972,966	956,548	(16,418)
Public works	236,649	188,602	(48,047)
Park and recreation	92,790	88,231	(4,559)
Total expenditures	<u>1,980,555</u>	<u>1,893,584</u>	<u>(86,971)</u>
Excess of revenues over expenditures	42,000	159,597	117,597
<b>Other Financing Uses</b>			
Transfers out	<u>(42,000)</u>	<u>(42,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>117,597</u>	<u>\$ 117,597</u>
<b>Fund Balance</b>			
Beginning of year		<u>1,747,759</u>	
End of year		<u>\$ 1,865,356</u>	

**City of Falcon Heights**  
**Statement of Net Position - Proprietary Funds**  
**December 31, 2017**

	<u>Sanitary Sewer</u>	<u>Storm Drainage</u>	<u>Total</u>
<b>Assets</b>			
Current assets			
Cash and investments	\$ 1,864,469	\$ 199,297	\$ 2,063,766
Accounts receivable	179,636	27,384	207,020
Interest receivable	6,149	-	6,149
Prepaid items	41,846	1,000	42,846
Total current assets	<u>2,092,100</u>	<u>227,681</u>	<u>2,319,781</u>
Noncurrent assets			
Capital assets			
Sewer system	1,277,781	-	1,277,781
Storm drain	-	1,918,672	1,918,672
Machinery and equipment	53,104	122,570	175,674
Total capital assets	<u>1,330,885</u>	<u>2,041,242</u>	<u>3,372,127</u>
Less accumulated depreciation	<u>(1,018,537)</u>	<u>(677,903)</u>	<u>(1,696,440)</u>
Net capital assets	<u>312,348</u>	<u>1,363,339</u>	<u>1,675,687</u>
Total assets	<u>2,404,448</u>	<u>1,591,020</u>	<u>3,995,468</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources related to pensions	<u>26,242</u>	<u>13,347</u>	<u>39,589</u>
Total assets and deferred outflows of resources	<u>\$ 2,430,690</u>	<u>\$ 1,604,367</u>	<u>\$ 4,035,057</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	\$ 166	\$ 5,717	\$ 5,883
Salaries and benefits payable	1,351	426	1,777
Amount due within one year	8,788	4,952	13,740
Total current liabilities	<u>10,305</u>	<u>11,095</u>	<u>21,400</u>
Noncurrent liabilities			
Compensated absences	24,629	13,514	38,143
Net pension liability	95,807	48,728	144,535
Less amount due within one year	<u>(8,788)</u>	<u>(4,952)</u>	<u>(13,740)</u>
Total noncurrent liabilities	<u>111,648</u>	<u>57,290</u>	<u>168,938</u>
Total liabilities	<u>121,953</u>	<u>68,385</u>	<u>190,338</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources related to pensions	<u>19,685</u>	<u>10,012</u>	<u>29,697</u>
<b>Net Position</b>			
Net investment in capital assets	312,348	1,363,339	1,675,687
Unrestricted	<u>1,976,704</u>	<u>162,631</u>	<u>2,139,335</u>
Total net position	<u>2,289,052</u>	<u>1,525,970</u>	<u>3,815,022</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,430,690</u>	<u>\$ 1,604,367</u>	<u>\$ 4,035,057</u>

**City of Falcon Heights**  
**Statement of Revenues, Expenses, and Changes**  
**in Fund Net Position - Proprietary Funds**  
**Year Ended December 31, 2017**

	Sanitary Sewer	Storm Drainage	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Operating revenues			
Charges for services	\$ 879,391	\$ 169,957	\$ 1,049,348
Operating expenses			
Wages, salaries, and compensation	145,626	72,451	218,077
Materials and supplies	-	1,245	1,245
Professional services	2,746	1,004	3,750
Electric	172	-	172
Maintenance	16,831	7,790	24,621
Repairs	-	3,278	3,278
Depreciation	12,013	46,866	58,879
Travel	-	34	34
Metro sewer charges	509,390	-	509,390
Sac charges	8,930	-	8,930
Billing fees	16,676	701	17,377
Insurance and bonds	6,656	2,238	8,894
Miscellaneous	4,196	6,887	11,083
Total operating expenses	<u>723,236</u>	<u>142,494</u>	<u>865,730</u>
Operating income	156,155	27,463	183,618
Nonoperating revenues			
Investment income	<u>17,988</u>	<u>1,330</u>	<u>19,318</u>
Income before transfers and capital contributions	174,143	28,793	202,936
Transfers out	<u>(400,000)</u>	<u>-</u>	<u>(400,000)</u>
Change in net position	(225,857)	28,793	(197,064)
Net position			
Beginning of year	<u>2,514,909</u>	<u>1,497,177</u>	<u>4,012,086</u>
End of year	<u>\$ 2,289,052</u>	<u>\$ 1,525,970</u>	<u>\$ 3,815,022</u>

See notes to financial statements.

**City of Falcon Heights**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended December 31, 2017**

	Sanitary Sewer	Storm Drainage	Total
<b>Cash Flows - Operating Activities</b>			
Receipts from customers and users	\$ 816,366	\$ 168,550	\$ 984,916
Payments to suppliers	(565,037)	(21,063)	(586,100)
Payments to employees	(135,421)	(70,456)	(205,877)
Net cash flows - operating activities	115,908	77,031	192,939
<b>Cash Flows - Noncapital Financing Activities</b>			
Advance to other funds	300,000	-	300,000
Transfer to other funds	(400,000)	-	(400,000)
Net cash flows - noncapital financing activities	(100,000)	-	(100,000)
<b>Cash Flows - Capital and Related Financing Activities</b>			
Acquisition of capital assets	(33,089)	(213,488)	(246,577)
<b>Cash Flows - Investing Activities</b>			
Interest and dividends received	14,869	1,872	16,741
Net change in cash and cash equivalents	(2,312)	(134,585)	(136,897)
<b>Cash and Cash Equivalents</b>			
Beginning of year	1,866,781	333,882	2,200,663
End of year	\$ 1,864,469	\$ 199,297	\$ 2,063,766
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities</b>			
Operating income	\$ 156,155	\$ 27,463	\$ 183,618
Adjustments to reconcile operating income (loss) to net cash flows - operating activities			
Depreciation expense	12,013	46,866	58,879
Accounts receivable	(63,025)	(1,407)	(64,432)
Prepaid items	603	(1,000)	(397)
Pension expense	4,638	5	4,643
Accounts payable	(43)	3,114	3,071
Salaries payable	1,351	426	1,777
Compensated absences payable	4,216	1,564	5,780
Total adjustments	(40,247)	49,568	9,321
Net cash flows - operating activities	\$ 115,908	\$ 77,031	\$ 192,939

**City of Falcon Heights  
Notes to Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Falcon Heights is a statutory city governed by an elected mayor and four council members. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from the business-type activities, which rely to a significant extent on 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated revenues are reported as general revenues rather than program revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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 year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**City of Falcon Heights  
Notes to Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Property taxes, franchise fees, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

**Description of Funds:**

Major Governmental Funds:

General Fund – This fund is the City's primary operating fund. It accounts for all financial resources of the general City, except those required to be accounted for in another fund.

G.O. Improvement Series 2017A – This fund accounts for the resources accumulated and payments made for principal and interest on this bond issuance.

G.O. Improvement Series 2013A – This fund accounts for the resources accumulated and payments made for principal and interest on this bond issuance.

Future Improvements Capital Projects Fund – This fund accounts for costs associated with replacement of the City's utility and road systems.

Grove Street Improvements Capital Projects Fund – This fund accounts for costs associated with the Grove Street improvement project.

Major Proprietary Funds:

Sanitary Sewer Enterprise Fund – This fund accounts for the operations of the City's sanitary sewer utility.

Storm Drainage Enterprise Fund – This fund accounts for the activities of the City's storm drainage operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.



**City of Falcon Heights  
Notes to Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sanitary Sewer and the Storm Drainage Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. Further, the City applies unrestricted funds in this order if various levels of unrestricted fund balances exist: committed, assigned, and unassigned.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity**

**1. Deposits and Investments**

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

*Minnesota Statutes* authorizes the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

Certain investments for the City are reported at fair value as disclosed in Note 3. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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; Level 3 inputs are significant unobservable inputs.

**City of Falcon Heights  
Notes to Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**1. Deposits and Investments (Continued)**

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

**2. Receivables and Payables**

All trade and property tax receivables are shown at a gross amount since both are assessable to the property taxes and are collectible upon the sale of the property.

The City levies its property tax for the subsequent year during the month of December. December 28 is the last day the City can certify a tax levy to the County Auditor for collection the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Ramsey County is the collecting agency for the levy and remits the collections to the City three times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

The County Auditor prepares the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City.

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent tax receivable.

**3. Prepaid Items and Inventory**

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. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

**City of Falcon Heights  
Notes to Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**3. Prepaid Items and Inventory (Continued)**

Inventory is valued at cost using the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

**4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Park buildings	30
Building improvements	15
Furniture and equipment	5
Light vehicles	5
Machinery and equipment	5-7
Fire trucks	20
Utility distribution system	50

The City uses the modified approach in accounting for its street and alley infrastructure assets. Under this method, depreciation expense is not recognized. A pavement condition policy has been established and all costs of maintaining the assets at this level are expensed.

**City of Falcon Heights  
Notes to Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City presents deferred outflows of resources on the Statements of Net Position for deferred outflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The City presents deferred inflows of resources on the Governmental Fund Balance Sheet as unavailable revenue. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City presents deferred inflows of resources on the Statements of Net Position for deferred inflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

**6. Compensated Absences**

City employees earn vacation time based on years of City service with a maximum at twice their annual vacation leave. At least one week of vacation must be used per calendar year. Upon termination, employees will receive compensation for unused vacation time. Sick leave is accumulated for all regular full-time employees at the rate of one day per calendar month to a maximum of 120 days. The City compensates employees who leave municipal service at the rate of 50% of unused sick leave. Vacation and sick leave benefits are recorded as expenditures in governmental funds when paid. Compensated absences payable are reported in governmental funds only if they have matured as a result of employee resignations and retirements. Vacation and sick benefits are recorded as expenses in proprietary funds when earned.

**7. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

**City of Falcon Heights**  
**Notes to Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**7. Long-Term Obligations (Continued)**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**8. Pensions**

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

**9. Fund Equity**

**a. Classification**

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- Nonspendable Fund Balance – These are amounts that cannot be spent because they are not in spendable form.
- Restricted Fund Balance – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or b) imposed by law through enabling legislation.
- Committed Fund Balance – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision making authority) through resolution.

**City of Falcon Heights  
Notes to Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**9. Fund Equity (Continued)**

**a. Classification (Continued)**

- Assigned Fund Balance – These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Based on authorization provided by the City's fund balance policy, assignments are made by the City Administrator based on the City Council's direction.
  
- Unassigned Fund Balance – These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

**b. Minimum Fund Balance**

The City will strive to maintain a minimum unassigned fund balance in the General Fund of 45% of the subsequent year's budgeted expenditures.

**10. Net Position**

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build, or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**E. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

**City of Falcon Heights  
Notes to Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Budgetary Information**

1. In August of each year, City staff submits to the City Council, a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution after obtaining taxpayer comments.
4. Budgets for the General, Special Revenue, Capital Projects, Debt Service, and Enterprise Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Expenditures may not legally exceed budgeted appropriations at the department level. No fund's budget can be increased without City Council approval. The City Council may authorize transfer of budgeted amounts between departments within any fund. Management may amend budgets within a department level, so long as the total department budget is not changed.
6. Annual appropriated budgets are adopted during the year for the General, Special Revenue, Capital Projects, Debt Service, and Enterprise Funds.
7. Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original amounts budgeted. Budgeted expenditure appropriations lapse at year-end.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

Cash balances of the City's funds are combined (pooled) and invested to the extent available in various investments authorized by *Minnesota Statutes*. Each fund's portion of this pool (or pools) is displayed in the financial statements as "cash and cash equivalents" or "investments". For purposes of identifying risk of investing public funds, the balances and related restrictions are summarized as follows.

**A. Deposits**

**Custodial Credit Risk – Deposits:** This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a policy that requires the District's deposits be collateralized as required by *Minnesota Statutes* for an amount exceeding FDIC, SAIF, BIF, or FCUA coverage. As of December 31, 2017, the City's bank balance of \$0 was not exposed to custodial credit risk because it was fully insured through the FDIC.

The book balance as of December 31, 2017, was \$0 for deposits.

As of December 31, 2017, the City had petty cash as follows:

Petty cash	<u><u>\$ 250</u></u>
------------	----------------------

**City of Falcon Heights  
Notes to Financial Statements**

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments**

Investment Type	Fair Value	Investment Maturity				Rating
		Less than 1 Year	1 to 3 Years	3 - 5 Years	Over 5 Years	
Brokered Certificates of Deposit	\$ 4,573,207	\$ 3,774,348	\$ 798,859	\$ -	\$ -	NR
U.S. Agencies	299,754	-	-	299,338	416	AAA
4M Fund	726,441	726,441	N/A	N/A	N/A	NR
4M Fund Plus	555,447	555,447	N/A	N/A	N/A	NR
Brokered Money Markets	258,156	258,156	N/A	N/A	N/A	NR
Total Investments	<u>\$ 6,413,005</u>					

Maturity	Maximum Investment
0 - 5 years	80%
6 - 10 years	20%

**Concentration of Credit Risk:** This is the risk of loss attributed to the magnitude of an investment in a single issuer. The City's investment policy states the City shall set the goal that no one issuer represents 5% or more of total investments with the exception of U.S. Treasuries and U.S. government agencies that are either implicitly or explicitly guaranteed by the federal government.

**Interest Rate Risk:** This is the risk that market values of securities in a portfolio would decrease due to changes in market interest rates. The City's investment policy states the City will invest in approximately 10% to 25% of its available funds in liquid instruments, such as commercial paper and money market accounts. This is to ensure the City's funds could be available should unexpected large bills be presented for payment. The policy goes on to state once the liquidity needs have been met, the remaining investments shall be placed with institutions offering the highest rate of return consistent with the maturities determined by the City.

**Credit Risk:** This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to be in the top two ratings issued by nationally recognized statistical rating obligations. The policy lists the authorized investments to comply with the requirements of *Minnesota Statutes* 118A.04, 118A.05, and 118A.06, examples include commercial paper rated as A-1, P-1 and F-1 with maturities of 270 days or less, U.S. government obligations, obligations of the State of Minnesota, irrevocable letter of credit and interest bearing deposits.



**City of Falcon Heights  
Notes to Financial Statements**

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy states investments are to be fully insured or collateralized and/or registered in the name of the City with safekeeping for the security provided by the City's broker/financial institution or trust department. The financial institution is also required to be a member of the Securities Investor Protection Corporation (SIPC) to protect the securities in the City's account. All certificates of deposit up to \$250,000 principal and interest will be protected by the FDIC. In the event the City purchases a certificate of deposit from a broker/financial institution that does not provide safekeeping, the City may provide safekeeping in a secured location at the City.

The City has the following recurring fair value measurements as of December 31, 2017:

- \$4,872,961 of investments are significant other observable inputs (Level 2 inputs)

Summary of cash deposits and investments as of December 31, 2017, were as follows:

Petty Cash	\$ 250
Investments (Note 3.B.)	<u>6,413,005</u>
Total deposits and investments	<u><u>\$ 6,413,255</u></u>

**C. Cash and Investments**

Deposits and investments are presented in the December 31, 2017, basic financial statements as follows:

Statement of Net Position	
Cash and investments - governmental activities	\$ 4,049,489
Cash and investments - business-type activities	<u>2,363,766</u>
Total	<u><u>\$ 6,413,255</u></u>

**City of Falcon Heights**  
**Notes to Financial Statements**

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 419,707	\$ -	\$ -	\$ 419,707
Infrastructure	5,749,783	-	-	5,749,783
Total capital assets not being depreciated	<u>6,169,490</u>	<u>-</u>	<u>-</u>	<u>6,169,490</u>
Capital assets being depreciated				
Buildings	1,360,310	-	-	1,360,310
Improvements other than buildings	800,976	30,050	-	831,026
Machinery and equipment	<u>2,015,563</u>	<u>19,020</u>	<u>6,589</u>	<u>2,027,994</u>
Total capital assets being depreciated	<u>4,176,849</u>	<u>49,070</u>	<u>6,589</u>	<u>4,219,330</u>
Less accumulated depreciation for				
Buildings	1,015,399	42,520	-	1,057,919
Improvements other than buildings	266,304	35,097	-	301,401
Machinery and equipment	<u>995,451</u>	<u>137,841</u>	<u>6,589</u>	<u>1,126,703</u>
Total accumulated depreciation	<u>2,277,154</u>	<u>215,458</u>	<u>6,589</u>	<u>2,486,023</u>
Total capital assets being depreciated, net	<u>1,899,695</u>	<u>(166,388)</u>	<u>-</u>	<u>1,733,307</u>
Governmental activities capital assets, net	<u><u>\$ 8,069,185</u></u>	<u><u>\$ (166,388)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,902,797</u></u>

**City of Falcon Heights**  
**Notes to Financial Statements**

**NOTE 3 – CAPITAL ASSETS (CONTINUED)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets being depreciated				
Buildings and system	\$ 3,011,977	\$ 184,476	\$ -	\$ 3,196,453
Machinery and equipment	<u>113,573</u>	<u>62,101</u>	<u>-</u>	<u>175,674</u>
Total capital assets being depreciated	<u>3,125,550</u>	<u>246,577</u>	<u>-</u>	<u>3,372,127</u>
Less accumulated depreciation for				
Buildings and system	1,532,392	44,132	-	1,576,524
Machinery and equipment	<u>105,169</u>	<u>14,747</u>	<u>-</u>	<u>119,916</u>
Total accumulated depreciation	<u>1,637,561</u>	<u>58,879</u>	<u>-</u>	<u>1,696,440</u>
Total capital assets being depreciated, net	<u>1,487,989</u>	<u>187,698</u>	<u>-</u>	<u>1,675,687</u>
Business-type activities capital assets, net	<u>\$ 1,487,989</u>	<u>\$ 187,698</u>	<u>\$ -</u>	<u>\$ 1,675,687</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities	
General government	\$ 60,741
Public safety	99,939
Public works	28,546
Culture and recreation	<u>26,232</u>
Total depreciation expense - governmental activities	<u>\$ 215,458</u>
Business-type activities	
Sanitary sewer	\$ 12,013
Storm drainage	<u>46,866</u>
Total depreciation expense - business-type activities	<u>\$ 58,879</u>

**City of Falcon Heights  
Notes to Financial Statements**

**NOTE 4 – INTERFUND TRANSFERS**

Transfers during the year ended December 31, 2017, were as follows:

	Transfers Out		
	General Fund	Sanitary Sewer	Total
Transfers in			
G.O. Improvement Series 2013A	\$ -	\$ 25,000	\$ 25,000
G.O. Improvement Series 2017A	-	125,000	125,000
Other Governmental Funds	42,000	250,000	292,000
Total	\$ 42,000	\$ 400,000	\$ 442,000

The transfer from the General Fund to Other Governmental Funds was to assist with park programs and capital improvements. The transfer from Sanitary Sewer Fund to Other Governmental Funds was to assist with capital improvements. The transfers from the Sanitary Sewer Fund to the G.O. Improvement Series 2013A Fund and the G.O. Improvement Series 2017A Fund were to assist with debt service payments.

**NOTE 5 – LONG-TERM DEBT**

**A. G.O. Debt**

The City issues G.O. bonds and equipment certificates to provide for financing tax increment projects, street improvement, and capital purchases. Debt service is funded, respectively, by tax increment and special assessments against benefited properties with any shortfalls being paid from general taxes.

G.O. bonds are direct obligations and pledge the full faith and credit of the City.

	Original Issue	Interest Rates	Principal Outstanding
Long-term liabilities			
Governmental activities			
G.O. Equipment Certificates, Series 2013B	\$ 715,000	0.60%-2.40%	\$ 520,000
G.O. Improvement Bonds, Series 2013A	445,000	0.75%-2.40%	260,000
G.O. Improvement Bonds, Series 2017A	845,000	3.00%	845,000

**City of Falcon Heights**  
**Notes to Financial Statements**

**NOTE 5 – LONG-TERM DEBT (CONTINUED)**

**A. G.O. Debt (Continued)**

Annual debt service requirements to maturity for G.O. bonds are as follows:

Year Ending December 31,	G.O. Equipment Certificates		G.O. Improvement Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 85,000	\$ 9,136	\$ 65,000	\$ 30,772
2019	85,000	8,031	180,000	27,151
2020	85,000	6,671	180,000	22,418
2021	85,000	5,057	180,000	17,505
2022	90,000	3,173	120,000	13,200
2023-2025	90,000	1,080	380,000	17,250
Total	<u>\$ 520,000</u>	<u>\$ 33,148</u>	<u>\$ 1,105,000</u>	<u>\$ 128,296</u>

**B. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
G.O. Equipment Certificates	\$ 605,000	\$ -	\$ 85,000	\$ 520,000	\$ 85,000
G.O. Improvement Bonds	325,000	845,000	65,000	1,105,000	65,000
Compensated absences	75,588	49,656	34,486	90,758	33,432
Total governmental activities	<u>1,005,588</u>	<u>894,656</u>	<u>184,486</u>	<u>1,715,758</u>	<u>183,432</u>
Business-type activities					
Compensated absences	32,363	14,080	8,300	38,143	13,740
Total long-term liabilities	<u>\$ 1,037,951</u>	<u>\$ 908,736</u>	<u>\$ 192,786</u>	<u>\$ 1,753,901</u>	<u>\$ 197,172</u>

The General Fund typically liquidates the liability related to compensated absences.

**C. Conduit Debt**

Conduit debt is certain limited-obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued revenue bonds to provide funding to private-sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City has no obligation for such debt beyond the resources provided by related leases or loans. Accordingly, the bonds are not reported as liabilities in the financial statements of the City.

**City of Falcon Heights  
Notes to Financial Statements**

**NOTE 5 – LONG-TERM DEBT (CONTINUED)**

**C. Conduit Debt (Continued)**

As of December 31, 2017, the following issues were outstanding:

Name	Date of Issue	Original Amount of Issue	Balance Outstanding as of 12/31/17
Coventry Apartments	2008A	\$ 12,000,000	\$ 10,819,731
Pines of Hutchinson, LLC	2013	4,400,000	3,788,203
Mounds Park Academy	2014	7,707,444	7,529,998
DeLasalle High School	2015	2,380,000	2,056,436
St Paul Academy & Summit School Project Series	2017	7,375,000	7,375,000
 Total		<u>\$ 33,862,444</u>	<u>\$ 31,569,368</u>

**NOTE 6 – FUND BALANCE DETAIL**

At December 31, 2017, fund balance was comprised of the following components:

	General	G.O. Improvement Series 2017A	G.O. Improvement Series 2013A	Future Improvements	Grove Streetscape Improvement Project	Other Governmental Fund	Total
Nonspendable							
Prepaid items	\$ 37,201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,201
Restricted							
Tax increment capital projects	-	-	-	-	-	58,964	58,964
Debt service	-	138,635	138,122	-	-	127,997	404,754
Capital equipment	-	-	-	-	-	-	-
Committed							
Recreation costs	-	-	-	-	-	15,904	15,904
Hydrant and fire truck costs	-	-	-	-	-	125,996	125,996
Recycling and environmental activities	-	-	-	-	-	99,952	99,952
Activities promoting economic development	-	-	-	-	-	54,390	54,390
Lighting costs	-	-	-	-	-	20,942	20,942
Garden costs	-	-	-	-	-	3,701	3,701
Ash borer prevention	-	-	-	-	-	204	204
Assigned							
Capital projects	-	-	-	701,074	553,241	388,107	1,642,422
Unassigned	1,828,155	-	-	-	-	-	1,828,155
 Total	<u>\$ 1,865,356</u>	<u>\$ 138,635</u>	<u>\$ 138,122</u>	<u>\$ 701,074</u>	<u>\$ 553,241</u>	<u>\$ 930,747</u>	<u>\$ 4,327,175</u>

**City of Falcon Heights**  
**Notes to Financial Statements**

**NOTE 7 – RISK MANAGEMENT**

The City purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT) with other cities in the state which is a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2017 was estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2017, there were no other claims liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**NOTE 8 – PENSION PLANS**

The City participates in various pension plans and total pension expense for the year ended December 31, 2017 was \$69,370. The components of pension expense are noted in the following plan summaries.

**Public Employees' Retirement Association**

**A. Plan Description**

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

General Employees Retirement Plan (General Employees Plan (accounted for in the General Employees Fund))

All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**City of Falcon Heights  
Notes to Financial Statements**

**NOTE 8 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**B. Benefits Provided**

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

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

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

**General Employees Plan Benefits**

General Employees Plan 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 members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

**C. Contributions**

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

**General Employees Fund Contributions**

Coordinated Plan members were required to contribute 6.50%, of their annual covered salary in calendar year 2017. The City was required to contribute 7.50% for Coordinated Plan members in calendar year 2017. The City's contributions to the General Employees Fund for the year ended December 31, 2017, were \$43,937. The City's contributions were equal to the required contributions as set by state statute.



**City of Falcon Heights  
Notes to Financial Statements**

**NOTE 8 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs**

General Employees Fund Pension Costs

At December 31, 2017, the City reported a liability of \$561,786 for its proportionate share of the General Employee Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2017. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$7,039. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportion share was 0.0088%, which was an increase of 0.0004% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City recognized pension expense of \$69,370 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$203 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 18,516	\$ 34,759
Changes in actuarial assumptions	89,030	56,319
Difference between projected and actual investment earnings	-	137
Changes in proportion	24,360	24,215
Contributions paid to PERA subsequent to the measurement date	<u>21,969</u>	<u>-</u>
	<u>\$ 153,875</u>	<u>\$ 115,430</u>

**City of Falcon Heights  
Notes to Financial Statements**

**NOTE 8 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

\$21,969 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2018	\$ 9,998
2019	34,017
2020	(3,692)
2021	(23,847)
Total	\$ 16,476

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2017, actuarial valuation was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50 % Per year
Active member payroll growth	3.25 % Per year
Investment rate of return	7.50 %

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be 1% per year for the General Employees plan through 2044 and then 2.5% thereafter.

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015.

**City of Falcon Heights  
Notes to Financial Statements**

**NOTE 8 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**E. Actuarial Assumptions (Continued)**

The following changes in actuarial assumptions occurred in 2017:

General Employees Fund

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability, and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1% per year for all years to 1% per year through 2044 and 2.5% per year thereafter.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	39 %	5.10 %
International stocks	19	5.30
Bonds	20	0.75
Alternative assets	20	5.90
Cash	2	0.00
Total	<u>100 %</u>	

**F. Discount Rate**

The discount rate used to measure the total pension liability in 2017 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at rates set in *Minnesota Statutes*. Based on those assumptions, the fiduciary net position of the General Employees Fund 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.

**City of Falcon Heights  
Notes to Financial Statements**

**NOTE 8 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**G. Pension Liability Sensitivity**

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

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's proportionate share of the General Employees Fund net pension liability	\$ 871,372	\$ 561,786	\$ 308,334

**H. Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

**I. Defined Contribution Pension Plan – Volunteer Fire Fighter's Relief Association**

The Falcon Heights Firefighter's Relief Association is the administrator of a single employer defined contribution pension plan established to provide benefits for members of the Falcon Heights Fire Department per *Minnesota State Statutes*.

The Association issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Falcon Heights Firefighter's Relief Association, 2077 Larpenteur Ave. W, St. Paul, MN 55113 or by calling (651) 792-7635.

Members are not vested in their accounts until they attain five years of active service, at which time they become 40% vested. Thereafter, the vested portion of their accounts increases by 4% annually until they achieve 100% vesting after having served for 20 years.

Plan provisions were established and may only be amended by amendments to the Association bylaws which require a majority vote by the Board of Trustees.

During 2017, the City made no contributions to the plan and passed through to the association \$55,582 in state aid.

**City of Falcon Heights**  
**Notes to Financial Statements**

**NOTE 9 – COMMITMENTS**

The City had the following construction commitments at December 31, 2017:

	<u>Project Authorization</u>	<u>Expended Through 12/13/2017</u>	<u>Remaining Commitment</u>
2017 Street Improvement Project	\$ 1,490,162	\$ 1,289,211	\$ 200,951

**NOTE 10 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

GASB Statement No. 87, Leases 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, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending December 31, 2020.

(THIS PAGE LEFT BLANK INTENTIONALLY)

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Falcon Heights  
Schedule of City's Proportionate Share  
of Net Pension Liability  
General Employees Retirement Fund  
Last Ten Years**

<u>For Fiscal Year Ended June 30,</u>	<u>City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)</u>	<u>City's Proportionate Share (Amount) of the Net Pension Liability (Asset)</u>	<u>State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City</u>	<u>City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City</u>	<u>City's Covered Payroll</u>	<u>City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2015	0.0087%	\$ 450,879	\$ -	\$ 450,879	\$ 502,440	89.74%	78.2%
2016	0.0084%	682,038	9,002	691,040	524,187	130.11%	68.9%
2017	0.0088%	561,786	7,039	568,825	564,907	99.45%	75.9%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**City of Falcon Heights  
Schedule of City Contributions  
General Employees Retirement Fund  
Last Ten Years**

<u>Fiscal Year Ending December 31,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2015	\$ 36,927	\$ 36,927	\$ -	\$ 492,360	7.50%
2016	40,580	40,580	-	541,067	7.50%
2017	43,937	43,937	-	585,827	7.50%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.



**City of Falcon Heights  
Required Supplementary Information and  
Notes to Required Supplementary Information**

**INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Streets and alleys					
Estimated	\$ 1,174,456	\$ -	\$ 921,000	\$ 40,000	\$ 1,211,500
Actual	<u>796,336</u>	<u>10,842</u>	<u>499,929</u>	<u>39,599</u>	<u>1,234,522</u>
Difference	<u>\$ 378,120</u>	<u>\$ (10,842)</u>	<u>\$ 421,071</u>	<u>\$ 401</u>	<u>\$ (23,022)</u>

**CONDITION RATING OF THE CITY'S STREET SYSTEMS**

	<u>2010</u>	<u>2013</u>	<u>2016</u>
Streets and alleys	<u>76</u>	<u>74</u>	<u>77</u>

The City implemented a pavement management program in 2001 to assist in maintaining and monitoring the performance of the paved street network. This is one of the City's largest investments and would have a significant dollar value if it were to be replaced today. The software program MircoPAVER, developed by the Army Corps of Engineers, was used by the City in 2001 and 2004. For 2007, 2010, 2013, and 2016, the City used the software program ICON, which was developed and supported by Goodpointe Technology, as a tool for pavement management. While the software is different, the methodology is the same. Both systems use field surveys to identify distresses and rate the current condition of the streets. Both systems use the segment and distress information to determine the current Pavement Condition Index (PCI) for each segment. However, ICON provides the City with the ability to determine future needs based on current and past maintenance strategies and prioritize the appropriate rehabilitation at optimum times. Also, ICON has a geographic information system interface to enable easy development of maps showing the results of the analysis.

ICON used the information gathered in the field to calculate a PCI rating for each pavement segment. A PCI rating of 100 would be indicative of a newly constructed street with no distress, while a rating of 0 would show a completely failed street. Segments then can be grouped into like categories of PCI ratings to help determine a schedule of maintenance, rehabilitation, and reconstruction. The PCI groups set up for the City are as follows: 100 to 66 – Adequate; 65 to 36 – Marginal; 35 to 0 – Poor. The City's minimum desired PCI rating is 70. For the year 2016, the City's PCI rating was 77. This was the sixth analysis of the City's streets and alleys. The next rating will be completed in 2019.

**City of Falcon Heights**  
**Notes to Required Supplementary Information**

**GENERAL EMPLOYEES FUND**

**2017 Changes**

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

**2016 Changes**

Changes in Actuarial Assumptions

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

**2015 Changes**

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 million. Upon consolidation, state and employer contributions were revised.

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**City of Falcon Heights  
Combining Balance Sheet -  
Nonmajor Governmental Funds  
December 31, 2017**

	Special Revenue			
	Park Programs	Water	Solid Waste	Community Development
<b>Assets</b>				
Cash and investments	\$ 15,769	\$ 120,932	\$ 93,410	\$ 74,677
Accounts receivable	-	5,064	12,311	-
Interest receivable	-	-	-	-
Due from other governments	135	-	-	-
Total assets	\$ 15,904	\$ 125,996	\$ 105,721	\$ 74,677
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 5,769	\$ 287
Contracts payable	-	-	-	-
Unearned revenue	-	-	-	20,000
Total liabilities	-	-	5,769	20,287
<b>Fund Balances</b>				
Restricted	-	-	-	-
Committed	15,904	125,996	99,952	54,390
Assigned	-	-	-	-
Total fund balances	15,904	125,996	99,952	54,390
Total liabilities and fund balances	\$ 15,904	\$ 125,996	\$ 105,721	\$ 74,677

Special Revenue				Debt Service
Street Lighting	Community Garden	Emerald Ash Borer Grant	Total	G.O. Equipment Certificates, Series 2013B
\$ 15,726	\$ 3,701	\$ 204	\$ 324,419	\$ 127,997
5,371	-	-	22,746	-
-	-	-	-	-
-	-	-	135	-
<u>\$ 21,097</u>	<u>\$ 3,701</u>	<u>\$ 204</u>	<u>\$ 347,300</u>	<u>\$ 127,997</u>
\$ 155	\$ -	\$ -	\$ 6,211	\$ -
-	-	-	-	-
-	-	-	20,000	-
<u>155</u>	<u>-</u>	<u>-</u>	<u>26,211</u>	<u>-</u>
-	-	-	-	127,997
20,942	3,701	204	321,089	-
-	-	-	-	-
<u>20,942</u>	<u>3,701</u>	<u>204</u>	<u>321,089</u>	<u>127,997</u>
<u>\$ 21,097</u>	<u>\$ 3,701</u>	<u>\$ 204</u>	<u>\$ 347,300</u>	<u>\$ 127,997</u>

**City of Falcon Heights  
Combining Balance Sheet -  
Nonmajor Governmental Funds  
December 31, 2017**

	Capital Projects		
	General Capital Improvements	Parks/PW and Facilities Capital Improvements	Tax Increment No. 1 Construction
<b>Assets</b>			
Cash and investments	\$ 224,365	\$ 156,727	\$ 5,089
Accounts receivable	-	-	-
Interest receivable	639	-	-
Due from other governments	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 225,004</u>	<u>\$ 156,727</u>	<u>\$ 5,089</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 1,969	\$ -
Contracts payable	-	-	5,000
Unearned revenue	-	833	-
Total liabilities	<u>-</u>	<u>2,802</u>	<u>5,000</u>
<b>Fund Balances</b>			
Restricted	-	34,590	89
Committed	-	-	-
Assigned	225,004	119,335	-
Total fund balances	<u>225,004</u>	<u>153,925</u>	<u>89</u>
Total liabilities and fund balances	<u>\$ 225,004</u>	<u>\$ 156,727</u>	<u>\$ 5,089</u>

Capital Projects

<u>Tax Increment No. 1-3</u>	<u>Public Safety Capital Improvements</u>	<u>Total</u>	<u>Total Other Governmental Funds</u>
\$ 59,461	\$ 43,768	\$ 489,410	\$ 941,826
-	-	-	22,746
-	-	639	639
-	-	-	135
<u>\$ 59,461</u>	<u>\$ 43,768</u>	<u>\$ 490,049</u>	<u>\$ 965,346</u>
\$ 586	\$ -	\$ 2,555	\$ 8,766
-	-	5,000	5,000
-	-	833	20,833
<u>586</u>	<u>-</u>	<u>8,388</u>	<u>34,599</u>
58,875	-	93,554	221,551
-	-	-	321,089
-	43,768	388,107	388,107
<u>58,875</u>	<u>43,768</u>	<u>481,661</u>	<u>930,747</u>
<u>\$ 59,461</u>	<u>\$ 43,768</u>	<u>\$ 490,049</u>	<u>\$ 965,346</u>

**City of Falcon Heights**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended December 31, 2017**

	Special Revenue			
	Park Programs	Water	Solid Waste	Community Development
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Tax increments	-	-	-	-
Intergovernmental	-	-	13,363	-
Charges for services	10,771	34,326	74,446	-
Miscellaneous				
Investment income	160	785	634	391
Contributions and donations	1,080	-	-	-
Other	-	-	-	1,895
Total revenues	12,011	35,111	88,443	2,286
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	10,818	85,810	-
Park and recreation	35,312	-	-	-
Community development	-	-	-	3,726
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Park and recreation	-	-	-	-
Total expenditures	35,312	10,818	85,810	3,726
Excess of revenues over (under) expenditures	(23,301)	24,293	2,633	(1,440)
<b>Other Financing Sources</b>				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	22,000	-	-	-
Total other financing sources	22,000	-	-	-
Net change in fund balances	(1,301)	24,293	2,633	(1,440)
<b>Fund Balances</b>				
Beginning of year	17,205	101,703	97,319	55,830
End of year	\$ 15,904	\$ 125,996	\$ 99,952	\$ 54,390



Special Revenue				Debt Service
Street Lighting	Community Garden	Emerald Ash Borer Grant	Total	G.O. Equipment Certificates, Series 2013B
\$ -	\$ -	\$ -	\$ -	\$ 99,356
-	-	-	-	-
-	-	-	13,363	-
41,773	705	-	162,021	-
-	-	-	-	-
199	27	1	2,197	407
-	-	-	1,080	-
-	-	-	1,895	-
<u>41,972</u>	<u>732</u>	<u>1</u>	<u>180,556</u>	<u>99,763</u>
-	-	-	-	780
-	-	-	-	-
54,643	-	-	151,271	-
-	73	-	35,385	-
-	-	-	3,726	-
-	-	-	-	-
-	-	-	-	85,000
-	-	-	-	10,436
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>54,643</u>	<u>73</u>	<u>-</u>	<u>190,382</u>	<u>96,216</u>
(12,671)	659	1	(9,826)	3,547
-	-	-	-	-
-	-	-	22,000	-
-	-	-	22,000	-
(12,671)	659	1	12,174	3,547
<u>33,613</u>	<u>3,042</u>	<u>203</u>	<u>308,915</u>	<u>124,450</u>
<u>\$ 20,942</u>	<u>\$ 3,701</u>	<u>\$ 204</u>	<u>\$ 321,089</u>	<u>\$ 127,997</u>

**City of Falcon Heights**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended December 31, 2017**

	Capital Projects		
	General Capital Improvements	Parks/PW and Facilities Capital Improvements	Tax Increment No. 1 Construction
<b>Revenues</b>			
Property taxes	\$ -	\$ -	\$ -
Tax increments	-	-	-
Intergovernmental	-	2,136	-
Charges for services	-	-	-
Miscellaneous			
Investment income	1,237	341	40
Contributions and donations	-	-	-
Other	18,437	-	-
Total revenues	<u>19,674</u>	<u>2,477</u>	<u>40</u>
<b>Expenditures</b>			
Current			
General government	780	-	-
Public safety	-	-	-
Public works	-	-	-
Park and recreation	-	780	-
Community development	-	-	-
Debt service			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay			
General government	30,303	-	-
Public safety	-	-	-
Public works	-	-	-
Park and recreation	-	18,619	-
Total expenditures	<u>31,083</u>	<u>19,399</u>	<u>-</u>
Excess of revenues over (under) expenditures	(11,409)	(16,922)	40
<b>Other Financing Sources</b>			
Proceeds from sale of capital assets	-	225	-
Transfers in	170,000	100,000	-
Total other financing sources	<u>170,000</u>	<u>100,225</u>	<u>-</u>
Net change in fund balances	158,591	83,303	40
<b>Fund Balances</b>			
Beginning of year	<u>66,413</u>	<u>70,622</u>	<u>49</u>
End of year	<u>\$ 225,004</u>	<u>\$ 153,925</u>	<u>\$ 89</u>

Capital Projects			Total Other Governmental Funds
Tax Increment No. 1-3	Public Safety Capital Improvements	Total	
\$ -	\$ -	\$ -	\$ 99,356
172,018	-	172,018	172,018
-	10,200	12,336	25,699
-	-	-	162,021
434	377	2,429	5,033
-	-	-	1,080
-	-	18,437	20,332
<u>172,452</u>	<u>10,577</u>	<u>205,220</u>	<u>485,539</u>
-	-	780	1,560
-	781	781	781
780	-	780	152,051
-	-	780	36,165
-	-	-	3,726
-	-	-	85,000
-	-	-	10,436
-	-	30,303	30,303
-	20,777	20,777	20,777
167,850	-	167,850	167,850
-	-	18,619	18,619
<u>168,630</u>	<u>21,558</u>	<u>240,670</u>	<u>527,268</u>
3,822	(10,981)	(35,450)	(41,729)
-	-	225	225
-	-	270,000	292,000
-	-	270,225	292,225
3,822	(10,981)	234,775	250,496
<u>55,053</u>	<u>54,749</u>	<u>246,886</u>	<u>680,251</u>
<u>\$ 58,875</u>	<u>\$ 43,768</u>	<u>\$ 481,661</u>	<u>\$ 930,747</u>

**City of Falcon Heights**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund - Detailed**  
**Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>Revenues</b>			
Property taxes	\$ 1,152,646	\$ 1,146,221	\$ (6,425)
Licenses and permits	59,950	93,344	33,394
Intergovernmental revenue			
Local government aid	544,817	544,817	-
Cable television franchise fees	52,000	51,918	(82)
Fire aid	70,000	55,582	(14,418)
Other grants and aids	1,707	1,707	-
Total intergovernmental revenue	<u>668,524</u>	<u>654,024</u>	<u>(14,500)</u>
Charges for services			
Fire contract	29,000	34,192	5,192
Plan check fees	2,000	13,231	11,231
Other	21,935	25,800	3,865
Snow removal	-	500	500
Total charges for services	<u>52,935</u>	<u>73,723</u>	<u>20,788</u>
Fines and forfeitures	73,000	45,806	(27,194)
Miscellaneous revenue			
Investment income	7,000	15,519	8,519
Refunds and reimbursements	5,000	6,505	1,505
Other	3,500	18,039	14,539
Total miscellaneous revenue	<u>15,500</u>	<u>40,063</u>	<u>24,563</u>
Total revenues	<u>2,022,555</u>	<u>2,053,181</u>	<u>30,626</u>
<b>Expenditures</b>			
General government			
Legislative			
Wages, salaries, and compensation	21,315	21,675	360
Materials and supplies	1,575	1,833	258
Other	20,018	18,428	(1,590)
Administration			
Wages, salaries, and compensation	202,921	204,076	1,155
Materials and supplies	8,000	8,195	195
Other	33,900	18,714	(15,186)

**City of Falcon Heights**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund - Detailed**  
**Year Ended December 31, 2017**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Expenditures (Continued)</b>			
General government (continued)			
Finance			
Wages, salaries, and compensation	\$ 125,040	\$ 116,639	\$ (8,401)
Materials and supplies	300	1,303	1,003
Other	19,970	19,655	(315)
Legal	16,500	10,290	(6,210)
Elections			
Materials and supplies	1,000	303	(697)
Other	19,363	19,516	153
Communications			
Wages, salaries, and compensation	24,845	23,464	(1,381)
Materials and supplies	4,300	2,856	(1,444)
Other	59,438	51,913	(7,525)
Planning and inspections			
Wages, salaries, and compensation	70,250	76,115	5,865
Materials and supplies	50	-	(50)
Other	49,365	65,228	15,863
Total general government	678,150	660,203	(17,947)
Public safety			
Emergency preparedness			
Wages, salaries, and compensation	6,658	4,452	(2,206)
Materials and supplies	-	1,603	1,603
Other	1,210	356	(854)
Police services	710,128	716,167	6,039
Legal	31,000	30,112	(888)
Fire fighting			
Wages, salaries, and compensation	82,660	78,885	(3,775)
Fire relief pension	70,000	55,582	(14,418)
Materials and supplies	11,520	8,986	(2,534)
Other	59,790	60,405	615
Total public safety	972,966	956,548	(16,418)
Public works			
Buildings and grounds			
Wages, salaries, and compensation	25,694	21,674	(4,020)
Materials and supplies	9,000	11,059	2,059
Other	35,550	36,723	1,173

**City of Falcon Heights**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund - Detailed**  
**Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>Expenditures (Continued)</b>			
Public works (Continued)			
Streets			
Wages, salaries, and compensation	\$ 71,130	\$ 73,450	\$ 2,320
Materials and supplies	18,400	13,706	(4,694)
Other	54,825	25,295	(29,530)
Engineering	15,000	4,147	(10,853)
Tree program			
Materials and supplies	50	25	(25)
Tree maintenance	7,000	2,523	(4,477)
Total public works	<u>236,649</u>	<u>188,602</u>	<u>(48,047)</u>
Park and recreation			
Park maintenance			
Wages, salaries, and compensation	57,795	51,407	(6,388)
Materials and supplies	6,300	7,033	733
Other	28,695	29,791	1,096
Total parks and recreation	<u>92,790</u>	<u>88,231</u>	<u>(4,559)</u>
Total expenditures	<u>1,980,555</u>	<u>1,893,584</u>	<u>(86,971)</u>
Excess of revenues over expenditures	42,000	159,597	117,597
<b>Other Financing Uses</b>			
Transfers out	<u>(42,000)</u>	<u>(42,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	117,597	<u>\$ 117,597</u>
<b>Fund Balance</b>			
Beginning of year		<u>1,747,759</u>	
End of year		<u>\$ 1,865,356</u>	

**City of Falcon Heights**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual -**  
**Park Programs Fund - Special Revenue Fund**  
**Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>Revenues</b>			
Charges for services	\$ 27,000	\$ 10,771	\$ (16,229)
Miscellaneous revenues			
Investment income	100	160	60
Contributions and donations	1,000	1,080	80
Total miscellaneous revenues	<u>1,100</u>	<u>1,240</u>	<u>140</u>
Total revenues	<u>28,100</u>	<u>12,011</u>	<u>(16,089)</u>
<b>Expenditures</b>			
Park and recreation			
Current			
Wages, salaries, and compensation	35,382	27,287	(8,095)
Materials and supplies	2,500	1,037	(1,463)
Other	12,200	6,988	(5,212)
Total expenditures	<u>50,082</u>	<u>35,312</u>	<u>(14,770)</u>
Excess of revenues under expenditures	(21,982)	(23,301)	(1,319)
<b>Other Financing Sources</b>			
Transfers in	<u>22,000</u>	<u>22,000</u>	<u>-</u>
Net change in fund balance	<u>\$ 18</u>	<u>(1,301)</u>	<u>\$ (1,319)</u>
<b>Fund Balance</b>			
Beginning of year		<u>17,205</u>	
End of year		<u>\$ 15,904</u>	

**City of Falcon Heights**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual -**  
**Water Fund - Special Revenue Fund**  
**Year Ended December 31, 2017**

	Original and Final Budget	Actual Amounts	Variance with Final Budget- Over (Under)
<b>Revenues</b>			
Charges for services	\$ 29,000	\$ 34,326	\$ 5,326
Miscellaneous revenues			
Investment income	350	785	435
Total revenues	29,350	35,111	5,761
<b>Expenditures</b>			
Public works			
Wages, salaries, and compensation	9,257	9,084	(173)
Other	3,690	1,734	(1,956)
Total expenditures	12,947	10,818	(2,129)
Excess of revenues over expenditures	\$ 16,403	24,293	\$ 7,890
<b>Fund Balance</b>			
Beginning of year		101,703	
End of year		\$ 125,996	



**City of Falcon Heights**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual -**  
**Solid Waste Fund - Special Revenue Fund**  
**Year Ended December 31, 2017**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>			
Recycling grant	\$ 13,109	\$ 13,363	\$ 254
Charges for services	73,000	74,446	1,446
Miscellaneous revenues			
Investment income	350	634	284
Total revenues	86,459	88,443	1,984
<b>Expenditures</b>			
Public works			
Wages, salaries, and compensation	13,350	14,624	1,274
Materials and supplies	825	215	(610)
Recycling contract	70,000	69,228	(772)
Other	4,485	1,743	(2,742)
Total expenditures	88,660	85,810	(2,850)
Excess of revenues over (under) expenditures	\$ (2,201)	2,633	\$ 4,834
<b>Fund Balance</b>			
Beginning of year		97,319	
End of year		\$ 99,952	

**City of Falcon Heights**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual -**  
**Community Development Fund - Special Revenue Fund**  
**Year Ended December 31, 2017**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
Miscellaneous revenues			
Investment income	150	391	241
Other	1,716	1,895	179
Total revenues	1,866	2,286	420
<b>Expenditures</b>			
Community Development			
Other	35,850	3,726	(32,124)
Excess of revenues under expenditures	\$ (33,984)	(1,440)	\$ 32,544
<b>Fund Balance</b>			
Beginning of year		55,830	
End of year		\$ 54,390	

**City of Falcon Heights**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual -**  
**Street Lighting Fund - Special Revenue Fund**  
**Year Ended December 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 41,000	\$ 41,000	\$ 41,773	\$ 773
Miscellaneous revenues				
Investment income	<u>70</u>	<u>70</u>	<u>199</u>	<u>129</u>
Total revenues	<u>41,070</u>	<u>41,070</u>	<u>41,972</u>	<u>902</u>
<b>Expenditures</b>				
Public works				
Other	<u>36,600</u>	<u>57,700</u>	<u>54,643</u>	<u>(3,057)</u>
Excess of revenues over (under) expenditures	<u>\$ 4,470</u>	<u>\$ (16,630)</u>	(12,671)	<u>\$ 3,959</u>
<b>Fund Balance</b>				
Beginning of year			<u>33,613</u>	
End of year			<u>\$ 20,942</u>	

**City of Falcon Heights**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual -**  
**Community Garden Fund - Special Revenue Fund**  
**Year Ended December 31, 2017**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
Charges for services			
Park and recreation	\$ 700	\$ 705	\$ 5
Miscellaneous revenues			
Investment income	15	27	12
Total revenues	715	732	17
<b>Expenditures</b>			
Park and recreation			
Other	1,000	73	(927)
Excess of revenues over (under) expenditures	\$ (285)	659	\$ 944
<b>Fund Balance</b>			
Beginning of year		3,042	
End of year		\$ 3,701	

**City of Falcon Heights**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual -**  
**Emerald Ash Borer Grant Fund - Special Revenue Fund**  
**Year Ended December 31, 2017**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
Miscellaneous revenues			
Investment income	\$ -	\$ 1	\$ 1
<b>Expenditures</b>			
Parks and recreation			
Wages, salaries, and compensation	750	-	(750)
Excess of revenues over (under) expenditures	\$ (750)	1	\$ 751
<b>Fund Balance</b>			
Beginning of year		203	
End of year		\$ 204	

**City of Falcon Heights**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual -**  
**G.O. Improvement Bonds, Series 2017A - Debt Service Fund**  
**Year Ended December 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Special assessments	\$ -	\$ 40,000	\$ -	\$ (40,000)
Miscellaneous revenues				
Investment income	-	100	185	85
Total revenues	<u>-</u>	<u>40,100</u>	<u>185</u>	<u>(39,915)</u>
<b>Expenditures</b>				
Public works				
Wages, salaries and compensation	-	800	-	(800)
Debt service				
Interest and other charges	-	21,000	-	(21,000)
Total expenditures	<u>-</u>	<u>21,800</u>	<u>-</u>	<u>(21,800)</u>
Excess of revenues over expenditures	-	18,300	185	(18,115)
<b>Other Financing Sources</b>				
Bond Issuance	-	20,000	13,450	(6,550)
Transfers in	-	125,000	125,000	-
Total other financing sources	<u>-</u>	<u>145,000</u>	<u>138,450</u>	<u>(6,550)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 163,300</u>	138,635	<u>\$ (24,665)</u>
<b>Fund Balance</b>				
Beginning of year			<u>-</u>	
End of year			<u>\$ 138,635</u>	

**City of Falcon Heights**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual -**  
**G.O. Improvement Bonds, Series 2013A - Debt Service Fund**  
**Year Ended December 31, 2017**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
Property Taxes	\$ 26,228	\$ 26,228	\$ -
Special assessments	47,448	39,328	(8,120)
Miscellaneous revenues			
Investment income	200	527	327
Total revenues	73,876	66,083	(7,793)
<b>Expenditures</b>			
General government			
Other	750	781	31
Debt service			
Principal	65,000	65,000	-
Interest and other charges	12,606	10,544	(2,062)
Total expenditures	78,356	76,325	(2,031)
Excess of revenues under expenditures	(4,480)	(10,242)	(5,762)
<b>Other Financing Sources</b>			
Transfers in	25,000	25,000	-
Net change in fund balance	\$ 20,520	14,758	\$ (5,762)
<b>Fund Balance</b>			
Beginning of year		123,364	
End of year		\$ 138,122	

**City of Falcon Heights**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual -**  
**G.O. Equipment Certificates, Series 2013B - Debt Service Fund**  
**Year Ended December 31, 2017**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
Property taxes	\$ 99,356	\$ 99,356	\$ -
Miscellaneous revenues			
Investment income	200	407	207
Total revenues	99,556	99,763	207
<b>Expenditures</b>			
General government			
Wages, salaries, and compensation	750	780	30
Debt service			
Principal	85,000	85,000	-
Interest and other charges	13,986	10,436	(3,550)
Total expenditures	99,736	96,216	(3,520)
Excess of revenues over (under) expenditures	\$ (180)	3,547	\$ 3,727
<b>Fund Balance</b>			
Beginning of year		124,450	
End of year		\$ 127,997	



**City of Falcon Heights**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual -**  
**Future Improvements - Capital Projects Fund**  
**Year Ended December 31, 2017**

	<u>Budgeted Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Special assessments	\$ 81,000	\$ 6,000	\$ 7,697	\$ 1,697
Intergovernmental				
Other grants and aids	653,000	60,000	61,402	1,402
Charges for services				
Public works	-	-	184	184
Miscellaneous revenues				
Investment income	4,500	4,500	5,731	1,231
Total revenues	<u>738,500</u>	<u>70,500</u>	<u>75,014</u>	<u>4,514</u>
<b>Expenditures</b>				
Public works				
Current				
Other	25,750	25,750	10,641	(15,109)
Capital outlay	1,183,500	7,000	5,555	(1,445)
Debt service				
Interest and other charges	15,000	-	-	-
Total expenditures	<u>1,224,250</u>	<u>32,750</u>	<u>16,196</u>	<u>(16,554)</u>
Excess of revenues over (under) expenditures	(485,750)	37,750	58,818	21,068
<b>Other Financing Sources</b>				
Bond issuance	800,000	-	-	-
Net change in fund balance	<u>\$ 314,250</u>	<u>\$ 37,750</u>	58,818	<u>\$ 21,068</u>
<b>Fund Balance</b>				
Beginning of year			<u>642,256</u>	
End of year			<u>\$ 701,074</u>	

**City of Falcon Heights**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual -**  
**Grove Street Improvement Project - Capital Projects Fund**  
**Year Ended December 31, 2017**

	Budgeted Amount		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Special assessments	\$ -	\$ 40,000	\$ 163,931	\$ 123,931
Intergovernmental revenue				
Municipal state aid	-	200,000	190,000	(10,000)
Other grants and aids	-	662,000	547,869	(114,131)
Total intergovernmental revenue	-	862,000	737,869	(124,131)
Miscellaneous revenues				
Investment income	-	100	2,154	2,054
Other	-	-	91	91
Total miscellaneous	-	100	2,245	2,145
Total revenues	-	902,100	904,045	1,945
<b>Expenditures</b>				
Public works				
Current				
Other	-	16,800	176	(16,624)
Capital outlay	-	1,211,500	1,234,523	23,023
Total expenditures	-	1,228,300	1,234,699	6,399
Excess of revenues under expenditures	-	(326,200)	(330,654)	(4,454)
<b>Other Financing Sources (Uses)</b>				
Bond issuance	-	850,000	831,550	(18,450)
Bond premium	-	-	52,345	52,345
Transfers out	-	(300,000)	-	300,000
Total other financing sources (uses)	-	550,000	883,895	333,895
Net change in fund balance	\$ -	\$ 223,800	553,241	\$ 329,441
<b>Fund Balance</b>				
Beginning of year			-	
End of year			\$ 553,241	

**City of Falcon Heights**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual -**  
**General Capital Improvements - Capital Projects Fund**  
**Year Ended December 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Miscellaneous revenues				
Investment income	\$ 400	\$ 400	\$ 1,237	\$ 837
Other	-	-	18,437	18,437
Total revenues	<u>400</u>	<u>400</u>	<u>19,674</u>	<u>19,274</u>
<b>Expenditures</b>				
General government				
Current				
Other	750	750	780	30
Capital outlay	<u>27,800</u>	<u>177,800</u>	<u>30,303</u>	<u>(147,497)</u>
Total expenditures	<u>28,550</u>	<u>178,550</u>	<u>31,083</u>	<u>(147,467)</u>
Excess of revenues under expenditures	(28,150)	(178,150)	(11,409)	166,741
<b>Other Financing Sources</b>				
Transfers in	<u>20,000</u>	<u>170,000</u>	<u>170,000</u>	<u>-</u>
Net change in fund balance	<u>\$ (8,150)</u>	<u>\$ (8,150)</u>	158,591	<u>\$ 166,741</u>
<b>Fund Balance</b>				
Beginning of year			<u>66,413</u>	
End of year			<u>\$ 225,004</u>	

**City of Falcon Heights**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual - Parks/PW**  
**and Facilities Capital Improvements - Capital Projects Fund**  
**Year Ended December 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental				
Other grants and aids	\$ -	\$ -	\$ 2,136	\$ 2,136
Miscellaneous revenues				
Investment income	200	200	341	141
Total Revenues	<u>200</u>	<u>200</u>	<u>2,477</u>	<u>2,277</u>
<b>Expenditures</b>				
Parks and recreation				
Current				
Other	750	750	780	30
Capital outlay	<u>7,500</u>	<u>23,000</u>	<u>18,619</u>	<u>(4,381)</u>
Total expenditures	<u>8,250</u>	<u>23,750</u>	<u>19,399</u>	<u>(4,351)</u>
Excess of revenues under expenditures	(8,050)	(23,550)	(16,922)	6,628
<b>Other Financing Sources</b>				
Proceeds from sale of capital assets	-	-	225	225
Transfers in	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>100,000</u>	<u>100,225</u>	<u>225</u>
Net change in fund balance	<u>\$ (8,050)</u>	<u>\$ 76,450</u>	83,303	<u>\$ 6,853</u>
<b>Fund Balance</b>				
Beginning of year			<u>70,622</u>	
End of year			<u>\$ 153,925</u>	

**City of Falcon Heights**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**Tax Increment No. 1 Construction - Capital Projects Fund**  
**Year Ended December 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Miscellaneous revenues				
Investment income	\$ -	\$ -	\$ 40	\$ 40
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	40	<u>\$ 40</u>
<b>Fund Balance</b>				
Beginning of year			<u>49</u>	
End of year			<u>\$ 89</u>	

**City of Falcon Heights**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual -**  
**Tax Increment No. 1-3 - Capital Projects Fund**  
**Year Ended December 31, 2017**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
Tax increments	\$ 240,000	\$ 172,018	\$ (67,982)
Miscellaneous revenue			
Investment income	200	434	234
Total revenues	240,200	172,452	(67,748)
<b>Expenditures</b>			
Public works			
Current			
Other	750	780	30
Capital outlay	248,000	167,850	(80,150)
Total expenditures	248,750	168,630	(80,120)
Excess of revenues over (under) expenditures	\$ (8,550)	3,822	\$ 12,372
<b>Fund Balance</b>			
Beginning of year		55,053	
End of year		\$ 58,875	

**City of Falcon Heights**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual -**  
**Public Safety Capital Improvements - Capital Projects Fund**  
**Year Ended December 31, 2017**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
Intergovernmental Revenue			
Federal grants	\$ -	\$ 10,200	\$ 10,200
Miscellaneous revenues			
Investment income	200	377	177
Total revenues	200	10,577	10,377
<b>Expenditures</b>			
Public safety			
Current			
Other	750	781	31
Capital outlay	43,500	20,777	(22,723)
Total expenditures	44,250	21,558	(22,692)
Excess of revenues under expenditures	\$ (44,050)	(10,981)	\$ 33,069
<b>Fund Balance</b>			
Beginning of year		54,749	
End of year		\$ 43,768	

(THIS PAGE LEFT BLANK INTENTIONALLY)



## **City of Falcon Heights Statistical Section**

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

### **CONTENTS**

#### **Financial Trends**

The tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Tables 1-5

#### **Revenue Capacity**

These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.

Tables 6-10

#### **Debt Capacity**

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Tables 11-15

#### **Demographic and Economic Information**

These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Tables 16-17

#### **Operating Information**

These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Tables 18-20

(THIS PAGE LEFT BLANK INTENTIONALLY)

**City of Falcon Heights  
Net Position by Component  
Last Ten Fiscal Years**

**Table 1**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 5,726,545	\$ 6,137,726	\$ 7,033,744	\$ 7,620,526	\$ 7,695,346	\$ 7,637,289	\$ 7,257,327	\$ 7,205,699	\$ 7,139,185	\$ 7,073,360
Restricted	415,459	356,592	96,994	74,940	254,441	474,487	610,535	477,094	484,867	613,084
Unrestricted	3,254,771	3,403,646	2,783,025	2,706,267	2,501,081	2,493,059	2,545,364	2,302,829	2,421,877	2,534,275
Total governmental activities	<u>\$ 9,396,775</u>	<u>\$ 9,897,964</u>	<u>\$ 9,913,763</u>	<u>\$ 10,401,733</u>	<u>\$ 10,450,868</u>	<u>\$ 10,604,835</u>	<u>\$ 10,413,226</u>	<u>\$ 9,985,622</u>	<u>\$ 10,045,929</u>	<u>\$ 10,220,719</u>
<b>Business-Type Activities</b>										
Net investment in capital assets	\$ 925,065	\$ 980,706	\$ 968,304	\$ 920,202	\$ 874,377	\$ 828,552	\$ 1,223,115	\$ 1,535,176	\$ 1,487,989	\$ 1,675,687
Unrestricted	2,212,799	2,216,182	2,250,456	2,343,470	2,580,201	2,670,746	2,656,683	2,398,677	2,524,097	2,139,335
Total business-type activities	<u>\$ 3,137,864</u>	<u>\$ 3,196,888</u>	<u>\$ 3,218,760</u>	<u>\$ 3,263,672</u>	<u>\$ 3,454,578</u>	<u>\$ 3,499,298</u>	<u>\$ 3,879,798</u>	<u>\$ 3,933,853</u>	<u>\$ 4,012,086</u>	<u>\$ 3,815,022</u>
<b>Primary Government</b>										
Net investment in capital assets	\$ 6,651,610	\$ 7,118,432	\$ 8,002,048	\$ 8,540,728	\$ 8,569,723	\$ 8,465,841	\$ 8,480,442	\$ 8,740,875	\$ 8,627,174	\$ 8,749,047
Restricted	415,459	356,592	96,994	74,940	254,441	474,487	610,535	477,094	484,867	613,084
Unrestricted	5,467,570	5,619,828	5,033,481	5,049,737	5,081,282	5,163,805	5,202,047	4,701,506	4,945,974	4,673,610
Total primary government net position	<u>\$ 12,534,639</u>	<u>\$ 13,094,852</u>	<u>\$ 13,132,523</u>	<u>\$ 13,665,405</u>	<u>\$ 13,905,446</u>	<u>\$ 14,104,133</u>	<u>\$ 14,293,024</u>	<u>\$ 13,919,475</u>	<u>\$ 14,058,015</u>	<u>\$ 14,035,741</u>

**City of Falcon Heights  
Changes in Net Position  
Last Ten Fiscal Years**

**Table 2**

	2008	2009	2010	2011	2012	2013	2014	2015*	2016	2017
<b>Expenses</b>										
Governmental activities										
General government	\$ 597,928	\$ 523,873	\$ 568,952	\$ 491,470	\$ 590,809	\$ 649,412	\$ 665,388	\$ 634,328	\$ 696,194	752,640
Public safety	772,506	799,212	830,881	852,153	882,722	870,860	956,694	1,009,561	1,073,268	1,072,905
Public works	508,822	752,624	659,202	698,625	607,628	1,473,421	643,323	1,068,292	648,892	1,775,574
Park and recreation	212,820	178,193	192,293	200,583	215,570	215,654	253,333	300,800	162,958	174,392
Community development	5,563	773	2,350	535	615	7,551	2,187	10,967	1,789	3,726
Interest on long-term debt	49,367	37,578	30,432	10,574	3,101	55,352		19,695	18,363	28,612
Total governmental activities expenses	<u>2,147,006</u>	<u>2,292,253</u>	<u>2,284,110</u>	<u>2,253,940</u>	<u>2,300,445</u>	<u>3,272,250</u>	<u>2,520,925</u>	<u>3,043,643</u>	<u>2,601,464</u>	<u>3,807,849</u>
Business-type activities										
Sanitary sewer	587,105	583,548	707,466	635,832	565,107	704,897	629,452	613,868	760,415	723,236
Storm sewer	104,870	109,282	114,869	210,185	139,766	136,662	116,201	136,551	122,303	142,494
Total business-type activities expenses	<u>691,975</u>	<u>692,830</u>	<u>822,335</u>	<u>846,017</u>	<u>704,873</u>	<u>841,559</u>	<u>745,653</u>	<u>750,419</u>	<u>882,718</u>	<u>865,730</u>
Total primary government expenses	<u>\$ 2,838,981</u>	<u>\$ 2,985,083</u>	<u>\$ 3,106,445</u>	<u>\$ 3,099,957</u>	<u>\$ 3,005,318</u>	<u>\$ 4,113,809</u>	<u>\$ 3,266,578</u>	<u>\$ 3,794,062</u>	<u>\$ 3,484,182</u>	<u>\$ 4,673,579</u>
<b>Program Revenues</b>										
Governmental activities										
Charges for services										
General government	\$ 105,605	\$ 120,531	\$ 141,883	\$ 144,682	\$ 150,366	\$ 155,006	\$ 132,811	\$ 158,077	\$ 167,214	145,060
Public safety	191,648	129,344	113,489	137,447	147,127	129,220	137,377	145,952	125,161	127,160
Public works	47,066	56,585	92,406	121,887	135,552	149,158	147,014	149,152	152,128	151,229
Park and recreation	22,570	27,287	28,399	34,664	36,368	184,510	43,209	25,232	15,170	11,476
Community development	1,155	1,155	1,255	1,155	1,716	1,717	1,716	1,716	1,716	1,895
Operating grants and contributions	101,372	336,215	118,735	212,806	119,267	218,919	193,236	473,143	151,536	154,211
Capital grants and contributions	8,513	155,736	5,141	338,228	1,567	664,846	13,967	196,337	11,490	953,653
Total governmental activities program revenues	<u>477,929</u>	<u>826,853</u>	<u>501,308</u>	<u>990,869</u>	<u>591,963</u>	<u>1,503,376</u>	<u>669,330</u>	<u>1,149,609</u>	<u>624,415</u>	<u>1,544,684</u>
Business-type activities										
Charges for services										
Sanitary sewer	674,211	704,759	748,376	760,972	788,551	807,031	780,844	756,539	829,339	879,391
Storm sewer	118,005	122,034	120,665	125,339	141,630	156,632	155,116	154,984	157,067	169,957
Operating grants and contributions	-	-	-	-	-	-	-	-	701	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>792,216</u>	<u>826,793</u>	<u>869,041</u>	<u>886,311</u>	<u>930,181</u>	<u>963,663</u>	<u>935,960</u>	<u>911,523</u>	<u>987,107</u>	<u>1,049,348</u>
Total primary government program revenues	<u>\$ 1,270,145</u>	<u>\$ 1,653,646</u>	<u>\$ 1,370,349</u>	<u>\$ 1,877,180</u>	<u>\$ 1,522,144</u>	<u>\$ 2,467,039</u>	<u>\$ 1,605,290</u>	<u>\$ 2,061,132</u>	<u>\$ 1,611,522</u>	<u>\$ 2,594,032</u>

**City of Falcon Heights  
Changes in Net Position  
Last Ten Fiscal Years**

**Table 2 (Cont)**

	2008	2009	2010	2011	2012	2013	2014	2015*	2016	2017
Net (expense)/revenue										
Governmental activities	\$ (1,669,077)	\$ (1,465,400)	\$ (1,782,802)	\$ (1,263,071)	\$ (1,708,482)	\$ (1,768,874)	\$ (1,851,595)	\$ (1,894,034)	\$ (1,977,049)	\$ (2,263,165)
Business-type activities	100,241	133,963	46,706	40,294	225,308	122,104	190,307	161,104	104,389	183,618
Total primary government net (expense)/revenue	<u>\$ (1,568,836)</u>	<u>\$ (1,331,437)</u>	<u>\$ (1,736,096)</u>	<u>\$ (1,222,777)</u>	<u>\$ (1,483,174)</u>	<u>\$ (1,646,770)</u>	<u>\$ (1,661,288)</u>	<u>\$ (1,732,930)</u>	<u>\$ (1,872,660)</u>	<u>\$ (2,079,547)</u>
General revenues and other changes in net position										
Governmental activities										
Taxes										
Property taxes	\$ 924,922	\$ 942,881	\$ 992,568	\$ 1,003,977	\$ 1,011,688	\$ 1,080,588	\$ 1,043,863	\$ 1,081,384	\$ 1,181,336	1,271,602
Tax increments	309,127	328,757	366,948	345,716	349,752	374,385	202,372	156,606	251,476	172,018
Unrestricted state aids	309,520	441,005	330,012	341,137	311,928	312,593	505,414	533,015	542,320	546,524
Other general revenue	-	-	-	-	-	66,520	38,602	15,000	-	18,437
Unrestricted investment income	138,626	111,946	50,571	24,080	28,174	118	26,324	14,783	22,163	29,149
Gain on sale of assets	-	-	-	13,131	-	8,637	34,060	270	61	225
Transfers	65,000	142,000	58,502	23,000	56,075	80,000	(167,106)	-	40,000	400,000
Total governmental activities	<u>1,747,195</u>	<u>1,966,589</u>	<u>1,798,601</u>	<u>1,751,041</u>	<u>1,757,617</u>	<u>1,922,841</u>	<u>1,683,529</u>	<u>1,801,058</u>	<u>2,037,356</u>	<u>2,437,955</u>
Business-type activities										
Other general revenue	-	-	6,900	-	-	-	-	-	-	-
Unrestricted investment income	82,734	67,061	26,768	16,348	21,673	2,616	23,087	13,091	13,844	19,318
Proceeds sale of assets	-	-	-	11,270	-	-	-	-	-	-
Transfers	(65,000)	(142,000)	(58,502)	(23,000)	(56,075)	(80,000)	167,106	-	(40,000)	(400,000)
Total business-type activities	<u>17,734</u>	<u>(74,939)</u>	<u>(24,834)</u>	<u>4,618</u>	<u>(34,402)</u>	<u>(77,384)</u>	<u>190,193</u>	<u>13,091</u>	<u>(26,156)</u>	<u>(380,682)</u>
Total primary government	<u>\$ 1,764,929</u>	<u>\$ 1,891,650</u>	<u>\$ 1,773,767</u>	<u>\$ 1,755,659</u>	<u>\$ 1,723,215</u>	<u>\$ 1,845,457</u>	<u>\$ 1,873,722</u>	<u>\$ 1,814,149</u>	<u>\$ 2,011,200</u>	<u>\$ 2,057,273</u>
Changes in net position										
Governmental activities	\$ 78,118	\$ 501,189	\$ 15,799	\$ 487,970	\$ 49,135	\$ 153,967	\$ (168,066)	\$ (92,976)	\$ 60,307	\$ 174,790
Business-type activities	117,975	59,024	21,872	44,912	190,906	44,720	380,500	174,195	78,233	(197,064)
Total primary government	<u>\$ 196,093</u>	<u>\$ 560,213</u>	<u>\$ 37,671</u>	<u>\$ 532,882</u>	<u>\$ 240,041</u>	<u>\$ 198,687</u>	<u>\$ 212,434</u>		<u>\$ 138,540</u>	<u>\$ (22,274)</u>
Change in net position								\$ 81,219		
Net position - beginning								14,293,024		
Change in accounting principle (Note 10)								(454,768)		
Net position - beginning, as restated								<u>13,838,256</u>		
Net position - ending								<u>13,919,475</u>		

\*Governmental Accounting Standards Board Statement NO. 68 required implementation for fiscal year 2015.

**City of Falcon Heights  
Governmental Activities Tax Revenues by Source  
Last Ten Fiscal Years**

**Table 3**

Fiscal Year	Property Tax	Tax Increment	Franchise Tax	Total
2008	\$ 924,922	\$ 309,127	\$ -	\$ 1,234,049
2009	942,881	328,757	-	1,271,638
2010	992,568	366,948	-	1,359,516
2011	1,003,977	345,716	-	1,349,693
2012	1,011,688	349,752	-	1,361,440
2013	1,080,588	374,385	-	1,454,973
2014	1,043,863	202,372	-	1,246,235
2015	1,081,384	156,606	-	1,237,990
2016	1,181,336	251,476	-	1,432,812
2017	1,271,602	172,018	-	1,443,620

**City of Falcon Heights  
Fund Balances of Governmental Funds  
Last 10 Fiscal Years**

**Table 4**

	Fiscal Year						
	2008	2009	2010				
<b>General Fund</b>							
Reserved	\$ 62,924	\$ 64,092	\$ 71,531				
Unreserved	1,157,135	1,229,994	1,225,784				
Total general fund	<u>\$ 1,220,059</u>	<u>\$ 1,294,086</u>	<u>\$ 1,297,315</u>				
<b>All Other Governmental Funds</b>							
Reserved	\$ -	\$ 750	\$ -				
Unreserved, reported in							
Special revenue funds	113,415	137,267	171,744				
Debt service funds	49,905	56,985	9,758				
Capital projects funds	2,314,663	2,301,744	1,735,450				
Total all other governmental funds	<u>\$ 2,477,983</u>	<u>\$ 2,496,746</u>	<u>\$ 1,916,952</u>				
				Fiscal Year			
	2011*	2012	2013	2014	2015	2016	2017
<b>General Fund</b>							
Nonspendable	\$ 65,289	\$ 67,068	\$ 70,602	\$ 89,222	\$ 85,535	\$ 71,138	\$ 37,201
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	1,236,211	1,275,982	1,326,645	1,334,716	1,504,383	1,676,621	1,828,155
Total general fund	<u>\$ 1,301,500</u>	<u>\$ 1,343,050</u>	<u>\$ 1,397,247</u>	<u>\$ 1,423,938</u>	<u>\$ 1,589,918</u>	<u>\$ 1,747,759</u>	<u>\$ 1,865,356</u>
<b>All Other Governmental Funds</b>							
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	258,902	333,945	951,032	411,590	318,141	337,506	498,308
Committed	182,259	189,414	285,035	251,368	263,384	308,915	321,089
Assigned	1,225,142	997,693	851,073	919,832	803,442	799,450	1,642,422
Unassigned	-	-	-	-	(43,120)	-	-
Total all other governmental funds	<u>\$ 1,666,303</u>	<u>\$ 1,521,052</u>	<u>\$ 2,087,140</u>	<u>\$ 1,582,790</u>	<u>\$ 1,341,847</u>	<u>\$ 1,445,871</u>	<u>\$ 2,461,819</u>

\*Governmental Accounting Standards Board Statement NO. 54 required implementation for fiscal year 2011.

**City of Falcon Heights**  
**Changes in Fund Balances of Governmental Funds**  
**Last 10 Fiscal Years**

**Table 5**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Taxes	\$ 1,232,705	\$ 1,267,192	\$ 1,356,491	\$ 1,346,281	\$ 1,371,399	\$ 1,453,211	\$ 1,254,073	\$ 1,229,405	\$ 1,435,717	\$ 1,443,823
Special assessments	58,749	96,239	23,478	8,011	5,918	130,256	62,977	76,673	54,579	210,956
Licenses and permits	52,725	52,082	69,270	73,100	75,629	75,077	68,253	80,864	73,339	93,344
Intergovernmental	450,726	893,875	496,416	625,363	486,354	761,796	755,281	1,142,257	792,070	1,478,994
Charges for services	118,880	135,438	177,017	221,007	243,946	393,542	253,357	238,876	225,347	235,928
Fines and forfeitures	77,479	78,486	61,792	72,246	64,121	68,208	67,638	80,415	73,901	45,806
Investment income	138,626	111,946	50,571	24,080	28,174	118	26,324	14,783	22,163	29,149
Miscellaneous	79,126	30,953	21,684	22,262	32,274	204,418	54,850	50,185	35,435	46,047
Total revenues	2,209,016	2,666,211	2,256,719	2,392,350	2,307,815	3,086,626	2,542,753	2,913,458	2,712,551	3,584,047
<b>Expenditures</b>										
General government	\$ 553,869	\$ 486,226	\$ 530,960	\$ 523,355	\$ 536,809	\$ 580,783	\$ 593,735	\$ 580,026	\$ 593,485	\$ 662,544
Public safety	711,068	743,437	769,924	778,565	822,563	807,412	867,779	885,969	939,029	957,329
Public works	290,052	278,839	272,874	339,843	378,776	408,555	363,027	351,541	322,322	351,470
Park and recreation	157,153	123,934	155,463	159,460	136,054	179,299	180,126	218,807	110,393	124,396
Community development	5,563	773	2,350	535	615	7,551	2,187	10,967	1,789	3,726
Miscellaneous	1,150	9,448	1,834	1,070	-	-	-	-	-	-
Capital outlay	247,829	684,640	1,055,955	593,850	553,842	1,614,042	1,097,652	796,133	364,916	1,477,627
Debt service:										
Principal	330,000	345,000	365,000	265,000	65,000	65,000	70,000	125,000	140,000	150,000
Interest and other charges	55,753	44,403	37,426	13,603	3,466	52,336	19,966	20,248	18,813	20,980
Total expenditures	2,352,437	2,716,700	3,191,786	2,675,281	2,497,125	3,714,978	3,194,472	2,988,691	2,490,747	3,748,072
Excess of revenues under expenditures	(143,421)	(50,489)	(935,067)	(282,931)	(189,310)	(628,352)	(651,719)	(75,233)	221,804	(164,025)



**City of Falcon Heights**  
**Changes in Fund Balances of Governmental Funds**  
**Last 10 Fiscal Years**

**Table 5 (Cont.)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Other Financing Sources (uses)</b>										
Transfers in	\$ 455,600	\$ 446,800	\$ 807,329	\$ 274,366	\$ 246,775	\$ 170,418	\$ 241,685	\$ 24,716	\$ 62,000	\$ 442,000
Transfers out	(390,600)	(304,800)	(748,827)	(251,366)	(190,700)	(90,418)	(101,685)	(24,716)	(22,000)	(42,000)
Proceeds sale of capital assets	-	1,279	-	13,467	29,534	8,637	34,060	270	61	225
Bonds issued	-	-	300,000	-	-	1,160,000	-	-	-	845,000
Bond premium	-	-	-	-	-	-	-	-	-	52,345
Total other financing sources (uses)	65,000	143,279	358,502	36,467	85,609	1,248,637	174,060	270	40,061	1,297,570
Net change in fund balances	<u>\$ (78,421)</u>	<u>\$ 92,790</u>	<u>\$ (576,565)</u>	<u>\$ (246,464)</u>	<u>\$ (103,701)</u>	<u>\$ 620,285</u>	<u>\$ (477,659)</u>	<u>\$ (74,963)</u>	<u>\$ 261,865</u>	<u>\$ 1,133,545</u>
Debt service as a percentage of noncapital expenditures	16.44%	15.41%	15.88%	11.42%	3.11%	3.72%	3.74%	5.02%	6.44%	4.62%

**City of Falcon Heights  
General Governmental Tax Revenues by Source  
Last 10 Fiscal Years**

**Table 6**

Fiscal Year	Property Tax	Tax Increment	Franchise Tax	Total
2008	\$ 923,578	\$ 309,127	\$ -	\$ 1,232,705
2009	938,435	328,757	-	1,267,192
2010	988,609	367,882	-	1,356,491
2011	998,999	347,282	-	1,346,281
2012	1,021,683	349,716	-	1,371,399
2013	1,078,855	374,356	-	1,453,211
2014	1,051,636	202,437	-	1,254,073
2015	1,072,799	156,606	-	1,229,405
2016	1,184,241	251,476	-	1,435,717
2017	1,271,805	172,018	-	1,443,823

**City of Falcon Heights**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last 10 Fiscal Years**

**Table 7**

Year Ended December 31,	Real Property (1)		Personal Property (1)		Less Tax Exempt Real Property (1)	Total Taxable Assessed Value (1)	Total Direct Tax Rate	Estimated Actual Taxable Market Value	Assesed (Tax Capacity) Value <sup>(1)</sup> as a Percentage of Taxable Market Value
	Residential Property	Commercial Property	Motor Vehicles	Other					
2008	\$ 4,695,436	NA	NA	\$ 49,950	NA	\$ 4,745,386	18.554 %	\$ 437,709,000	1.08%
2009	4,572,505	NA	NA	48,842	NA	4,621,347	19.216 %	427,019,600	1.08%
2010	4,453,957	NA	NA	48,814	NA	4,502,771	20.654 %	415,592,900	1.08%
2011	4,255,866	NA	NA	52,800	NA	4,308,666	21.521 %	397,758,400	1.08%
2012	4,021,671	NA	NA	55,328	NA	4,076,999	23.515 %	374,125,500	1.09%
2013	3,697,530	NA	NA	59,508	NA	3,757,038	27.884 %	362,697,600	1.04%
2014	3,776,860	NA	NA	59,934	NA	3,836,794	24.819 %	369,585,000	1.04%
2015	4,111,429	NA	NA	61,664	NA	4,173,093	23.470 %	385,888,200	1.08%
2016	4,100,084	NA	NA	64,788	NA	4,164,872	25.855 %	384,679,900	1.08%
2017	4,327,797	NA	NA	68,082	NA	4,395,879	26.342 %	403,438,700	1.09%

(1) Assessed values replaced by Gross Tax Capacity (GTC) by state statutes. Assessed values of commercial property, motor vehicles and tax exempt properties are not provided by Ramsey County.

**City of Falcon Heights  
Property Tax Rates  
Direct and Overlapping(1) Governments  
Last 10 Fiscal Years**

**Table 8**

Net Tax Capacity Rates (2)

Fiscal Year	City of Falcon Heights			Overlapping Rates				Total Direct and Overlapping Rates
	Operating Rate (3)	Debt Service Rate	Total City Rate	Technical College Rate	Ramsey County Rate	School District No. 623 Rate	Special Districts Rate	
2008	18.554	0.000	18.554	0.000	44.023	10.175	6.687	79.439
2009	19.216	0.000	19.216	0.000	46.546	10.624	6.806	83.192
2010	20.654	0.000	20.654	0.000	50.248	13.065	7.233	91.200
2011	21.521	0.000	21.521	0.000	54.678	14.566	7.889	98.654
2012	23.515	0.000	23.515	0.000	61.316	17.065	8.871	110.767
2013	27.884	0.000	27.884	0.000	65.240	15.464	9.305	117.893
2014	24.819	0.000	24.819	0.000	63.735	16.251	9.037	113.842
2015	23.470	0.000	23.470	0.000	58.922	17.18	8.647	108.219
2016	25.855	0.000	25.855	0.000	58.885	20.958	9.052	114.750
2017	26.342	0.000	26.342	0.000	55.850	18.894	8.669	109.755

(1) overlapping rates are those of local and county governments that apply to property owners within the city of falcon heights. Not all overlapping rates apply to all city of falcon heights property owners (e.g. , the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

(2) tax capacity rates are used by state statute instead of millage rates.

(3) does not include tax increments.

**City of Falcon Heights  
Principal Property Taxpayers**

**Table 9**

Taxpayer	2017			2008		
	Taxable Assessed Value (1)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Falcon Heights Town Square Apartments, LP	\$ 151,375	1	3.44 %	\$ 136,413	2	3.02 %
Spire Federal Credit Union	137,052	2	3.12	174,910	1	3.88
Sidal Realty Co. Limited Partnership	125,870	3	2.86	99,000	3	2.20
Town Square Senior Apartments, LLC	76,250	4	1.73	54,079	4	1.20
Northern States Power	68,082	5	1.63	49,950	5	1.11
Falcon Crossing, LLC	52,718	6	1.20	47,250	6	1.05
Anna Spiegler	46,446	7	1.06	39,398	8	0.87
Carl and Eloise Pohlad Foundation	43,220	8	0.98	-	-	-
Warner Properties of MN, LLP	41,674	9	0.95	43,250	7	0.96
1800 Larpenteur LLC & CO John Stiehm	33,263	10	0.76	-	-	-
JAK Rental Properties LLC	30,814	11	0.76	-	-	-
Cox Building LLC	28,698	12	0.70	-	-	-
<b>Total</b>	<b>\$ 835,462</b>		<b>19.20 %</b>	<b>\$ 644,250</b>		<b>14.28 %</b>

(1) Assessed values replaced by Gross Tax Capacities (GTC) by state statute.

**City of Falcon Heights  
Property Tax Levies and Collections (1)  
Last 10 Fiscal Years**

**Table 10**

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 922,476	\$ 920,967	99.8%	\$ 1,509	\$ 922,476	100.00%
2009	943,828	937,551	99.3%	6,277	943,828	100.00%
2010	1,022,944	982,578	96.1%	16,549	999,127	97.67%
2011	1,038,290	989,035	95.3%	5,222	994,257	95.76%
2012	1,017,944	1,011,688	99.4%	6,256	1,017,944	100.00%
2013	1,084,007	1,078,855	99.5%	4,411	1,083,266	99.93%
2014	1,083,850	1,044,751	96.4%	1,785	1,046,536	96.56%
2015	1,083,850	1,072,033	98.9%	10,178	1,082,211	99.85%
2016	1,173,447	1,171,208	99.8%	2,239	1,173,447	100.00%
2017	1,278,231	1,271,805	99.5%		1,271,805	99.50%

**City of Falcon Heights  
Ratios of Outstanding Debt by Type  
Last 10 Fiscal Years**

**Table 11**

Fiscal Year	Governmental Activities		Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>
	G.O. Bonds	Total Primary Government		
2008	\$ 910,000	\$ 910,000	0.34%	\$ 158
2009	565,000	565,000	0.35%	98
2010	500,000	500,000	0.32%	94
2011	235,000	235,000	0.14%	44
2012	170,000	170,000	0.10%	31
2013	1,265,000	1,265,000	0.78%	236
2014	1,195,000	1,195,000	0.72%	218
2015	1,070,000	1,070,000	0.65%	196
2016	930,000	930,000	0.54%	170
2017	1,625,000	1,625,000	0.95%	298

Note: Details regarding the City's outstanding debt can be found in the Notes to Financial Statements.

<sup>(1)</sup> See the Schedule of Demographic and Economic Statistics (Table 16) for personal income and population data.

(THIS PAGE LEFT BLANK INTENTIONALLY)



**City of Falcon Heights**  
**Ratios of General Bonded Debt Outstanding**  
**Last 10 Fiscal Years**

**Table 12**

Fiscal Year	G.O. Bonds	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value <sup>(1)</sup> of Property	Per Capita <sup>(2)</sup>
2008	\$ 910,000	\$ 49,905	\$ 860,095	0.20%	\$ 149
2009	565,000	56,985	508,015	0.12%	88
2010	500,000	9,758	490,242	0.12%	92
2011	235,000	402	234,598	0.06%	44
2012	170,000	2,427	167,573	0.04%	31
2013	1,265,000	44,007	1,220,993	0.34%	227
2014	1,195,000	260,990	934,010	0.25%	170
2015	1,070,000	234,341	835,659	0.22%	153
2016	930,000	247,198	682,802	0.18%	125
2017	1,625,000	404,754	1,220,246	0.30%	224

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

<sup>(1)</sup> See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property (Table 7) for property value data.

<sup>(2)</sup> Population data can be found in the Schedule of Demographic and Economic Statistics (Table 16)

**City of Falcon Heights  
Direct and Overlapping Governmental Activities Debt  
December 31, 2017**

**Table 13**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable <sup>(1)</sup>	Estimated Share of Overlapping Debt
Debt repaid with property taxes: county	\$ 1,810,501,202	0.4%	\$ 7,771,621
Subtotal, overlapping debt			<u>7,771,621</u>
City of Falcon Heights direct debt			<u>1,625,000</u>
Total direct and overlapping debt			<u><u>\$ 9,396,621</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. 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.

<sup>(1)</sup>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 total taxable assessed value.

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.

**City of Falcon Heights  
Ramsey County, Minnesota**

**Computation of Direct and Overlapping Bonded Debt  
December 31, 2017**

**Table 13 (Cont.)**

Governmental Unit	Gross Debt <sup>(1)</sup>	Sinking Funds	Net Debt	City's Share	
				Percent	Amount
<b>Direct</b>					
City of Falcon Heights	\$ 1,625,000	\$ 404,754	\$ 1,220,246	100.00 %	\$ 1,220,246
<b>Overlapping</b>					
School Districts					
ISD No. 623	46,605,000	2,159,235	44,445,765	7.36	3,272,231
ISD No. 916	79,875,000	2,987,403	76,887,597	1.81	1,388,969
Ramsey County					
Ramsey County	162,252,000	65,357,666	96,894,334	0.90	870,773
County Library	31,350,000	2,278,319	29,071,681	1.78	516,917
Metro Watershed	4,755,770	-	4,755,770	-	-
<b>Metropolitan Agencies</b>					
Metro Council	1,484,038,432	176,014,035	1,308,024,397	0.13	1,722,731
Metro Airports	-	-	-	-	-
Commission	-	-	-	-	-
Total	-	-	-	-	-
Overlapping Debt	<u>1,808,876,202</u>	<u>248,796,658</u>	<u>1,560,079,544</u>		<u>7,771,621</u>
Total direct and overlapping debt	<u>\$ 1,810,501,202</u>	<u>\$ 249,201,412</u>	<u>\$ 1,561,299,790</u>		<u>\$ 8,991,867</u>

<sup>(1)</sup> Gross debt totals include bonds which are financed by ad valorem tax levy, G.O. Revenue financing and special assessments.

Metro Council has G.O. Revenue debt of \$ 1,295,417,818 and Revenue debt of \$ 0. Metro Airports Commission has G.O. Revenue debt of \$ 0 and Revenue debt of \$ 1,458,170,000.  
The City's share is based on Net Tax Capacity of each political subdivision

**City of Falcon Heights  
Legal Debt Margin Information  
Last 10 Fiscal Years**

**Table 14**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 8,754,180	\$ 8,540,392	\$ 8,311,858	\$ 7,955,168	\$ 7,482,510	\$ 6,838,406	\$ 6,991,052	\$ 7,717,764	\$ 7,693,598	\$ 8,068,774
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 8,754,180</u>	<u>\$ 8,540,392</u>	<u>\$ 8,311,858</u>	<u>\$ 7,955,168</u>	<u>\$ 7,482,510</u>	<u>\$ 6,838,406</u>	<u>\$ 6,991,052</u>	<u>\$ 7,717,764</u>	<u>\$ 7,693,598</u>	<u>\$ 8,068,774</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt  
Margin  
Calculation for  
Fiscal Year 2017

Assessed value	\$ 403,438,700
Add back exempt real property	-
Total assessed value	<u>403,438,700</u>
Debt limit (2% of total assessed value)	8,068,774
Debt applicable to limit	-
G.O. Bonds	-
Less amount set aside for repayment of G.O. Debt	-
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 8,068,774</u>

Note: Under state finance law, the City's G.O. debt should not exceed 2% of total assessed tax capacity. By law, the G.O. debt subject to the limitation may be offset by amounts set aside for repaying G.O. bonds.

**City of Falcon Heights  
Pledged-Revenue Coverage  
Last Ten Fiscal Years**

**Table 15**

Fiscal Year	Special Assessment Bonds				Coverage
	Special Assessment Collections	Debt Service			
		Principal	Interest		
2008	\$ 28,189	\$ 160,000	\$ 18,698	15.8%	
2009	17,951	165,000	16,917	9.9%	
2010	2,857	175,000	5,273	1.6%	
2011	-	200,000	5,200	0.0%	
2012	-	-	-	0.0%	
2013	31,483	-	-	0.0%	
2014	58,007	-	6,701	865.6%	
2015	50,145	60,000	6,870	75.0%	
2016	45,371	60,000	6,345	68.4%	
2017	39,328	65,000	5,606	55.7%	

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

**City of Falcon Heights  
Demographic and Economic Statistics  
Last 10 Fiscal Years**

**Table 16**

Fiscal Year	Population <sup>(1)</sup>	Total Personal Income	Per Capita Personal Income <sup>(2)</sup>	Median Age <sup>(3)</sup>	Education Level in Years of Formal Schooling <sup>(3)</sup>	School Enrollment <sup>(4)</sup>	Unemployment Rate <sup>(5)</sup>
2008	5,775	\$ 263,784,678	\$ 30,293	NA	14.5	6,450	5.3 %
2009	5,775	161,676,900	27,996	NA	14.5	6,450	7.6
2010	5,321	154,074,876	28,956	NA	14.8	6,561	6.4
2011	5,350	164,009,600	30,656	NA	14.8	6,747	5.5
2012	5,426	165,113,180	30,430	NA	14.8	6,793	5.4
2013	5,370	161,631,630	30,099	NA	14.8	7,471	4.3
2014	5,490	165,117,240	30,076	NA	14.8	7,436	3.2
2015	5,450	165,314,850	30,333	NA	14.8	7,507	3.1
2016	5,460	170,657,760	31,256	NA	14.8	7,590	4.1
2017	5,450	170,345,200	31,256	NA	14.8	7,592	3.2

Data sources

<sup>(1)</sup> Bureau of the Census/Metropolitan Council

<sup>(2)</sup> State of Minnesota Demography Department - Ramsey County data and US Census data 2010 (2017 is estimated on 2016 data)

<sup>(3)</sup> Census Data for 2000 and 2010

<sup>(4)</sup> School District

<sup>(5)</sup> State Department of Labor

\* Revenue Information for Ramsey County not available

Note: Population, median age and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

**City of Falcon Heights  
Principal Employers  
Current Year and Nine Years Ago**

**Table 17**

Taxpayer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
University of Minnesota (1)	2,700	1	75.00 %	2,683	1	72.51 %
Twin Cities Laboratories	118	3	3.28 %	-	-	- %
TIES	77	2	2.14 %	104	2	2.81 %
Spire Federal Credit Union	240	4	6.67 %	86	3	2.32 %
Minnesota State Fair (2)	75	5	2.08 %	80	4	2.16 %
Estimated Total City Employees All Businesses:	<u>3,600</u>		<u>89.17 %</u>	<u>3,700</u>		<u>79.80 %</u>

- (1) The University of Minnesota Saint Paul Campus employs an additional 2100 part time people during the year.  
(2) During the Minnesota State Fair held each fall, there are an additional 2,700 people contingently employed.

**City of Falcon Heights**  
**Full-Time Equivalent City Government Employees by Function**  
**Last 10 Fiscal Years**

**Table 18**

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	5.17	3.85	4.29	4.16	4.16	4.16	4.51	4.26	4.26	4.61
Public Safety										
Police (1)										
Officers	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Fire										
Firefighters and officers	2.27	2.27	2.27	2.27	2.27	2.27	3.02	3.02	3.02	2.77
Highways and Streets										
Engineering (2)										
Maintenance	1.25	1.38	1.32	1.13	1.13	1.13	1.13	1.13	1.13	1.10
Park and Recreation	2.74	2.00	2.49	2.49	2.49	2.49	2.49	2.49	2.49	2.44
Sewer	1.88	2.41	2.29	2.19	2.19	2.19	2.19	2.19	2.19	2.32
Total	13.31	11.91	12.66	12.24	12.24	12.24	13.34	13.09	13.09	13.24

- (1) The City contracts with a neighboring city for police services.  
(2) The City contracts with outside entities for engineering services.



**City of Falcon Heights  
Operating Indicators by Function  
Last 10 Fiscal Years**

**Table 19**

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Police</b>										
Physical arrests	701	613	547	638	605	649	620	700	539	311
Parking violations	533	426	391	243	215	336	427	313	303	155
Traffic violations	2,180	1,370	1,315	1,647	1,486	1,608	1,496	1,987	1,344	1,653
<b>Fire</b>										
Number of calls answered	102	88	108	101	149	94	117	108	120	119
Inspections	114	30	29	60	68	61	86	67	77	105
<b>Highways and Streets</b>										
Streets resurfacing (miles)	-	0.6	-	-	-	1	-	-	-	-
Potholes repaired	26	14	20	30	60	70	185	80	70	68
<b>Sanitation</b>										
Refuse collected (tons/day) (1)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Recyclables collected (tons/day) (2)	25.2	17.2	21.5	9.9	9.3	9.3	9.6	8.9	9.0	8.9
<b>Park and Recreation</b>										
Athletic field permits issued	73	68	59	6	3	3	3	3	3	83
Community centers admissions (3)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Water</b>										
New connections	-	-	-	-	-	-	-	-	-	3
Water mains breaks	2	1	3	-	-	6	1	-	-	1
Average daily consumption (thousands of gallons)	890	741	715	868	903	1054	707	728	716	723
<b>Wastewater</b>										
Average daily sewage treatment (thousands of gallons per day)	694	708	626	604	688	553	562	561	574	538

Note: Indicators are not available for the general government function.

- (1) Individual property owners contract privately with refuse collectors to provide this service.
- (2) The City of Falcon Heights contracts with a recycling collector to collect recyclables. Starting 2011, recyclables were picked up every week during the year instead of twice a month.
- (3) The City of Falcon Heights has no community center, but does have park buildings to use when parks are rented.

**City of Falcon Heights  
Capital Asset Statistics by Function  
Last 10 Fiscal Years**

**Table 20**

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Public Safety</b>										
Police (1)										
Stations	-	-	-	-	-	-	-	-	-	-
Patrol units	-	-	-	-	-	-	-	-	-	-
Fire stations	1	1	1	1	1	1	1	1	1	1
<b>Highways and Streets</b>										
Streets (miles)	24.3	24.3	24.3	24.3	24.3	24.3	24.3	24.3	24.3	24.3
Streetlights	210	210	210	210	210	210	210	210	210	210
Traffic signals	9	9	9	9	9	9	9	9	9	9
<b>Park and Recreation</b>										
Parks acreage	18.07	18.07	18.07	18.07	18.07	18.07	18.07	18.07	18.07	18.07
Parks	3	3	3	3	3	3	3	3	3	3
Tennis courts	2	2	2	2	2	2	2	2	2	2
<b>Water</b>										
Water mains (miles)	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5
Fire hydrants	146	146	146	146	146	146	146	146	146	146
Maximum daily capacity (thousands of gallons)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
<b>Sewer</b>										
Sanitary sewers (miles)	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7
Storm sewers (miles)	4	4	4	4	4	4	4	4	4	4
Maximum daily treatment capacity (2) (thousands of gallons)	339,000	339,000	339,000	339,000	339,000	339,000	339,000	339,000	339,000	339,000

Note: No capital asset indicators are available for the general government function.

- (1) Falcon Heights contracts with the City of St. Anthony for 24 hour police coverage
- (2) Falcon Heights is part of the Metropolitan Council Environmental Services metro area wide treatment facility.  
This number represents total system daily plant capacity authorized by permit for the area including the City.