#### **COMPREHENSIVE**

#### ANNUAL FINANCIAL REPORT

#### **OF THE**

# CITY OF FALCON HEIGHTS, MINNESOTA

For the Year Ended

**December 31, 2019** 

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



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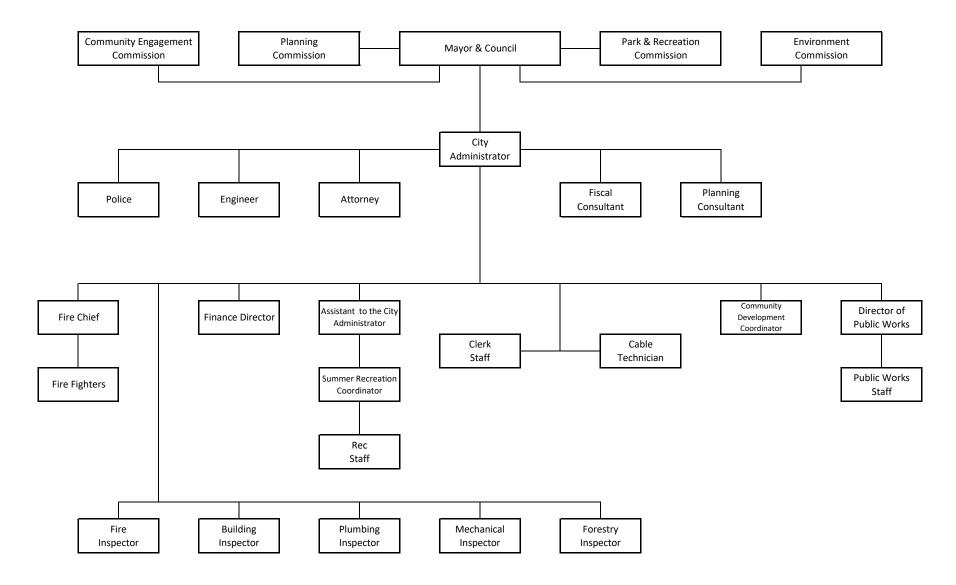
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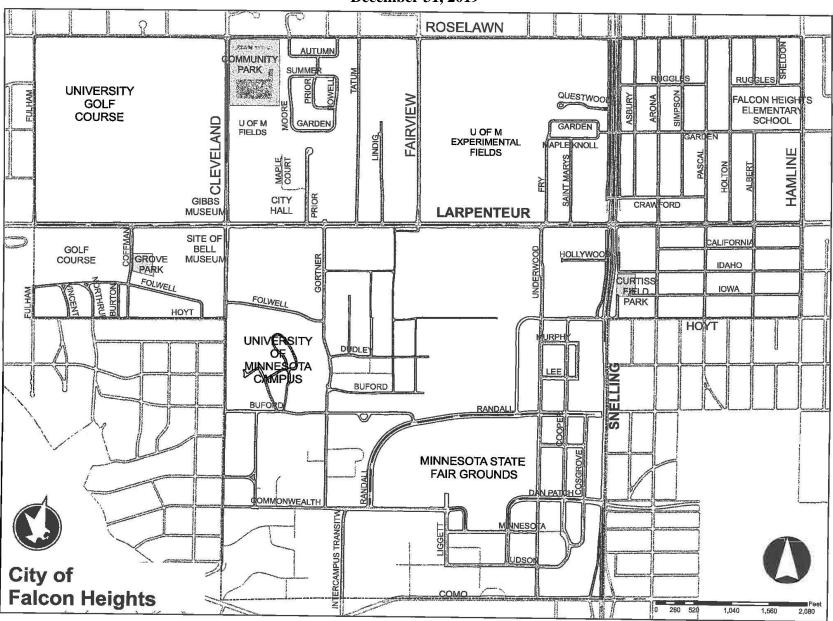
#### City of Falcon Heights Elected Officials and Administration December 31, 2019

Elected Officials	Position	Term Expires
Randy Gustafson	Mayor	December 31, 2019
Pamela Harris	Council Member	December 31, 2019
Yakasah Wehyee	Council Member	December 31, 2019
Melanie Leehy	Council Member	December 31, 2021
Mark Miazga	Council Member	December 31, 2021
Administration		
Sack Thongvanh	City Administrator	
Roland Olson	Finance Director	
Tim Pittman	Park and Public Works Director	

City of Falcon Heights Organizational Chart Deceber 31, 2019



City of Falcon Heights City Map December 31, 2019



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

email: mail@falconheights.org website: www.falconheights.org The City That Soars!

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

April 29, 2020

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, 2019.

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, 2019. 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 5,500. 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.

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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 39 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 85-101.

#### **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.

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 2,750 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 2.1 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.

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

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 6.2% in June 2012, and in 2019, the unemployment rate was 2.7%. In 2019, the State of Minnesota's ending unemployment rate was 2.9% and the national ending unemployment rate was 3.5%. The average 2019 state of Minnesota's unemployment rate was 3.0% and the average 2019 national unemployment rate was 3.6%.

The City is at or near full development, with a 8.0% increase in the median market value of property during 2019. 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 2018, the City of Falcon Heights started updating its Comprehensive Plan with approval of the plan by the Metropolitan Council and adoption by the City Council inJanuary 2020. 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 and 2018, one mile of city streets was improved with a reclaim and resurface. New water lines were also installed with improvements in storm water catch basins and sanitary sewer basins.

In 2019, the City completed the relining of another section of the sanitary sewer system.

#### **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, 2018. This was the twenty-ninth 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.

#### **Awards and Acknowledgements (Continued)**

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 2019. 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

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, 2018** 

Christopher P. Morrill

Executive Director/CEO

### bergankov

#### **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, 2019, 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, 2019, 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.

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.

#### **Other Matters (Continued)**

Other Information (Continued)

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.

Minneapolis, Minnesota

Bergan KOV Ltd.

April 29, 2020

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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, 2019. 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 and deferred inflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$15,421,634 (net position). Of this amount, \$5,525,238 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$1,128,875. Unrestricted net position increased by \$518,501.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,183,125 an increase of \$691,742 in comparison with the prior year. Debt principal payments of \$265,000 and interest payments of \$38,746 occurred in 2019. A positive change in fund balance in the general fund of \$484,611, along with an increase of \$207,131 in the fund balances of other governmental funds resulted in a net increase of \$691,742 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 \$2,515,136 is approximately 49% 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 \$2,515,136, or 102%, of total General Fund expenditures at 2019 levels.
- For 2019, there was a 24% increase in the property tax levy. For 2018, there was a 24% increase in the property tax levy. 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.
- The City's total debt decreased by \$265,000 during the current fiscal year. This represents scheduled payments of \$265,000 of the City's debt. The principal of general obligation debt outstanding as of December 31, 2019 is \$1,210,000

#### 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 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.

#### 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.

#### FUND FINANCIAL STATEMENTS (CONTINUED)

#### **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 2019. Of these funds, four 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 2013A Debt Service Fund, and the GO Improvement Series 2017A Debt Service Fund – the four major funds of the City. Data from the other 14 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 85-101 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.

#### **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 74-101. Statistical tables can be found on pages 104-135 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 \$15,421,634 at the close of the most recent fiscal year.

Thirty six percent (\$5,525,238) of the City's net position is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. About 6% (\$913,108) of the net position is restricted and represents resources that are subject to external restrictions on how they may be used. The remaining 58% (\$8,983,288) 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.

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

#### **City of Falcon Heights' Net Position**

	Government	al Activities	Business-Typ	e Activities	Total		
	2019	2018	2019	2018	2019	2018	
Assets							
Current and other assets	\$ 5,385,112	\$ 5,027,727	\$ 2,635,323	\$ 2,437,226	\$ 8,020,435	\$ 7,464,953	
Capital assets	7,771,748	7,806,305	1,727,018	1,620,358	9,498,766	9,426,663	
·	,						
Total assets	13,156,860	12,834,032	4,362,341	4,057,584	17,519,201	16,891,616	
Deferred outflows of							
resources - pensions	30,598	68,902	12,385	26,384	42,983	95,286	
Total assets and deferred							
outflows of resources	\$ 13,187,458	\$ 12,902,934	\$ 4,374,726	\$ 4,083,968	\$ 17,562,184	\$ 16,986,902	
Liabilities							
Long-term liabilities							
Outstanding	\$ 1,363,718	\$ 1,777,035	\$ 157,392	\$ 158,350	\$ 1,521,110	\$ 1,935,385	
Other liabilities	431,194	609,941	65,454	15,873	496,648	625,814	
Total liabilities	1,794,912	2,386,976	222,846	174,223	2,017,758	2,561,199	
Deferred inflows of							
resources - pensions	87,412	96,131	35,380	36,812	122,792	132,943	
Net Position							
Net investment in capital assets	7,256,270	7,136,755	1,727,018	1,620,358	8,983,288	8,757,113	
Restricted	913,108	528,460	· · · · -	-	913,108	528,460	
Unrestricted	3,135,756	2,754,612	2,389,482	2,252,575	5,525,238	5,007,187	
Total net position	11,305,134	10,419,827	4,116,500	3,872,933	15,421,634	14,292,760	
Total liabilities, deferred inflows of resources.							
and net position	\$ 13,187,458	\$ 12,902,934	\$ 4,374,726	\$ 4,083,968	\$ 17,562,184	\$ 16,986,902	

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.

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

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

	Government	al Activities	Business-ty	pe Activities	Tot	Total		
	2019	2018	2019	2018	2019	2018		
Revenues								
Program revenues								
Charges for services	\$ 502,838	\$ 397,112	\$ 1,245,067	\$ 1,115,065	\$ 1,747,905	\$ 1,512,177		
Operating grants and contributions	381,001	226,881	-	-	381,001	226,881		
Capital grants and contributions	10,163	35,938	-	-	10,163	35,938		
General revenues								
Property taxes	1,997,743	1,600,552	-	-	1,997,743	1,600,552		
Other	978,140	953,603	-	-	978,140	953,603		
Investment earnings	121,623	78,289	55,918	37,337	177,541	115,626		
Gain of sale of assets	-	-	-	-	-	-		
Total revenues	3,991,508	3,292,375	1,300,985	1,152,402	5,292,493	4,444,777		
Expenses								
General government	777,950	743,238	-	-	777,950	743,238		
Public safety	1,528,097	1,473,021	-	-	1,528,097	1,473,021		
Public works	614,411	897,796	-	-	614,411	897,796		
Park and recreation	145,441	139,967	-	-	145,441	139,967		
Community development	8,080	33,944	-	-	8,080	33,944		
Interest on long-term debt	32,222	35,301	-	-	32,222	35,301		
Sanitary sewer	-	-	901,784	708,321	901,784	708,321		
Storm drainage	<u> </u>		155,634	156,170	155,634	156,170		
Total expenses	3,106,201	3,323,267	1,057,418	864,491	4,163,619	4,187,758		
Increase in net position before transfers	885,307	(30,892)	243,567	287,911	1,128,874	257,019		
Transfer	-	230,000	-	(230,000)	-	-		
Changes in net position	885,307	199,108	243,567	57,911	1,128,874	257,019		
Net position – January 1	10,419,827	10,220,719	3,872,933	3,815,022	14,292,760	14,035,741		
Net position - December 31	\$ 11,305,134	\$ 10,419,827	\$ 4,116,500	\$ 3,872,933	\$ 15,421,634	\$ 14,292,760		

#### **GOVERNMENTAL ACTIVITIES**

Governmental activities increased the City's net position by \$885,307.

In 2019 the City increased the tax levy by 24%. In 2018, the City Council increased the tax levy by 24% resulting in increased tax revenue by 31% after additional revenue was returned from a tax petition from a prior year. 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 2018 delinquencies in property tax collections were consistent with the delinquency payments in 2017, 2016, 2015 and 2014. The City's tax base continues to be very stable resulting in a low delinquency rate.

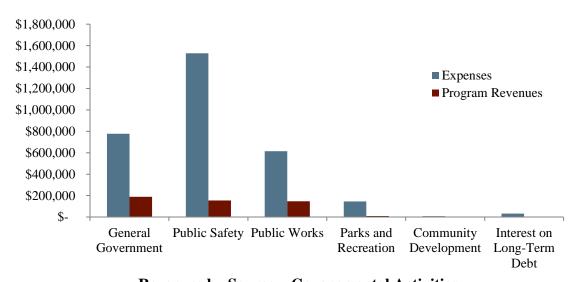
In the governmental activities section, overall, charges for services increased \$105,726 from the 2018 level. Comparing to 2018 levels, licenses and permits increased \$86,691, fines and forfeitures decreased \$7,528, and plan check fees increased \$31,452, Capital grants decreased \$25,775 primarily due to there being no street projects in 2019.

#### GOVERNMENTAL ACTIVITIES (CONTINUED)

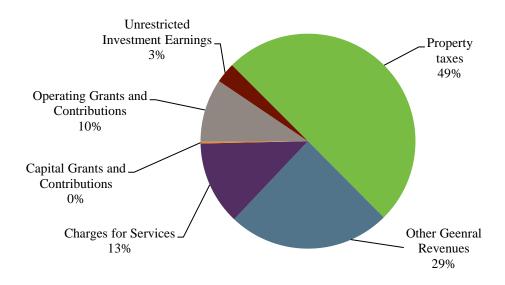
Operating grants and contributions increased \$154,120 primarily from a traffic light upgrade jointly with Ramsey County and Mn Department of Transportation with funding from Minnesota State Street Aid. Local Government Aid (LGA) to the City from the State of Minnesota increased \$2,941 in 2019. The amount of LGA support from the State of Minnesota typically varies annually. In addition, governmental activities unrestricted investment revenues increased \$43,334 as compared to 2018.

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

#### **Expenses and Program Revenue – Governmental Activities**



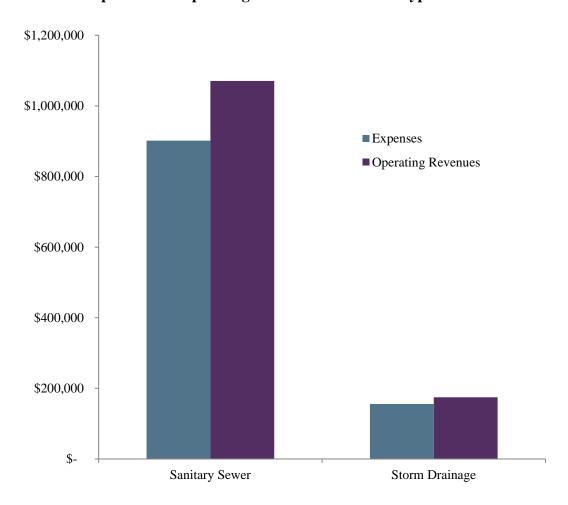
**Revenues by Source – Governmental Activities** 



#### **BUSINESS-TYPE ACTIVITIES**

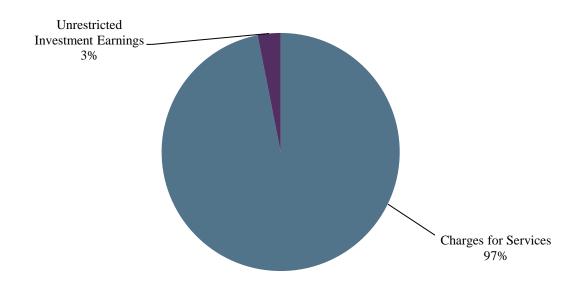
Business-type activities increased the City's net position by \$243,567. Three was a 2.3% fee increase in sanitary sewer fees and a 3.2% increase in storm drainage fees in 2019 as compared to no fee increases in 2018. In 2017, there was a 4.7% increase in sanitary sewer fees and a 6.8% increase in storm 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**



#### **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 \$5,183,125, an increase of \$691,742 in comparison with the prior year. Approximately 49% (\$2,515,136) of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. Approximately 0.3% (\$17,737) 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. Sixteen percent (\$868,901) is restricted fund balance constrained to a specific purpose by outside legislation, external parties, or constitutional provisions. Seven percent (\$377,003) is committed fund balance constrained by the City Council for specific purposes by management as delegated authority by the City Council.

#### 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 \$2,515,136, while total fund balance reached \$2,532,873. 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 105% of total General Fund expenditures, while total fund balance represents 106% of that same amount.

In 2019, the fund balance of the City's General Fund increased by \$484,611. Revenues were \$283,309 over budget. Expenditures were \$201,302 under budget. During 2018, the City emphasized operating within the budget. Key factors for this increased fund balance are:

#### Revenue Variances

- Property Tax revenue had a variance over budget of \$13,532 primarily due to additional tax revenues from excess tax increments on a tax increment district.
- Revenue from fees associated with licenses and permits was \$89,781 over budget primarily due to building permits from a new 66 unit apartment complex.
- Intergovernmental revenue had a variance over budget of \$112,155 primarily due to the city receiving \$116,564 police aid from Ramsey County.
- Fines and forfeits revenue had a variance of \$6,809 under budget primarily due to changes in police procedures and a new contractor of police services in 2018 Ramsey County's court system collects the fines and forfeits for the City.
- The fire contract with a neighboring community was \$11,605 over budget from fire calls.
- Investment income was \$45,202 over budget due to improving yields on investments.
- Other revenues were under budget by \$19,723 primarily due to no additional police service fees from the Minnesota State Fair. The Minnesota State Fair paid directly to Ramsey County.

#### Expenditure Variances

- The administrative section recognized a \$16,896 expenditure variance under budget. \$17,318 of this variance was due to a reduction in compensation expenses for one position unfilled during part of 2019.
- The finance section recognized a \$17,820 expenditure variance under budget due to lower salary and compensation expenses due to one full time position being unfilled for two months and a temporary intern position being unfilled for five months.
- In communications there was a \$14,413 expenditure variance under budget for a new employee paying at a lower salary cost as compared to a long term employee.
- In planning and inspections a \$21,372 expenditure variance under the budgeted amount in compensation expenses resulted from new lower paid employees versus long tern employees which they replaced.

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

- Fire Fighting section was significantly under budgeted amounts due to restructuring of the fire department. This resulted in compensation, supplies, and other expenses totaling \$87,933 under budget. Compensation was \$18,409 under budget, Fire Relief was \$10,557 under budget, Materials and Supplies was \$10,628 under budget, and Other expenses such as IT technical support, equipment repairs, insurance, and miscellaneous expenses were \$17,823 under budget.
- Expenditures for the Streets section were \$42,590 under budget for the current year. Compensation was less due to not hiring some part time summer help and snow removal costs were \$21,005 under budget due to purchasing another used snow plow truck. winter.
- Public works expenditures had a variance under budget of \$42,590. Savings in snow plowing costs of \$21,005 were achieved by performing snowplowing in house instead of hiring an outside vendor.
- A \$11,378 expenditure variance under budget in total park and recreation expenditures was due to less overall park maintenance, less part time employee compensation, and warming house use expenses were much less due to the hockey season being very short.
- A transfer of \$26,000 was made from the General Fund to the Parks Program Special Revenue Fund
  to help support summer recreational sports programming activities. In addition, there was transfer of
  \$22,000 was made from the General Fund to the General Capital Fund for future capital needs in city
  hall and also a transfer of \$30,000 from the General Fund to the Community Inclusion Fund for
  Community program activities.
- 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 \$171,987 in street aid from the state of Minnesota, \$2,228 from a University of Minnesota Good Neighbor grant, and additional income of \$131,658 in the form of franchise fees from Xcel Energy during 2019. This Future Improvement Fund holds \$979,101 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 \$2,090,267 while unrestricted net position for the Storm Drainage Fund amounted to \$299,215.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, General Fund expenditures were \$201,302 less than the budgetary estimates. Revenues were \$283,309 more than the budgetary estimates. Also, \$26,000 was transferred from the General Fund to the Parks Program Special Revenue Fund to help support summer recreational activities in the City and \$22,000 was transferred from the General Fund to the General Capital Fund for future capital projects in our council chambers. In 2019, the net change in fund balance for the General Fund was \$484,611.

#### 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, 2019 amounts to \$9,498,766 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements other than buildings, machinery and equipment and infrastructure.

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, 2016. And 2019 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 72.

In 2017 and 2018, 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. In 2019, city also relined another section of the sanitary sewer system.

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

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

	Governmental Activities			<b>Business-Type Activities</b>				Total				
	2019	2019 2018		2019		2018		2019		2018		
Land	\$ 419,7	707	\$	419,707	\$	-	\$	-	\$	419,707	\$	419,707
Construction in progress										-		-
Building and system	219,0	)50		259,871		1,701,141		1,580,382		1,920,191		1,840,253
Improvements other												
Than buildings	489,3	300		540,713		-		-		489,300		540,713
Machinery and equipment	893,9	806		836,231		25,877		39,976		919,785		876,207
Infrastructure	5,749,7	783		5,749,783		-		-		5,749,783		5,749,783
	•										•	
Total	\$ 7,771,7	748	\$	7,806,305	\$	1,727,018	\$	1,620,358	\$	9,498,766	\$	9,426,663

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 \$1,210,000. The debt service payment in 2019 was \$265,000.

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

	Government	al Activities	Business-Ty	pe Activities	Total			
	2019	2018	2019 2018		2019	2018		
G.O. Bonds	\$ 1,210,000	\$ 1,475,000	\$ -	\$ -	\$ 1,210,000	\$ 1,475,000		

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 \$9,280,272, 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 55-57 of this report.

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

The December 2019 unemployment rate for Ramsey County, in which the City resides, is currently 2.7%, which is the same as the rate of 2.7% a year ago. This local unemployment rate compares favorably to the state's December 2019 unemployment rate of 2.9% and favorably to the national December 2019 rate of 3.6%.

#### 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 \$246 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 2019 fiscal year.

During the current fiscal year, the fund balance in the General Fund increased by \$484,611 to a total of \$2,532,873. The City has designated \$2,515,136 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** 

#### Statement of Net Position December 31, 2019

	Governmental Activities	Business-Type Activities	Total
Assets	¢ 5 127 944	¢ 2.255 1.47	¢ 7.402.001
Cash and investments (including cash eqivalents)	\$ 5,137,844	\$ 2,355,147	\$ 7,492,991
Receivables	15.076		15.076
Taxes receivable	15,076	-	15,076
Special assessments Accounts receivable	68,668	210.042	68,668
	66,668	219,043	285,711
Interest receivable	19,516	9,792	29,308
Due from other governments	59,603	51.241	59,603
Prepaid items	17,737	51,341	69,078
Capital assets (net of accumulated depreciation)	410.707		410.707
Land	419,707	-	419,707
Infrastructure	5,749,783	-	5,749,783
Buildings and system	219,050	1,701,141	1,920,191
Improvements other than buildings	489,300	-	489,300
Machinery and equipment	893,908	25,877	919,785
Total assets	13,156,860	4,362,341	17,519,201
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	30,598	12,385	42,983
Total assets and deferred outflows of resources	\$ 13,187,458	\$ 4,374,726	\$ 17,562,184
Liabilities			
Accounts payable	\$ 116,868	\$ 50,310	\$ 167,178
Due to other governments	1,040	-	1,040
Salaries and benefits payable	335	123	458
Interest payable	13,434	-	13,434
Bond principal payable	13,434		15,454
Payable within one year	180,000	_	180,000
Payable after one year	715,478	_	715,478
Equipment certificate payable	, 10, 1, 0		710,.70
Payable within one year	85,000	_	85,000
Payable after one year	265,000	_	265,000
Compensated absences payable	203,000		205,000
Payable within one year	34,517	15,021	49,538
Payable after one year	72,317	31,542	103,859
Net pension liability	310,923	125,850	436,773
Total liabilities	1,794,912	222,846	2,017,758
Total Habilities	1,794,912	222,640	2,017,738
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	87,412	35,380	122,792
Net Position			
Net investment in capital assets	7,256,270	1,727,018	8,983,288
Restricted for	7,230,270	1,727,010	0,703,200
Debt service	776,701	_	776,701
Tax increment	69,976	_	69,976
Other Purposes	66,431	-	66,431
Unrestricted		2 380 482	5,525,238
Total net position	3,135,756 11,305,134	2,389,482 4,116,500	
i otal liet positioli	11,303,134	4,110,300	15,421,634
Total liabilities, deferred inflows of resources,			
and net position	\$ 13,187,458	\$ 4,374,726	\$ 17,562,184

See notes to financial statements.

# City of Falcon Heights Statement of Activities Year Ended December 31, 2019

Net (Expense) Revenue

		Program Revenues			and Changes in Net Position				
			Operating	Capital Grants					
		Charges for	Grants and	and	Governmental	Business-Type			
Functions/Programs	Expenses	Services	Contributions	Contributions	Activities	Activities	Total		
Governmental activities									
General government	\$ 777,950	\$ 188,726	\$ -	\$ -	\$ (589,224)	\$ -	\$ (589,224)		
Public safety	1,528,097	155,035	192,578	-	(1,180,484)	-	(1,180,484)		
Public works	614,411	146,301	186,343	10,163	(271,604)	-	(271,604)		
Park and recreation	145,441	8,986	2,080	-	(134,375)	-	(134,375)		
Community development	8,080	3,790	-	-	(4,290)	-	(4,290)		
Interest on long-term debt	32,222				(32,222)		(32,222)		
Total governmental activities	3,106,201	502,838	381,001	10,163	(2,212,199)		(2,212,199)		
Business-type activities									
Sanitary sewer	901,784	1,070,459	-	-	-	168,675	168,675		
Storm sewer	155,634	174,608	-	-	-	18,974	18,974		
Total business-type activities	1,057,418	1,245,067				187,649	187,649		
Total governmental and									
business-type activities	\$ 4,163,619	\$ 1,747,905	\$ 381,001	\$ 10,163	(2,212,199)	187,649	(2,024,550)		
	General revenues	i							
	Property taxe	es levied for genera	al purposes		1,767,475	-	1,767,475		
	Property taxe	es levied for debt s	ervice		230,268	-	230,268		
	Franchise fee	es			131,659	-	131,659		
	Tax increme	nts			229,181	-	229,181		
	Unrestricted	state aid			605,967	-	605,967		
	Other genera	l revenue			11,333	-	11,333		
	Unrestricted	investment earning	gs		121,623	55,918	177,541		
	Total ge	neral revenues and	l transfers		3,097,506	55,918	3,153,424		
	Change in net po	sition			885,307	243,567	1,128,874		
	Net position - beg	ginning			10,419,827	3,872,933	14,292,760		
	Net position - end	ding			\$ 11,305,134	\$ 4,116,500	\$ 15,421,634		

# City of Falcon Heights Balance Sheet - Governmental Funds December 31, 2019

				Debt Service				Capital Project		
				G.O.		G.O.				
			Improvement			provement	ment Futu			
	General		Ser	ies 2017A	Ser	ies 2013A	Im	provements		
Assets										
Cash and investments	\$	2,474,680	\$	501,931	\$	90,069	\$	1,018,942		
Taxes receivable - delinquent		14,711		-		-		365		
Special assessment receivable -										
deferred		-		27,262		30,379		11,027		
Accounts receivable		8,383		-		-		33,985		
Interest receivable		12,087		2,452		-		4,977		
Due from other governments		49,927		79		630		-		
Prepaid items		17,737								
Total assets	\$	2,577,525	\$	531,724	\$	121,078	\$	1,069,296		
Liabilities										
Accounts payable	\$	28,576	\$	-	\$	-	\$	78,803		
Due to other governments		1,040		-		-		-		
Salaries and benefits payable		325								
Total liabilities		29,941						78,803		
<b>Deferred Inflows of Resources</b>										
Unavailable revenue - property tax		14,711		-		-		365		
Unavailable revenue - special assessments				27,262		30,379		11,027		
Total deferred inflows of resources		14,711		27,262		30,379		11,392		
Fund Balances										
Nonspendable		17,737		-		-		-		
Restricted		-		504,462		90,699		-		
Committed		-		-		-		-		
Assigned		-		-		-		979,101		
Unassigned		2,515,136								
Total fund balances		2,532,873		504,462		90,699		979,101		
Total liabilities, deferred inflows of										
resources, and fund balances	\$	2,577,525	\$	531,724	\$	121,078	\$	1,069,296		

	Other	Total						
Go	vernmental	Go	Governmental					
	Funds		Funds					
\$	1,052,222	\$	5,137,844					
	-		15,076					
	-		68,668					
	24,300		66,668					
	-		19,516					
	8,967		59,603					
	_		17,737					
\$	1,085,489	\$	5,385,112					
\$	9,489	\$	116,868					
	-		1,040					
	10		335					
	9,499		118,243					
			15.076					
	-		15,076					
			68,668					
			83,744					
	_		17,737					
	273,740		868,901					
	377,003		377,003					
	425,247		1,404,348					
			2,515,136					
	1,075,990		5,183,125					
	-,0,0,0,0		-,100,120					
\$	1,085,489	\$	5,385,112					

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# City of Falcon Heights Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds December 31, 2019

Total fund balances - governmental funds	\$ 5,183,125
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	10,611,081
Less accumulated depreciation	(2,839,333)
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	(860,000)
Bond premium	(35,478)
Equipment certificates payable	(350,000)
Compensated absences payable	(106,834)
Net pension liability	(310,923)
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	(87,412)
Deferred outflows of resources related to pensions	30,598
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	15,076
Revenues in the Statement of Activities that do not provide current financial resources are not reported	
as revenues in the funds.  Deferred special assessments	68,668
Defented special assessments	00,000
Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.	 (13,434)
Total net position - governmental activities	\$ 11,305,134

# City of Falcon Heights Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds Year Ended December 31, 2019

			 Debt S				Capital Projects
	Genera	.1	G.O. Improvement Series 2017A		ement Improvement		Future rovements
Revenues							
Property taxes	\$ 1,760	792	\$ 112,748	\$	23,874	\$	-
Tax increments		-	-		- 24 155		2.001
Special assessments	150	-	6,893		34,155		3,981
Licenses and permits	159		-		-		131,659
Intergovernmental	825		-		-		174,215
Charges for services	108		-		-		-
Fines and forfeitures	28,	191	-		-		-
Miscellaneous							
Investment income	60.	202	6,117		1,456		22,949
Contributions and donations		-	-		-		-
Refunds and reimbursements		656	-		-		-
Other		847	 	-	_		
Total revenues	2,952	007	 125,758		59,485		332,804
Evnanditures							
Expenditures Current							
	670	011			688		
General government	670		-		000		-
Public safety	1,424		-		-		22.060
Public works	208		689		-		22,960
Park and recreation	85.	174	-		-		-
Community development		-	-		-		-
Debt service							
Principal		-	115,000		65,000		-
Interest and other charges		-	24,421		6,044		-
Capital outlay							
General government		-	-		-		-
Public safety		-	-		-		-
Public works		-	-		-		120,838
Park and recreation			 				
Total expenditures	2,389	396	 140,110		71,732		143,798
Excess of revenues over (under) expenditures	562	611	(14,352)		(12,247)		189,006
Other Financing Sources (Uses)							
Transfers in		_	401,912		_		_
Transfers out	(78.	(000)	-		_		_
Total other financing sources (uses)		000)	 401,912		_		_
Net change in fund balances	484		 387,560		(12,247)		189,006
-			<b>,-</b>		` , .,		/
Fund Balances Beginning of year	2,048	262	116,902		102,946		790,095
Dogiming of you	2,040	202	 110,702		102,770	-	170,073
End of year	\$ 2,532	873	\$ 504,462	\$	90,699	\$	979,101

Other	Total						
Governmental	Governmental						
Funds	Funds						
\$ 97,036	\$ 1,994,450						
229,181	229,181						
-	45,029						
_	290,690						
25,921	1,025,523						
156,719	265,620						
-	28,191						
	20,171						
30,899	121,623						
1,080	1,080						
-	2,656						
13,691	20,538						
554,527	4,024,581						
334,321	7,027,301						
1,378	672,880						
7,164	1,432,158						
134,671	366,734						
26,562	111,736						
8,080	8,080						
0,000	0,000						
85,000	265,000						
8,281	38,746						
0,201	20,7.0						
22,088	22,088						
4,040	4,040						
223,542	344,380						
66,997	66,997						
587,803	3,332,839						
301,003	3,332,037						
(33,276)	691,742						
. , ,	,						
78,000	479,912						
(401,912)	(479,912)						
(323,912)							
(357,188)	691,742						
1 400 156	4 401 202						
1,433,178	4,491,383						
ф. 10 <del></del>	Φ # 100 10=						
\$ 1,075,990	\$ 5,183,125						

# 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, 2019

Net change in fund balances - governmental funds	\$ 691,742
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 Depreciation expense	173,664 (208,221)
Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(14,080)
Governmental funds recognized pension contributions as expenditures at the time of payment in items related to pensions on a full accrual perspective.	4,479
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.	265,000
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	2.452
accrues, regardless of when it is due.  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	2,452
Statement of Activities.  Amortization of bond premiums	4,072
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.  Special assessments	6,683
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.	(40,484)
Change in net position - governmental activities	\$ 885,307

# City of Falcon Heights Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund Year Ended December 31, 2019

_	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues		A	
Property taxes	\$ 1,747,260	\$ 1,760,792	\$ 13,532
Licenses and permits	69,250	159,031	89,781
Intergovernmental	713,232	825,387	112,155
Charges for services	59,730	108,901	49,171
Fines and forfeitures	35,000	28,191	(6,809)
Miscellaneous revenues			
Investment income	15,000	60,202	45,202
Refunds and reimbursements	5,000	2,656	(2,344)
Other	24,226	6,847	(17,379)
Total revenues	2,668,698	2,952,007	283,309
Expenditures Current			
General government	727,770	670,814	(56,956)
Public safety	1,512,927	1,424,994	(87,933)
Public works	253,449	208,414	(45,035)
Park and recreation	96,552	85,174	(11,378)
Total expenditures	2,590,698	2,389,396	(201,302)
Excess of revenues over expenditures	78,000	562,611	484,611
Other Financing Uses			
Transfers out	(78,000)	(78,000)	
Net change in fund balance	\$ -	484,611	\$ 484,611
Fund Balance			
Beginning of year		2,048,262	
End of year		\$ 2,532,873	

# City of Falcon Heights Statement of Net Position - Proprietary Funds December 31, 2019

	Sanitary Sewer	Storm Drainage	Total
Assets			
Current assets			
Cash and investments	\$ 2,004,605	\$ 350,542	\$ 2,355,147
Accounts receivable	191,436	27,607	219,043
Interest receivable	9,792	-	9,792
Prepaid items	51,341	-	51,341
Total current assets	2,257,174	378,149	2,635,323
Noncurrent assets			
Capital assets			
Sewer system	1,448,558	-	1,448,558
Storm drain	-	1,926,640	1,926,640
Machinery and equipment	53,104	122,570	175,674
Total capital assets	1,501,662	2,049,210	3,550,872
Less accumulated depreciation	(1,044,438)	(779,416)	(1,823,854)
Net capital assets	457,224	1,269,794	1,727,018
Total assets	2,714,398	1,647,943	4,362,341
Deferred Outflows of Resouces			
Deferred outflows of resources related to pensions	7,909	4,476	12,385
Total assets and deferred outflows of resources	\$ 2,722,307	\$ 1,652,419	\$ 4,374,726
Liabilities			
Current liabilities			
Accounts payable	\$ 41,388	\$ 8,922	\$ 50,310
Salaries and benefits payable	98	25	123
Total current liabilities	50,906	14,548	65,454
Noncurrent liabilities			
Compensated absences	30,372	16,191	46,563
Net pension liability	80,365	45,485	125,850
Total noncurrent liabilities	101,317	56,075	157,392
Total liabilities	152,223	70,623	222,846
Total Intellities	132,223		222,040
Deferred Inflows of Resources	22.502	12 797	25 290
Deferred inflows of resources related to pensions	22,593	12,787	35,380
Net Position			
Net investment in capital assets	457,224	1,269,794	1,727,018
Unrestricted	2,090,267	299,215	2,389,482
Total net position	2,547,491	1,569,009	4,116,500
Total liabilities, deferred inflows of resources,			
and net position	\$ 2,722,307	\$ 1,652,419	\$ 4,374,726

# City of Falcon Heights Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds Year Ended December 31, 2019

	Sanitary Sewer	Storm Drainage	Total	
Operating revenues				
Charges for services	\$ 1,070,459	\$ 174,608	\$ 1,245,067	
Operating expenses				
Wages, salaries, and compensation	152,482	84,379	236,861	
Materials and supplies	139	1,914	2,053	
Professional services	15,596	685	16,281	
Maintenance	77,427	42	77,469	
Repairs	1,685	5,487	7,172	
Depreciation	13,281	50,836	64,117	
Metro sewer charges	495,182	-	495,182	
Sac charges	116,770	-	116,770	
Billing fees	17,385	700	18,085	
Insurance and bonds	5,071	1,515	6,586	
Miscellaneous	6,766	10,076	16,842	
Total operating expenses	901,784	155,634	1,057,418	
Operating income	168,675	18,974	187,649	
Nonoperating revenues				
Investment income	48,177	7,741	55,918	
Income before transfers and capital contributions	216,852	26,715	243,567	
Net position				
Beginning of year	2,330,639	1,542,294	3,872,933	
End of year	\$ 2,547,491	\$ 1,569,009	\$ 4,116,500	

# City of Falcon Heights Statement of Cash Flows - Proprietary Funds Year Ended December 31, 2019

	Sar	nitary Sewer	Stor	m Drainage	 Total
Cash Flows - Operating Activities					
Receipts from customers and users	\$	1,175,110	\$	174,449	\$ 1,349,559
Payments to suppliers		(705,108)		(10,497)	(715,605)
Payments to employees		(147,240)		(76,245)	 (223,485)
Net cash flows - operating activities		322,762		87,707	 410,469
Cash Flows - Capital and Related					
Financing Activities					
Acquisition of capital assets		(170,777)			 (170,777)
Cash Flows - Investing Activities					
Investment Income		49,197		7,741	 56,938
Net change in cash and cash equivalents		201,182		95,448	296,630
Cash and Cash Equivalents					
Beginning of year		1,803,423		255,094	2,058,517
					<u> </u>
End of year	\$	2,004,605	\$	350,542	\$ 2,355,147
Reconciliation of Operating					
Income (Loss) to Net Cash					
Flows - Operating Activities					
Operating income	\$	168,675	\$	18,974	\$ 187,649
Adjustments to reconcile operating					
income (loss) to net cash					
flows - operating activities					
Depreciation expense		13,281		50,836	64,117
Accounts receivable		104,651		(159)	104,492
Prepaid items		(7,979)		1,000	(6,979)
Pension expense		411		5,900	6,311
Accounts payable		38,892		8,922	47,814
Salaries payable		(48)		(6)	(54)
Compensated absences payable		4,879		2,240	 7,119
Total adjustments		154,087		68,733	222,820
Net cash flows - operating activities	\$	322,762	\$	87,707	\$ 410,469

# 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.

# 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.

# 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.

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.

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

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

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.

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.

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

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

# 2. Receivables and Payables (Continued)

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.

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.

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

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

# 4. Capital Assets (Continued)

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.

# 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.

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

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

# 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.

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.

# 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)

- 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.
- 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.

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

# 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.

# 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 (with the exception of the Charitable Gambling fund), 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, 2019, the City's bank balance of \$1,014,000 was not exposed to custodial credit risk because it was fully insured through the FDIC.

# NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

# A. Deposits (Continued)

6 - 10 years

The book balance as of December 31, 2019, was \$0 for deposits.

As of December 31, 2019, the City had petty cash as follows:

Petty cash \$ 250

### **B.** Investments

	Investment Maturity										
Investment Type	Fair Value	Less than 1 Year	1 to 3 Years	3 - 5 Years	Over 5 Years	Rating					
Brokered Certificates of Deposit U.S. Agencies 4M Fund and 4M Fund Plus Brokered Money Markets	\$ 4,331,965 252 1,879,895 266,629	\$ 2,443,044 - 1,879,895 266,629	\$ 1,888,921 - N/A N/A	\$ - - N/A N/A	\$ - 252 N/A N/A	NR AAA NR NR					
Total investments	\$ 6,478,741										
Maturity	_				Maxim Investn						
0 - 5 years					97%	6					

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.

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# 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, 2019:

• \$5,346,217 of investments are significant other observable inputs (Level 2 inputs) using closing market prices.

Summary of cash deposits and investments as of December 31, 2019, were as follows:

Deposits	\$ 1,014,000
Petty cash	250
Investments (Note 3.B.)	6,478,741
Total deposits and investments	\$ 7,492,991

# C. Cash and Investments

Deposits and investments are presented in the December 31, 2019, basic financial statements as follows:

Statement of Net Position

Cash and investments - governmental activities	\$ 5,137,844
Cash and investments - business-type activities	2,355,147
Total	\$ 7,492,991

# **NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance		Increases		Decre	eases	Ending Balance
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		6,169,490					 6,169,490
Capital assets being depreciated							
Buildings		1,360,310		-		-	1,360,310
Improvements other than buildings		868,434		-		-	868,434
Machinery and equipment		2,039,183		173,664			 2,212,847
Total capital assets							
being depreciated		4,267,927		173,664			4,441,591
Less accumulated depreciation for							
Buildings		1,100,439		40,821		-	1,141,260
Improvements other than buildings		327,721		51,413		-	379,134
Machinery and equipment		1,202,952		115,987			 1,318,939
Total accumulated							
depreciation		2,631,112		208,221			2,839,333
Total capital assets being							
depreciated, net		1,636,815		(34,557)			 1,602,258
Governmental activities capital							
assets, net	\$	7,806,305	\$	(34,557)	\$		\$ 7,771,748

# NOTE 3 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance		Increases		Decreases			Ending Balance	
Business-type activities									
Capital assets being depreciated									
Buildings and system	\$	3,204,421	\$	170,777	\$	-	\$	3,375,198	
Machinery and equipment		175,674		-				175,674	
Total capital assets									
being depreciated		3,380,095		170,777				3,550,872	
Less accumulated depreciation for									
Buildings and system		1,624,039		50,018		_		1,674,057	
Machinery and equipment		135,698		14,099		-		149,797	
Total accumulated									
depreciation		1,759,737		64,117				1,823,854	
Total capital assets being		1 (20 25)		104 440				1 505 010	
depreciated, net		1,620,358		106,660	I.			1,727,018	
Business-type activities capital									
assets, net	\$	1,620,358	\$	106,660	\$		\$	1,727,018	
Depreciation expense was charged to fund	ction	s/programs	of the	City as fo	ollows:				
Governmental activities									
General government							\$	74,784	
Public safety								91,776	
Public works								15,720	
Culture and recreation								25,941	
Total depreciation expense - governmental activities									
Business-type activities									
Sanitary sewer							\$	13,281	
Storm drainage							Ψ	50,836	
								*	
Total depreciation expense - busine	ss-typ	e activities					\$	64,117	

# **NOTE 4 – INTERFUND TRANSFERS**

Transfers during the year ended December 31, 2019, were as follows:

	Transfers Out								
	Other								
	Governmental								
	General Fund Funds					Total			
Transfers in									
G.O Improvement Series 2017A	\$	-	\$	401,912	\$	401,912			
Other Governmental Funds		78,000				78,000			
				_		_			
Total	\$	78,000	\$	401,912	\$	479,912			

The transfer from the Other Governmental Funds to the G.O. Improvement Series 2017A fund was to close the Grove Street Improvement Project Fund. The transfer from the General Fund to the Other Governmental Funds were to assist with park programs, community inclusion, and capital improvements.

# **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	Interest	F	Principal
		Issue	Rates	Οι	ıtstanding
Long-term liabilities					
Governmental activities					
G.O. Equipment Certificates, Series 2013B	\$	715,000	0.60%-2.40%	\$	350,000
G.O. Improvement Bonds, Series 2013A		445,000	0.75%-2.40%		130,000
G.O. Improvement Bonds, Series 2017A		845,000	3.00%		730,000

# 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	G	.O. Equipme	ent Cert	tificates	G.O. Improvement Bonds			
December 31,	P	rincipal	I	nterest	I	Principal	Interest	
2020	\$	85,000	\$	6,671	\$	180,000	\$	22,418
2021		85,000		5,056		180,000		17,505
2022		90,000		3,173		120,000		13,200
2023		90,000		1,080		125,000		9,525
2024		-		-		125,000		5,775
2025		-				130,000		1,950
Total	\$	350,000	\$	15,980	\$	860,000	\$	70,373

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

Long-term liability activity for the year ended December 31, 2019, was as follows:

	1	Beginning						Ending	Due Within		
		Balance		Additions		Reductions		Balance	One Year		
Governmental activities											
Bonds payable											
G.O. Equipment Certificates	\$	435,000	\$	-	\$	85,000	\$	350,000	\$	85,000	
G.O. Improvement Bonds		1,040,000		-		180,000		860,000		180,000	
<b>Unamortized Bond Premium</b>		39,550		-		4,072		35,478		-	
Compensated absences		92,754		52,140		38,060		106,834		34,517	
Total governmental											
activities		1,607,304		52,140		307,132		1,352,312		299,517	
Business-type activities											
Compensated absences		39,444		15,612		8,493		46,563		13,200	
Total long-term											
liabilities	\$	1,646,748	\$	67,752	\$	315,625	\$	1,398,875	\$	312,717	

The General Fund typically liquidates the liability related to compensated absences, as well as pensions.

# 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.

# NOTE 5 – LONG-TERM DEBT (CONTINUED)

# **C.** Conduit Debt (Continued)

As of December 31, 2019, the following issues were outstanding:

Name	Date of Issue	Original Amount of Issue	Balance Outstanding as of 12/31/19
Name	Date of Issue	OI ISSUE	as 01 12/31/19
Coventry Apartments	2008A	\$ 12,000,000	\$ 10,443,075
Pines of Hutchinson, LLC	2013	4,400,000	3,510,386
Mounds Park Academy	2014	7,707,444	6,795,052
DeLasalle High School	2015	2,380,000	1,781,583
St Paul Academy & Summit School Project Series	2017	7,375,000	6,885,952
Senior Housing and Health Care Revenue Note 2018A	2018	3,000,000	3,000,000
Senior Housing and Health Care Revenue Refunding 2018B	2018	1,523,889	1,485,124
Multi Family Revenue Note Series 2019	2019	3,622,377	3,622,377
Total		\$ 42,008,710	\$ 37,523,549

# NOTE 6 – FUND BALANCE DETAIL

At December 31, 2019, fund balance was comprised of the following components:

			G.O.		G.O.				Other		
		Imj	Improvement		Improvement		Future		Governmental		
	 General	Ser	ries 2017A	Series 2013A		Improvements		Fund		Total	
Nonspendable											
Prepaid items	\$ 17,737	\$	-	\$	-	\$	-	\$	-	\$	17,737
Restricted											
Tax increment capital											
projects	-		-		-		-		69,976		69,976
Debt service	-		504,462		90,699		-		137,333		732,494
Grants	-		-		-		-		29,661		29,661
Park dedication	-		-		-		-		34,415		34,415
Charitable gambling	-		-		-		-		2,355		2,355
Committed											
Recreation costs	-		-		-		-		30,568		30,568
Hydrant and fire truck costs	-		-		-		-		178,652		178,652
Recycling and environmental											
activities	-		-		-		-		107,356		107,356
Activities promoting											
economic development	-		-		-		-		18,400		18,400
Lighting costs	-		-		-		-		37,035		37,035
Garden costs	-		-		-		-		4,992		4,992
Assigned											
Capital projects	-		-		-		979,101		425,247		1,404,348
Unassigned	 2,515,136				-				_		2,515,136
Total	\$ 2,532,873	\$	504,462	\$	90,699	\$	979,101	\$	1,075,990	\$	5,183,125

# **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 2019 was estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2019, 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, total pension expense for the year ended December 31, 2019, was \$47,715. The components of pension expense are noted in the following plan summaries.

The General Fund typically liquidates the liability related to the pensions.

# **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

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.

# **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. 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 5 successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for a Coordinated members is 1.2% of average salary for each of the first 10 years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

# 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 6.5%, of their annual covered salary in calendar year 2019 and the City was required to contribute 7.5% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2019, were \$44,191. The City's contributions were equal to the required contributions as set by state statute.

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

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

# **D.** Pension Costs

General Employees Fund Pension Costs

At December 31, 2019, the City reported a liability of \$436,773 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2019. 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 \$13,666. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportionate share was 0.0079%, which was a decrease of 0.0007% from its proportionate share measured as of June 30, 2018.

City's proportionate share of the net pension liability	\$ 436,773
State of Minnesota's proportionate share of the net pension	
liability associated with the City	 13,666
Total	\$ 450,439

For the year ended December 31, 2019, the City recognized pension expense of \$47,046 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$1,023 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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

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

# **D.** Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

At December 31, 2019, 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:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual economic experience	\$	12,767	\$	-
Changes in actuarial assumptions		-		37,168
Difference between projected and actual investment earnings		-		50,116
Changes in proportion		8,120		35,508
Changes in actuarial assumptions		-		
Contributions paid to PERA subsequent				
to the measurement date		22,096		
Total	\$	42,983	\$	122,792

\$22,096 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, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Pension
Year Ending	Expense
December 31,	Amount
2020	\$ (31,596)
2021	(51,751)
2022	(19,262)
2023	704_
Total	\$ (101,905)

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

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

# E. Actuarial Assumptions

The total pension liability in the June 30, 2019, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan.

Actuarial assumptions used in the June 30, 2019 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 2019. The most recent four-year experience study for Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2019:

General Employees Fund

Changes in Actuarial Assumptions:

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

# Changes in Plan Provisions:

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

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

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

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

# E. Actuarial Assumptions (Continued)

Asset Class	Target Allocation	Long-Term		
Domestic equity	35.5 %	5.10 %		
Private markets	25.0	5.90		
Fixed income	20.0	0.75		
International equity	17.5	5.90		
Cash equivalents	2.0	0.00		
Total	100 %			

# F. Discount Rate

The discount rate used to measure the total pension liability in 2019 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# G. Pension Liability Sensitivity

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

	1% I	1% Decrease in			1% Increase in		
	Discount Rate (6.5%)		Discount Rate (7.5%)		Discount Rate (8.5%)		
City's proportionate share of		_		_			
the General Employees Fund							
net pension liability	\$	718,032	\$	436,773	\$	204,539	

# H. Pension Plan Fiduciary Net Position

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

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

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

# 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 2019, the City made no contributions to the plan and passed through to the association \$57,443 in state aid.

# NOTE 9 – TAX INCREMENT FINANCING

The City has entered into one Tax Increment Financing agreement which meet the criteria for disclosure under *Governmental Accounting Standards Board Statement No. 77 Tax Abatement Disclosures.* The City's authority to enter into these agreements comes from *Minnesota Statute* 469. The City entered into these agreements for the purpose of economic development.

Under the agreement, the City and developer agree on an amount of development costs to be reimbursed to the developer by the City though tax revenues from the additional taxable value of the property generated by the development (tax increment). A "pay-as-you-go" note is established for this amount, on which the City makes payments for a fixed period of time with available tax increment revenue after deducting for certain administrative costs.

During the year ended December 31, 2019, the City generated \$229,181 in tax increment revenue and made \$219,200 in payments to developers.

# **NOTE 10 – SUBSEQUENT EVENT**

On March 13, 2020, a national emergency was declared for the COVID-19 outbreak in the United States of America. This event affects the economy and financial markets. The extent of the impact on the City may be both direct and indirect and will vary based on the duration of the outbreak and various other factors. An estimate of the financial effect on the City's financial statements at December 31, 2019 cannot be determined at this time.

# NOTE 11 – 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.

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REQUIRED SUPPLEMENTARY INFORMATION

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

						City's				
					Pro	portionate				
					Sh	are of the				
					Ne	t Pension			City's	
			State's		Lia	blility and			Proportionate	
	City's	City's	Proportiona	ate	th	e State's			Share of the	Plan Fiduciary
	Proportionate	Proportionate	Share		Pro	portionate			Net Pension	Net Position
	Share	Share	(Amount)	of	Sh	are of the			Liability	as a
	(Percentage) of	(Amount) of	the Net Pens	ion	Ne	t Pension			(Asset) as a	Percentage of
For Fiscal	the Net Pension	the Net Pension	Liability		L	iablility			Percentage of	the Total
Year Ended	Liability	Liability	Associate	d	A	ssociated	City	's Covered	its Covered	Pension
June 30,	(Asset)	(Asset)	with the Ci	ty	wit	h the City		Payroll	Payroll	Liability
2019	0.0079%	\$ 436.773	\$ 13,6	66	\$	450.439	\$	561,133	77.84%	80.23%
			,-		Ф	,	Ф	,		
2018	0.0086%	477,093	15,6			492,774		580,440	82.20%	79.53%
2017	0.0088%	561,786	7,0			568,825		564,907	99.45%	75.90%
2016	0.0084%	682,038	9,0	02		691,040		524,187	130.11%	68.91%
2015	0.0087%	450,879		-		450,879		502,440	89.74%	78.19%

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

				tributions delation to					Contributions as a
Fiscal Year Statutorily Ending Required December 31, Contribution		the S	the Statutorily Required Contributions		Contribution Deficiency (Excess)		y's Covered Payroll	Percentage of Covered Payroll	
December 31,		itiloution	Con	itiloutions	(LAC	(Excess)		1 ayıon	1 ayıon
2019	\$	44,191	\$	44,191	\$	-	\$	589,213	7.50%
2018		43,247		43,247		-		576,627	7.50%
2017		43,937		43,937		-		585,827	7.50%
2016		40,580		40,580		-		541,067	7.50%
2015		36,927		36,927		-		492,360	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

	 2015	 2016	 2017	 2018	 2019
Streets and alleys					
Estimated	\$ 921,000	\$ 40,000	\$ 1,211,500	\$ 238,500	\$ 37,000
Actual	 499,929	 39,599	 1,234,522	 186,338	 
Difference	\$ 421,071	\$ 401	\$ (23,022)	\$ 52,162	\$ 37,000

## CONDITION RATING OF THE CITY'S STREET SYSTEMS

	2013	2016	2019
Streets and alleys	74	77	72

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, 2016, and 2019 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 2019, the City's PCI rating was 72. 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

## 2019 Changes

Changes in Actuarial Assumptions

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

## Changes in Plan Provisions

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

## 2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

## Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

## 2017 Changes

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.

## Changes in Plan Provisions

• The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.

## City of Falcon Heights Notes to Required Supplementary Information

## GENERAL EMPLOYEES FUND (CONTINUED)

## **2017 Changes (Continued)**

Changes in Plan Provisions (Continued)

• The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The State's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

## 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 was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

## 2015 Changes

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.

## 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; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULE	ES

## City of Falcon Heights Combining Balance Sheet -Nonmajor Governmental Funds December 31, 2019

				Special	Reven	iue		
	<u>P</u> ark	Programs		Water	So	olid Waste		mmunity elopment
Assets Cash and investments	\$	29,097	\$	172 701	\$	02 121	\$	19.400
Accounts receivable	Ф	1,471	Ф	173,721 4,931	Ф	93,121 12,572	Ф	18,400
Due from other governments		1,4/1		4,931		7,923		-
, and the second						ŕ		
Total assets	\$	30,568	\$	178,652	\$	113,616	\$	18,400
Liabilities								
Accounts payable	\$	_	\$	_	\$	6,250	\$	_
Salaries and benefits payable		_		-		10		_
Total liabilities				-		6,260		-
Fund Balances								
Restricted		_		_		_		_
Committed		30,568		178,652		107,356		18,400
Assigned		-		, -		-		· -
Total fund balances		30,568		178,652		107,356		18,400
Total liabilities, deferred inflows of								
resources, and fund balances	\$	30,568	\$	178,652	\$	113,616	\$	18,400

	Special Revenue										bt Service	
Stree	et Lighting		nmunity Sarden		mmunity nclusion		aritable umbling		Total	Ce	G.O. Equipment Certificates, Series 2013B	
\$	34,520 5,326	\$	4,992 - -	\$	29,764 - -	\$	2,355	\$	385,970 24,300 7,923	\$	137,333	
\$	39,846	\$	4,992	\$	29,764	\$	2,355	\$	418,193	\$	137,333	
\$	2,811	\$	-	\$	103	\$	-	\$	9,164 10	\$	-	
	2,811				103				9,174		<u> </u>	
	37,035		4,992		29,661		2,355		32,016 377,003		137,333	
	37,035		4,992		29,661		2,355		409,019		137,333	
\$	39,846	\$	4,992	\$	29,764	\$	2,355	\$	418,193	\$	137,333	

## City of Falcon Heights Combining Balance Sheet -Nonmajor Governmental Funds December 31, 2019

	Capital Projects						
			Par	ks/PW and			
			I	Facilities			
	Gen	eral Capital		Capital	Tax Increment		
	Imp	provements	Improvements		1	No. 1-3	
Assets				•			
Cash and investments	\$	205,334	\$	236,505	\$	69,257	
Accounts receivable		-		-		-	
Due from other governments						1,044	
Total assets	\$	205,334	\$	236,505	\$	70,301	
Liabilities							
Accounts payable	\$	-	\$	-	\$	325	
Salaries and benefits payable							
Total liabilities						325	
Fund Balances							
Restricted		-		34,415		69,976	
Committed		-		-		-	
Assigned		205,334		202,090		-	
Total fund balances		205,334		236,505		69,976	
Total liabilities, deferred inflows of							
resources, and fund balances	\$	205,334	\$	236,505	\$	70,301	

	Capital F			
(	lic Safety Capital rovements	Total	Total Other Government Funds	
\$	17,823	\$ 528,919 - 1,044	\$	1,052,222 24,300 8,967
\$	17,823	\$ 529,963	\$	1,085,489
\$	- -	\$ 325	\$	9,489 10 9,499
		104,391		273,740
	17,823 17,823	425,247 529,638		377,003 425,247 1,075,990
\$	17,823	\$ 529,963	\$	1,085,489

## City of Falcon Heights Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds Year Ended December 31, 2019

	Special Revenue							
	Park Programs	Water	Solid Waste	Community Development				
Revenues								
Property taxes	\$ -	\$ -	\$ -	\$ -				
Tax increments	-	-	-	-				
Intergovernmental	1,000	-	14,356	-				
Charges for services	8,286	24,338	80,162	-				
Miscellaneous								
Investment income	737	4,234	2,390	480				
Contributions and donations	1,080	-	-	-				
Other	743			3,790				
Total revenues	11,846	28,572	96,908	4,270				
Expenditures								
Current								
General government	-	-	-	-				
Public safety	-	11 274	02.429	-				
Public works	25.702	11,374	92,438	-				
Park and recreation	25,702	-	-	- 0.000				
Community development	-	-	-	8,080				
Debt service								
Principal	-	-	-	-				
Interest and other charges	-	-	-	-				
Capital outlay								
General government	-	-	-	-				
Public safety	-	-	-	-				
Public works	-	-	-	-				
Park and recreation								
Total expenditures	25,702	11,374	92,438	8,080				
	(13,856)	17,198	4,470	(3,810)				
Other Financing Sources (Uses)								
Transfers in	26,000	_	_	_				
Transfers out	20,000	_	_	_				
Total other financing sources (uses)	26,000							
Net change in fund balances	12,144	17,198	4,470	(3,810)				
Fund Balances								
Beginning of year	18,424	161,454	102,886	22,210				
End of year	\$ 30,568	\$ 178,652	\$ 107,356	\$ 18,400				

Special Revenue

Street Lighting	Community Garden	Community Inclusion	Charitable Gambling	Total
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	5,399	-	20,755
41,801	700	-	1,432	156,719
713	126	566	42	9,288
-	-	-	-	1,080
		102		4,635
42,514	826	6,067	1,474	192,477
_	_	_	_	_
_	_	6,475	_	6,475
29,484	_	-	_	133,296
-	173	_	_	25,875
-	_	_	-	8,080
				· -
_	-	-	-	_
-	-	-	-	-
				-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
	<u> </u>			
29,484	173	6,475		173,726
13,030	653	(408)	1,474	18,751
-	-	30,000	-	56,000
		30,000		56,000
13,030	653	29,592	1,474	74,751
24,005	4,339	69	881	334,268
\$ 37,035	\$ 4,992	\$ 29,661	\$ 2,355	\$ 409,019

## City of Falcon Heights Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds Year Ended December 31, 2019

	Debt Service	Capital Projects			
	G.O. Equipment Certificates, Series 2013B	General Capital Improvements	Parks/PW and Facilities Capital Improvements		
Revenues	¢ 07.026	¢	\$ -		
Property taxes Tax increments	\$ 97,036	\$ -	\$ -		
Intergovernmental	- -	-	-		
Charges for services	_	_	_		
Miscellaneous					
Investment income	2,037	5,126	6,661		
Contributions and donations	-	-	-		
Other		9,056			
Total revenues	99,073	14,182	6,661		
Expenditures					
Current General government	689	689			
Public safety	089	009	_		
Public works	_	_	_		
Park and recreation	-	_	687		
Community development	-	-	<u>-</u>		
Debt service					
Principal	85,000	-	-		
Interest and other charges	8,281	-	-		
Capital outlay					
General government	-	22,088	-		
Public safety	-	-	-		
Public works	-	-	-		
Park and recreation  Total expenditures	93,970	22,777	66,997 67,684		
Total expenditures	93,970		07,004		
Excess of revenues over					
(under) expenditures	5,103	(8,595)	(61,023)		
Other Financing Sources (Uses)					
Transfers in	-	22,000	-		
Transfers out					
Total other financing sources (uses)		22,000			
Net change in fund balances	5,103	13,405	(61,023)		
Fund Balances					
Beginning of year	132,230	191,929	297,528		
End of year	\$ 137,333	\$ 205,334	\$ 236,505		

	Capital	Projects		
Increment No. 1-3	Grove Street Improvement Project	Public Safety Capital Improvements	Total	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 97,036
229,181	-	-	229,181	229,181
-	-	5,166	5,166	25,921
-	-	-	-	156,719
2,082	5,118	587	19,574	30,899
-	-	-	-	1,080
 -			9,056	13,691
 231,263	5,118	5,753	262,977	554,527
_	-	-	689	1,378
_	_	689	689	7,164
688	687	-	1,375	134,671
-	-	-	687	26,562
-	-	-	-	8,080
-	-	_	-	85,000
-	-	-	-	8,281
-	-	-	22,088	22,088
-	-	4,040	4,040	4,040
223,542	-	-	223,542	223,542
 			66,997	66,997
 224,230	687	4,729	320,107	587,803
7,033	4,431	1,024	(57,130)	(33,276)
_	-	-	22,000	78,000
 	(401,912)		(401,912)	(401,912)
 	(401,912)		(379,912)	(323,912)
7,033	(397,481)	1,024	(437,042)	(357,188)
 62,943	397,481	16,799	966,680	1,433,178
\$ 69,976	\$ -	\$ 17,823	\$ 529,638	\$ 1,075,990

## City of Falcon Heights Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund - Detailed Year Ended December 31, 2019

D.	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues Property taxes	\$ 1,747,260	\$ 1,760,792	\$ 13,532
Troporty tailed	\$ 1,7.7, <b>2</b> 00	ψ 1,700,77 <b>2</b>	Ψ 15,552
Licenses and permits	69,250	159,031	89,781
Intergovernmental revenue			
Local government aid	603,532	603,532	-
Cable television franchise fees	38,000	44,141	6,141
Fire aid	70,000	59,443	(10,557)
Police aid	-	116,564	116,564
Other grants and aids	1,700	1,707	7
Total intergovernmental revenue	713,232	825,387	112,155
Charges for services			
Fire contract	29,000	40,605	11,605
Plan check fees	8,000	38,783	30,783
Other	22,730	29,513	6,783
Total charges for services	59,730	108,901	49,171
Fines and forfeitures	35,000	28,191	(6,809)
Miscellaneous revenue			
Investment income	15,000	60,202	45,202
Refunds and reimbursements	5,000	2,656	(2,344)
Other	24,226	6,847	(17,379)
Total miscellaneous revenue	44,226	69,705	25,479
Total revenues	2,668,698	2,952,007	283,309
Expenditures General government Legislative			
Wages, salaries, and compensation	22,315	18,942	(3,373)
Materials and supplies	1,850	1,148	(702)
Other	20,577	25,825	5,248
Administration	20,577	25,025	3,240
Wages, salaries, and compensation	226,480	209,162	(17,318)
Materials and supplies	8,500	9,109	609
Other	28,400	28,213	(187)

## City of Falcon Heights Schedule of Revenues, Expenditures, and Changes in Fund Balance -Budget and Actual - General Fund - Detailed Year Ended December 31, 2019

	Original and Final Budget	-	
Expenditures (Continued)			
General government (continued)			
Finance			
Wages, salaries, and compensation	\$ 130,110	\$ 115,200	\$ (14,910)
Materials and supplies	220	204	(16)
Other	22,360	19,466	(2,894)
Legal	14,500	15,144	644
Elections			
Materials and supplies	500	356	(144)
Other	19,500	22,188	2,688
Communications			
Wages, salaries, and compensation	32,080	17,667	(14,413)
Materials and supplies	4,800	4,332	(468)
Other	55,908	48,310	(7,598)
Planning and inspections			
Wages, salaries, and compensation	89,350	67,978	(21,372)
Materials and supplies	50	36	(14)
Other	50,270	67,534	17,264
Total general government	727,770	670,814	(56,956)
Public safety			
Emergency preparedness			
Wages, salaries, and compensation	6,591	4,962	(1,629)
Materials and supplies	1,000	441	(559)
Other	510	76	(434)
Police services	1,219,099	1,192,205	(26,894)
Legal	31,000	30,000	(1,000)
Fire fighting			
Wages, salaries, and compensation	87,060	68,651	(18,409)
Fire relief pension	70,000	59,443	(10,557)
Materials and supplies	22,020	11,392	(10,628)
Other	75,647	57,824	(17,823)
Total public safety	1,512,927	1,424,994	(87,933)
Public works			
Buildings and grounds			
Wages, salaries, and compensation	27,950	23,277	(4,673)
Materials and supplies	11,000	9,389	(1,611)
Other	46,400	54,300	7,900

## City of Falcon Heights Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund - Detailed Year Ended December 31, 2019

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Expenditures (Continued)			
Public works (Continued)			
Streets	Φ 76.000	Φ 67.102	Φ (11.700)
Wages, salaries, and compensation	\$ 76,980	\$ 65,192	\$ (11,788)
Materials and supplies	16,900	18,685	1,785
Other	59,169	26,582	(32,587)
Engineering	10,000	9,291	(709)
Tree program			
Materials and supplies	50	-	(50)
Tree maintenance	5,000	1,698	(3,302)
Total public works	253,449	208,414	(45,035)
Park and recreation Park maintenance			
Wages, salaries, and compensation	58,952	56,412	(2,540)
Materials and supplies	6,800	4,320	(2,480)
Other	30,800	24,442	(6,358)
Total parks and recreation	96,552	85,174	(11,378)
Total expenditures	2,590,698	2,389,396	(201,302)
Excess of revenues over expenditures	78,000	562,611	484,611
Other Financing Uses	( <b>=</b> 0.000)	(=0.000)	
Transfers out	(78,000)	(78,000)	
Net change in fund balance	\$ -	484,611	\$ 484,611
Fund Balance Beginning of year		2,048,262	
End of year		\$ 2,532,873	

## 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, 2019

	Original and Final Budget		9		9		Variance with Final Budget - Over (Under)
Revenues							
Intergovernmental revenue	_						
Other grants and aids	\$ -	\$ 1,000	\$ 1,000				
Charges for services	11,000	8,286	(2,714)				
Miscellaneous revenues							
Investment income	80	737	657				
Contributions and donations	500	1,080	580				
Other		743	743				
Total miscellaneous revenues	580	2,560	1,980				
Total revenues	11,580	11,846	266				
Expenditures  Park and recreation  Current  Wages, salaries, and compensation Materials and supplies Other  Total expenditures  Excess of revenues under expenditures	27,615 1,900 6,275 35,790 (24,210)	18,731 1,377 5,594 25,702 (13,856)	(8,884) (523) (681) (10,088)				
Other Financing Sources Transfers in	26,000	26,000	_				
Tunoroto in	20,000	20,000					
Net change in fund balance	\$ 1,790	12,144	\$ 10,354				
Fund Balance Beginning of year		18,424					
End of year		\$ 30,568					

## 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, 2019

					Vari	ance with
	Ori	ginal and		Actual	Fina	l Budget-
	Fin	al Budget	Amounts		Ove	r (Under)
Revenues				-		
Charges for services	\$	34,000	\$	24,338	\$	(9,662)
Miscellaneous revenues						
Investment income		700		4,234		3,534
Total revenues		34,700		28,572		(6,128)
77 16						
Expenditures						
Public works		10.7.0		0.700		(1.020)
Wages, salaries, and compensation		10,762		9,732		(1,030)
Other		3,820		1,642		(2,178)
Total expenditures		14,582		11,374		(3,208)
Excess of revenues	_				_	
over expenditures	\$	20,118		17,198	\$	(2,920)
Fund Balance						
Beginning of year				161,454		
End of year			\$	178,652		

## 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, 2019

	Original and Final Budget	A	Actual Amounts		ance with al Budget r (Under)
Revenues	·		_		
Recycling grant	\$ 15,318	\$	14,356	\$	(962)
Charges for services	76,000		80,162		4,162
Miscellaneous revenues					
Investment income	600		2,390		1,790
Total revenues	91,918		96,908		4,990
Expenditures					
Public works					
Wages, salaries, and compensation	18,040		14,206		(3,834)
Materials and supplies	950		177		(773)
Recycling contract	76,000		74,997		(1,003)
Other	3,600		3,058		(542)
Total expenditures	98,590	_	92,438		(6,152)
Excess of revenues over					
(under) expenditures	\$ (6,672	<u>)</u>	4,470	\$	11,142
Fund Balance					
Beginning of year			102,886		
End of year		\$	107,356		

# 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, 2019

	Original Budget Final Budget		Actual Amounts		Variance with Final Budget - Over (Under)			
Revenues Miscellaneous revenues								
	¢.	500	ď	500	ď	400	¢.	(20)
Investment income	\$	500	\$	500	\$	480	\$	(20)
Other		1,895		1,895		3,790		1,895
Total revenues		2,395		2,395		4,270		1,875
Expenditures Community development Other				37,365		8,080		(29,285)
Excess of revenues over								
(under) expenditures	\$	2,395	\$	(34,970)		(3,810)	\$	31,160
Fund Balance Beginning of year						22,210		
End of year					\$	18,400		

## 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, 2019

	Original and Final Budget		Actual Amounts		Fina	iance with al Budget- er (Under)
Revenues Charges for services	\$	\$ 41,000		41,801	\$	801
Miscellaneous revenues	Ψ	41,000	\$	41,001	Ψ	001
Investment income		200		713		513
Total revenues		41,200		42,514		1,314
Expenditures Public works						
Other		39,950		29,484		(10,466)
Excess of revenues over expenditures	\$	1,250		13,030	\$	11,780
Fund Balance Beginning of year				24,005		
End of year			\$	37,035		

# 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, 2019

	_	nal and	Actual Amounts		Variance with Final Budget - Over (Under)	
	Final	Budget				
Revenues						
Charges for services						
Park and recreation	\$	725	\$	700	\$	(25)
Miscellaneous revenues						
Investment income		25		126		101
Total revenues		750		826		76
Expenditures						
Park and recreation						
Other		1,000		173		(827)
Excess of revenues over						
(under) expenditures	\$	(250)		653	\$	903
Fund Balance						
Beginning of year				4,339		
End of year			\$	4,992		

## City of Falcon Heights Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -Community Inclusion Fund - Special Revenue Fund Year Ended December 31, 2019

	Original and Final Budget		Original and Actual Final		-		nal and Actual F		Actual Final Bud		ance with l Budget - r (Under)
Revenues											
Intergovernmental revenue											
Other grants and aids	\$	-	\$	5,399	\$	5,399					
Miscellaneous revenues											
Investment income		-		566		566					
Other		_		102		102					
Total miscellaneous revenues				668		668					
Total revenues		-		6,067		6,067					
Expenditures Public Safety Wages, salaries and compensation  Excess of revenues under expenditures		38,650		6,475 (408)		(32,175)					
Other Financing Sources		••••		••••							
Transfers in		30,000	-	30,000							
Net change in fund balances	\$	(8,650)		29,592	\$	38,242					
Fund Balance Beginning of year				69							
End of year			\$	29,661							

# 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, 2019

	_	Original and Final Budget		Actual Amounts		nce with Budget - (Under)	
Revenues							
Property Taxes	\$	23,874	\$	23,874	\$	-	
Special assessments		31,925		34,155		2,230	
Miscellaneous revenues							
Investment income		800		1,456		656	
Total revenues		56,599		59,485		2,886	
Expenditures General government Other Debt service Principal Interest and other charges Total expenditures		850 65,000 8,527 74,377		688 65,000 6,044 71,732		(162) - (2,483) (2,645)	
Excess of revenues under expenditures	\$	(17,778)		(12,247)	\$	5,531	
Fund Balance Beginning of year				102,946			
End of year			\$	90,699			

# 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, 2019

	Original and Final Budget		Actual Amounts		Final	ance with Budget - r (Under)
Revenues	\$	112 749	\$	112 749	¢.	
Property Taxes	Þ	112,748 5,500	Þ	112,748 6,893	\$	1 202
Special assessments Miscellaneous revenues		3,300		0,893		1,393
Investment income		1,500		6,117		4,617
Total revenues		119,748		125,758		6,010
Total revenues		119,746		123,736		0,010
Expenditures						
Public works						
Wages, salaries and compensation		850		689		(161)
Debt service		-				()
Principal		115,000		115,000		_
Interest and other charges		29,625		24,421		(5,204)
Total expenditures		145,475		140,110		(5,365)
•		<u> </u>				
Excess of revenues						
under expenditures		(25,727)		(14,352)		11,375
•						
Other Financing Sources						
Transfers in		405,000		401,912		(3,088)
Net change in fund balance	\$	379,273		387,560	\$	8,287
Fund Balance				44400		
Beginning of year				116,902		
Find of year			¢	504 462		
End of year			<u> </u>	504,462		

## 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, 2019

	ginal and al Budget	Actual	Final	nnce with Budget -
Revenues				
Property taxes	\$ 97,036	\$ 97,036	\$	-
Miscellaneous revenues				
Investment income	1,500	 2,037		537
Total revenues	98,536	99,073		537
Expenditures General government Wages, salaries, and compensation	850	689		(161)
Debt service				
Principal	85,000	85,000		-
Interest and other charges	 12,032	 8,281		(3,751)
Total expenditures	 97,882	 93,970		(3,912)
Excess of revenues over				
expenditures	\$ 654	5,103	\$	4,449
Fund Balance				
Beginning of year		 132,230		
End of year		\$ 137,333		

## 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, 2019

		Original and Final Budget				ance with al Budget - er (Under)
Revenues	Φ.	2 000	Φ.	2.001	Φ.	001
Special assessments	\$	3,000	\$	3,981	\$	981
Licenses and permits		-		131,659		131,659
Intergovernmental						
Other grants and aids		167,000		174,215		7,215
Miscellaneous revenues						
Investment income		7,000		22,949		15,949
Total revenues		177,000		332,804		155,804
Expenditures Public works Current Other Capital outlay Total expenditures  Excess of revenues over expenditures		33,350 123,000 156,350		22,960 120,838 143,798	\$	(10,390) (2,162) (12,552)
over onpendiculars	Ψ	20,000		10,,000	Ψ	100,000
Fund Balance Beginning of year				790,095		
End of year			\$	979,101		

## 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, 2019

		ginal and Actual al Budget Amounts		Final	ance with Budget - r (Under)					
Revenues										
Miscellaneous revenues		•				4000				
Investment income	\$	300	\$	5,126	\$	4,826				
Other		200		9,056		9,056				
Total revenues		300	-	14,182		13,882				
Expenditures										
General government										
Current										
Other		850		689		(161)				
Capital outlay		24,500		22,088		(2,412)				
Total expenditures		25,350		22,777		(2,573)				
Excess of revenues										
under expenditures		(25,050)		(8,595)		16,455				
Other Financing Sources										
Transfers in		22,000		22,000						
	\$	(3,050)		13,405	\$	16,455				
Fund Balance										
Beginning of year				191,929						
End of year			\$	205,334						

## 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, 2019

		Budgeted	Amou	nts		Variance with									
	Or	iginal	Final		Final		Final		Final		ginal Final		Actual mounts		l Budget - er (Under)
Revenues Miscellaneous revenues		- 6													
Investment income	\$	200	\$	200	\$ 6,661	\$	6,461								
Expenditures															
Parks and recreation															
Current															
Other		850		850	687		(163)								
Capital outlay		215,500		215,500	 66,997		(148,503)								
Total expenditures		216,350		216,350	 67,684		(148,666)								
Excess of revenues															
under expenditures	\$ (	216,150)	\$	(216,150)	(61,023)	\$	155,127								
Fund Balance															
Beginning of year					 297,528										
End of year					\$ 236,505										

## 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, 2019

	riginal and nal Budget	 Actual Amounts	Fina	iance with al Budget - er (Under)
Revenues	_			
Tax increments	\$ 250,000	\$ 229,181	\$	(20,819)
Miscellaneous revenue				
Investment income	 400	 2,082		1,682
Total revenues	 250,400	 231,263		(19,137)
Expenditures Public works Current Other Capital outlay Total expenditures	 850 269,000 269,850	688 223,542 224,230		(162) (45,458) (45,620)
Excess of revenues over (under) expenditures	\$ (19,450)	7,033	\$	26,483
Fund Balance Beginning of year		 62,943		
End of year		\$ 69,976		

## 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, 2019

		Budgeted	l Amount				ce with																										
	Ori	ginal	Final		Final		Final		Final		Final		Final		Final		Final		Final		Final		Final		Final		Final		Actual Final Amounts			Final Budget - Over (Under)	
Revenues Miscellaneous revenues																																	
Investment income	\$	30	\$	30	\$		\$	(30)																									
Excess of revenues over expenditures	<u>\$</u>	30	\$	30		-	\$	(30)																									
Fund Balance Beginning of year																																	
End of year					\$	_																											

# 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, 2019

	Original and Actual Final Budget Amounts			Fina	ance with al Budget - er (Under)
Revenues					
Intergovernmental revenue					
Other grants and aids	\$ 20,000	\$	-	\$	(20,000)
Miscellaneous revenues					
Investment income	 1,500		5,118		3,618
Total revenues	 21,500		5,118		(16,382)
Expenditures Public works Current					
Other	16,850		687		(16,163)
Capital outlay	37,000		-		(37,000)
Total expenditures	53,850		687		(53,163)
Excess of revenues over (under) expenditures	(32,350)		4,431		36,781
Other Financing Sources (Uses)					
Transfers out	(405,000)		(401,912)		3,088
Net change in fund balance	\$ (437,350)		(397,481)	\$	39,869
Fund Balance Beginning of year			397,481		
End of year		\$			

# 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, 2019

	_	inal and I Budget	Actual Amounts		Final	nce with Budget - (Under)
Revenues				,		
Intergovernmental Revenue						
Other grants and aids	\$	-	\$	5,166	\$	5,166
Miscellaneous revenues						
Investment income		400		587		187
Total revenues		400		5,753		5,353
Expenditures Public safety Current Other Capital outlay Total expenditures  Excess of revenues over (under) expenditures	\$	850 8,500 9,350 (8,950)		689 4,040 4,729		(161) (4,460) (4,621)
Fund Balance Beginning of year End of year			\$	16,799 17,823		

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### 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 wellbeing 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** 

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

	Fiscal Year								
	2010	2011	2012	2013	2014				
<b>Governmental Activities</b>									
Net investment in capital assets	\$ 7,033,744	\$ 7,620,526	\$ 7,695,346	\$ 7,637,289	\$ 7,257,327				
Restricted	96,994	74,940	254,441	474,487	610,535				
Unrestricted	2,783,025	2,706,267	2,501,081	2,493,059	2,545,364				
Total governmental activities	\$ 9,913,763	\$ 10,401,733	\$ 10,450,868	\$ 10,604,835	\$ 10,413,226				
<b>Business-Type Activities</b>									
Net investment in capital assets	\$ 968,304	\$ 920,202	\$ 874,377	\$ 828,552	\$ 1,223,115				
Unrestricted	2,250,456	2,343,470	2,580,201	2,670,746	2,656,683				
Total business-type activities	\$ 3,218,760	\$ 3,263,672	\$ 3,454,578	\$ 3,499,298	\$ 3,879,798				
Primary Government									
Net investment in capital assets	\$ 8,002,048	\$ 8,540,728	\$ 8,569,723	\$ 8,465,841	\$ 8,480,442				
Restricted	96,994	74,940	254,441	474,487	610,535				
Unrestricted	5,033,481	5,049,737	5,081,282	5,163,805	5,202,047				
Total primary government net position	\$ 13,132,523	\$ 13,665,405	\$ 13,905,446	\$ 14,104,133	\$ 14,293,024				

Table 1

		Fiscal Year		
2015	2016	2017	2018	2019
\$ 7,205,699	\$ 7,139,185	\$ 7,073,360	\$ 7,136,755	\$ 7,256,270
477,094	484,867	613,084	528,460	913,108
2,302,829	2,421,877	2,534,275	2,754,612	3,135,756
\$ 9,985,622	\$ 10,045,929	\$ 10,220,719	\$ 10,419,827	\$ 11,305,134
\$ 1,535,176	\$ 1,487,989	\$ 1,675,687	\$ 1,620,358	\$ 1,727,018
 2,398,677	2,524,097	2,139,335	2,252,575	2,389,482
\$ 3,933,853	\$ 4,012,086	\$ 3,815,022	\$ 3,872,933	\$ 4,116,500
\$ 8,740,875	\$ 8,627,174	\$ 8,749,047	\$ 8,757,113	\$ 8,983,288
477,094	484,867	613,084	528,460	913,108
 4,701,506	4,945,974	4,673,610	5,007,187	5,525,238
\$ 13,919,475	\$ 14,058,015	\$ 14,035,741	\$ 14,292,760	\$ 15,421,634

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

	Fiscal Year							
	2010	2011	2012	2013				
Expenses								
Governmental activities								
General government	\$ 568,952	\$ 491,470	\$ 590,809	\$ 649,412				
Public safety	830,881	852,153	882,722	870,860				
Public works	659,202	698,625	607,628	1,473,421				
Park and recreation	192,293	200,583	215,570	215,654				
Community development	2,350	535	615	7,551				
Interest on long-term debt	30,432	10,574	3,101	55,352				
Total governmental activities expenses	2,284,110	2,253,940	2,300,445	3,272,250				
Business-type activities		_						
Sanitary sewer	707,466	635,832	565,107	704,897				
Storm sewer	114,869	210,185	139,766	136,662				
Total business-type activities expenses	822,335	846,017	704,873	841,559				
Total primary government expenses	\$ 3,106,445	\$ 3,099,957	\$ 3,005,318	\$ 4,113,809				
Program Revenues								
Governmental activities								
Charges for services								
General government	\$ 141,883	\$ 144,682	\$ 150,366	\$ 155,006				
Public safety	113,489	137,447	147,127	129,220				
Public works	92,406	121,887	135,552	149,158				
Park and recreation	28,399	34,664	36,368	184,510				
Community development	1,255	1,155	1,716	1,717				
Operating grants and contributions	118,735	212,806	119,267	218,919				
Capital grants and contributions	5,141	338,228	1,567	664,846				
Total governmental activities program revenues	501,308	990,869	591,963	1,503,376				
Business-type activities								
Charges for services								
Sanitary sewer	748,376	760,972	788,551	807,031				
Storm sewer	120,665	125,339	141,630	156,632				
Operating grants and contributions	-	-	-	-				
Capital grants and contributions								
Total business-type activities program revenues	869,041	886,311	930,181	963,663				
Total primary government program revenues	\$ 1,370,349	\$ 1,877,180	\$ 1,522,144	\$ 2,467,039				

Table 2 continued next page

Table 2

	Fiscal Year										
	2014		2015		2016		2017		2018		2019
\$	665,388	\$	634,328	\$	696,194	\$	752,640	\$	743,238	\$	777,950
	956,694		1,009,561		1,073,268		1,072,905		1,473,021		1,528,097
	643,323		1,068,292		648,892		1,775,574		897,796		614,411
	253,333		300,800		162,958		174,392		139,967		145,441
	2,187		10,967		1,789		3,726		33,944		8,080
			19,695		18,363		28,612		35,301		32,222
	2,520,925		3,043,643		2,601,464		3,807,849		3,323,267		3,106,201
	629,452		613,868		760,415		723,236		708,321		901,784
	116,201		136,551		122,303		142,494		156,170		155,634
	745,653		750,419		882,718		865,730		864,491		1,057,418
\$	3,266,578	\$	3,794,062	\$	3,484,182	\$	4,673,579	\$	4,187,758	\$	4,163,619
φ	3,200,378	φ	3,794,002	Ψ	3,464,162	φ	4,073,379	φ	4,167,736	φ	4,103,019
_				_		_					
\$	132,811	\$	158,077	\$	167,214	\$	145,060	\$	118,265	\$	188,726
	137,377		145,952		125,161		127,160		107,026		155,035
	147,014		149,152		152,128		151,229		160,774		146,301
	43,209		25,232 1,716		15,170		11,476		11,047		8,986
	1,716 193,236		473,143		1,716 151,536		1,895 154,211		226,881		3,790 381,001
	13,967		196,337		131,330		953,653		35,938		10,163
	669,330		1,149,609		624,415		1,544,684		659,931		894,002
	009,330		1,149,009		024,413		1,344,064		039,931		094,002
	780,844		756,539		829,339		879,391		945,893		1,070,459
	155,116		154,984		157,067		169,957		169,172		174,608
	-		-		701		-		-		-
	-		_		_		-		-		-
	935,960		911,523		987,107		1,049,348		1,115,065		1,245,067
\$	1,605,290	\$	2,061,132	\$	1,611,522	\$	2,594,032	\$	1,774,996	\$	2,139,069

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

	Fiscal Year								
	2010	2011	2012	2013					
Net (Expense)/Revenue									
Governmental activities	\$ (1,782,802)	\$ (1,263,071)	\$ (1,708,482)	\$ (1,768,874)					
Business-type activities	46,706	40,294	225,308	122,104					
Total primary government net (expense)/revenue	\$ (1,736,096)	\$ (1,222,777)	\$ (1,483,174)	\$ (1,646,770)					
General Revenues and Other Changes in Net Position									
Governmental activities									
Taxes									
Property taxes	\$ 992,568	\$ 1,003,977	\$ 1,011,688	\$ 1,080,588					
Franchise fees	-	-	-	-					
Tax increments	366,948	345,716	349,752	374,385					
Unrestricted state aids	330,012	341,137	311,928	312,593					
Other general revenue	-	-	-	66,520					
Unrestricted investment income	50,571	24,080	28,174	118					
Gain on sale of assets	-	13,131	-	8,637					
Transfers	58,502	23,000	56,075	80,000					
Total governmental activities	1,798,601	1,751,041	1,757,617	1,922,841					
Business-type activities									
Other general revenue	6,900	-	-	-					
Unrestricted investment income	26,768	16,348	21,673	2,616					
Proceeds sale of assets	-	11,270	-	-					
Transfers	(58,502)	(23,000)	(56,075)	(80,000)					
Total business-type activities	(24,834)	4,618	(34,402)	(77,384)					
Total primary government	\$ 1,773,767	\$ 1,755,659	\$ 1,723,215	\$ 1,845,457					
Changes in Net Position									
Governmental activities	\$ 15,799	\$ 487,970	\$ 49,135	\$ 153,967					
Business-type activities	21,872	44,912	190,906	44,720					
Total primary government	\$ 37,671	\$ 532,882	\$ 240,041	\$ 198,687					

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

Figoal	l Year
CISCAL	i rear

		FISCa	i i cai		
2014	2015	2016	2017	2018	2019
\$ (1,851,595) 190,307	\$ (1,894,034) 161,104	\$ (1,977,049) 104,389	\$ (2,263,165) 183,618	\$ (2,663,336) 250,574	\$ (2,212,199) 187,649
\$ (1,661,288)	\$ (1,732,930)	\$ (1,872,660)	\$ (2,079,547)	\$ (2,412,762)	\$ (2,024,550)
\$ 1,043,863	\$ 1,081,384	\$ 1,181,336	\$ 1,271,602	\$ 1,600,552	\$ 1,997,743
-	-	-	_	22,179	131,659
202,372	156,606	251,476	172,018	294,506	229,181
505,414	533,015	542,320	546,524	604,943	605,967
38,602	15,000	-	18,437	31,975	11,333
26,324	14,783	22,163	29,149	78,289	121,623
34,060	270	61	225	-	-
(167,106)	-	40,000	400,000	230,000	-
1,683,529	1,801,058	2,037,356	2,437,955	2,862,444	3,097,506
-	-	-	-	-	-
23,087	13,091	13,844	19,318	37,337	55,918
-	-	-	-	-	-
167,106		(40,000)	(400,000)	(230,000)	
190,193	13,091	(26,156)	(380,682)	(192,663)	55,918
\$ 1,873,722	\$ 1,814,149	\$ 2,011,200	\$ 2,057,273	2,669,781	3,153,424
\$ (168,066)	\$ (92,976)	\$ 60,307	\$ 174,790	\$ 199,108	\$ 885,307
380,500	174,195	78,233	(197,064)	57,911	243,567
Ф. 212.424	Ф. 01.212	Ф. 120.510			Ф. 1.120.074
\$ 212,434	\$ 81,219	\$ 138,540	\$ (22,274)	\$ 257,019	\$ 1,128,874

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

Table 3

Fiscal Year	Property Tax		<u>I</u> 1	Tax F Increment		Franchise Tax		Total	
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	
2018		1,600,552		294,506		22,179		1,917,237	
2019		1,997,743		229,181		131,659		2,358,583	

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

	Fis	scal Year						
		2010						
General Fund								
Reserved	\$	71,531						
Unreserved		1,225,784						
Total general fund	\$	1,297,315						
All Other Governmental Funds								
Reserved	\$	-						
Unreserved, reported in								
Special revenue funds		171,744						
Debt service funds		9,758						
Capital projects funds		1,735,450						
Total all other								
Governmental funds	\$	1,916,952						
					Fis	scal Year		
		2011*		2012		2013		2014
General Fund	_		_		_		_	
Nonspendable	\$	65,289	\$	67,068	\$	70,602	\$	89
Restricted		-		-		-		
Committed		-		-		-		
Assigned		-		-		-		

	 2011*		2012 2013		2014		2015			
General Fund	 			-						
Nonspendable	\$ 65,289	\$	67,068	\$	70,602	\$	89,222	\$	85,535	
Restricted	-		-		-		-		-	
Committed	-		-		-		-		-	
Assigned	-		-		-		-		-	
Unassigned	 1,236,211		1,275,982		1,326,645		1,334,716		1,504,383	
Total general fund	 1,301,500	\$	1,343,050	\$	1,397,247	\$	1,423,938	\$	1,589,918	
All Other Governmental Funds										
Nonspendable	\$ -	\$	-	\$	-	\$	-	\$	-	
Restricted	258,902		333,945		951,032		411,590		318,141	
Committed	182,259		189,414		285,035		251,368		263,384	
Assigned	1,225,142		997,693		851,073		919,832		803,442	
Unassigned Total all other	 								(43,120)	
Governmental funds	\$ 1,666,303	\$	1,521,052	\$	2,087,140	\$	1,582,790	\$	1,341,847	

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

Source: City of Falcon Heights financial records 112

Fiscal Year											
2016		2017		2018		2019					
\$ 71,138	\$	37,201	\$	40,800	\$	17,737					
-		-		-		-					
-		-		-		-					
-		-		-		-					
 1,676,621		1,828,155		2,007,462		2,515,136					
\$ 1,747,759	\$	1,865,356	\$	2,048,262	\$	2,532,873					
\$ -	\$	-	\$	-	\$	-					
337,506		498,308		450,561		868,901					
308,915		321,089		333,318		377,003					
799,450		1,642,422		1,659,242		1,404,348					
 		<u> </u>		<u> </u>		<u> </u>					
\$ 1,445,871	\$	2,461,819	\$	2,443,121	\$	2,650,252					

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

		Fiscal Year								
	2010	2011	2012	2013	2014					
Revenues										
Taxes	\$ 1,356,49	91 \$ 1,346,281	\$ 1,371,399	\$ 1,453,211	\$ 1,254,073					
Special assessments	23,47	78 8,011	5,918	130,256	62,977					
Licenses and permits	69,27	70 73,100	75,629	75,077	68,253					
Intergovernmental	496,41	16 625,363	486,354	761,796	755,281					
Charges for services	177,01	17 221,007	243,946	393,542	253,357					
Fines and forfeitures	61,79	72,246	64,121	68,208	67,638					
Investment income	50,57	71 24,080	28,174	118	26,324					
Miscellaneous	21,68	34 22,262	32,274	204,418	54,850					
Total revenues	2,256,71	2,392,350	2,307,815	3,086,626	2,542,753					
Expenditures										
General government	\$ 530,96	50 \$ 523,355	\$ 536,809	\$ 580,783	\$ 593,735					
Public safety	769,92	24 778,565	822,563	807,412	867,779					
Public works	272,87	74 339,843	378,776	408,555	363,027					
Park and recreation	155,46	53 159,460	136,054	179,299	180,126					
Community development	2,35	50 535	615	7,551	2,187					
Miscellaneous	1,83	1,070	-	-	-					
Capital outlay	1,055,95	55 593,850	553,842	1,614,042	1,097,652					
Debt service										
Principal	365,00	00 265,000	65,000	65,000	70,000					
Interest and other charges	37,42	26 13,603	3,466	52,336	19,966					
Total expenditures	3,191,78	36 2,675,281	2,497,125	3,714,978	3,194,472					
Excess of revenues										
Under expenditures	(935,06	(282,931)	(189,310)	(628,352)	(651,719)					

Table 5 continued next page

Table 5

Fiscal Year											
2015		2016		2017		2018		2019			
\$ 1,229,405	\$	1,435,717	\$	1,443,823	\$	1,897,392	\$	2,223,631			
76,673		54,579		210,956		51,510		45,029			
80,864		73,339		93,344		94,519		290,690			
1,142,257		792,070		1,478,994		843,652		1,025,523			
238,876		225,347		235,928		237,908		265,620			
80,415		73,901		45,806		35,719		28,191			
14,783		22,163		29,149		78,289		121,623			
50,185		35,435		46,047		95,207		24,274			
2,913,458		2,712,551		3,584,047		3,334,196		4,024,581			
				_		_					
\$ 580,026	\$	593,485	\$	662,544	\$	661,557	\$	672,880			
885,969		939,029		957,329		1,321,072		1,432,158			
351,541		322,322		351,470		380,343		366,734			
218,807		110,393		124,396		112,641		111,736			
10,967		1,789		3,726		33,944		8,080			
-		-		-		-		-			
796,133		364,916		1,477,627		693,758		437,505			
125,000		140,000		150,000		150,000		265,000			
20,248		18,813		20,980		46,673		38,746			
2,988,691		2,490,747		3,748,072		3,399,988		3,332,839			
				- <del></del>							
(75,233)		221,804		(164,025)		(65,792)		691,742			

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

			F	iscal Year		
	2010	2011		2012	2013	2014
Other Financing	 _	_		_		
Sources (Uses)						
Transfers in	\$ 807,329	\$ 274,366	\$	246,775	\$ 170,418	\$ 241,685
Transfers out	(748,827)	(251,366)		(190,700)	(90,418)	(101,685)
Proceeds sale of capital assets	-	13,467		29,534	8,637	34,060
Bonds issued	300,000	-		-	1,160,000	-
Bond premium	 	 				 
Total other financing						
Sources (uses)	 358,502	 36,467		85,609	 1,248,637	 174,060
Net change in fund						
balances	\$ (576,565)	\$ (246,464)	\$	(103,701)	\$ 620,285	\$ (477,659)
Debt service as a percentage of noncapital expenditures	15.88%	11.42%		3.11%	3.72%	3.74%

			F	iscal Year				
 2015	2016		2017		2018		2019	
\$ 24,716 (24,716) 270	\$	62,000 (22,000) 61	\$	442,000 (42,000) 225 845,000 52,345	\$	291,770 (61,770) - -	\$	479,912 (479,912) - -
270		40,061		1,245,225		230,000		
\$ (74,963)	\$	261,865	\$	1,081,200	\$	164,208	\$	691,742
5.02%		6.44%		4.62%		5.97%		9.61%

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

Table 6

Fiscal Year	1		<u>I</u> 1	Tax Increment		Tax	Total		
2010	\$	988.609	\$	367,882	\$	_	\$	1,356,491	
2010	Ψ	998,999	Ψ	347,282	Ψ	_	Ψ	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	
2018		1,602,886		294,506		22,179		1,919,571	
2019		1.994.450		229,181		131.659		2.355,290	

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

Table 7

Assessed

Year	Real Pro		Personal	Propert	y (1)	Less	Total Taxable	Total Direct	Estimated Actual	(Tax Capacity) Value <sup>(1)</sup> as a Percentage of
Ended	Residential	Commercial	Motor		0.1	Tax Exempt	Assessed	Tax	Taxable	Taxable
December 31,	Property	Property	Vehicles		Other	Real Property (1)	Value (1)	Rate	Market Value	Market Value
2010	\$ 4,453,957	NA	NA	\$	48,814	NA	\$ 4,502,771	20.654 %	\$ 415,592,900	10.80 %
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
2018	4,602,900	NA	NA		72,140	NA	4,675,040	31.780	426,967,700	1.09
2019	4,821,090	NA	NA		68,604	NA	4,889,694	37.356	464,013,600	1.05

<sup>(1)</sup> 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<sup>(1)</sup> Governments Last 10 Fiscal Years

Table 8

Not	Tav	Capac	its/ I	2 atoc	(2)
INCL	1 ax	Cabac	πν τ	vales i	41

	City	of Falcon Heigl	hts	•	Overlapp	ing Rates		
						School		Total
		Debt	Total	Technical	Ramsey	District	Special	Direct and
Fiscal	Operating	Service	City	College	County	No. 623	Districts	Overlapping
Year	Rate (3)	Rate	Rate	Rate	Rate	Rate	Rate	Rates
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
2018	31.780	0.000	31.780	0.000	53.962	34.396	9.086	129.223
2019	37.356	9.000	37.356	0.000	52.879	31.687	8.891	130.903

<sup>(1)</sup> 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).

<sup>(2)</sup> Tax capacity rates are used by state statute instead of millage rates.

<sup>(3)</sup> Does not include tax increments.

## City of Falcon Heights Principal Property Taxpayers

Table 9

			2019				2010		
Taxpayer	Taxable Assessed Value (1)		Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value		Rank	Percentage of Total Taxable Assessed Value	
Sidal Realty Co. Limited Partnership	\$	158,553	1	3.80 %	\$	99,000	3	2.20 %	
Spire Federal Credit Union	Ψ	151,168	2	3.44	Ψ	175,790	1	3.90	
Falcon Heights Town Square Apartments, LP		143,334	3	3.07		120,818	2	2.68	
Town Square Senior Apartments, LLC		84,000	4	1.72		63,000	4	1.40	
Northern States Power		68,604	5	1.65		48,814	6	1.08	
Falcon Crossing, LLC		66,566	6	1.51		49,650	5	1.10	
Anna Spiegler		58,695	7	1.34		36,338	10	0.81	
Warner Properties of MN, LLP		48,866	9	1.17		45,450	8	1.01	
Carl and Eloise Pohlad Foundation		43,848	8	1.00		-	-	-	
1800 Larpenteur LLC & CO John Stiehm		41,882	10	0.95		-	-	-	
JAK Rental Properties LLC		39,212	11	0.95		47,250	7	1.05	
Cox Building LLC		33,250	12	0.89			-		
Total	\$	937,978		21.48 %	\$	686,110		15.21 %	

<sup>(1)</sup> 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

	Total Tax	Collected v Fiscal Year	Col	lections in		Total Collections to Date				
Fiscal Year	Levy for Fiscal Year	Amount	Percentage of Levy			nt Amount		Percentage of Levy		
2010	\$ 1,022,944	\$ 982,578	96.1 %	\$	17,552	\$	1,000,130	97.77 %		
2011	1,038,290	989,035	95.3		5,963		994,998	95.83		
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		3,311		1,048,062	96.70		
2015	1,083,850	1,072,033	98.9		11,280		1,083,313	99.95		
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		2,599		1,274,404	99.70		
2018	1,487,059	1,480,385	99.6		3,849		1,484,234	99.81		
2019	1,980,918	1,975,542	99.7		-		1,975,542	99.73		

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

Table 11

(	Governi	mental Activit	ties			
Fiscal Year		G.O. Bonds		Total Primary overnment	Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>
2010	Φ.	<b>500.000</b>	Φ.	500,000	0.22.0/	
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
2018		1,475,000		1,475,000	0.75	271

1,245,478

0.91

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

2019

1,245,478

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

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

Table 12

Fiscal		G.O.		s Amounts able in Debt			Percentage of Estimated Actual Taxable Value <sup>(1)</sup> of	Per
						TD 4.1		
Year		Bonds	Ser	vice Fund		Total	Property	Capita <sup>(2)</sup>
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
2018		1,475,000		351,141		1,123,859	0.26	206
2019		1,245,478		729,333		516,145	0.10	94

Note: Details regarding the City's outstanding debt can be found in the notes to 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**

Table 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable <sup>(1)</sup>	Estimated Share of Overlapping Debt
Debt repaid with property taxes: County Subtotal, overlapping debt Subtotal, overlapping debt	\$ 1,997,701,566	0.8%	\$ 16,955,139 16,955,139 16,955,139
City of Falcon Heights direct debt			 1,210,000
Total direct and overlapping debt			\$ 18,165,139

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.

### **City of Falcon Heights** Computation of Direct and Overlapping Bonded Debt

Table 13 (Cont.)

			_	City's Share			
Governmental Unit	Gross Debt (1)	Gross Debt (1) Sinking Funds		Percent	Amount		
Direct							
City of Falcon Heights	\$ 1,245,478	\$ 729,333	\$ 516,145	100.00 %	\$ 516,145		
Overlapping							
School districts							
ISD No. 623	175,710,000	3,494,772	172,215,228	7.22	12,426,882		
ISD No. 916	77,200,000	3,842,942	73,357,058	1.76	1,290,244		
Ramsey County							
Ramsey County	148,297,000	54,268,763	94,028,237	0.87	818,476		
County library	27,180,000	2,135,310	25,044,690	1.73	433,782		
Metro watershed	12,720,531	-	12,720,531	1.92	244,740		
Metropolitan Agencies							
Metro Council	1,555,384,035	191,569,090	1,363,814,945	0.13	1,741,015		
Metro airports	-	-					
Commission							
Total							
Overlapping							
Debt	1,996,491,566	255,310,877	1,741,180,689		16,955,139		
Total direct and overlapping debt	\$ 1,997,737,044	\$ 256,040,210	\$ 1,741,696,834		\$ 17,471,284		

<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 \$ 1,289,704,035 and Revenue debt of \$0. Metro Airports Commission has G.O. Revenue debt of \$0 and Revenue debt of \$ 1,588,525,000.

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

	Fiscal Year							
	2010 2011 2012				2013			
Debt limit	\$	8,311,858	\$	7,955,168	\$	7,482,510	\$	6,838,406
Total net debt applicable to limit								
Legal debt margin	\$	8,311,858	\$	7,955,168	\$	7,482,510	\$	6,838,406
Total net debt applicable to the limit as a percentage of debt limit		0.00%		0.00%		0.00%		0.00%

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.

			Fiscal Yea	ar			
2014	2015	2016		2017	 2018		2019
\$ 6,991,052	\$ 7,717,764	\$ 7,693	,598 \$	8,068,774	\$ 8,539,354	\$	9,280,272
					 -	_	
\$ 6,991,052	\$ 7,717,764	\$ 7,693	,598 \$	8,068,774	\$ 8,539,354	\$	9,280,272
0.00%	0.00%	0	.00%	0.00%	0.00%		0.00%
						Ca	Legal Debt Margin lculation for eal Year 2019
Assessed value Add back exemp Total assesse	1 1 2						464,013,600
Debt applicable to G.O. Bond Less amou		ayment of G.	O. Debt				9,280,272
Legal debt margi	n					\$	9,280,272

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

Table 15

			Spe	ecial Assessm	ent Boi	nds	
Fiscal		Special sessment		Debt S	Service		
Year	Co	llections	Principal		Interest		Coverage
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
2018		43,579		65,000		30,772	45.5
2019		41,048		200,000		27,151	18.1

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

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

Table 16

						Education		
				Per		Level in		
		Total		Capita		Years of		
Fiscal		Personal	I	Personal	Median	Formal	School	Unemployment
Year	Population <sup>(1)</sup>	Income	I	ncome <sup>(2)</sup>	Age <sup>(3)</sup>	Schooling <sup>(3)</sup>	Enrollment <sup>(4)</sup>	Rate <sup>(5)</sup>
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		36,156	NA	14.8	7,592	3.2
2018	5,450	197,535,250		36,245	NA	14.8	7,519	2.9
2019	5,500	199,347,500		36,245	NA	14.8	7,329	3.2

#### Data sources

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.

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

<sup>(2)</sup> State of Minnesota Demography Department - Ramsey County data and US Census data (2019 is estimated on 2018 data)

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

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

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

<sup>\*</sup> Revenue Information for Ramsey County not available

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

Table 17

		2019		2010			
			Percentage of Total City			Percentage of Total City	
Taxpayer	Employees	Rank	Employment	Employees	Rank	Employment	
University of Minnesota (1)	2,750	1	76.39 %	2,838	1	83.47 %	
Spire Federal Credit Union	180	2	5.00	64	2	-	
Twin Cities Laboratories	100	3	2.78	-	0	-	
Minnesota State Fair (2)	85	4	2.36	72	3	2.12	
Falcon Heights Elementary	50	5	1.39	45	4	1.32	
Estimated total city employees all businesses	3,600		87.92 %	3,400		86.91 %	

<sup>(1)</sup> The University of Minnesota Saint Paul Campus employs an additional 1400 part time people during the year.(2) During the Minnesota State Fair held each fall, there are an additional 2,800 people contingently employed.

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

Table 18

					Fiscal	Year				
Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	4.29	4.16	4.16	4.16	4.51	4.26	4.26	4.61	5.21	5.21
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	3.02	3.02	3.02	2.77	2.77	2.77
Highways and Streets										
Engineering (2)										
Maintenance	1.32	1.13	1.13	1.13	1.13	1.13	1.13	1.10	1.11	1.11
Park and Recreation	2.49	2.49	2.49	2.49	2.49	2.49	2.49	2.44	2.49	2.49
Sewer	2.29	2.19	2.19	2.19	2.19	2.19	2.19	2.32	2.32	2.32
Total	12.66	12.24	12.24	12.24	13.34	13.09	13.09	13.24	13.90	13.90

The City contracts with a neighboring city for police services.
 The City contracts with outside entities for engineering services.

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

Table 19

					Fiscal	Year										
Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019						
Police																
Physical arrests	547	638	605	649	620	700	539	311	59	37						
Parking violations	391	243	215	336	427	313	303	155	304	410						
Traffic violations	1,315	1,647	1,486	1,608	1,496	1,987	1,344	1,653	270	299						
Fire																
Number of calls answered	108	101	149	94	117	108	120	119	143	200						
Inspections	29	60	68	61	86	67	77	105	146	99						
Highways and Streets																
Streets resurfacing (miles)	-	-	-	1	-	-	-	-	1	-						
Potholes repaired	20	30	60	70	185	80	70	68	29	55						
Sanitation																
Refuse collected (tons/day) (1)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA						
Recyclables collected (tons/day) (2)	21.5	9.9	9.3	9.3	9.6	8.9	9.0	8.9	8.6	8.0						
Park and Recreation																
Athletic field permits issued	59	6	3	3	3	3	3	83	87	93						
Community centers admissions (3)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA						
Water																
New connections	-	-	-	-	-	-	-	3	2	-						
Water mains breaks	3	-	-	6	1	-	-	1	1	1						
Average daily consumption																
(Thousands of gallons)	715	868	903	1054	707	728	716	723	769	742						
Wastewater																
Average daily sewage treatment (Thousands of ballons per day)	626	604	688	553	562	561	574	538	629	638						

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

<sup>(1)</sup> Individual property owners contract privately with refuse collectors to provide this service.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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

					Fiscal	Year				
Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Police (1)										
Stations	-	-	-	-	-	-	-	-	-	-
Patrol units	-	-	-	-	-	-	-	-	-	-
Fire stations	1	1	1	1	1	1	1	1	1	1
Highways and Streets										
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
Park and Recreation										
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
Water										
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	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
(Thousands of gallons)										
Sewer										
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.

<sup>(1)</sup> Falcon Heights contracts with the Ramsay County Sherriff's Department for 24 hour police coverage

<sup>(2)</sup> 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.