

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

For the Year Ended

December 31, 2020

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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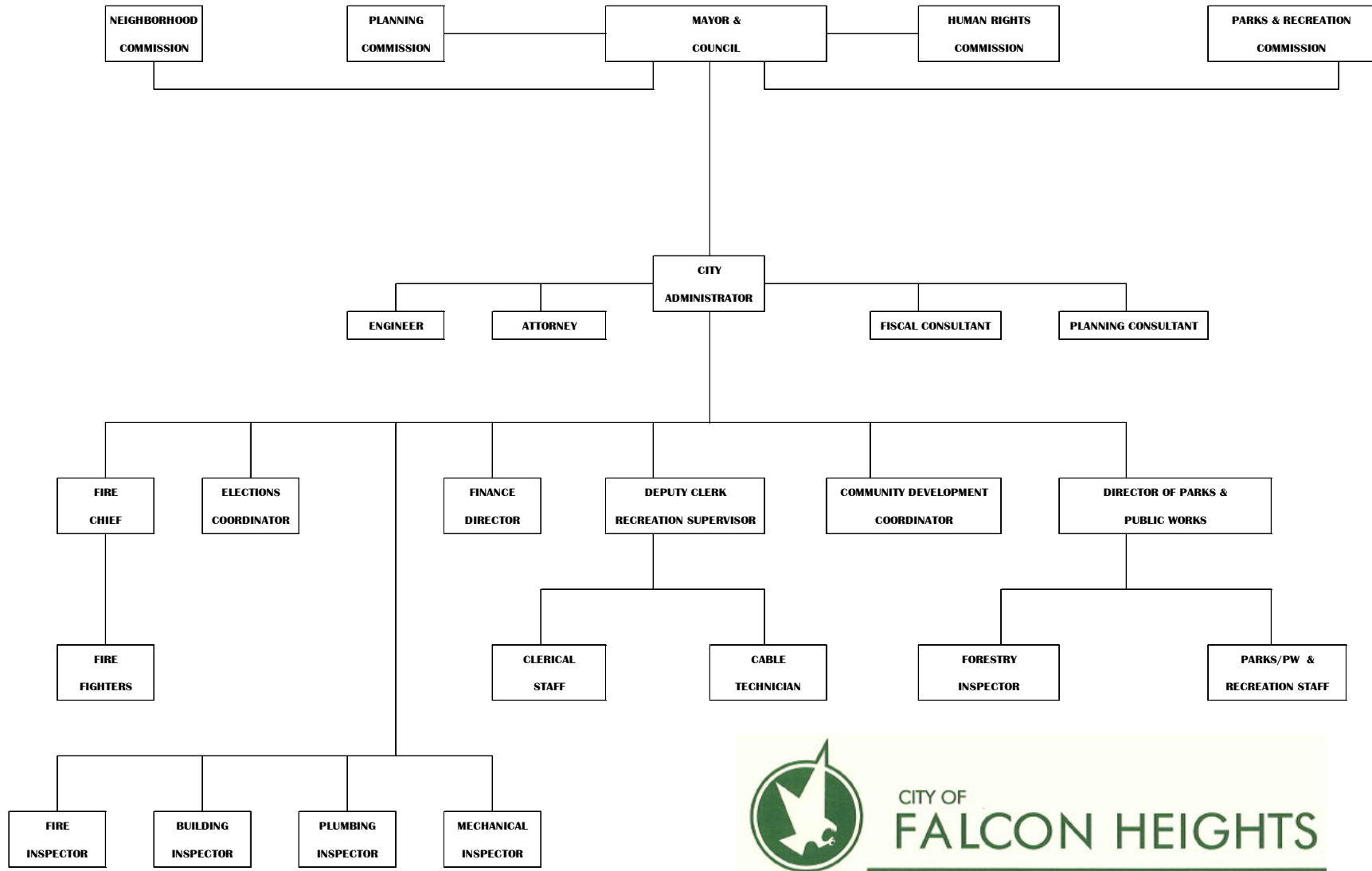
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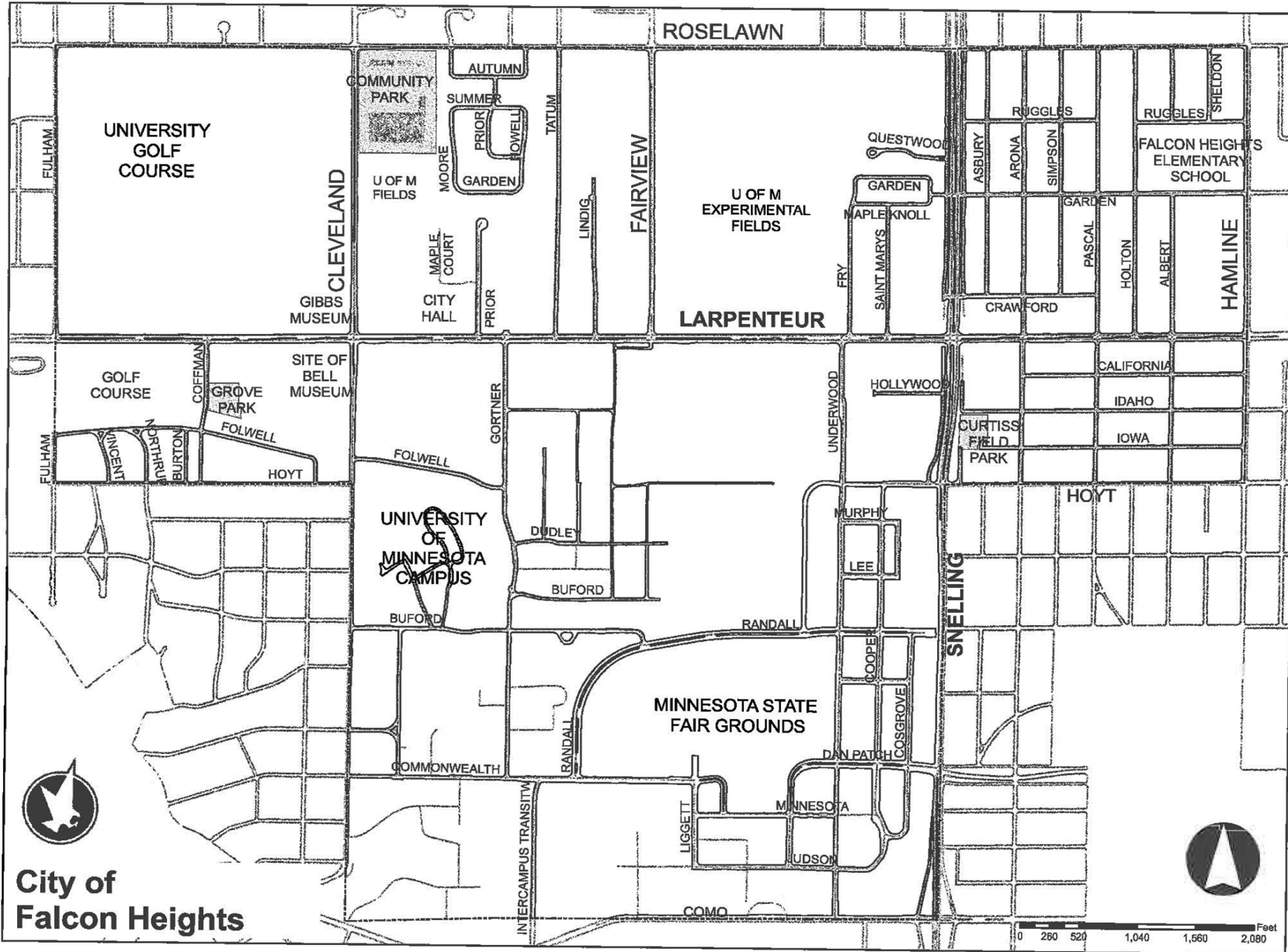
**City of Falcon Heights
Elected Officials and Administration
December 31, 2020**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Randy Gustafson	Mayor	December 31, 2023
Kay Andrews	Council Member	December 31, 2023
Yakasah Wehyee	Council Member	December 31, 2023
Melanie Leehy	Council Member	December 31, 2021
Mark Miazga	Council Member	December 31, 2021
<u>Administration</u>		
Sack Thongvanh	City Administrator	
Roland Olson	Finance Director	
Tim Pittman	Park and Public Works Director	

**City of Falcon Heights
Organization Chart
December 31, 2020**



City of Falcon Heights
City Map
December 31, 2020



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April 28, 2021

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, 2020.

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, 2020. 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 5,600. 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.

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

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

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

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

Local Economy

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

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 2,200 full time 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. Unfortunately in 2020, due to Covid 19, neither the Minnesota State Fair or the Minnesota Street Rod Convention could be held. However, for 2021 both organizations are planning their events and hope to hold them.

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 11.3% in May 2020, and in 2020, the unemployment rate was 4.7%. In 2020, the State of Minnesota's ending unemployment rate was 4.7% and the national ending unemployment rate was 6.7%. The average 2020 state of Minnesota's unemployment rate was 6.2% and the average 2020 national unemployment rate was 8.6%.

The City is at or near full development, with a 3.7% increase in the median market value of property during 2020. 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 in January 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 and 2020, the City completed the relining of additional sections of the sanitary sewer system.

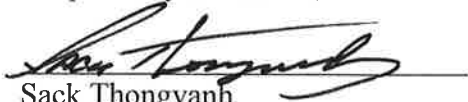
Awards and Acknowledgements


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, 2019. This was the 30th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department, as well as the auditing personnel of BerganKDV, Ltd. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report, and to the auditing firm for its professional assistance in preparing the Comprehensive Annual Financial Report for 2020. Credit also must be given to the mayor and the city council for their resolute support for maintaining high standards of professionalism in the management of the City's finances.

Respectfully submitted,


Sack Thongvanh
City Administrator


Roland Olson
Finance Director

**City of Falcon Heights
Certificate of Achievement for Excellence in Financial Reporting**



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, 2019

Christopher P. Morill

Executive Director/CEO

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Falcon Heights, Minnesota, as of and for the year ended December 31, 2020, 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

The City of Falcon Heights' 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, 2020, 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.

Bergan KDV Ltd.

Minneapolis, Minnesota
April 28, 2021

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City of Falcon Heights Management's Discussion and Analysis

As management of the City of Falcon Heights (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2020. 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 \$16,808,836 (net position). Of this amount, \$6,612,440 (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 \$1,387,202. Unrestricted net position increased by \$1,087,202.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,302,564 an increase of \$1,119,439 in comparison with the prior year. Debt principal payments of \$265,000 and interest payments of \$35,249 occurred in 2020. A positive change in fund balance in the general fund of \$708,900, along with an increase of \$410,539 in the fund balances of other governmental funds resulted in a net increase of \$1,119,439 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 \$3,188,689 is approximately 51% 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 \$3,188,689, or 129%, of total General Fund expenditures at 2020 levels.
- For 2020, there was a 7.9% increase in the property tax levy. For both 2019 and 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, 2020, is \$945,000.

City of Falcon Heights Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this Statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, parks and recreation, and community development. The business-type activities of the City include sanitary sewer and storm drainage.

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

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

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.

City of Falcon Heights Management's Discussion and Analysis

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 17 individual governmental funds during 2020. Of these funds, two 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 Fund and the Future Improvements Fund. Data from the other 15 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 84-100 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 32-36 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 37-39 of this report.

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

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 41-64 of this report.

OTHER INFORMATION

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the Notes to the Financial Statements, along with statistical tables for the City. Combining and individual fund statements and schedules can be found on pages 72-100. Statistical tables can be found on pages 103-126 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a city's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$16,808,836 at the close of the most recent fiscal year.

39% (\$6,612,440) of the City's net position is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. About 5% (\$866,475) of the net position is restricted and represents resources that are subject to external restrictions on how they may be used. The remaining 56% (\$9,329,921) reflects the City's investment in capital assets (e.g., land, buildings, machinery, and equipment) offset by any related debt used to acquire those assets that are still outstanding.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

City of Falcon Heights' Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 6,486,660	\$ 5,385,112	\$ 2,590,483	\$ 2,635,323	\$ 9,077,143	\$ 8,020,435
Capital assets	7,749,079	7,771,748	1,939,341	1,727,018	9,688,420	9,498,766
Total assets	<u>14,235,739</u>	<u>13,156,860</u>	<u>4,529,824</u>	<u>4,362,341</u>	<u>18,765,563</u>	<u>17,519,201</u>
Deferred outflows of resources - pensions	<u>38,455</u>	<u>30,598</u>	<u>16,375</u>	<u>12,385</u>	<u>54,830</u>	<u>42,983</u>
Total assets and deferred outflows of resources	<u>\$ 14,274,194</u>	<u>\$ 13,187,458</u>	<u>\$ 4,546,199</u>	<u>\$ 4,374,726</u>	<u>\$ 18,820,393</u>	<u>\$ 17,562,184</u>
Liabilities						
Long-term liabilities						
Outstanding	\$ 1,150,985	\$ 1,478,718	\$ 342,815	\$ 191,304	\$ 1,493,800	\$ 1,670,022
Other liabilities	455,664	316,194	19,078	31,542	474,742	347,736
Total liabilities	<u>1,606,649</u>	<u>1,794,912</u>	<u>361,893</u>	<u>222,846</u>	<u>1,968,542</u>	<u>2,017,758</u>
Deferred inflows of resources - pensions	<u>30,168</u>	<u>87,412</u>	<u>12,847</u>	<u>35,380</u>	<u>43,015</u>	<u>122,792</u>
Net Position						
Net investment in capital assets	7,390,580	7,371,270	1,939,341	1,727,018	9,329,921	9,098,288
Restricted	866,475	843,132	-	-	866,475	843,132
Unrestricted	4,380,322	3,090,732	2,232,118	2,389,482	6,612,440	5,480,214
Total net position	<u>12,637,377</u>	<u>11,305,134</u>	<u>4,171,459</u>	<u>4,116,500</u>	<u>16,808,836</u>	<u>15,421,634</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 14,274,194</u>	<u>\$ 13,187,458</u>	<u>\$ 4,546,199</u>	<u>\$ 4,374,726</u>	<u>\$ 18,820,393</u>	<u>\$ 17,562,184</u>

The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to extinguish these liabilities.

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

City of Falcon Heights Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

City of Falcon Heights' Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services	\$ 361,700	\$ 502,838	\$ 1,031,847	\$ 1,245,067	\$ 1,393,547	\$ 1,747,905
Operating grants and contributions	807,921	381,001	-	-	807,921	381,001
Capital grants and contributions	55,253	10,163	-	-	55,253	10,163
General revenues						
Property taxes	2,159,635	1,997,743	-	-	2,159,635	1,997,743
Other	1,066,275	978,140	-	-	1,066,275	978,140
Investment earnings	89,682	121,623	36,408	55,918	126,090	177,541
Gain of sale of assets	-	-	-	-	-	-
Total revenues	<u>4,540,466</u>	<u>3,991,508</u>	<u>1,068,255</u>	<u>1,300,985</u>	<u>5,608,721</u>	<u>5,292,493</u>
Expenses						
General government	765,683	777,949	-	-	765,683	777,949
Public safety	1,604,140	1,528,097	-	-	1,604,140	1,528,097
Public works	680,429	614,411	-	-	680,429	614,411
Park and recreation	131,580	145,442	-	-	131,580	145,442
Community development	747	8,080	-	-	747	8,080
Interest on long-term debt	25,644	32,222	-	-	25,644	32,222
Sanitary sewer	-	-	867,393	901,784	867,393	901,784
Storm drainage	-	-	145,903	155,634	145,903	155,634
Total expenses	<u>3,208,223</u>	<u>3,106,201</u>	<u>1,013,296</u>	<u>1,057,418</u>	<u>4,221,519</u>	<u>4,163,619</u>
Increase in net position before transfers	1,332,243	885,307	54,959	243,567	1,387,202	1,128,874
Transfer	-	-	-	-	-	-
Changes in net position	<u>1,332,243</u>	<u>885,307</u>	<u>54,959</u>	<u>243,567</u>	<u>1,387,202</u>	<u>1,128,874</u>
Net position – January 1	11,305,134	10,419,827	4,116,500	3,872,933	15,421,634	14,292,760
Net position - December 31	<u>\$ 12,637,377</u>	<u>\$ 11,305,134</u>	<u>\$ 4,171,459</u>	<u>\$ 4,116,500</u>	<u>\$ 16,808,836</u>	<u>\$ 15,421,634</u>

GOVERNMENTAL ACTIVITIES

Governmental activities increased the City's net position by \$1,332,243.

In 2020 the City increased the tax levy by 7.9%. In both 2019 and 2018, the City Council increased the tax levy by 24%. 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 2020 delinquencies in property tax collections were consistent with the delinquency payments in 2019, 2018, 2017, 2016, 2015, and 2014. The City's tax base continues to be very stable resulting in a low delinquency rate.

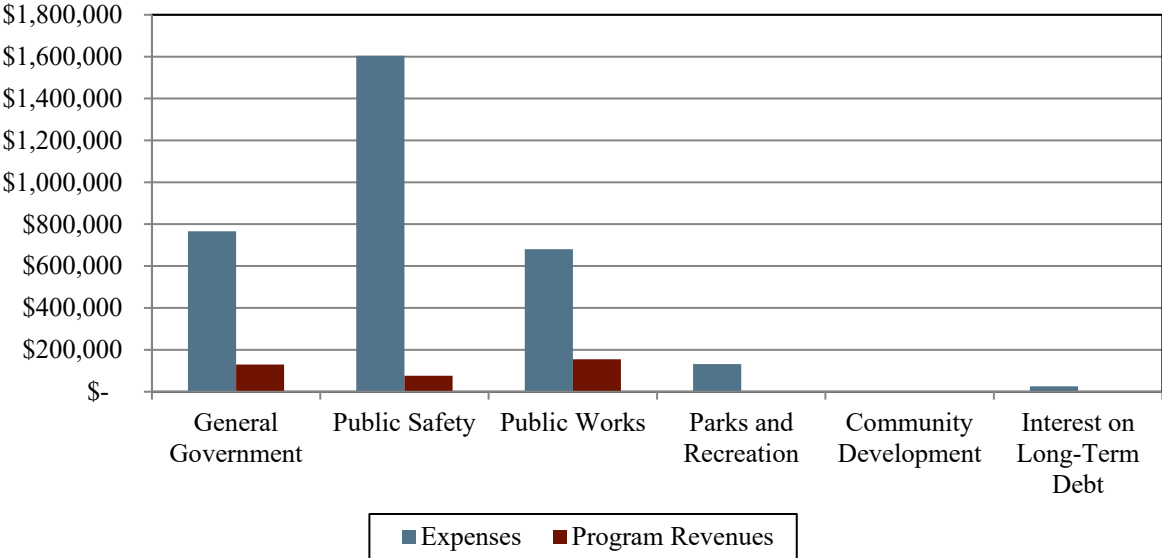
In the governmental activities section, overall, charges for services decreased \$141,138 from the 2019 level. Comparing to 2019 levels, licenses and permits decreased \$82,706 and plan check fees decreased \$27,047 primarily due to no large apartment building permits, fines and forfeitures decreased \$13,082 primarily due to a decrease in parking ticket revenue from the U of M St Paul campus being partially closed due to Covid-19. Operating Grants and Contributions increased \$426,920 primarily from a federal/state Covid-19 grant of \$412,789. Capital Grants and Contributions increased \$45,092 primarily due to the city receiving a FEMA fire grant of \$45,714.

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

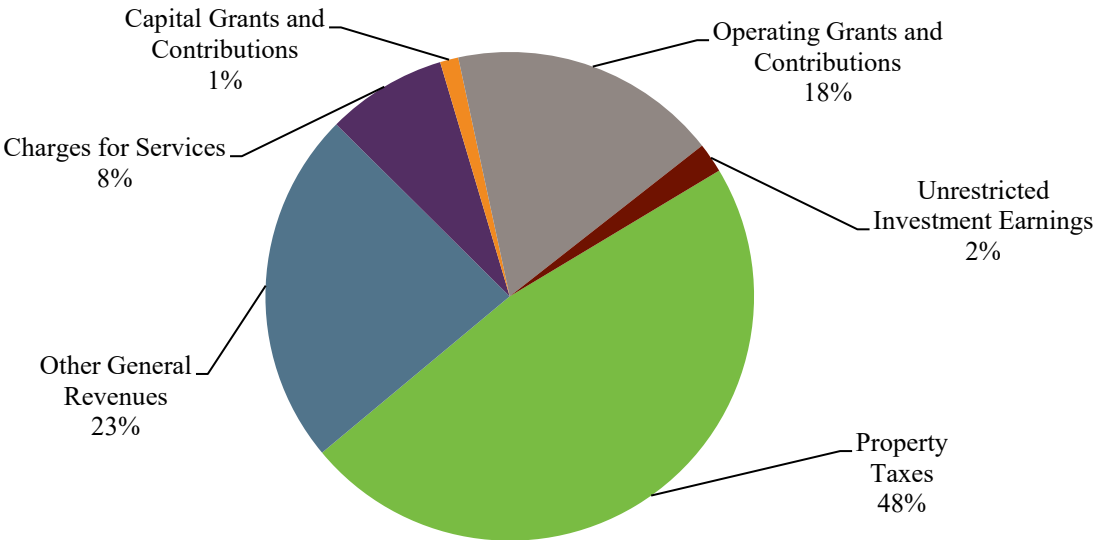
GOVERNMENTAL ACTIVITIES (CONTINUED)

In regard to unrestricted state aid, Local Government Aid (LGA) to the City from the State of Minnesota was comparable in 2020 compared to 2019. The amount of LGA support from the State of Minnesota typically varies annually. In addition, governmental activities unrestricted investment revenues decreased \$31,941 as compared to 2019. On the following pages are specific graphs, which provide comparisons of the governmental activities' revenues and expenses.

Expenses and Program Revenue – Governmental Activities



Revenues by Source – Governmental Activities

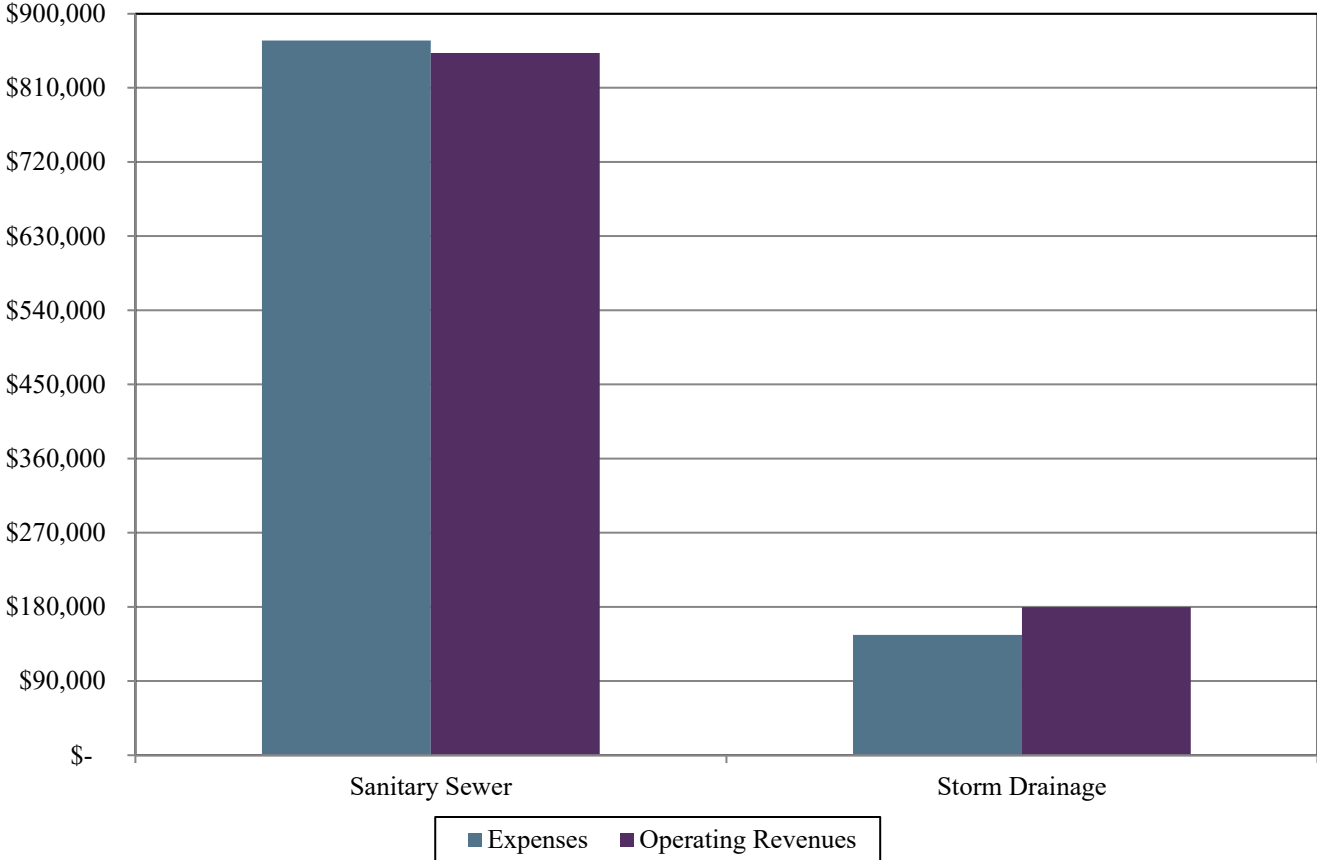


**City of Falcon Heights
Management's Discussion and Analysis**

BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City's net position by \$54,959. There was a 2.2% increase in sanitary sewer fees and a 3% increase in fees for storm drainage for 2020. There 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.

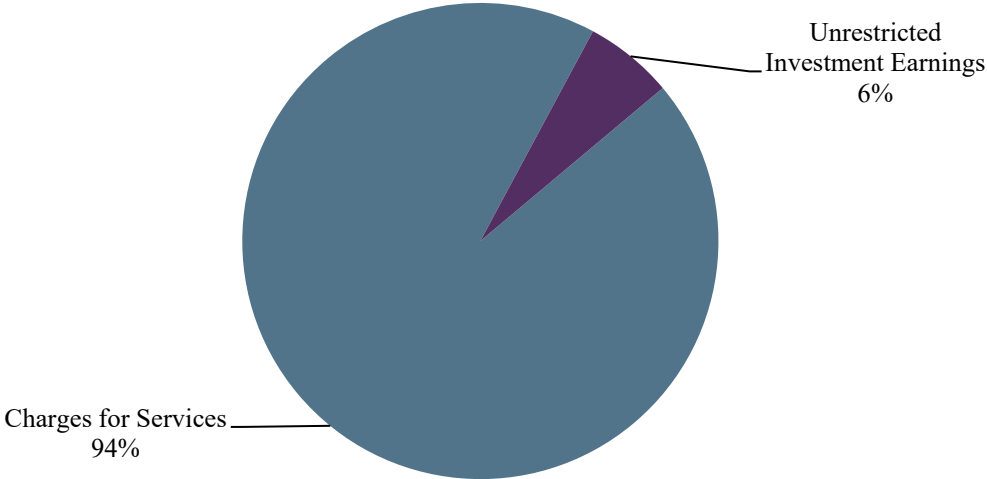
Expenses and Operating Revenues – Business-Type Activities



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

BUSINESS-TYPE ACTIVITIES (CONTINUED)

Revenues by Source – Business-Type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,302,564, an increase of \$1,119,439 in comparison with the prior year. Approximately 51% (\$3,188,689) of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. Approximately 0.8% (\$53,084) 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. 13% (\$857,959) is restricted fund balance constrained to a specific purpose by outside legislation, external parties, or constitutional provisions. 7% (\$426,849) is committed fund balance constrained by the City Council for specific purposes. 28% (\$1,775,983) is assigned fund balance intended for specific purposes by management as delegated authority by the City Council.

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Governmental Funds (Continued)

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,188,689, while total fund balance reached \$3,241,773. 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 129% of total General Fund expenditures, while total fund balance represents 131% of that same amount. The year 2020 was a very challenging year for the City. It was fortunate that the City received \$412,789 in Covid-19 federal/state funding due to the pandemic. If it had not received these funds, the unassigned fund balance would have represented 112% of total General Fund expenditures while the total fund balance would have represented 114% of that same amount. Because of the pandemic, the City locked down in March of 2020 and suspended all recreational programs, cultural events, and city celebrations. The City placed extra emphasis on conservative spending of the annual budget knowing that revenue shortfalls would occur due to the pandemic. In addition, the City strived to maintain its AAA bond rating by maintaining a large fund balance in the General Fund. It was unknown if property tax collections would also be adversely affected. A bond rating of AAA has the effect of savings of thousands of dollars in interest costs when the City would go out for bonding for upcoming street projects in the next couple of years.

In 2020, the fund balance of the City's General Fund increased by \$708,900. Revenues were \$479,763 over budget. Expenditures were \$229,137 under budget. Key factors for this increased fund balance are:

Revenue Variances

- Property Tax revenue had a variance over budget of \$27,099 primarily due to additional \$22,201 tax revenues from excess tax increments on a tax increment district. Luckily the Covid-19 pandemic had little if any affect.
- Revenue from fees associated with licenses and permits was \$21,925 under budget primarily due to no major building projects like an apartment complex built in 1999. Intergovernmental revenue had a variance over budget of \$472,529 primarily due to the city receiving \$412,789 in Covid -19 relief payments. There also was an additional \$67,718 in police support funds from Ramsey County.
- Fines and forfeits revenue had a variance of \$4,891 under budget primarily due to a loss in parking ticket revenue when the University of Minnesota St Paul Campus closed down to virtual classes. Ramsey County's court system collects the fines and forfeits for the City.
- The fire contract with a neighboring community was \$1,174 under budget from fire calls. This neighboring community elected to contract with another fire department for services starting July 1, 2020, therefore there was no fire call revenue for the last half of 2020.
- Investment income was \$27,072 over budget due to improving yields on investments.
- Other revenues were over budget by \$14,920 primarily due to an insurance refund of \$16,250 from the city's workers compensation and general liability and property insurance policies.

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Governmental Funds (Continued)

Expenditure Variances

- General Government was \$82,983 under budget due to the conservative approach to spending which the City undertook due to the pandemic. The departments within the general government contributing to this are as follows: The administrative section recognized a \$47,401 expenditure variance under budget. \$11,618 of this variance was due to a reduction in compensation expenses for one position unfilled during part of 2020 and \$10,000 for a part time position not being filled.
- The finance section recognized a \$16,670 expenditure variance under budget due to lower salary and compensation expenses from one full time position being unfilled for two months and a temporary finance intern position being unfilled for nine months.
- While the communications budget was slightly under budget by \$473, there was an \$8,500 expenditure variance over the line item budget for improvements to the city's web site.
- While planning and inspections had a \$4,378 expenditure variance under budget, there was a \$13,205 under budget compensation expenses resulted from an open position for three months while the replacement outside consultant during this time period resulted in a line item variance of \$8,698 over budget. These two variances offset each other.
- Fire Fighting section was significantly under budgeted amounts due to restructuring of the fire department and losing a fire contract for services with a neighboring city. Wages, Salaries, and Compensation was \$47,446 under budget, Fire Relief was \$7,744 under budget, Materials and Supplies was \$19,011, under budget, while other expenses such as fire consultant, IT technical support, equipment repairs, insurance, and miscellaneous expenses were \$18,252 over budget.
- Expenditures for the City Hall budget were \$15,516 over budget primarily due to \$17,653 expenses for Covid-19 supplies and materials.
- Expenditures for the Streets department were \$44,537 under budget for the current year. Compensation was less due to not hiring some part time summer help and snow removal costs were \$28,022 under budget due to purchasing another used snow plow truck so city staff could perform the snow removal.
- Expenditures for the City's Tree Program was \$34,050 under budget due to the City holding off on tree trimming within the city to minimize expenses due to Covid-19.
- A \$20,448 expenditure variance under budget in total park and recreation expenditures was due to the city's parks being closed from Covid-19 restrictions. Less maintenance and compensation expenses resulted from our three parks being closed
- A transfer of \$26,000 was made from the General Fund to the Parks Program Special Revenue Fund to help support future summer recreational sports programming activities. In addition, a transfer of \$40,000 was made from the General Fund to the General Capital Fund for future capital needs in city hall and also a transfer of \$12,000 from the General Fund to the Community Inclusion Fund for community program activities. Also there was an \$80,000 transfer from the General Fund to the Future Improvement fund for future city improvements.

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Governmental Funds (Continued)

Expenditure Variances (Continued)

- 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 \$163,466 in street aid from the state of Minnesota, \$1,600 from a University of Minnesota Good Neighbor grant, and additional income of \$138,243 in the form of franchise fees from Xcel Energy during 2020. This Future Improvement Fund holds \$1,309,870 in assigned fund balance for future construction projects.

Proprietary Funds

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

Unrestricted net position of the Sanitary Sewer Fund at the end of the year amounted to \$1,998,816 while unrestricted net position for the Storm Drainage Fund amounted to \$233,302.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, General Fund expenditures were \$229,137 less than the budgetary estimates. Revenues were \$479,763 more than the budgetary estimates. Also, \$26,000 was transferred from the General Fund to the Parks Program Special Revenue Fund to help support park programs in the City, \$40,000 was transferred from the General Fund to the General Capital Fund for future capital projects in city hall, \$12,000 was transferred from the General Fund to the Community Inclusion Special Revenue Fund, and \$80,000 was transferred from the General Fund to Future Improvements Fund for future capital needs. In 2020, the net change in fund balance for the General Fund was \$708,900.

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, 2020 amounts to \$9,688,421 (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.

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

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

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 77 and for 2019 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 the City relined a portion of the sanitary sewer line in one of the sections of the city at a cost of \$166,190. Another major capital asset event was mill and overlay resurfacing on two of the city's streets including repair of storm drainage catch basins. In both 2019 and 2020, the city also relined another section of the sanitary sewer system.

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

	2020	2019	2020	2019	2020	2019
Land	\$ 419,707	\$ 419,707	\$ -	\$ -	\$ 419,707	\$ 419,707
Construction in progress					-	-
Building and system Improvements other Than buildings	184,939	219,050	1,925,885	1,701,141	2,110,824	1,920,191
Machinery and equipment	559,332	489,300	-	-	559,332	489,300
Infrastructure	835,318	893,908	13,457	25,877	848,775	919,785
	<u>5,749,783</u>	<u>5,749,783</u>	<u>-</u>	<u>-</u>	<u>5,749,783</u>	<u>5,749,783</u>
Total	<u><u>\$ 7,749,079</u></u>	<u><u>\$ 7,771,748</u></u>	<u><u>\$ 1,939,342</u></u>	<u><u>\$ 1,727,018</u></u>	<u><u>\$ 9,688,421</u></u>	<u><u>\$ 9,498,766</u></u>

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

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

Long-Term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$945,000. The debt service payment in 2020 was \$265,000.

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
G.O. Bonds	\$ 945,000	\$ 1,210,000	\$ -	\$ -	\$ 945,000	\$ 1,210,000

The City earned a "AAA" rating from Standard and Poor's Rating Service on the debt issuance in 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 \$10,054,406, which is in excess of the City's outstanding G.O. debt.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The December 2020 unemployment rate for Ramsey County, in which the City resides, is currently 4.7%, as compared to the rate of 2.7% a year ago. This local unemployment rate compares favorably to the state's December 2020 unemployment rate of 4.7% and favorably to the national December 2020 rate of 6.7%.

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 2021 fiscal year.

During the current fiscal year, the fund balance in the General Fund increased by \$708,900 to a total of \$3,241,773. The City has designated \$3,188,689 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. Larpentour Ave., City of Falcon Heights, Minnesota 55113.

BASIC FINANCIAL STATEMENTS

**City of Falcon Heights
Statement of Net Position
December 31, 2020**

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments (including cash equivalents)	\$ 6,264,259	\$ 2,424,147	\$ 8,688,406
Receivables			
Taxes receivable	14,143	-	14,143
Special assessments	26,296	-	26,296
Accounts receivable	54,193	153,161	207,354
Interest receivable	23,128	10,175	33,303
Due from other governments	51,557	-	51,557
Prepaid items	53,084	3,000	56,084
Capital assets (net of accumulated depreciation)			
Land	419,707	-	419,707
Infrastructure	5,749,783	-	5,749,783
Buildings and system	184,939	1,925,884	2,110,823
Improvements other than buildings	559,332	-	559,332
Machinery and equipment	835,318	13,457	848,775
Total assets	<u>14,235,739</u>	<u>4,529,824</u>	<u>18,765,563</u>
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	<u>38,455</u>	<u>16,375</u>	<u>54,830</u>
Total assets and deferred outflows of resources	<u>\$ 14,274,194</u>	<u>\$ 4,546,199</u>	<u>\$ 18,820,393</u>
Liabilities			
Accounts payable	\$ 142,933	\$ 3,288	\$ 146,221
Due to other governments	273	-	273
Salaries and benefits payable	451	50	501
Interest payable	10,808	-	10,808
Bond principal payable			
Payable within one year	180,000	-	180,000
Payable after one year	528,499	155,520	684,019
Equipment certificate payable			
Payable within one year	85,000	-	85,000
Payable after one year	180,000	-	180,000
Compensated absences payable			
Payable within one year	36,199	15,740	51,939
Payable after one year	89,279	36,884	126,163
Net pension liability			
Payable after one year	<u>353,207</u>	<u>150,411</u>	<u>503,618</u>
Total liabilities	<u>1,606,649</u>	<u>361,893</u>	<u>1,968,542</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	<u>30,168</u>	<u>12,847</u>	<u>43,015</u>
Net Position			
Net investment in capital assets	7,390,580	1,939,341	9,329,921
Restricted for			
Debt service	715,636	-	715,636
Tax increment	75,517	-	75,517
Other Purposes	75,322	-	75,322
Unrestricted	<u>4,380,322</u>	<u>2,232,118</u>	<u>6,612,440</u>
Total net position	<u>12,637,377</u>	<u>4,171,459</u>	<u>16,808,836</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 14,274,194</u>	<u>\$ 4,546,199</u>	<u>\$ 18,820,393</u>

**City of Falcon Heights
Statement of Activities
Year Ended December 31, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 765,683	\$ 129,162	\$ -	\$ -	\$ (636,521)	\$ -	\$ (636,521)
Public safety	1,604,140	76,079	546,864	45,714	(935,483)	-	(935,483)
Public works	680,429	154,959	260,090	9,539	(255,841)	-	(255,841)
Park and recreation	131,580	1,500	967	-	(129,113)	-	(129,113)
Community development	747	-	-	-	(747)	-	(747)
Interest on long-term debt	25,644	-	-	-	(25,644)	-	(25,644)
Total governmental activities	<u>3,208,223</u>	<u>361,700</u>	<u>807,921</u>	<u>55,253</u>	<u>(1,983,349)</u>	<u>-</u>	<u>(1,983,349)</u>
Business-type activities							
Sanitary sewer	867,393	852,185	-	-	-	(15,208)	(15,208)
Storm sewer	145,903	179,662	-	-	-	33,759	33,759
Total business-type activities	<u>1,013,296</u>	<u>1,031,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,551</u>	<u>18,551</u>
Total governmental and business-type activities	<u>\$ 4,221,519</u>	<u>\$ 1,393,547</u>	<u>\$ 807,921</u>	<u>\$ 55,253</u>	<u>(1,983,349)</u>	<u>18,551</u>	<u>(1,964,798)</u>
General revenues							
Property taxes levied for general purposes					1,935,702	-	1,935,702
Property taxes levied for debt service					223,933	-	223,933
Franchise fees					138,243	-	138,243
Tax increments					271,247	-	271,247
Unrestricted state aid					604,477	-	604,477
Other general revenue					52,308	-	52,308
Unrestricted investment earnings					89,682	36,408	126,090
Total general revenues and transfers					<u>3,315,592</u>	<u>36,408</u>	<u>3,352,000</u>
Change in net position					1,332,243	54,959	1,387,202
Net position - beginning					<u>11,305,134</u>	<u>4,116,500</u>	<u>15,421,634</u>
Net position - ending					<u>\$ 12,637,377</u>	<u>\$ 4,171,459</u>	<u>\$ 16,808,836</u>

City of Falcon Heights
Balance Sheet - Governmental Funds
December 31, 2020

	General	Capital Project		Total Governmental Funds
		Future Improvements	Other Governmental Funds	
Assets				
Cash and investments	\$ 3,187,602	\$ 1,343,861	\$ 1,732,796	\$ 6,264,259
Taxes receivable - delinquent	12,998	-	1,145	14,143
Special assessment receivable - deferred	-	6,972	19,324	26,296
Accounts receivable	-	31,251	22,942	54,193
Interest receivable	16,268	6,860	-	23,128
Due from other governments	45,654	526	5,377	51,557
Prepaid items	53,084	-	-	53,084
Total assets	\$ 3,315,606	\$ 1,389,470	\$ 1,781,584	\$ 6,486,660
Liabilities				
Accounts payable	\$ 60,111	\$ 72,628	\$ 10,194	\$ 142,933
Due to other governments	273	-	-	273
Salaries and benefits payable	451	-	-	451
Total liabilities	60,835	72,628	10,194	143,657
Deferred Inflows of Resources				
Unavailable revenue - property tax	12,998	-	1,145	14,143
Unavailable revenue - special assessments	-	6,972	19,324	26,296
Total deferred inflows of resources	12,998	6,972	20,469	40,439
Fund Balances				
Nonspendable	53,084	-	-	53,084
Restricted	-	-	857,959	857,959
Committed	-	-	426,849	426,849
Assigned	-	1,309,870	466,113	1,775,983
Unassigned	3,188,689	-	-	3,188,689
Total fund balances	3,241,773	1,309,870	1,750,921	6,302,564
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,315,606	\$ 1,389,470	\$ 1,781,584	\$ 6,486,660

City of Falcon Heights
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2020

Total fund balances - governmental funds	\$ 6,302,564
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	10,766,550
Less accumulated depreciation	(3,017,471)
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	(680,000)
Bond premium	(28,499)
Equipment certificates payable	(265,000)
Compensated absences payable	(125,478)
Net pension liability	(353,207)
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	(30,168)
Deferred outflows of resources related to pensions	38,455
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	14,143
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Deferred special assessments	26,296
Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.	(10,808)
Total net position - governmental activities	<u>\$ 12,637,377</u>

City of Falcon Heights
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2020

	<u>Capital Projects</u>			Total Governmental Funds
	<u>General</u>	<u>Future Improvements</u>	<u>Other Governmental Funds</u>	
Revenues				
Property taxes	\$ 1,936,635	\$ -	\$ 227,988	\$ 2,164,623
Tax increments	-	-	271,247	271,247
Special assessments	-	4,507	41,393	45,900
Licenses and permits	76,325	138,243	-	214,568
Intergovernmental	1,177,761	244,047	63,824	1,485,632
Charges for services	58,138	-	157,640	215,778
Fines and forfeitures	15,109	-	-	15,109
Miscellaneous				
Investment income	45,073	19,451	25,158	89,682
Contributions and donations	-	-	500	500
Refunds and reimbursements	16,950	-	-	16,950
Other	11,447	356	51,027	62,830
Total revenues	<u>3,337,438</u>	<u>406,604</u>	<u>838,777</u>	<u>4,582,819</u>
Expenditures				
Current				
General government	670,080	-	2,241	672,321
Public safety	1,505,502	-	3,532	1,509,034
Public works	222,964	30,661	139,803	393,428
Park and recreation	71,992	-	17,152	89,144
Community development	-	-	747	747
Miscellaneous	-	-	1,414	1,414
Debt service				
Principal	-	-	265,000	265,000
Interest and other charges	-	-	35,249	35,249
Capital outlay				
General government	-	-	16,429	16,429
Public safety	-	-	54,708	54,708
Public works	-	125,174	266,372	391,546
Park and recreation	-	-	34,360	34,360
Total expenditures	<u>2,470,538</u>	<u>155,835</u>	<u>837,007</u>	<u>3,463,380</u>
Excess of revenues over expenditures	866,900	250,769	1,770	1,119,439
Other Financing Sources (Uses)				
Transfers in	-	80,000	78,000	158,000
Transfers out	(158,000)	-	-	(158,000)
Total other financing sources (uses)	<u>(158,000)</u>	<u>80,000</u>	<u>78,000</u>	<u>-</u>
Net change in fund balances	708,900	330,769	79,770	1,119,439
Fund Balances				
Beginning of year	<u>2,532,873</u>	<u>979,101</u>	<u>1,671,151</u>	<u>5,183,125</u>
End of year	<u>\$ 3,241,773</u>	<u>\$ 1,309,870</u>	<u>\$ 1,750,921</u>	<u>\$ 6,302,564</u>

**City of Falcon Heights
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to
the Statement of Activities - Governmental Funds
Year Ended December 31, 2020**

Net change in fund balances - governmental funds	\$ 1,119,439
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	175,967
Depreciation expense	(198,636)
Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	
	(18,644)
Governmental funds recognized pension contributions as expenditures at the time of payment in items related to pensions on a full accrual perspective.	
	22,817
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 accrues, regardless of when it is due.	
	2,626
The governmental funds report the effect of bond premiums, discounts, and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Amortization of bond premiums	6,979
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Special assessments	(933)
Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
	<u>(42,372)</u>
Change in net position - governmental activities	<u>\$ 1,332,243</u>

City of Falcon Heights
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2020

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Property taxes	\$ 1,909,536	\$ 1,936,635	\$ 27,099
Licenses and permits	98,250	76,325	(21,925)
Intergovernmental	705,232	1,177,761	472,529
Charges for services	66,007	58,138	(7,869)
Fines and forfeitures	20,000	15,109	(4,891)
Miscellaneous revenues			
Investment income	18,000	45,073	27,073
Refunds and reimbursements	5,000	16,950	11,950
Other	35,650	11,447	(24,203)
Total revenues	2,857,675	3,337,438	479,763
Expenditures			
Current			
General government	753,063	670,080	(82,983)
Public safety	1,568,137	1,505,502	(62,635)
Public works	286,035	222,964	(63,071)
Park and recreation	92,440	71,992	(20,448)
Total expenditures	2,699,675	2,470,538	(229,137)
Excess of revenues over expenditures	158,000	866,900	708,900
Other Financing Uses			
Transfers out	(158,000)	(158,000)	-
Net change in fund balance	\$ -	708,900	\$ 708,900
Fund Balance			
Beginning of year		2,532,873	
End of year		\$ 3,241,773	

City of Falcon Heights
Statement of Net Position - Proprietary Funds
December 31, 2020

	Sanitary Sewer	Storm Drainage	Total
Assets			
Current assets			
Cash and investments	\$ 1,993,492	\$ 430,655	\$ 2,424,147
Accounts receivable	125,487	27,674	153,161
Interest receivable	10,175	-	10,175
Prepaid items	2,000	1,000	3,000
Total current assets	2,131,154	459,329	2,590,483
Noncurrent assets			
Capital assets			
Sewer system	1,566,935	-	1,566,935
Storm drain	-	2,082,159	2,082,159
Machinery and equipment	53,104	122,570	175,674
Total capital assets	1,620,039	2,204,729	3,824,768
Less accumulated depreciation	(1,056,710)	(828,717)	(1,885,427)
Net capital assets	563,329	1,376,012	1,939,341
Total assets	2,694,483	1,835,341	4,529,824
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	10,895	5,480	16,375
Total assets and deferred outflows of resources	\$ 2,705,378	\$ 1,840,821	\$ 4,546,199
Liabilities			
Current liabilities			
Accounts payable	\$ -	\$ 3,288	\$ 3,288
Salaries and benefits payable	44	6	50
Amount due within one year	9,761	5,979	15,740
Total current liabilities	9,805	9,273	19,078
Noncurrent liabilities			
Compensated absences	34,566	18,058	52,624
Long-term debt payable	-	155,520	155,520
Net pension liability	100,075	50,336	150,411
Less amount due within one year	(9,761)	(5,979)	(15,740)
Total noncurrent liabilities	124,880	217,935	342,815
Total liabilities	134,685	227,208	361,893
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	8,548	4,299	12,847
Net Position			
Net investment in capital assets	563,329	1,376,012	1,939,341
Unrestricted	1,998,816	233,302	2,232,118
Total net position	2,562,145	1,609,314	4,171,459
Total liabilities, deferred inflows of resources, and net position	\$ 2,705,378	\$ 1,840,821	\$ 4,546,199

City of Falcon Heights
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended December 31, 2020

	<u>Sanitary Sewer</u>	<u>Storm Drainage</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 852,185	\$ 179,662	\$ 1,031,847
Operating expenses			
Wages, salaries, and compensation	163,247	78,130	241,377
Materials and supplies	856	2,405	3,261
Professional services	3,122	747	3,869
Maintenance	24,561	1,182	25,743
Repairs	18,215	7,649	25,864
Depreciation	12,272	49,301	61,573
Metro sewer charges	616,098	-	616,098
Sac charges	41	-	41
Billing fees	17,740	745	18,485
Insurance and bonds	5,270	1,490	6,760
Miscellaneous	5,971	4,254	10,225
Total operating expenses	<u>867,393</u>	<u>145,903</u>	<u>1,013,296</u>
Operating income	(15,208)	33,759	18,551
Nonoperating revenues			
Investment income	<u>29,862</u>	<u>6,546</u>	<u>36,408</u>
Income before transfers and capital contributions	14,654	40,305	54,959
Net position			
Beginning of year	<u>2,547,491</u>	<u>1,569,009</u>	<u>4,116,500</u>
End of year	<u>\$ 2,562,145</u>	<u>\$ 1,609,314</u>	<u>\$ 4,171,459</u>

City of Falcon Heights
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2020

	Sanitary Sewer	Storm Drainage	Total
Cash Flows - Operating Activities			
Receipts from customers and users	\$ 918,134	\$ 179,595	\$ 1,097,729
Payments to suppliers	(683,921)	(25,106)	(709,027)
Payments to employees	(156,428)	(80,923)	(237,351)
Net cash flows - operating activities	77,785	73,566	151,351
Cash Flows - Capital and Related Financing Activities			
Acquisition of capital assets	(118,377)	(155,519)	(273,896)
Cash Flows - Investing Activities			
Investment Income	29,479	6,546	36,025
Net change in cash and cash equivalents	(11,113)	80,113	69,000
Cash and Cash Equivalents			
Beginning of year	2,004,605	350,542	2,355,147
End of year	\$ 1,993,492	\$ 430,655	\$ 2,424,147
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities			
Operating income	\$ (15,208)	\$ 33,759	\$ 18,551
Adjustments to reconcile operating income (loss) to net cash flows - operating activities			
Depreciation expense	12,272	49,301	61,573
Accounts receivable	65,949	(67)	65,882
Prepaid items	49,341	(1,000)	48,341
Pension expense	2,679	(4,641)	(1,962)
Accounts payable	(41,388)	(5,634)	(47,022)
Salaries payable	(54)	(19)	(73)
Compensated absences payable	4,194	1,867	6,061
Total adjustments	92,993	39,807	132,800
Net cash flows - operating activities	\$ 77,785	\$ 73,566	\$ 151,351

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City of Falcon Heights
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated revenues are reported as general revenues rather than program revenues.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Description of Funds:

Major Governmental Funds:

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

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.

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.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

City of Falcon Heights
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (Continued)

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.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
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.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Fund Equity (Continued)

a. Classification (Continued)

- 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.

E. Use of Estimates

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgetary Information

1. In August of each year, City staff submits to the City Council, a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution after obtaining taxpayer comments.
4. Budgets for the General, Special Revenue, Capital Projects, Debt Service, and Enterprise Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Expenditures may not legally exceed budgeted appropriations at the department level. No fund's budget can be increased without City Council approval. The City Council may authorize transfer of budgeted amounts between departments within any fund. Management may amend budgets within a department level, so long as the total department budget is not changed.
6. Annual appropriated budgets are adopted during the year for the General, Special Revenue (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, 2020, the City's bank balance of \$1,014,000 was not exposed to custodial credit risk because it was fully insured through the FDIC.

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

The book balance as of December 31, 2020, was \$0 for deposits.

As of December 31, 2020, the City had petty cash as follows:

Petty cash	\$ 250
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B. Investments

Investment Type	Fair Value	Investment Maturity				Rating
		Less than 1 Year	1 to 3 Years	3 - 5 Years	Over 5 Years	
Brokered Certificates of Deposit	\$ 4,035,586	\$ 3,431,770	\$ 603,816	\$ -	\$ -	NR
U.S. Agencies	198	-	-	198	-	AAA
4M Fund and 4M Fund Plus	3,365,580	3,365,580				NR
Brokered Money Markets	272,792	272,792				NR
Total investments	\$ 7,674,156					

Maturity	Maximum Investment
0 - 5 years	97%
6 - 10 years	3

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

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

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

City of Falcon Heights
Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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

The City has the following recurring fair value measurements as of December 31, 2020:

- \$4,035,784 of investments are significant other observable inputs (Level 2 inputs) using closing market prices.

Summary of cash deposits and investments as of December 31, 2020, were as follows:

Deposits	\$ 1,014,000
Petty cash	250
Investments (Note 3.B.)	7,674,156
Total deposits and investments	\$ 8,688,406

Cash and Investments

Deposits and investments are presented in the December 31, 2020, basic financial statements as follows:

Statement of Net Position	
Cash and investments - governmental activities	\$ 6,264,259
Cash and investments - business-type activities	2,424,147
Total	\$ 8,688,406

City of Falcon Heights
Notes to Financial Statements

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	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	<u>6,169,490</u>	<u>-</u>	<u>-</u>	<u>6,169,490</u>
Capital assets being depreciated				
Buildings	1,360,310	-	-	1,360,310
Improvements other than buildings	868,434	123,957	20,498	971,893
Machinery and equipment	2,212,847	52,010	-	2,264,857
Total capital assets being depreciated	<u>4,441,591</u>	<u>175,967</u>	<u>20,498</u>	<u>4,597,060</u>
Less accumulated depreciation for				
Buildings	1,141,260	34,111	-	1,175,371
Improvements other than buildings	379,134	53,925	20,498	412,561
Machinery and equipment	1,318,939	110,600	-	1,429,539
Total accumulated depreciation	<u>2,839,333</u>	<u>198,636</u>	<u>20,498</u>	<u>3,017,471</u>
Total capital assets being depreciated, net	<u>1,602,258</u>	<u>(22,669)</u>	<u>-</u>	<u>1,579,589</u>
Governmental activities capital assets, net	<u>\$ 7,771,748</u>	<u>\$ (22,669)</u>	<u>\$ -</u>	<u>\$ 7,749,079</u>

City of Falcon Heights
Notes to Financial Statements

NOTE 3 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets being depreciated				
Buildings and system	\$ 3,375,198	\$ 273,897	\$ -	\$ 3,649,095
Machinery and equipment	175,674	-	-	175,674
Total capital assets being depreciated	<u>3,550,872</u>	<u>273,897</u>	<u>-</u>	<u>3,824,769</u>
Less accumulated depreciation for				
Buildings and system	1,674,057	49,153	-	1,723,210
Machinery and equipment	149,797	12,420	-	162,217
Total accumulated depreciation	<u>1,823,854</u>	<u>61,573</u>	<u>-</u>	<u>1,885,427</u>
Total capital assets being depreciated, net	<u>1,727,018</u>	<u>212,324</u>	<u>-</u>	<u>1,939,342</u>
Business-type activities capital assets, net	<u>\$ 1,727,018</u>	<u>\$ 212,324</u>	<u>\$ -</u>	<u>\$ 1,939,342</u>

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

Governmental activities	
General government	\$ 73,305
Public safety	81,039
Public works	23,924
Culture and recreation	<u>20,368</u>
Total depreciation expense - governmental activities	<u>\$ 198,636</u>
Business-type activities	
Sanitary sewer	\$ 12,272
Storm drainage	<u>49,301</u>
Total depreciation expense - business-type activities	<u>\$ 61,573</u>

City of Falcon Heights
Notes to Financial Statements

NOTE 4 – INTERFUND TRANSFERS

Transfers during the year ended December 31, 2020, were as follows:

	Transfers Out	
	General Fund	Total
Transfers in		
Other Governmental Funds	\$ 158,000	\$ 158,000
Total	\$ 158,000	\$ 158,000

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 Issue	Interest Rates	Principal Outstanding
Long-term liabilities			
Governmental activities			
G.O. Equipment Certificates, Series 2013B	\$ 715,000	0.60%-2.40%	\$ 265,000
G.O. Improvement Bonds, Series 2013A	445,000	0.75%-2.40%	65,000
G.O. Improvement Bonds, Series 2017A	845,000	3.00%	615,000

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

Year Ending December 31,	G.O. Equipment Certificates		G.O. Improvement Bonds	
	Principal	Interest	Principal	Interest
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	\$ 265,000	\$ 9,309	\$ 680,000	\$ 47,955

City of Falcon Heights
Notes to Financial Statements

NOTE 5 – LONG-TERM DEBT (CONTINUED)

B. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
G.O. Equipment Certificates	\$ 350,000	\$ -	\$ 85,000	\$ 265,000	\$ 85,000
G.O. Improvement Bonds	860,000	-	180,000	680,000	180,000
Unamortized Bond Premium	35,478	-	6,979	28,499	-
Compensated absences	106,834	44,046	25,402	125,478	36,199
Total governmental activities	<u>1,352,312</u>	<u>44,046</u>	<u>297,381</u>	<u>1,098,977</u>	<u>301,199</u>
Business-type activities					
Compensated absences	46,563	16,134	10,073	52,624	15,740
Total long-term liabilities	<u>\$ 1,398,875</u>	<u>\$ 60,180</u>	<u>\$ 307,454</u>	<u>\$ 1,151,601</u>	<u>\$ 316,939</u>

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.

As of December 31, 2020, the following issues were outstanding:

Name	Date of Issue	Original Amount of Issue	Balance Outstanding as of 12/31/20
Coventry Apartments	2008A	\$ 12,000,000	\$ 10,240,314
Pines of Hutchinson, LLC	2013	4,400,000	3,364,982
Mounds Park Academy	2014	7,707,444	6,414,556
DeLasalle High School	2015	2,380,000	1,636,550
St Paul Academy & Summit School Project Series	2017	7,375,000	6,920,977
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	1,448,306
Multi Family Revenue Note Series 2019	2019	3,622,377	3,622,377
Suite Senior Care of Ramsey Project A and B	2020	8,015,000	8,015,000
Total		<u>\$ 50,023,710</u>	<u>\$ 44,663,062</u>

City of Falcon Heights
Notes to Financial Statements

NOTE 6 – FUND BALANCE DETAIL

At December 31, 2020, fund balance was comprised of the following components:

	General	Future Improvements	Other Governmental Fund	Total
Nonspendable				
Prepaid items	\$ 53,084	\$ -	\$ -	\$ 53,084
Restricted				
Tax increment capital projects	-	-	75,517	75,517
Debt service	-	-	707,120	707,120
Grants	-	-	39,475	39,475
Park dedication	-	-	33,575	33,575
Charitable gambling	-	-	2,272	2,272
Committed				
Recreation costs	-	-	42,034	42,034
Hydrant and fire truck costs	-	-	201,873	201,873
Recycling and environmental activities	-	-	110,487	110,487
Activities promoting economic development	-	-	17,977	17,977
Lighting costs	-	-	48,662	48,662
Garden costs	-	-	5,816	5,816
Assigned				
Capital projects	-	1,309,870	466,113	1,775,983
Unassigned	3,188,689	-	-	3,188,689
Total	\$ 3,241,773	\$ 1,309,870	\$ 1,750,921	\$ 6,302,564

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.

City of Falcon Heights
Notes to Financial Statements

NOTE 7 – RISK MANAGEMENT

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 2020 was estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2020, 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, 2020, was \$22,872. 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.

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.

City of Falcon Heights
Notes to Financial Statements

NOTE 8 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided

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% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% 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.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase is 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 fiscal year 2020 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, 2020, were \$45,483. The City's contributions were equal to the required contributions as set by state statute.

City of Falcon Heights
Notes to Financial Statements

NOTE 8 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2020, the City reported a liability of \$503,618 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. 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 \$15,603. The net pension liability was measured as of June 30, 2020, 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, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0084% at the end of the measurement period and 0.0079% for the beginning of the period.

City's proportionate share of the net pension liability	\$ 503,618
State of Minnesota's proportionate share of the net pension liability associated with the City	<div style="border-top: 1px solid black; display: inline-block; width: 100%;">15,603</div>
Total	<div style="border-top: 3px double black; display: inline-block; width: 100%;">\$ 519,221</div>

For the year ended December 31, 2020, the City recognized pension expense of \$22,062 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$1,358 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.

City of Falcon Heights
Notes to Financial Statements

NOTE 8 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

At December 31, 2020, the City reported its proportionate share of General Employee Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 4,334	\$ 1,905
Changes in actuarial assumptions	-	18,502
Net collective difference between projected and actual investment earnings	7,021	-
Changes in proportion	20,733	22,608
Contributions paid to PERA subsequent to the measurement date	<u>22,742</u>	<u>-</u>
Total	<u>\$ 54,830</u>	<u>\$ 43,015</u>

The \$22,742 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, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2021	\$ (36,013)
2022	(3,524)
2023	16,442
2024	<u>12,168</u>
Total	<u>\$ (10,927)</u>

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

NOTE 8 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions

The total pension liability in the June 30, 2020, 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	3.00 %	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 and 1.0% per year for the Police and Fire Plan.

Actuarial assumptions used in the June 30, 2020, 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 assumption changes were adopted by the Board and became effective with the July 1, 2020, actuarial valuation. The most recent four-year experience study for Police and Fire Plan was completed in 2020. The recommended assumptions for that plan was adopted by the Board and will be effective with the July 1, 2021, actual valuation if approved by the Legislature.

The following changes in actuarial assumptions occurred in 2020:

General Employees Fund

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changes as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.

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

NOTE 8 –PENSION PLANS (CONTINUED)

Public Employees’ Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

General Employees Fund (Continued)

Changes in Actuarial Assumptions (Continued)

- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023, and 0.0% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term</u>
Domestic equity	35.5 %	5.10 %
Private markets	17.5	5.30
Fixed income	20.0	0.75
International equity	25.0	5.90
Cash equivalents	2.0	0.00
Total	<u>100 %</u>	

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

NOTE 8 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Discount Rate

The discount rate used to measure the total pension liability in 2020 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% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's proportionate share of the General Employees Fund net pension liability	\$ 807,126	\$ 503,618	\$ 253,249

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.

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.

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

NOTE 8 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

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

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 2020, the City made no contributions to the plan and passed through to the association \$60,256 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 through 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, 2020, the City generated \$271,247 in tax increment revenue and made \$262,291 in payments to developers.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

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, 2020 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, 2022.

City of Falcon Heights
Notes to Financial Statements

NOTE 11 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. This statement will be effective for the year ending December 31, 2021.

NOTE 12 - SUBSEQUENT EVENT

On April 8, 2021, the City issued \$665,000 General Obligation Improvement Bonds, Series 2021A. These bonds carry an interest rate of 2.00% and fully mature on February 1, 2027.

REQUIRED SUPPLEMENTARY INFORMATION

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

For Fiscal Year Ended June 30,	City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.0084%	\$ 503,618	\$ 15,603	\$ 519,221	600,693	83.84%	79.06%
2019	0.0079%	436,773	13,666	450,439	561,133	77.84%	80.23%
2018	0.0086%	477,093	15,681	492,774	580,440	82.20%	79.53%
2017	0.0088%	561,786	7,039	568,825	564,907	99.45%	75.90%
2016	0.0084%	682,038	9,002	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**

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 45,483	\$ 45,483	\$ -	\$ 606,440	7.50%
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

	2016	2017	2018	2019	2020
Streets and alleys					
Estimated	\$ 40,000	\$ 1,211,500	\$ 238,500	\$ 37,000	\$ -
Actual	39,599	1,234,522	186,338	-	-
	<u>401</u>	<u>(23,022)</u>	<u>52,162</u>	<u>37,000</u>	<u>-</u>
Difference	<u>\$ 401</u>	<u>\$ (23,022)</u>	<u>\$ 52,162</u>	<u>\$ 37,000</u>	<u>\$ -</u>

CONDITION RATING OF THE CITY'S STREET SYSTEMS

	2013	2016	2019
Streets and alleys	<u>74</u>	<u>77</u>	<u>72</u>

The City implemented a pavement management program in 2001 to assist in maintaining and monitoring the performance of the paved street network. This is one of the City's largest investments and would have a significant dollar value if it were to be replaced today. The software program MircoPAVER, developed by the Army Corps of Engineers, was used by the City in 2001 and 2004. For 2007, 2010, 2013, 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 2020, 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 2022.

City of Falcon Heights
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023, and 0.0% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

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.

City of Falcon Heights
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND (CONTINUED)

2018 Changes (Continued)

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.
- 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.

City of Falcon Heights
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND (CONTINUED)

2016 Changes (Continued)

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**City of Falcon Heights
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2020**

	Special Revenue			
	Park Programs	Water	Solid Waste	Community Development
Assets				
Cash and investments	\$ 42,034	\$ 197,003	\$ 104,194	\$ 17,977
Taxes receivable - delinquent	-	-	-	-
Special assessment receivable deferred	-	-	-	-
Accounts receivable	-	4,870	12,757	-
Due from other governments	-	-	-	-
	-	-	-	-
Total assets	\$ 42,034	\$ 201,873	\$ 116,951	\$ 17,977
Liabilities				
Accounts payable	\$ -	\$ -	\$ 6,464	\$ -
Deferred inflows of resources				
Unavailable revenue - property tax	-	-	-	-
Unavailable revenue - special assessments	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances				
Restricted	-	-	-	-
Committed	42,034	201,873	110,487	17,977
Assigned	-	-	-	-
Total fund balances	42,034	201,873	110,487	17,977
Total liabilities, deferred inflows of resources, and fund balances	\$ 42,034	\$ 201,873	\$ 116,951	\$ 17,977

Special Revenue					Debt Service
Street Lighting	Community Garden	Community Inclusion	Charitable Gambling	Total	G.O. Improvement Bonds, Series 2017A
\$ 46,235	\$ 5,816	\$ 39,475	\$ 2,272	\$ 455,006	\$ 486,943
-	-	-	-	-	-
-	-	-	-	-	19,324
5,315	-	-	-	22,942	-
-	-	-	-	-	1,923
<u>\$ 51,550</u>	<u>\$ 5,816</u>	<u>\$ 39,475</u>	<u>\$ 2,272</u>	<u>\$ 477,948</u>	<u>\$ 508,190</u>
\$ 2,888	\$ -	\$ -	\$ -	\$ 9,352	\$ -
-	-	-	-	-	-
-	-	-	-	-	19,324
-	-	-	-	-	19,324
-	-	39,475	2,272	41,747	488,866
48,662	5,816	-	-	426,849	-
-	-	-	-	-	-
<u>48,662</u>	<u>5,816</u>	<u>39,475</u>	<u>2,272</u>	<u>468,596</u>	<u>488,866</u>
<u>\$ 51,550</u>	<u>\$ 5,816</u>	<u>\$ 39,475</u>	<u>\$ 2,272</u>	<u>\$ 477,948</u>	<u>\$ 508,190</u>

**City of Falcon Heights
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2020**

	<u>Debt Service</u>			<u>Capital Projects</u>
	<u>G.O. Improvement Series 2013A</u>	<u>G.O. Equipment Certificates, Series 2013B</u>	<u>Total</u>	<u>General Capital Improvements</u>
Assets				
Cash and investments	\$ 76,291	\$ 141,309	\$ 704,543	\$ 281,227
Taxes receivable - delinquent	-	-	-	-
Special assessment receivable deferred	-	-	19,324	-
Accounts receivable	-	-	-	-
Due from other governments	654	-	2,577	2,800
	<u>654</u>	<u>-</u>	<u>2,577</u>	<u>2,800</u>
Total assets	<u>\$ 76,945</u>	<u>\$ 141,309</u>	<u>\$ 726,444</u>	<u>\$ 284,027</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 577
Deferred inflows of resources				
Unavailable revenue - property tax	-	-	-	-
Unavailable revenue - special assessments	-	-	19,324	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>19,324</u>	<u>-</u>
Fund Balances				
Restricted	76,945	141,309	707,120	-
Committed	-	-	-	-
Assigned	-	-	-	283,450
Total fund balances	<u>76,945</u>	<u>141,309</u>	<u>707,120</u>	<u>283,450</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 76,945</u>	<u>\$ 141,309</u>	<u>\$ 726,444</u>	<u>\$ 284,027</u>

Capital Projects

Parks/PW and Facilities Capital Improvements	Tax Increment No. 1-3	Public Safety Capital Improvements	Total	Total Other Governmental Funds
\$ 207,801	\$ 75,782	\$ 8,437	\$ 573,247	\$ 1,732,796
-	1,145	-	1,145	1,145
-	-	-	-	19,324
-	-	-	-	22,942
-	-	-	2,800	5,377
<u>\$ 207,801</u>	<u>\$ 76,927</u>	<u>\$ 8,437</u>	<u>\$ 577,192</u>	<u>\$ 1,781,584</u>
\$ -	\$ 265	\$ -	\$ 842	\$ 10,194
-	1,145	-	1,145	1,145
-	-	-	-	19,324
-	1,145	-	1,145	20,469
33,575	75,517	-	109,092	857,959
-	-	-	-	426,849
174,226	-	8,437	466,113	466,113
<u>207,801</u>	<u>75,517</u>	<u>8,437</u>	<u>575,205</u>	<u>1,750,921</u>
<u>\$ 207,801</u>	<u>\$ 76,927</u>	<u>\$ 8,437</u>	<u>\$ 577,192</u>	<u>\$ 1,781,584</u>

City of Falcon Heights
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2020

	Special Revenue			
	Park Programs	Water	Solid Waste	Community Development
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Tax increments	-	-	-	-
Special assessments	-	-	-	-
Intergovernmental	467	-	15,726	-
Charges for services	776	31,849	81,162	-
Miscellaneous				
Investment income	596	3,302	1,692	324
Contributions and donations	-	-	-	-
Other	32	-	-	-
Total revenues	<u>1,871</u>	<u>35,151</u>	<u>98,580</u>	<u>324</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	11,930	95,449	-
Park and recreation	16,405	-	-	-
Community development	-	-	-	747
Miscellaneous	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Park and recreation	-	-	-	-
Total expenditures	<u>16,405</u>	<u>11,930</u>	<u>95,449</u>	<u>747</u>
Excess of revenues over (under) expenditures	(14,534)	23,221	3,131	(423)
Other Financing Sources (Uses)				
Transfers in	<u>26,000</u>	-	-	-
Net change in fund balances	11,466	23,221	3,131	(423)
Fund Balances				
Beginning of year	<u>30,568</u>	<u>178,652</u>	<u>107,356</u>	<u>18,400</u>
End of year	<u>\$ 42,034</u>	<u>\$ 201,873</u>	<u>\$ 110,487</u>	<u>\$ 17,977</u>

Special Revenue

Street Lighting	Community Garden	Community Inclusion	Charitable Gambling	Total
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	16,193
41,848	724	-	1,281	157,640
-	-	-	-	-
709	100	600	50	7,373
-	-	-	-	-
-	-	-	-	32
<u>42,557</u>	<u>824</u>	<u>600</u>	<u>1,331</u>	<u>181,238</u>
-	-	-	-	-
-	-	2,786	-	2,786
30,930	-	-	-	138,309
-	-	-	-	16,405
-	-	-	-	747
-	-	-	1,414	1,414
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>30,930</u>	<u>-</u>	<u>2,786</u>	<u>1,414</u>	<u>159,661</u>
11,627	824	(2,186)	(83)	21,577
-	-	12,000	-	38,000
11,627	824	9,814	(83)	59,577
<u>37,035</u>	<u>4,992</u>	<u>29,661</u>	<u>2,355</u>	<u>409,019</u>
<u>\$ 48,662</u>	<u>\$ 5,816</u>	<u>\$ 39,475</u>	<u>\$ 2,272</u>	<u>\$ 468,596</u>

City of Falcon Heights
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2020

	Debt Service			Total
	G.O. Improvement Bonds, Series 2017A	G.O. Equipment Certificates, Series 2013B	G.O. Improvement Series 2013A	
Revenues				
Property taxes	\$ 110,074	\$ 95,474	\$ 22,440	\$ 227,988
Tax increments	-	-	-	-
Special assessments	9,761	-	31,632	41,393
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Investment income	5,202	1,644	889	7,735
Contributions and donations	-	-	-	-
Other	-	-	-	-
Total revenues	<u>125,037</u>	<u>97,118</u>	<u>54,961</u>	<u>277,116</u>
Expenditures				
Current				
General government	-	746	747	1,493
Public safety	-	-	-	-
Public works	748	-	-	748
Park and recreation	-	-	-	-
Community development	-	-	-	-
Miscellaneous	-	-	-	-
Debt service				
Principal	115,000	85,000	65,000	265,000
Interest and other charges	24,885	7,396	2,968	35,249
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Park and recreation	-	-	-	-
Total expenditures	<u>140,633</u>	<u>93,142</u>	<u>68,715</u>	<u>302,490</u>
Excess of revenues over (under) expenditures	(15,596)	3,976	(13,754)	(25,374)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Net change in fund balances	(15,596)	3,976	(13,754)	(25,374)
Fund Balances				
Beginning of year	<u>504,462</u>	<u>137,333</u>	<u>90,699</u>	<u>732,494</u>
End of year	<u>\$ 488,866</u>	<u>\$ 141,309</u>	<u>\$ 76,945</u>	<u>\$ 707,120</u>

Capital Projects		Capital Projects					
General Capital Improvements	Parks/PW and Facilities Capital Improvements	Tax Increment No. 1-3	Grove Street Improvement Project	Public Safety Capital Improvements	Total	Total Other Governmental Funds	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 227,988	
-	-	271,247	-	-	271,247	271,247	
-	-	-	-	-	-	41,393	
-	1,917	-	-	45,714	47,631	63,824	
-	-	-	-	-	-	157,640	
4,298	3,986	1,412	-	354	10,050	25,158	
-	500	-	-	-	500	500	
50,995	-	-	-	-	50,995	51,027	
<u>55,293</u>	<u>6,403</u>	<u>272,659</u>	<u>-</u>	<u>46,068</u>	<u>380,423</u>	<u>838,777</u>	
748	-	-	-	-	748	2,241	
-	-	-	-	746	746	3,532	
-	-	746	-	-	746	139,803	
-	747	-	-	-	747	17,152	
-	-	-	-	-	-	747	
-	-	-	-	-	-	1,414	
-	-	-	-	-	-	265,000	
-	-	-	-	-	-	35,249	
16,429	-	-	-	-	16,429	16,429	
-	-	-	-	54,708	54,708	54,708	
-	-	266,372	-	-	266,372	266,372	
-	34,360	-	-	-	34,360	34,360	
<u>17,177</u>	<u>35,107</u>	<u>267,118</u>	<u>-</u>	<u>55,454</u>	<u>374,856</u>	<u>837,007</u>	
38,116	(28,704)	5,541	-	(9,386)	5,567	1,770	
<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>78,000</u>	
78,116	(28,704)	5,541	-	(9,386)	45,567	79,770	
<u>205,334</u>	<u>236,505</u>	<u>69,976</u>	<u>-</u>	<u>17,823</u>	<u>529,638</u>	<u>1,671,151</u>	
<u>\$ 283,450</u>	<u>\$ 207,801</u>	<u>\$ 75,517</u>	<u>\$ -</u>	<u>\$ 8,437</u>	<u>\$ 575,205</u>	<u>\$ 1,750,921</u>	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund - Detailed
Year Ended December 31, 2020

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Property taxes	\$ 1,909,536	\$ 1,936,635	\$ 27,099
Licenses and permits	98,250	76,325	(21,925)
Intergovernmental revenue			
Local government aid	603,532	603,525	(7)
Cable television franchise fees	30,000	33,472	3,472
Fire aid	70,000	60,256	(9,744)
Police aid	-	67,719	67,719
Federal grants	-	412,789	412,789
Other grants and aids	1,700	-	(1,700)
Total intergovernmental revenue	<u>705,232</u>	<u>1,177,761</u>	<u>472,529</u>
Charges for services			
Fire contract	30,000	28,826	(1,174)
Plan check fees	8,500	11,736	3,236
Other	27,507	17,476	(10,031)
Snow removal	-	100	100
Total charges for services	<u>66,007</u>	<u>58,138</u>	<u>(7,869)</u>
Fines and forfeitures	20,000	15,109	(4,891)
Miscellaneous revenue			
Investment income	18,000	45,073	27,073
Refunds and reimbursements	5,000	16,950	11,950
Other	35,650	11,447	(24,203)
Total miscellaneous revenue	<u>58,650</u>	<u>73,470</u>	<u>14,820</u>
Total revenues	<u>2,857,675</u>	<u>3,337,438</u>	<u>479,763</u>
Expenditures			
General government			
Legislative			
Wages, salaries, and compensation	22,315	22,125	(190)
Materials and supplies	1,800	1,412	(388)
Other	22,578	19,522	(3,056)
Administration			
Wages, salaries, and compensation	231,530	199,860	(31,670)
Materials and supplies	9,500	9,552	52
Other	45,200	29,409	(15,791)

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund - Detailed
Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
Expenditures (Continued)			
General government (continued)			
Finance			
Wages, salaries, and compensation	\$ 132,880	\$ 118,921	\$ (13,959)
Materials and supplies	1,400	1,261	(139)
Other	22,585	20,013	(2,572)
Legal	18,000	12,069	(5,931)
Elections			
Materials and supplies	1,000	1,099	99
Other	22,300	17,713	(4,587)
Communications			
Wages, salaries, and compensation	25,276	19,150	(6,126)
Materials and supplies	4,000	8,283	4,283
Other	45,324	46,694	1,370
Planning and inspections			
Wages, salaries, and compensation	81,345	68,319	(13,026)
Materials and supplies	50	-	(50)
Other	65,980	74,678	8,698
Total general government	<u>753,063</u>	<u>670,080</u>	<u>(82,983)</u>
Public safety			
Emergency preparedness			
Wages, salaries, and compensation	6,930	6,531	(399)
Materials and supplies	1,000	-	(1,000)
Other	300	67	(233)
Police services	1,233,673	1,229,619	(4,054)
Legal	31,000	30,000	(1,000)
Fire fighting			
Wages, salaries, and compensation	91,455	44,009	(47,446)
Fire relief pension	70,000	62,256	(7,744)
Materials and supplies	27,400	8,389	(19,011)
Other	106,379	124,631	18,252
Total public safety	<u>1,568,137</u>	<u>1,505,502</u>	<u>(62,635)</u>
Public works			
Buildings and grounds			
Wages, salaries, and compensation	28,120	24,764	(3,356)
Materials and supplies	11,000	23,903	12,903
Other	47,150	53,119	5,969

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City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund - Detailed
Year Ended December 31, 2020

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Expenditures (Continued)			
Public works (Continued)			
Streets			
Wages, salaries, and compensation	\$ 79,355	\$ 77,640	\$ (1,715)
Materials and supplies	16,700	16,729	29
Other	56,160	16,251	(39,909)
Engineering	10,000	7,058	(2,942)
Tree program			
Materials and supplies	50	-	(50)
Tree maintenance	37,500	3,500	(34,000)
Total public works	286,035	222,964	(63,071)
 Park and recreation			
Park maintenance			
Wages, salaries, and compensation	57,090	56,005	(1,085)
Materials and supplies	7,800	4,659	(3,141)
Other	27,550	11,328	(16,222)
Total parks and recreation	92,440	71,992	(20,448)
Total expenditures	2,699,675	2,470,538	(229,137)
 Excess of revenues over expenditures	158,000	866,900	708,900
 Other Financing Uses			
Transfers out	(158,000)	(158,000)	-
 Net change in fund balance	\$ -	708,900	\$ 708,900
 Fund Balance			
Beginning of year		2,532,873	
End of year		\$ 3,241,773	

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, 2020

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
Revenues			
Intergovernmental revenue			
Other grants and aids	\$ -	\$ 467	\$ 467
Charges for services	6,500	776	(5,724)
Miscellaneous revenues			
Investment income	150	596	446
Contributions and donations	1,000	-	(1,000)
Other	-	32	32
Total miscellaneous revenues	<u>1,150</u>	<u>628</u>	<u>(522)</u>
Total revenues	<u>7,650</u>	<u>1,871</u>	<u>(5,779)</u>
Expenditures			
Park and recreation			
Current			
Wages, salaries, and compensation	23,160	15,538	(7,622)
Materials and supplies	1,750	-	(1,750)
Other	7,180	867	(6,313)
Total expenditures	<u>32,090</u>	<u>16,405</u>	<u>(15,685)</u>
Excess of revenues over (under) expenditures	(24,440)	(14,534)	9,906
Other Financing Sources			
Transfers in	<u>26,000</u>	<u>26,000</u>	<u>-</u>
Net change in fund balance	<u>\$ 1,560</u>	11,466	<u>\$ 9,906</u>
Fund Balance			
Beginning of year		<u>30,568</u>	
End of year		<u>\$ 42,034</u>	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Water Fund - Special Revenue Fund
Year Ended December 31, 2020

	Original and Final Budget	Actual Amounts	Variance with Final Budget- Over (Under)
Revenues			
Charges for services	\$ 35,000	\$ 31,849	\$ (3,151)
Miscellaneous revenues			
Investment income	1,800	3,302	1,502
Total revenues	36,800	35,151	(1,649)
 Expenditures			
Public works			
Wages, salaries, and compensation	10,380	10,198	(182)
Other	6,170	1,732	(4,438)
Total expenditures	16,550	11,930	(4,620)
Excess of revenues over expenditures	\$ 20,250	23,221	\$ 2,971
 Fund Balance			
Beginning of year		178,652	
End of year		\$ 201,873	

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, 2020

	Original and Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Revenues			
Recycling grant	\$ 15,500	\$ 15,726	\$ 226
Charges for services	76,000	81,162	5,162
Miscellaneous revenues			
Investment income	1,400	1,692	292
Total revenues	92,900	98,580	5,680
Expenditures			
Public works			
Wages, salaries, and compensation	16,208	15,503	(705)
Materials and supplies	1,100	97	(1,003)
Recycling contract	76,000	76,794	794
Other	3,550	3,055	(495)
Total expenditures	96,858	95,449	(1,409)
Excess of revenues over (under) expenditures	\$ (3,958)	3,131	\$ 7,089
Fund Balance			
Beginning of year		107,356	
End of year		\$ 110,487	

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, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues				
Miscellaneous revenues				
Investment income	\$ 500	\$ 500	\$ 324	\$ (176)
Other	1,895	1,895	-	(1,895)
Total revenues	2,395	2,395	324	(2,071)
Expenditures				
Community development				
Other	13,100	13,100	747	(12,353)
Excess of revenues over (under) expenditures	\$ (10,705)	\$ (10,705)	(423)	\$ 10,282
Fund Balance				
Beginning of year			18,400	
End of year			\$ 17,977	

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, 2020

	Original and Final Budget	Actual Amounts	Variance with Final Budget- Over (Under)
Revenues			
Charges for services	\$ 41,000	\$ 41,848	\$ 848
Miscellaneous revenues			
Investment income	200	709	509
Total revenues	41,200	42,557	1,357
 Expenditures			
Public works			
Other	39,950	30,930	(9,020)
Excess of revenues over expenditures	\$ 1,250	11,627	\$ 10,377
 Fund Balance			
Beginning of year		37,035	
End of year		\$ 48,662	

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, 2020

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Charges for services			
Park and recreation	\$ 725	\$ 724	\$ (1)
Miscellaneous revenues			
Investment income	25	100	75
Total revenues	750	824	74
Expenditures			
Park and recreation			
Other	1,000	-	(1,000)
Excess of revenues over (under) expenditures	\$ (250)	824	\$ 1,074
Fund Balance			
Beginning of year		4,992	
End of year		\$ 5,816	

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, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues				
Miscellaneous revenues				
Investment income	-	\$ -	\$ 600	\$ 600
Contributions and donations	50	50	-	(50)
Total miscellaneous revenues	<u>50</u>	<u>50</u>	<u>600</u>	<u>550</u>
Expenditures				
Public Safety				
Wages, salaries and compensation	800	2,800	2,786	(14)
Excess of revenues under (under) expenditures	(750)	(2,750)	(2,186)	564
Other Financing Sources				
Transfers in	12,000	12,000	12,000	-
Net change in fund balances	<u>\$ 11,250</u>	<u>\$ 9,250</u>	9,814	<u>\$ 564</u>
Fund Balance				
Beginning of year			<u>29,661</u>	
End of year			<u>\$ 39,475</u>	

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, 2020

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Property Taxes	\$ 110,074	\$ 110,074	\$ -
Special assessments	5,500	9,761	4,261
Miscellaneous revenues			
Investment income	1,500	5,202	3,702
Total revenues	117,074	125,037	7,963
Expenditures			
Public works			
Wages, salaries and compensation	800	748	(52)
Debt service			
Principal	115,000	115,000	-
Interest and other charges	26,175	24,885	(1,290)
Total expenditures	141,975	140,633	(1,342)
Excess of revenues over (under) expenditures	\$ (24,901)	(15,596)	\$ 9,305
Fund Balance			
Beginning of year		504,462	
End of year		\$ 488,866	

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, 2020

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Property Taxes	\$ 22,440	\$ 22,440	\$ -
Special assessments	31,220	31,632	412
Miscellaneous revenues			
Investment income	800	889	89
Total revenues	54,460	54,961	501
Expenditures			
General government			
Other	800	747	(53)
Debt service			
Principal	65,000	65,000	-
Interest and other charges	7,245	2,968	(4,277)
Total expenditures	73,045	68,715	(4,330)
Excess of revenues over (under) expenditures	\$ (18,585)	(13,754)	\$ 4,831
Fund Balance			
Beginning of year		90,699	
End of year		\$ 76,945	

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, 2020

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Property taxes	\$ 95,474	\$ 95,474	\$ -
Miscellaneous revenues			
Investment income	1,000	1,644	644
Total revenues	96,474	97,118	644
Expenditures			
General government			
Wages, salaries, and compensation	800	746	(54)
Debt service			
Principal	85,000	85,000	-
Interest and other charges	10,671	7,396	(3,275)
Total expenditures	96,471	93,142	(3,329)
Excess of revenues over expenditures	\$ 3	3,976	\$ 3,973
Fund Balance			
Beginning of year		137,333	
End of year		\$ 141,309	

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, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues				
Special assessments	\$ -	\$ -	\$ 4,507	\$ 4,507
Licenses and permits	-	-	138,243	138,243
Intergovernmental				
Other grants and aids	60,000	60,000	244,047	184,047
Miscellaneous revenues				
Investment income	12,000	12,000	19,451	7,451
Other	-	-	356	356
Total revenues	<u>72,000</u>	<u>72,000</u>	<u>406,604</u>	<u>334,604</u>
Expenditures				
Public works				
Current				
Other	800	40,800	30,661	(10,139)
Capital outlay	<u>131,000</u>	<u>131,000</u>	<u>125,174</u>	<u>(5,826)</u>
Total expenditures	<u>131,800</u>	<u>171,800</u>	<u>155,835</u>	<u>(15,965)</u>
Excess of revenues over (under) expenditures	(59,800)	(99,800)	250,769	350,569
Other Financing Sources				
Transfers in	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Net change in fund balance	<u>\$ 20,200</u>	<u>\$ (19,800)</u>	330,769	<u>\$ 350,569</u>
Fund Balance				
Beginning of year			<u>979,101</u>	
End of year			<u>\$ 1,309,870</u>	

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, 2020

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Miscellaneous revenues			
Investment income	\$ 2,500	\$ 4,298	\$ 1,798
Other	-	50,995	50,995
Total revenues	2,500	55,293	52,793
Expenditures			
General government			
Current			
Other	800	748	(52)
Capital outlay	19,500	16,429	(3,071)
Total expenditures	20,300	17,177	(3,123)
Excess of revenues over (under) expenditures	(17,800)	38,116	55,916
Other Financing Sources			
Transfers in	40,000	40,000	-
	\$ 22,200	78,116	\$ 55,916
Fund Balance			
Beginning of year		205,334	
End of year		\$ 283,450	

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, 2020

	Original Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Miscellaneous revenues			
Investment income	\$ 2,000	\$ 3,986	\$ 3,986
Expenditures			
Parks and recreation			
Current			
Other	800	747	747
Capital outlay	84,500	34,360	34,360
Total expenditures	85,300	35,107	35,107
Excess of revenues over (under) expenditures	\$ (83,300)	(28,704)	\$ (28,704)
Fund Balance			
Beginning of year		236,505	
End of year		\$ 207,801	

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, 2020

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Tax increments	\$ 280,000	\$ 271,247	\$ (8,753)
Miscellaneous revenue			
Investment income	800	1,412	612
Total revenues	280,800	272,659	(8,141)
Expenditures			
Public works			
Current			
Other	850	746	(104)
Capital outlay	269,000	266,372	(2,628)
Total expenditures	269,850	267,118	(2,732)
Excess of revenues over (under) expenditures	\$ 10,950	5,541	\$ (5,409)
Fund Balance			
Beginning of year		69,976	
End of year		\$ 75,517	

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final Budget</u>		
Revenues				
Intergovernmental Revenue	-			
Other grants and aids	\$ -	\$ 50,000	\$ 45,714	\$ (4,286)
Miscellaneous revenues				
Investment income	400	400	354	(46)
Total revenues	<u>400</u>	<u>50,400</u>	<u>46,068</u>	<u>(4,332)</u>
Expenditures				
Public safety				
Current				
Other	800	800	746	(54)
Capital outlay	7,000	67,000	54,708	(12,292)
Total expenditures	<u>7,800</u>	<u>67,800</u>	<u>55,454</u>	<u>(12,346)</u>
Excess of revenues over (under) expenditures	<u>\$ (7,400)</u>	<u>\$ (17,400)</u>	(9,386)	<u>\$ 8,014</u>
Fund Balance				
Beginning of year			<u>17,823</u>	
End of year			<u>\$ 8,437</u>	

STATISTICAL SECTION

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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 well-being have changed over time.

Tables 1-5

Revenue Capacity

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

Tables 6-10

Debt Capacity

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

Tables 11-15

Demographic and Economic Information

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

Tables 16-17

Operating Information

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

Tables 18-20

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental Activities				
Net investment in capital assets	\$ 7,620,526	\$ 7,695,346	\$ 7,637,289	\$ 7,257,327
Restricted	74,940	254,441	474,487	610,535
Unrestricted	<u>2,706,267</u>	<u>2,501,081</u>	<u>2,493,059</u>	<u>2,545,364</u>
Total Governmental Activities	<u><u>\$ 10,401,733</u></u>	<u><u>\$ 10,450,868</u></u>	<u><u>\$ 10,604,835</u></u>	<u><u>\$ 10,413,226</u></u>
Business-Type Activities				
Net investment in capital assets	\$ 920,202	\$ 874,377	\$ 828,552	\$ 1,223,115
Unrestricted	<u>2,343,470</u>	<u>2,580,201</u>	<u>2,670,746</u>	<u>2,656,683</u>
Total Business-Type Activities	<u><u>\$ 3,263,672</u></u>	<u><u>\$ 3,454,578</u></u>	<u><u>\$ 3,499,298</u></u>	<u><u>\$ 3,879,798</u></u>
Primary Government				
Net investment in capital assets	\$ 8,540,728	\$ 8,569,723	\$ 8,465,841	\$ 8,480,442
Restricted	74,940	254,441	474,487	610,535
Unrestricted	<u>5,049,737</u>	<u>5,081,282</u>	<u>5,163,805</u>	<u>5,202,047</u>
Total Primary Government Net Position	<u><u>\$ 13,665,405</u></u>	<u><u>\$ 13,905,446</u></u>	<u><u>\$ 14,104,133</u></u>	<u><u>\$ 14,293,024</u></u>

Table 1

2015	2016	2017	2018	2019	2020
\$ 7,205,699	\$ 7,139,185	\$ 7,073,360	\$ 7,136,755	\$ 7,256,270	\$ 7,390,580
477,094	484,867	613,084	528,460	913,108	866,475
<u>2,302,829</u>	<u>2,421,877</u>	<u>2,534,275</u>	<u>2,754,612</u>	<u>3,135,756</u>	<u>4,380,322</u>
<u>\$ 9,985,622</u>	<u>\$ 10,045,929</u>	<u>\$ 10,220,719</u>	<u>\$ 10,419,827</u>	<u>\$ 11,305,134</u>	<u>\$ 12,637,377</u>
\$ 1,535,176	\$ 1,487,989	\$ 1,675,687	\$ 1,620,358	\$ 1,727,018	\$ 1,939,341
2,398,677	2,524,097	2,139,335	2,252,575	2,389,482	2,232,118
<u>\$ 3,933,853</u>	<u>\$ 4,012,086</u>	<u>\$ 3,815,022</u>	<u>\$ 3,872,933</u>	<u>\$ 4,116,500</u>	<u>\$ 4,171,459</u>
\$ 8,740,875	\$ 8,627,174	\$ 8,749,047	\$ 8,757,113	\$ 8,983,288	\$ 9,329,921
477,094	484,867	613,084	528,460	913,108	866,475
<u>4,701,506</u>	<u>4,945,974</u>	<u>4,673,610</u>	<u>5,007,187</u>	<u>5,525,238</u>	<u>6,612,440</u>
<u>\$ 13,919,475</u>	<u>\$ 14,058,015</u>	<u>\$ 14,035,741</u>	<u>\$ 14,292,760</u>	<u>\$ 15,421,634</u>	<u>\$ 16,808,836</u>

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

	2011	2012	2013	2014
Expenses				
Governmental Activities				
General government	\$ 590,809	\$ 649,412	\$ 665,388	\$ 634,328
Public safety	882,722	870,860	956,694	1,009,561
Public works	607,628	1,473,421	643,323	1,068,292
Park and recreation	215,570	215,654	253,333	300,800
Community development	615	7,551	2,187	10,967
Interest on long-term debt	3,101	55,352		19,695
Total governmental activities expenses	<u>2,300,445</u>	<u>3,272,250</u>	<u>2,520,925</u>	<u>3,043,643</u>
Business-type activities				
Sanitary sewer	565,107	704,897	629,452	613,868
Storm sewer	139,766	136,662	116,201	136,551
Total business-type activities expenses	<u>704,873</u>	<u>841,559</u>	<u>745,653</u>	<u>750,419</u>
Total primary government expenses	<u>\$ 3,005,318</u>	<u>\$ 4,113,809</u>	<u>\$ 3,266,578</u>	<u>\$ 3,794,062</u>
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 144,682	\$ 150,366	\$ 155,006	\$ 132,811
Public safety	137,447	147,127	129,220	137,377
Public works	121,887	135,552	149,158	147,014
Park and recreation	34,664	36,368	184,510	43,209
Community development	1,155	1,716	1,717	1,716
Operating grants and contributions	212,806	119,267	218,919	193,236
Capital grants and contributions	338,228	1,567	664,846	13,967
Total governmental activities program revenues	<u>990,869</u>	<u>591,963</u>	<u>1,503,376</u>	<u>669,330</u>
Business-type activities				
Charges for services				
Sanitary sewer	760,972	788,551	807,031	780,844
Storm sewer	125,339	141,630	156,632	155,116
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>886,311</u>	<u>930,181</u>	<u>963,663</u>	<u>935,960</u>
Total primary government program revenues	<u>\$ 1,877,180</u>	<u>\$ 1,522,144</u>	<u>\$ 2,467,039</u>	<u>\$ 1,605,290</u>

Table 2

2015	2016	2017	2018	2019	2020
\$ 696,194	\$ 752,640	\$ 743,238	\$ 777,949	\$ 777,949	\$ 765,683
1,073,268	1,072,905	1,473,021	1,528,097	1,528,097	1,604,140
648,892	1,775,574	897,796	614,411	614,411	680,429
162,958	174,392	139,967	145,442	145,442	131,580
1,789	3,726	33,944	8,080	8,080	747
18,363	28,612	35,301	32,222	32,222	25,644
<u>2,601,464</u>	<u>3,807,849</u>	<u>3,323,267</u>	<u>3,106,201</u>	<u>3,106,201</u>	<u>3,208,223</u>
760,415	723,236	708,321	901,784	901,784	867,393
122,303	142,494	156,170	155,634	155,634	145,903
882,718	865,730	864,491	1,057,418	1,057,418	1,013,296
<u>\$ 3,484,182</u>	<u>\$ 4,673,579</u>	<u>\$ 4,187,758</u>	<u>\$ 4,163,619</u>	<u>\$ 4,163,619</u>	<u>\$ 4,221,519</u>
\$ 158,077	\$ 167,214	\$ 145,060	\$ 118,265	\$ 188,726	\$ 129,162
145,952	125,161	127,160	107,026	155,035	76,079
149,152	152,128	151,229	160,774	146,301	154,959
25,232	15,170	11,476	11,047	8,986	1,500
1,716	1,716	1,895	-	3,790	-
473,143	151,536	154,211	226,881	381,001	807,921
196,337	11,490	953,653	35,938	10,163	55,253
<u>1,149,609</u>	<u>624,415</u>	<u>1,544,684</u>	<u>659,931</u>	<u>894,002</u>	<u>1,224,874</u>
756,539	829,339	879,391	945,893	1,070,459	852,185
154,984	157,067	169,957	169,172	174,608	179,662
-	701				
-					
911,523	987,107	1,049,348	1,115,065	1,245,067	1,031,847
<u>\$ 2,061,132</u>	<u>\$ 1,611,522</u>	<u>\$ 2,594,032</u>	<u>\$ 1,774,996</u>	<u>\$ 2,139,069</u>	<u>\$ 2,256,721</u>

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

	2011	2012	2013	2014
Net (Expense)/Revenue				
Governmental activities	\$ (1,263,071)	\$ (1,708,482)	\$ (1,768,874)	\$ (1,851,595)
Business-type activities	40,294	225,308	122,104	190,307
Total Primary Government Net (Expense)/Revenue	<u>\$ (1,222,777)</u>	<u>\$ (1,483,174)</u>	<u>\$ (1,646,770)</u>	<u>\$ (1,661,288)</u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes	\$ 1,003,977	\$ 1,011,688	\$ 1,080,588	\$ 1,043,863
Franchise fees	-	-	-	-
Tax increments	345,716	349,752	374,385	202,372
Unrestricted state aids	341,137	311,928	312,593	505,414
Other general revenue	-	-	66,520	38,602
Unrestricted investment income	24,080	28,174	118	26,324
Gain on sale of assets	13,131	-	8,637	34,060
Transfers	23,000	56,075	80,000	(167,106)
Total governmental activities	<u>1,751,041</u>	<u>1,757,617</u>	<u>1,922,841</u>	<u>1,683,529</u>
Business-type activities				
Other general revenue	-	-	-	-
Unrestricted investment income	16,348	21,673	2,616	23,087
Proceeds sale of assets	11,270	-	-	-
Transfers	(23,000)	(56,075)	(80,000)	167,106
Total business-type activities	<u>4,618</u>	<u>(34,402)</u>	<u>(77,384)</u>	<u>190,193</u>
Total primary government	<u>\$ 1,755,659</u>	<u>\$ 1,723,215</u>	<u>\$ 1,845,457</u>	<u>\$ 1,873,722</u>
Changes in Net Position				
Governmental activities	\$ 487,970	\$ 49,135	\$ 153,967	\$ (168,066)
Business-type activities	44,912	190,906	44,720	380,500
Total primary government	<u>\$ 532,882</u>	<u>\$ 240,041</u>	<u>\$ 198,687</u>	<u>\$ 212,434</u>

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

Table 2 (Continued)

2015	2016	2017	2018	2019	2020
\$ (1,894,034)	\$ (1,977,049)	\$ (2,263,165)	\$ (2,663,336)	\$ (2,212,199)	\$ (1,983,349)
161,104	104,389	183,618	250,574	187,649	18,551
<u>\$ (1,732,930)</u>	<u>\$ (1,872,660)</u>	<u>\$ (2,079,547)</u>	<u>\$ (2,412,762)</u>	<u>\$ (2,024,550)</u>	<u>\$ (1,964,798)</u>
\$ 1,081,384	\$ 1,181,336	1,271,602	1,600,552	1,997,743	2,159,635
-	-	-	22,179.00	131,659	138,243
156,606	251,476	172,018	294,506	229,181	271,247
533,015	542,320	546,524	604,943	605,967	604,477
15,000	-	18,437	31,975	11,333	52,308
14,783	22,163	29,149	78,289	121,623	89,682
270	61	225	-	-	-
-	40,000	400,000	230,000	-	-
<u>1,801,058</u>	<u>2,037,356</u>	<u>2,437,955</u>	<u>2,862,444</u>	<u>3,097,506</u>	<u>3,315,592</u>
-	-	-	-	-	-
13,091	13,844	19,318	37,337	55,918	36,408
-	-	-	-	-	-
-	(40,000)	(400,000)	(230,000)	-	-
<u>13,091</u>	<u>(26,156)</u>	<u>(380,682)</u>	<u>(192,663)</u>	<u>55,918</u>	<u>36,408</u>
<u>\$ 1,814,149</u>	<u>\$ 2,011,200</u>	<u>\$ 2,057,273</u>	<u>\$ 2,669,781</u>	<u>3,153,424</u>	<u>3,352,000</u>
\$ (92,976)	\$ 60,307	\$ 174,790	\$ 199,108	\$ 885,307	\$ 1,332,243
174,195	78,233	(197,064)	57,911	243,567	54,959
<u>\$ 81,219</u>	<u>\$ 138,540</u>	<u>\$ (22,274)</u>	<u>\$ 257,019</u>	<u>\$ 1,128,874</u>	<u>\$ 1,387,202</u>

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

Table 3

Fiscal Year	Property Tax	Tax Increment	Franchise Tax	Total
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
2020	2,159,635	271,247	138,243	2,569,125

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

	Fiscal Year			
	2011*	2012	2013	2014
General Fund				
Nonspendable	\$ 65,289	\$ 67,068	\$ 70,602	\$ 89,222
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	1,236,211	1,275,982	1,326,645	1,334,716
Total general fund	<u>\$ 1,301,500</u>	<u>\$ 1,343,050</u>	<u>\$ 1,397,247</u>	<u>\$ 1,423,938</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	258,902	333,945	951,032	411,590
Committed	182,259	189,414	285,035	251,368
Assigned	1,225,142	997,693	851,073	919,832
Unassigned	-	-	-	-
Total all other Governmental funds	<u>\$ 1,666,303</u>	<u>\$ 1,521,052</u>	<u>\$ 2,087,140</u>	<u>\$ 1,582,790</u>

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

Table 4

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 85,535	\$ 71,138	\$ 37,201	\$ 40,800	\$ 17,737	\$ 53,084
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,504,383	1,676,621	1,828,155	2,007,462	2,515,136	3,188,689
<u>\$ 1,589,918</u>	<u>\$ 1,747,759</u>	<u>\$ 1,865,356</u>	<u>\$ 2,048,262</u>	<u>\$ 2,532,873</u>	<u>\$ 3,241,773</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
318,141	337,506	498,308	450,561	868,901	857,959
263,384	308,915	321,089	333,318	377,003	426,849
803,442	799,450	1,642,422	1,659,242	1,404,348	1,775,983
(43,120)	-	-	-	-	-
<u>\$ 1,341,847</u>	<u>\$ 1,445,871</u>	<u>\$ 2,461,819</u>	<u>\$ 2,443,121</u>	<u>\$ 2,650,252</u>	<u>\$ 3,060,791</u>

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

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

Table 5 (Cont.)

2015	2016	2017	2018	2019	2020
\$ 24,716	\$ 62,000	\$ 442,000	\$ 291,770	\$ 479,912	\$ 158,000
(24,716)	(22,000)	(42,000)	(61,770)	(479,912)	(158,000)
270	61	225	-	-	-
-	-	845,000	-	-	-
-	-	-	52,345	-	-
270	40,061	1,245,225	230,000	-	-
<u>\$ (74,963)</u>	<u>\$ 261,865</u>	<u>\$ 1,081,200</u>	<u>\$ 164,208</u>	<u>\$ 691,741</u>	<u>\$ 1,119,439</u>
5.02%	6.44%	4.62%	5.97%	9.61%	9.13%

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

Table 6

Fiscal Year	Property Tax	Tax Increment	Franchise Tax	Total
2011	\$ 998,999	\$ 347,282	\$ -	\$ 1,346,281
2012	1,021,683	349,716	-	1,371,399
2013	1,078,855	374,356	-	1,453,211
2014	1,051,636	202,437	-	1,254,073
2015	1,072,799	156,606	-	1,229,405
2016	1,184,241	251,476	-	1,435,717
2017	1,271,805	172,018	-	1,443,823
2018	1,602,886	294,506	22,179	1,919,571
2019	1,994,450	229,181	131,659	2,355,290
2020	2,164,623	271,247	138,243	2,574,113

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

Year Ended December 31,	Real Property (1)		Personal Property (1)		Less Tax Exempt Real Property (1)	Total Taxable Assessed Value (1)
	Residential Property	Commercial Property	Motor Vehicles	Other		
2011	4,255,866	NA	NA	52,800	NA	4,308,666
2012	4,021,671	NA	NA	55,328	NA	4,076,999
2013	3,697,530	NA	NA	59,508	NA	3,757,038
2014	3,776,860	NA	NA	59,934	NA	3,836,794
2015	4,111,429	NA	NA	61,664	NA	4,173,093
2016	4,100,084	NA	NA	64,788	NA	4,164,872
2017	4,327,797	NA	NA	68,082	NA	4,395,879
2018	4,602,900	NA	NA	72,140	NA	4,675,040
2019	4,821,090	NA	NA	68,604	NA	4,889,694
2020	5,290,593	NA	NA	70,696	NA	5,361,289

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

Table 7

Total Direct Tax Rate	Estimated Actual Taxable Market Value	Assesed (Tax Capacity) Value ⁽¹⁾ as a Percentage of Taxable Market Value
21.521	397,758,400	1.08%
23.515	374,125,500	1.09%
27.884	362,697,600	1.04%
24.819	369,585,000	1.04%
23.470	385,888,200	1.08%
25.855	384,679,900	1.08%
26.342	403,438,700	1.09%
31.780	426,967,700	1.09%
37.356	464,013,600	1.05%
36.635	502,720,300	1.07%

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

Table 8

Fiscal Year	Net Capacity Rates ⁽²⁾							
	City of Falcon Heights			Overlapping Rates				Total Direct and Overlapping Rates
	Operating Rate (3)	Debt Service Rate	Total City Rate	Technical College Rate	Ramsey County Rate	School District No. 623 Rate	Special Districts Rate	
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	0.000	37.356	0.000	52.879	31.687	8.891	130.903
2020	35.635	0.000	35.635	0.000	52.302	30.668	9.270	127.875

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

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

⁽³⁾ Does not include tax increments.

**City of Falcon Heights
Principal Property Taxpayers
December 31, 2020**

Table 9

Taxpayer	2020			2011		
	Taxable Assessed Value (1)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Falcon Heights Town Square Apartments, LP	\$ 183,519	1	4.40 %	\$ 114,732	2	2.54 %
Sidal Realty Co. Limited Partnership	168,065	2	4.03	98,753	3	2.19
Spire Federal Credit Union	157,590	3	3.78	130,568	1	2.89
Buhl GTA LP	111,477	4		-		
Town Square Senior Apartments, LLC	86,520	5	2.07	62,843	4	1.39
Northern States Power	70,696	6	1.69	38,666	5	0.86
Falcon Crossing, LLC	66,566	7	1.60	32,473	8	0.72
Anna Spiegler	60,456	8	1.45	34,664	6	0.77
Warner Properties of MN, LLP	48,866	9	1.17	28,614	10	0.63
Carl and Eloise Pohlrad Foundation	46,078	10	1.10	-	-	-
Xerxes Ave LLC	45,650	11	1.09	-	-	-
JAK Rental Properties LLC	41,210	12	0.99	29,750	9	0.66
Total	<u>\$ 1,086,693</u>		<u>23.37 %</u>	<u>\$ 571,063</u>		<u>12.66 %</u>

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

**City of Falcon Heights
Ramsey County, Minnesota
Property Tax Levies and Collections
Last 10 Fiscal Years**

Table 10

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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	1,486,823	99.98%
2019	1,980,918	1,975,542	99.7%	7,965	1,980,918	100.00%
2020	2,137,524	2,131,339	99.7%		2,131,339	99.71%

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

Table 11

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	G.O. Bonds				
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
2019		1,210,000	1,210,000	0.61%	220
2020		945,000	945,000	0.48%	169

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

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

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

Table 12

Fiscal Year	G.O. Bonds	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value ⁽¹⁾ of Property	Per Capita ⁽²⁾
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	1,210,000	729,333	480,667	0.10%	87
2020	945,000	704,542	240,458	0.05%	43

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

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

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

**City of Falcon Heights
Direct and Overlapping Governmental Activities Debt
December 31, 2020**

Table 13

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: county	\$ 2,151,556,692	0.8%	\$ 17,819,202
Subtotal, overlapping debt			<u>17,819,202</u>
City of Falcon Heights direct debt			945,000
Unamortized bond premium direct debt			<u>28,499</u>
Subtotal direct debt			973,499
Total direct and overlapping debt			<u><u>\$ 18,764,202</u></u>

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

This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt, of each overlapping government.

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

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

City of Falcon Heights
Computation of Direct and Overlapping Bond Debt
December 31, 2020

Table 13 (Cont.)

Governmental Unit	Gross Debt ⁽¹⁾	Sinking Funds	Net Debt	City's Share	
				Percent	Amount
Direct					
City of Falcon Heights	\$ 973,499	\$ 704,542	\$ 268,957	100.00 %	\$ 268,957
Overlapping					
School Districts					
ISD No. 623	172,285,000	1,549,985	170,735,015	7.46	12,734,836
ISD No. 916	75,365,000	-	73,357,058	1.86	1,362,176
Ramsey County					
Ramsey County	176,402,000	51,506,566	124,895,434	0.90	1,119,498
County Library	25,185,000	2,472,504	22,712,496	1.78	404,397
Metro Watershed	12,720,531	-	12,720,531	1.99	252,732
Metropolitan Agencies					
Metro Council	1,688,625,662	191,569,090	1,497,056,572	0.13	1,945,563
Metro Airports	-	-	-		-
Commission	-	-	-		-
Total					
Overlapping Debt	<u>2,150,583,193</u>	<u>247,098,145</u>	<u>1,901,477,106</u>		<u>17,819,202</u>
Total direct and overlapping debt	<u>\$ 2,151,556,692</u>	<u>\$ 247,802,687</u>	<u>\$ 1,901,746,063</u>		<u>\$ 18,088,159</u>

⁽¹⁾ 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 \$ 1,443,245,662 and Revenue debt of \$ 0.

Metro Airports Commission has G.O. Revenue debt of \$ 0 and Revenue debt of \$ 1,774,270,000.

Source: Department of Property Records and Revenue - Ramsey County

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 7,955,168	\$ 7,482,510	\$ 6,838,406	\$ 6,991,052	\$ 7,717,764
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 7,955,168</u>	<u>\$ 7,482,510</u>	<u>\$ 6,838,406</u>	<u>\$ 6,991,052</u>	<u>\$ 7,717,764</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	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.

Table 14

2016	2017	2018	2019	2020
\$ 7,693,598	\$ 8,068,774	\$ 8,539,354	\$ 9,280,272	\$ 10,054,406
-	-	-	-	-
<u>\$ 7,693,598</u>	<u>\$ 8,068,774</u>	<u>\$ 8,539,354</u>	<u>\$ 9,280,272</u>	<u>\$ 10,054,406</u>
0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt
Margin
Calculation for
Fiscal Year 2020

Assessed value	\$ 502,720,300
Add back exempt real property	-
Total assessed value	<u>502,720,300</u>
Debt limit (2% of total assessed value)	10,054,406
Debt applicable to limit:	
G.O. Bonds	-
Less amount set aside for repayment of G.O. debt	-
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 10,054,406</u>

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

Table 15

Fiscal Year	Special Assessment Bonds				Coverage
	Special Assessment Collections	Debt Service			
		Principal	Interest		
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	180,000	27,151	19.8%	
2020	41,393	180,000	22,418	20.4%	

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

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

Fiscal Year	Population ⁽¹⁾	Total Personal Income	Per Capita Personal Income ⁽²⁾	Median Age ⁽³⁾	Education Level in Years of Formal Schooling ⁽³⁾
2010	5,321	\$ 154,074,876	\$ 28,956	NA	14.8
2011	5,350	164,009,600	30,656	NA	14.8
2012	5,426	165,113,180	30,430	NA	14.8
2013	5,370	161,631,630	30,099	NA	14.8
2014	5,490	165,117,240	30,076	NA	14.8
2015	5,450	165,314,850	30,333	NA	14.8
2016	5,460	170,657,760	31,256	NA	14.8
2017	5,450	170,345,200	36,156	NA	14.8
2018	5,450	197,535,250	36,245	NA	14.8
2019	5,500	199,347,500	36,245	NA	14.8
2020	5,600	196,072,800	35,013	NA	14.8

Data sources

⁽¹⁾ Bureau of the Census/Metropolitan Council

⁽²⁾ State of Minnesota Demography Department - Ramsey County data and US Census data
(2020 is estimated on 2019 data)

⁽³⁾ Census Data for and 2010

⁽⁴⁾ School District

⁽⁵⁾ State Department of Labor

* Revenue Information for Ramsey County not available

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

Table 16

<u>School Enrollment⁽⁴⁾</u>	<u>Unemployment Rate⁽⁵⁾</u>
6,561	6.4
6,747	5.5
6,793	5.4
7,471	4.3
7,436	3.2
7,507	3.1
7,590	4.1
7,592	3.2
7,519	2.9
7,329	3.2
7,294	4.7

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

Taxpayer	2020		Percentage of Total City Employment
	Employees	Rank	
University of Minnesota (1)	2,200	1	61.11 %
Spire Federal Credit Union	140	2	3.89
Minnesota State Fair (2)	80	3	2.22
Twin Cities Laboratories	65	4	1.81
Falcon Heights Elementary	61	5	1.69
Estimated Total City Employees All Businesses:	<u>3,600</u>		<u>70.72 %</u>

- (1) The University of Minnesota Saint Paul Campus employs an additional 1100 part time people during the year.
- (2) During the Minnesota State Fair held each fall, there are an additional 2,800 people contingently employed.

Table 17

2011		
<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
2,419	1	71.15 %
81	2	
80	3	2.35
140	-	-
<u>45</u>	4	<u>1.32</u>
-		
<u><u>3,400</u></u>		<u><u>74.82 %</u></u>

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

Function	2011	2012	2013	2014	2015	2016	2017	2018
General Government	4.16	4.16	4.16	4.51	4.26	4.26	4.61	5.21
Public Safety								
Police (1)								
Officers	NA	NA	NA	NA	NA	NA	NA	NA
Fire								
Firefighters and officers	2.27	2.27	2.27	3.02	3.02	3.02	2.77	2.77
Highways and Streets								
Engineering (2)								
Maintenance	1.13	1.13	1.13	1.13	1.13	1.13	1.10	1.11
Park and Recreation	2.49	2.49	2.49	2.49	2.49	2.49	2.44	2.49
Sewer	2.19	2.19	2.19	2.19	2.19	2.19	2.32	2.32
Total	12.24	12.24	12.24	13.34	13.09	13.09	13.24	13.90

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

Table 18

<u>2019</u>	<u>2020</u>
5.21	5.21
NA	NA
2.77	2.77
1.11	1.11
2.49	2.49
<u>2.32</u>	<u>2.32</u>
13.90	13.90

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

Function	2011	2012	2013	2014	2015	2016	2017
Police							
Physical arrests	638	605	649	620	700	539	311
Parking violations	243	215	336	427	313	303	155
Traffic violations	1,647	1,486	1,608	1,496	1,987	1,344	1,653
Fire							
Number of calls answered	101	149	94	117	108	120	119
Inspections	60	68	61	86	67	77	105
Highways and Streets							
Streets resurfacing (miles)	-	-	1	-	-	-	-
Potholes repaired	30	60	70	185	80	70	68
Sanitation							
Refuse collected (tons/day) (1)	NA	NA	NA	NA	NA	NA	NA
Recyclables collected (tons/day) (2)	9.9	9.3	9.3	9.6	8.9	9.0	8.9
Park and Recreation							
Athletic field permits issued	6	3	3	3	3	3	83
Community centers admissions (3)	NA	NA	NA	NA	NA	NA	NA
Water							
New connections	-	-	-	-	-	-	3
Water mains breaks	-	-	6	1	-	-	1
Average daily consumption (thousands of gallons)	868	903	1054	707	728	716	723
Wastewater							
Average daily sewage treatment (thousands of gallons per day)	604	688	553	562	561	574	538

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

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

Table 19

<u>2018</u>	<u>2019</u>	<u>2020</u>
59	37	30
304	410	88
270	299	73
143	200	106
146	99	70
1	-	-
29	55	100
NA	NA	NA
8.6	8.0	9.3
87	93	0
NA	NA	NA
2	-	-
1	1	7
769	742	574
629	638	500

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

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

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

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

Table 20

2017	2018	2019	2020
-	-	-	-
-	-	-	-
1	1	1	1
24.3	24.3	24.3	24.3
210	210	210	210
9	9	9	9
18.07	18.07	18.07	18.07
3	3	3	3
2	2	2	2
14.5	14.5	14.5	14.5
146	146	146	146
2,000	2,000	2,000	2,000
14.7	14.7	14.7	14.7
4	4	4	4
339,000	339,000	339,000	339,000