

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**OF THE**

**CITY OF FALCON HEIGHTS,**

**MINNESOTA**

**For the Year Ended**

**December 31, 2021**

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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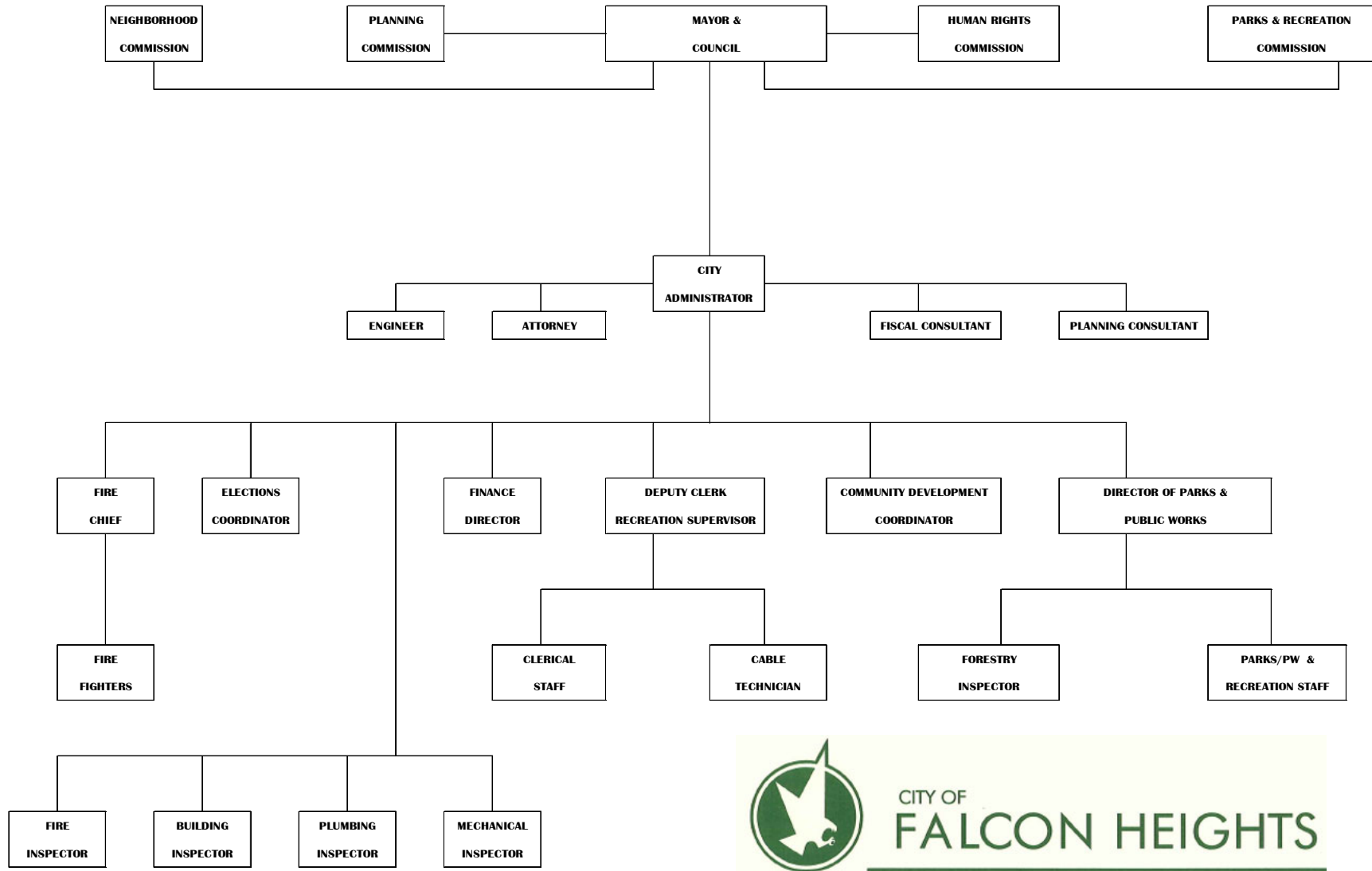
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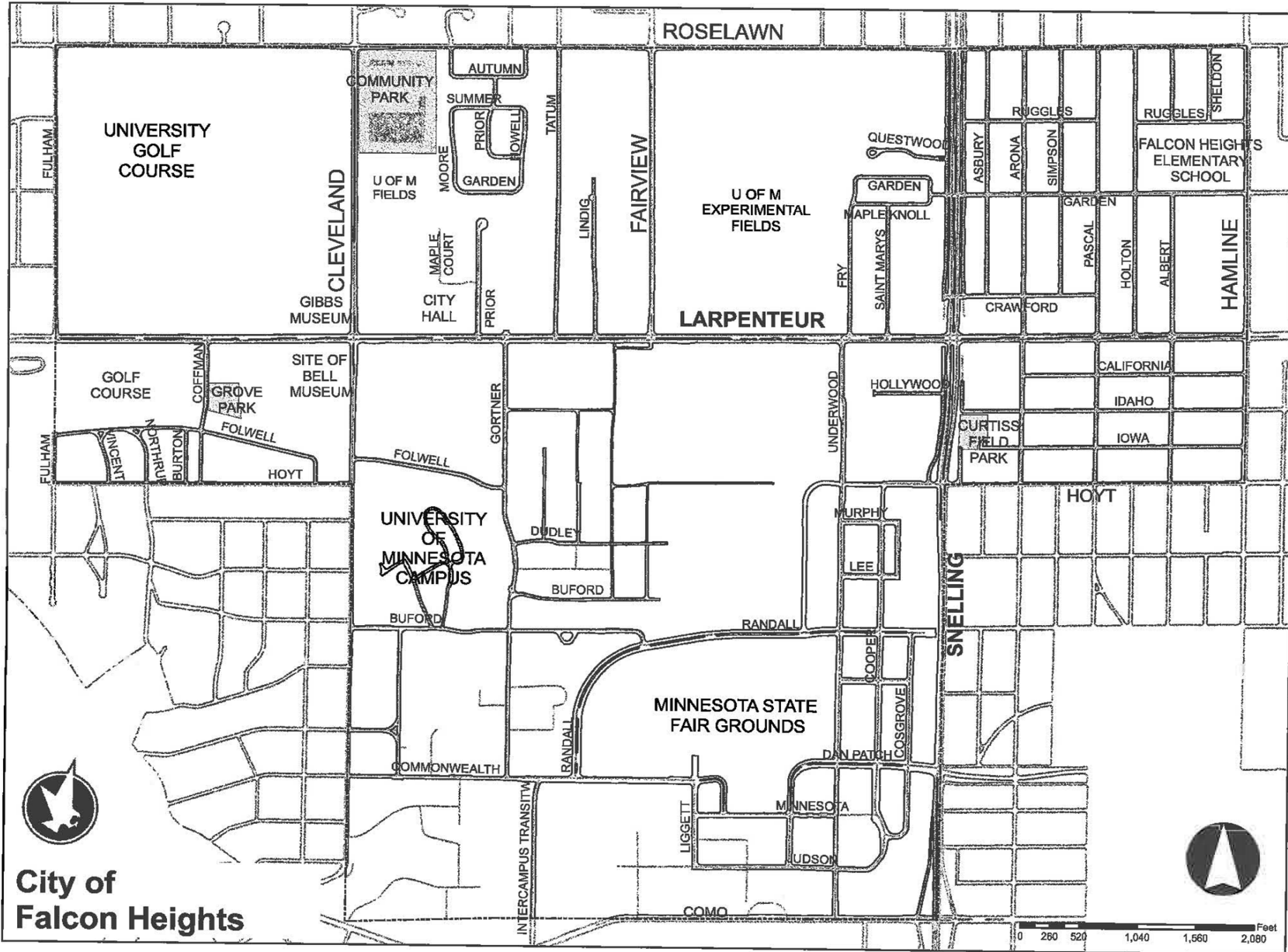
**City of Falcon Heights  
Elected Officials and Administration  
December 31, 2021**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Randy Gustafson	Mayor	December 31, 2023
Kay Andrews	Council Member	December 31, 2023
Melanie Leehy	Council Member	December 31, 2025
Mark Miazga	Council Member	December 31, 2021
Yakasah Wehyee	Council Member	December 31, 2023
<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, 2021**



City of Falcon Heights  
City Map  
December 31, 2021



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April 13, 2022

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, 2021.

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, 2021. 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.

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FAMILIES, FIELDS AND FAIR

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PRINTED ON RECYCLED PAPER

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 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, in 2021, both the Minnesota State Fair and the Minnesota Street Rod convention were held. While attendance was down approximately 30%, both organizations were planning for the events for 2022 to be near normal attendance.

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 December 2021, the unemployment rate was 2.7%. In 2021, the State of Minnesota's ending unemployment rate was 2.7% and the national ending unemployment rate was 3.9%. The average 2021 state of Minnesota's unemployment rate was 3.4% and the average 2021 national unemployment rate was 5.1%.

The City is at or near full development, with a 1.8% decrease in the median market value of property during 2021. 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.

In 2021, the City completed the resurfacing of 3 miles of city streets and also 2 1/2 miles relining 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, 2020. This was the 31th 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. In 2021, the Comprehensive Annual Financial Report was renamed the Annual Comprehensive Financial Report and goes by the initials ACFR.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR 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 Annual Comprehensive Financial Report for 2021. 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,

  
Tim Pittman  
Interim 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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2020

*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 Audit of the Financial Statements**

#### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Falcon Heights, Minnesota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements 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 City of Falcon Heights, Minnesota, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Responsibilities of Management for the Financial Statements**

The City of Falcon Heights' management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Falcon Heights' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Falcon Heights' ability to continue as a going concern for a reasonable period of time.

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

## **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 Required Supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the 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.



### **Supplementary Information**

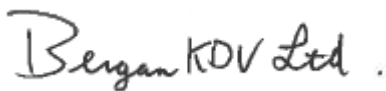
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Falcon Heights' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required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

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

### **Other Information**

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

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



Minneapolis, Minnesota  
April 13, 2022

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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, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 5-9 of this report. All amounts, unless otherwise indicated, are expressed in dollars.

### **FINANCIAL HIGHLIGHTS**

- The assets & deferred inflows of resources of the City exceeded its liabilities & deferred inflows of resources at the close of the most recent fiscal year by \$18,005,806. Of this amount, \$8,019,273 (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 \$1,196,970. Unrestricted net position increased by \$1,406,833.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,476,731 an increase of \$1,174,167 in comparison with the prior year. Debt principal payments of \$445,000 and interest payments of \$56,875 occurred in 2021. A positive change in fund balance in the general fund of \$3,525, along with an increase of \$1,170,642 in the fund balances of other governmental funds resulted in a net increase of \$1,174,167 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 \$3,245,298 is approximately 43% 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 \$3,245,298, or 122%, of total General Fund expenditures at 2021 levels.
- For 2021, there was a 4.9% increase in the property tax levy. 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 increased by \$220,000 during the current fiscal year. This represents payments of \$445,000 of the City's debt and a new bond issue for \$665,000. The principal of general obligation debt outstanding as of December 31, 2021 is \$1,165,000.

# **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**

### **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 20 individual governmental funds during 2020. Of these funds, five are major funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, GO Improvement Bond 2021A, 2021 Street Project, Future Improvements, and Parks/PW Capital Improvement 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 83-99 for all Special Revenue, Debt Service and Capital Projects Funds.

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

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

### **Proprietary Funds**

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

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

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

## **NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 43-66 of this report.

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

**OTHER INFORMATION**

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the Notes to the Financial Statements, along with statistical tables for the City. Combining and individual fund statements and schedules can be found on pages 74-101. Statistical tables can be found on pages 106-135 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a city's financial position. In the case of the City, assets & deferred outflows of resources exceeded liabilities & deferred inflows of resources by \$18,005,806 at the close of the most recent fiscal year.

Forty five percent (\$8,019,273) of the City's net position is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. About 4% (\$778,435) of the net position is restricted and represents resources that are subject to external restrictions on how they may be used. The remaining 51% (\$9,208,098) 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' Net Position**

<b>Assets</b>						
Current and other assets	\$ 8,559,475	\$ 6,486,660	\$ 2,783,398	\$ 2,590,483	\$ 11,342,873	\$ 9,077,143
Capital assets	7,053,078	7,749,079	2,201,504	1,939,341	9,254,582	9,688,420
Total assets	<u>15,612,553</u>	<u>14,235,739</u>	<u>4,984,902</u>	<u>4,529,824</u>	<u>20,597,455</u>	<u>18,765,563</u>
Deferred outflows of resources - pensions	<u>206,301</u>	<u>38,455</u>	<u>75,294</u>	<u>16,375</u>	<u>281,595</u>	<u>54,830</u>
Total assets and deferred outflows of resources	<u>\$ 15,818,854</u>	<u>\$ 14,274,194</u>	<u>\$ 5,060,196</u>	<u>\$ 4,546,199</u>	<u>\$ 20,879,050</u>	<u>\$ 18,820,393</u>
<b>Liabilities</b>						
Long-term liabilities						
Outstanding	\$ 1,468,994	\$ 1,150,985	\$ 136,322	\$ 342,815	\$ 1,605,316	\$ 1,493,800
Other liabilities	611,539	455,664	304,483	19,078	916,022	474,742
Total liabilities	<u>2,080,533</u>	<u>1,606,649</u>	<u>440,805</u>	<u>361,893</u>	<u>2,521,338</u>	<u>1,968,542</u>
Deferred inflows of resources - pensions	<u>257,812</u>	<u>30,168</u>	<u>94,094</u>	<u>12,847</u>	<u>351,906</u>	<u>43,015</u>
<b>Net Position</b>						
Net investment in capital assets	7,006,594	7,390,580	2,201,504	1,939,341	9,208,098	9,329,921
Restricted	778,435	866,475	-	-	778,435	866,475
Unrestricted	5,695,480	4,380,322	2,323,793	2,232,118	8,019,273	6,612,440
Total net position	<u>13,480,509</u>	<u>12,637,377</u>	<u>4,525,297</u>	<u>4,171,459</u>	<u>18,005,806</u>	<u>16,808,836</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 15,818,854</u>	<u>\$ 14,274,194</u>	<u>\$ 5,060,196</u>	<u>\$ 4,546,199</u>	<u>\$ 20,879,050</u>	<u>\$ 18,820,393</u>

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

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

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' Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 600,161	\$ 361,700	\$ 1,341,311	\$ 1,031,847	\$ 1,941,472	\$ 1,393,547
Operating grants and contributions	730,258	807,921	-	-	730,258	807,921
Capital grants and contributions	388,902	55,253	129,239	-	518,141	55,253
General revenues						
Property taxes	2,251,745	2,159,635	-	-	2,251,745	2,159,635
Other	1,463,108	1,066,275	-	-	1,463,108	1,066,275
Investment earnings	9,901	89,682	2,876	36,408	12,777	126,090
Total revenues	<u>5,444,075</u>	<u>4,540,466</u>	<u>1,473,426</u>	<u>1,068,255</u>	<u>6,917,501</u>	<u>5,608,721</u>
<b>Expenses</b>						
General government	834,064	765,683	-	-	834,064	765,683
Public safety	1,596,239	1,604,140	-	-	1,596,239	1,604,140
Public works	2,006,502	680,429	-	-	2,006,502	680,429
Park and recreation	114,604	131,580	-	-	114,604	131,580
Community development	723	747	-	-	723	747
Interest on long-term debt	48,811	25,644	-	-	48,811	25,644
Sanitary sewer	-	-	960,715	867,393	960,715	867,393
Storm drainage	-	-	158,873	145,903	158,873	145,903
Total expenses	<u>4,600,943</u>	<u>3,208,223</u>	<u>1,119,588</u>	<u>1,013,296</u>	<u>5,720,531</u>	<u>4,221,519</u>
Increase in net position before transfers	843,132	1,332,243	353,838	54,959	1,196,970	1,387,202
Transfer	-	-	-	-	-	-
Changes in net position	<u>843,132</u>	<u>1,332,243</u>	<u>353,838</u>	<u>54,959</u>	<u>1,196,970</u>	<u>1,387,202</u>
Net position – January 1	12,637,377	11,305,134	4,171,459	4,116,500	16,808,836	15,421,634
Net position - December 31	<u>\$ 13,480,509</u>	<u>\$ 12,637,377</u>	<u>\$ 4,525,297</u>	<u>\$ 4,171,459</u>	<u>\$ 18,005,806</u>	<u>\$ 16,808,836</u>

**GOVERNMENTAL ACTIVITIES**

Governmental activities increased the City's net position by \$843,132.

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

**GOVERNMENTAL ACTIVITIES (CONTINUED)**

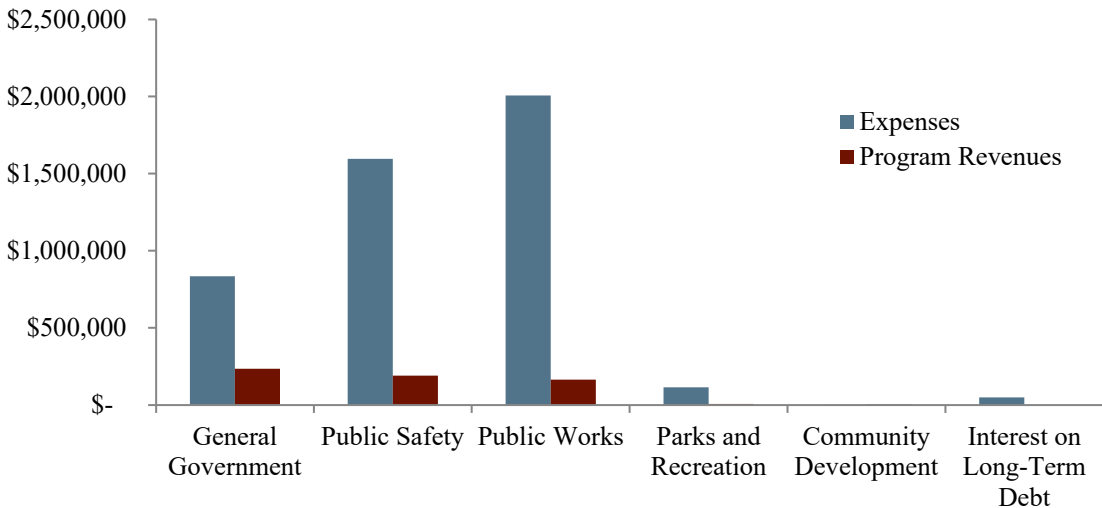
For 2021, the City Council increased the tax levy by 4.9%. In 2020 the City increased the tax levy by 7.9%. In both 2019 and 2018, the City increased the tax levy by 24%. In 2017, the City increased the tax levy by 8.9% resulting in increased tax revenues by 8.4%. In 2016, the City increased the tax 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 2021 delinquencies in property tax collections were consistent with the delinquency payments in 2020, 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 increased \$238,461 from the 2021 level. Comparing to 2020 levels, licenses and permits increased \$170,400 primarily due to permit fees from a large apartment complex, fines and forfeitures decreased \$489 primarily due to a decrease in parking ticket revenue from the U of M St Paul campus. Operating Grants and

Contributions decreased \$77,663 due primarily to the City not receiving a Covid-19 grant like in 2020. Capital Grants and Contributions increased \$333,649 primarily due to new special assessments.

In regard to unrestricted state aid, Local Government Aid (LGA) to the City from the State of Minnesota decreased \$13,127 in 2021. The LGA level in 2020 was \$682,505 which was comparable to 2019. The amount of LGA support from the State of Minnesota typically varies annually. In addition, governmental activities unrestricted investment revenues decreased \$79,781 as compared to 2020. On the following pages are specific graphs, which provide comparisons of the governmental activities' revenues and expenses.

**Expenses and Program Revenue – Governmental Activities**

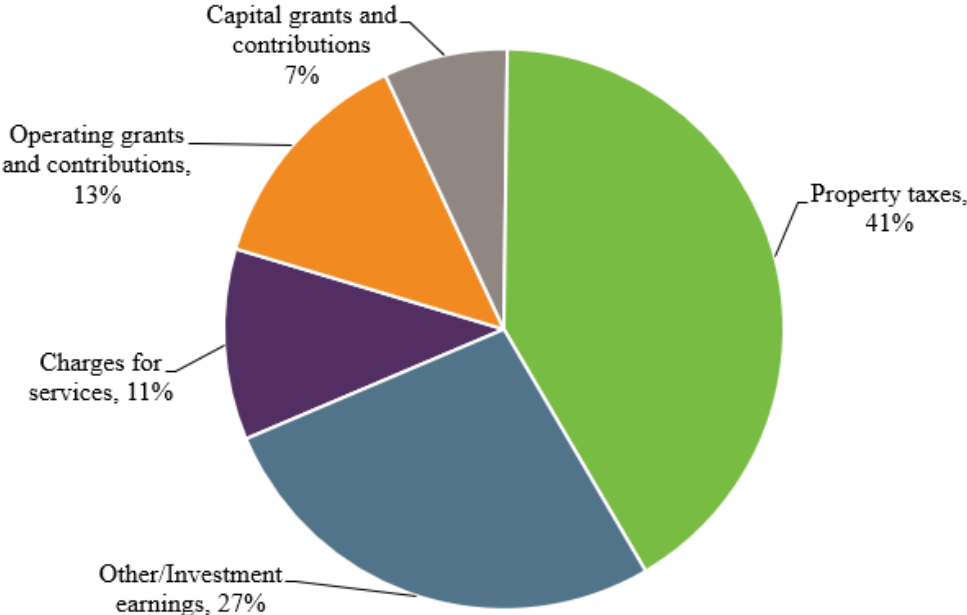




**City of Falcon Heights  
Management's Discussion and Analysis**

**GOVERNMENTAL ACTIVITIES (CONTINUED)**

**Revenues by Source – Governmental Activities**



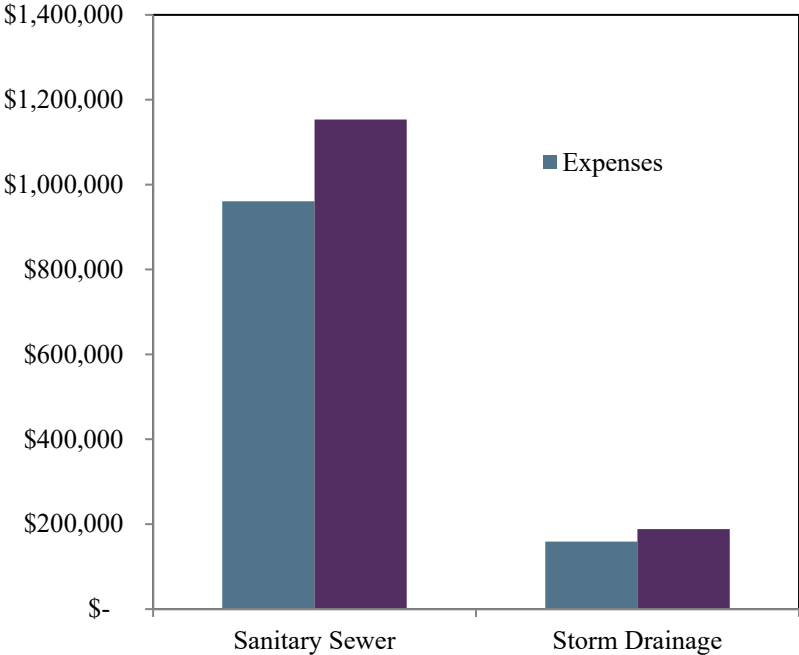
**BUSINESS-TYPE ACTIVITIES**

Business-type activities increased the City's net position by \$353,838. There was a 2.2% increase in sanitary sewer fees and a 3% increase in fees for storm drainage for 2021. There was a 2.3% fee increase in sanitary sewer fees and a 3.0% increase in storm drainage fees in 2020 as compared to no fee increases in 2019. 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.

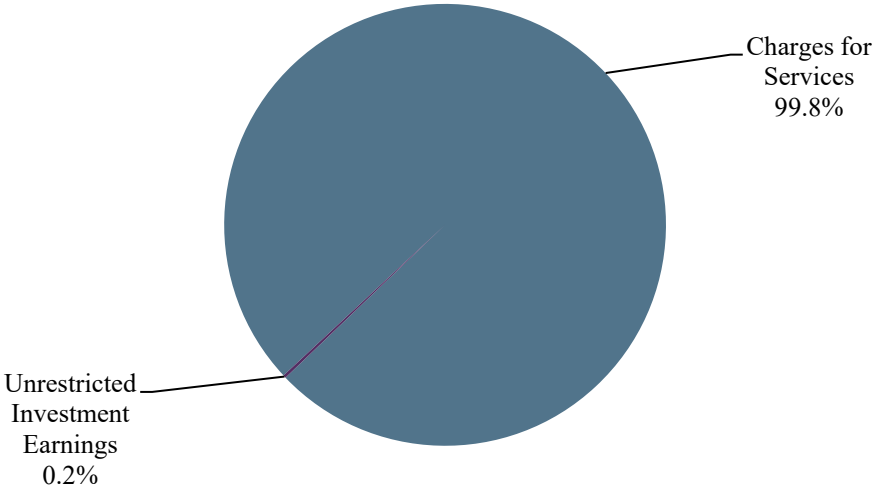
**City of Falcon Heights  
Management's Discussion and Analysis**

**BUSINESS-TYPE ACTIVITIES (CONTINUED)**

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



**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.

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

### **BUSINESS-TYPE ACTIVITIES (CONTINUED)**

#### **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 \$7,476,731, an increase of \$1,174,167 in comparison with the prior year. Approximately 43% (\$3,245,298) of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. None 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. Nine percent (\$649,927) is restricted fund balance constrained to a specific purpose by outside legislation, external parties, or constitutional provisions. Six percent (\$471,616) is committed fund balance constrained by the City Council for specific purposes. Forty two percent (\$3,109,890) is assigned fund balance intended for specific purposes by management as delegated authority by the City Council.

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 \$3,245,298, while total fund balance reached \$3,245,298. The entire fund balance was unassigned. 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 122% of total General Fund expenditures, while total fund balance also represents 122% of that same amount. The year 2021 was a much more normal year for the City as compared to 2020 which was a very challenging year. In 2020, it was fortunate that the City received \$412,789 in Covid-19 federal/state funding due to the pandemic. Because of the pandemic, the City locked down in March of 2020 and suspended all recreational programs, cultural events, and city celebrations. In 2021 the City partially opened up the recreational programs, cultural events, and city celebrations. The City continued to place extra emphasis on conservative spending of the annual budget knowing that revenue shortfalls could 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. In 2021 property tax collections were not 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 2021, the fund balance of the City's General Fund increased by \$3,525. Revenues were \$293,347 over budget. Expenditures were \$110,178 under budget. Key factors for this fund balance change are:

#### Revenue Variances

- Property Tax revenue had a variance under budget of \$6,686 along with delinquents decreasing \$2,994. The total delinquents of \$4,971 represent only 0.0025% of the total property tax revenue budget even though the Covid-19 pandemic continued in 2021. Property tax revenues are very stable for the City.
- Revenue from fees associated with licenses and permits was \$177,400 over budget primarily due to remodeling/reconstruction of a major apartment complex.

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

**BUSINESS-TYPE ACTIVITIES (CONTINUED)**

**Governmental Funds (Continued)**

Revenue Variances (Continued)

- Intergovernmental revenue had a variance over budget of \$75,892 primarily due to the city receiving an additional \$63,649 in police support funds from Ramsey County.
- Fines and forfeits revenue only had a variance of \$489 under budget primarily due to an increase in administrative fines from Ramsey County which was offset from a loss in parking ticket revenue when the University of Minnesota St Paul Campus closed down to virtual classes.
- The fire contract with a neighboring community concluded in 2020. Fire aid for the fire relief association concluded in 2021 at \$55,862 with the disbanding of the relief association in 2021. The Relief Association was also closed down in December 2021.
- Investment income was \$14,838 under budget due to decreasing yields on investments.
- Other revenues were under budget by \$19,781 primarily due to a \$30,000 loss of revenue due to Ramsey County Sheriff's Office contracting directly with the MN State Fair for police services. On a positive note, the City continued to receive an insurance refund of \$14,812 from the city's worker's compensation and general liability and property insurance policies.

Expenditure Variances

- General Government was \$18,017 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 \$22,789 expenditure variance under budget of which \$10,000 of this variance was due to a reduction in compensation expenses for one part time position being unfilled during 2021.
- The finance section recognized an \$8,284 expenditure variance under budget due to lower salary and compensation expenses from one full time position being unfilled for one month and a temporary finance intern position being unfilled for eight months.
- The communications budget was \$36,959 over budget. Technical support for computer and internet services no longer was cost shared with the fire department since the fire department was disbanded in January 2021. This resulted in an increase of \$21,703 for technical support in the communications budget. Also, the increase in virtual council meetings added an additional \$15,518 to our cable TV expenditure line item.
- While planning and inspections had an \$10,961 expenditure variance under budget, there was a \$9,412 savings for one employee waiving the cost of health insurance due to his spouse providing coverage with another employer and a \$6,937 savings of a part time position not being filled. On the other hand, building inspections costs were \$10,100 over budget due to the large apartment complex under way in 2021. These variances offset each other.
- Fire Fighting section was \$58,626 under budgeted amounts due to disbanding the fire department in January 2021. Fire Relief was \$6,862 over budget due to closing out the Fire Relief association in 2021.
- Expenditures for the City Hall budget were \$2,179 under budget. Compensation was \$741 under budget, materials and supplies were \$5,014 under budget and other expenses were \$3,576 over budget.

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

**BUSINESS-TYPE ACTIVITIES (CONTINUED)**

**Governmental Funds (Continued)**

Expenditure Variances (Continued)

- Expenditures for the Streets department were \$2,477 over budget for the current year. Compensation was over budget due to increased summer help due to the street project while on the other hand, snow removal costs were \$21,674 under budget due to the City having two snow plow trucks so city staff could perform the snow removal.
- Expenditures for the City's Engineering department was \$6,081 over budget.
- City's Tree Program was \$5,608 over budget due to the City catching up on tree trimming that was delayed due to the Covid-19 pandemic.
- A \$19,194 expenditure variance under budget in total park and recreation expenditures was due to less maintenance and compensation expenses resulted from our three parks being partially closed in 2021.
- 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. A transfer of \$80,000 was made from the General Fund to the Infrastructure Capital Fund for future capital needs in city hall. A transfer of \$20,000 from the General Fund to the Community Inclusion Fund for Community program activities. And also a transfer of \$400,000 from the General fund to provide funding in the Parks, Public Works Capital Fund for future park capital needs like a new community park building.
- 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 \$154,216 in street and local government aid from the state of Minnesota and additional income of \$132,896 in the form of franchise fees from Xcel Energy during 2021. In addition, there also was an \$80,000 transfer from the General Fund for future capital needs. This Future Improvement Fund holds \$1,645,748 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 \$1,933,481 while unrestricted net position for the Storm Drainage Fund amounted to \$390,312.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year, General Fund expenditures were \$110,178 less than the budgetary estimates. Revenues were \$293,347 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, \$20,000 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. Also, there was a \$400,000 from the General fund to provide funding in the Parks, Public Works Capital Fund for future park capital needs. In 2021, the net change in fund balance for the General Fund was a positive \$3,525.

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

### **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, 2021 amounts to \$9,254,582 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and system, improvements other than buildings, and machinery and equipment.

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

The City implemented a pavement management program in 2001 to assist in maintaining and monitoring the performance of the paved street network. This is one of the City's largest investments and would have a significant dollar value if it were to be replaced today. The software program, MicroPAVER, developed by the Army Corps of Engineers, was used by the City in 2001 and 2004. For 2007, 2010, 2013, 2016. And 2019 the City used the software program ICON, which was developed and supported by Goodpointe Technology as a tool for pavement management. While the software is different, the methodology is the same. Both systems use field surveys to identify distresses and rate the current condition of the streets. Both systems use the segment and distress information to determine the current Pavement Condition Index (PCI) for each segment. However, ICON provides the City with the ability to determine future needs based on current and past maintenance strategies and prioritize the appropriate rehabilitation at optimum times.

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

ICON used the information gathered in the field to calculate a PCI rating for each pavement segment. A PCI rating of 100 would be indicative of a newly constructed street with no distress, while a rating of 0 would show a completely failed street. Segments then can be grouped into like categories of PCI ratings to help determine a schedule of maintenance, rehabilitation and reconstruction. The PCI groups set up for the City are as follows: 100 to 66 – Adequate; 65 to 36 – Marginal; and 35 to 0 – Poor. The City's minimum desired PCI rating is 70. For the year 2007, the City's PCI rating was 87. For the year 2010, the City's PCI rating was 76. For 2013, the City's PCI rating was 74. For 2016, the City's PCI rating was 77 and for 2019 the City's PCI rating was 72. The next rating is scheduled for 2022.

In 2021, 2018, and 2017, the City conducted mill and overlay resurfacing in three neighborhood streets of the City. Also, during 2021, the City relined a portion of the sanitary sewer line in one of the sections of the city at a cost of \$274,095. In both 2020 and 2019, the city also relined other sections of the sanitary sewer system.

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

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

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 419,707	\$ 419,707	\$ -	\$ -	\$ 419,707	\$ 419,707
Construction in progress					-	-
Building and system Improvements other	157,117	184,939	2,200,467	1,925,885	2,357,584	2,110,824
Than buildings	502,226	559,332	-	-	502,226	559,332
Machinery and equipment	224,245	835,318	1,037	13,457	225,282	848,775
Infrastructure	5,749,783	5,749,783	-	-	5,749,783	5,749,783
<b>Total</b>	<b>\$ 7,053,078</b>	<b>\$ 7,749,079</b>	<b>\$ 2,201,504</b>	<b>\$ 1,939,342</b>	<b>\$ 9,254,582</b>	<b>\$ 9,688,421</b>

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

**Long-Term Debt**

At the end of the current fiscal year, the City had total bonded debt outstanding of \$ 1,165,000. The debt service payments in 2021 were \$445,000.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
G.O. Bonds	\$ 1,165,000	\$ 945,000	\$ -	\$ -	\$ 1,165,000	\$ 945,000

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 \$10,551,540 , 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 of this report.

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

The December 2021 unemployment rate for Ramsey County, in which the City resides, is currently 2.7%, as compared to the rate of 4.7% a year ago. This local unemployment rate compares favorably to the state's December 2021 unemployment rate of 2.7% and favorably to the national December 2021 rate of 3.9%.

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

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

Inflationary trends in the region compare favorably to national indices. For a basket of goods indexed at \$100 in 1984, a resident of the Midwest Region will pay approximately \$260. This compares favorably to the average US citizen who pays approximately \$265 for that same basket. The sources for this data are the Federal Reserve Bank of Minneapolis and the Federal Bureau of Labor and Statistics CPI inflation calculator.

All of these factors were considered in preparing the City's budget for the 2022 fiscal year.

During the current fiscal year, the fund balance in the General Fund increased by \$3,525 to a total of \$3,245,298. The City has designated \$3,245,298 of this balance as unassigned fund balance available for spending at the City's discretion.

**REQUESTS FOR INFORMATION**

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



## **BASIC FINANCIAL STATEMENTS**

**City of Falcon Heights  
Statement of Net Position  
December 31, 2021**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and investments (including cash equivalents)	\$ 7,736,728	\$ 2,434,427	\$ 10,171,155
Receivables			
Taxes receivable	23,299	-	23,299
Special assessments	180,910	-	180,910
Accounts receivable	52,609	345,137	397,746
Interest receivable	10,829	3,834	14,663
Due from other governments	555,100	-	555,100
Capital assets (net of accumulated depreciation)			
Land	419,707	-	419,707
Infrastructure	5,749,783	-	5,749,783
Buildings and system	157,117	2,200,467	2,357,584
Improvements other than buildings	502,226	-	502,226
Machinery and equipment	224,245	1,037	225,282
	<u>15,612,553</u>	<u>4,984,902</u>	<u>20,597,455</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources related to pensions	<u>206,301</u>	<u>75,294</u>	<u>281,595</u>
	<u>\$ 15,818,854</u>	<u>\$ 5,060,196</u>	<u>\$ 20,879,050</u>
<b>Liabilities</b>			
Accounts payable	\$ 85,918	\$ 287,781	\$ 373,699
Contracts payable	49,594	-	49,594
Due to other governments	233	-	233
Salaries and benefits payable	464	665	1,129
Interest payable	15,271	-	15,271
Unearned revenue	302,056	-	302,056
Bond principal payable			
Payable within one year	120,000	-	120,000
Payable after one year	1,091,484	-	1,091,484
Compensated absences payable			
Payable within one year	38,003	16,037	54,040
Payable after one year	105,322	36,981	142,303
Net pension liability			
Payable after one year	272,188	99,341	371,529
Total liabilities	<u>2,080,533</u>	<u>440,805</u>	<u>2,521,338</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources related to pensions	<u>257,812</u>	<u>94,094</u>	<u>351,906</u>
<b>Net Position</b>			
Net investment in capital assets	7,006,594	2,201,504	9,208,098
Restricted for			
Debt service	651,573	-	651,573
Tax increment	80,543	-	80,543
Other Purposes	46,319	-	46,319
Unrestricted	5,695,480	2,323,793	8,019,273
Total net position	<u>13,480,509</u>	<u>4,525,297</u>	<u>18,005,806</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 15,818,854</u>	<u>\$ 5,060,196</u>	<u>\$ 20,879,050</u>

**City of Falcon Heights  
Statement of Activities  
Year Ended December 31, 2021**

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	\$ 834,064	\$ 235,187	\$ -	\$ -	\$ (598,877)	\$ -	\$ (598,877)
Public safety	1,596,239	190,431	120,011	-	(1,285,797)	-	(1,285,797)
Public works	2,006,502	164,379	610,223	388,902	(842,998)	-	(842,998)
Park and recreation	114,604	6,374	24	-	(108,206)	-	(108,206)
Community development	723	3,790	-	-	3,067	-	3,067
Interest on long-term debt	48,811	-	-	-	(48,811)	-	(48,811)
Total governmental activities	<u>4,600,943</u>	<u>600,161</u>	<u>730,258</u>	<u>388,902</u>	<u>(2,881,622)</u>	<u>-</u>	<u>(2,881,622)</u>
Business-type activities							
Sanitary sewer	960,715	1,153,186	-	50,246	-	242,717	242,717
Storm sewer	158,873	188,125	-	78,993	-	108,245	108,245
Total business-type activities	<u>1,119,588</u>	<u>1,341,311</u>	<u>-</u>	<u>129,239</u>	<u>-</u>	<u>350,962</u>	<u>350,962</u>
Total governmental and business-type activities	<u>\$ 5,720,531</u>	<u>\$ 1,941,472</u>	<u>\$ 730,258</u>	<u>\$ 518,141</u>	(2,881,622)	350,962	(2,530,660)
General revenues							
Property taxes levied for general purposes					2,040,286	-	2,040,286
Property taxes levied for debt service					211,459	-	211,459
Franchise taxes					132,896	-	132,896
Tax increments					333,729	-	333,729
Unrestricted state aid					892,919	-	892,919
Other general revenue					103,564	-	103,564
Unrestricted investment earnings					9,901	2,876	12,777
Total general revenues and transfers					<u>3,724,754</u>	<u>2,876</u>	<u>3,727,630</u>
Change in net position					843,132	353,838	1,196,970
Net position - beginning					<u>12,637,377</u>	<u>4,171,459</u>	<u>16,808,836</u>
Net position - ending					<u>\$ 13,480,509</u>	<u>\$ 4,525,297</u>	<u>\$ 18,005,806</u>

See notes to basic financial statements.

**City of Falcon Heights**  
**Balance Sheet - Governmental Funds**  
**December 31, 2021**

	General	Debt Service G.O. Improvement Bonds, Series 2021A	Capital Project 2021 Street Project
<b>Assets</b>			
Cash and investments	\$ 3,497,589	\$ 10,838	\$ 84,574
Taxes receivable - delinquent	22,239	-	-
Special assessment receivable - deferred	-	163,867	-
Accounts receivable	-	-	-
Interest receivable	7,653	-	-
Due from other governments	109,053	2,688	-
	<u>\$ 3,636,534</u>	<u>\$ 177,393</u>	<u>\$ 84,574</u>
<b>Liabilities</b>			
Accounts payable	\$ 66,244	\$ -	\$ 1,408
Contracts payable	-	-	49,594
Due to other governments	233	-	-
Salaries and benefits payable	464	-	-
Unearned revenue	302,056	-	-
Total liabilities	<u>368,997</u>	<u>-</u>	<u>51,002</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - state shared taxes	-	-	-
Unavailable revenue - property tax	22,239	-	-
Unavailable revenue - special assessments	-	163,867	-
Total deferred inflows of resources	<u>22,239</u>	<u>163,867</u>	<u>-</u>
<b>Fund Balances</b>			
Restricted	-	13,526	-
Committed	-	-	-
Assigned	-	-	33,572
Unassigned	3,245,298	-	-
Total fund balances	<u>3,245,298</u>	<u>13,526</u>	<u>33,572</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,636,534</u>	<u>\$ 177,393</u>	<u>\$ 84,574</u>

Capital Project			
Future Improvements	Parks/PW and Facilities Capital Improvements	Other Governmental Funds	Total Governmental Funds
\$ 1,617,432	\$ 1,105,691	\$ 1,420,604	\$ 7,736,728
-	-	1,060	23,299
3,556	-	13,487	180,910
28,809	-	23,800	52,609
3,176	-	-	10,829
440,325	-	3,034	555,100
<u>\$ 2,093,298</u>	<u>\$ 1,105,691</u>	<u>\$ 1,461,985</u>	<u>\$ 8,559,475</u>
\$ 3,724	\$ -	\$ 14,542	\$ 85,918
-	-	-	49,594
-	-	-	233
-	-	-	464
-	-	-	302,056
<u>3,724</u>	<u>-</u>	<u>14,542</u>	<u>438,265</u>
440,270	-	-	440,270
-	-	1,060	23,299
3,556	-	13,487	180,910
<u>443,826</u>	<u>-</u>	<u>14,547</u>	<u>644,479</u>
-	33,575	602,826	649,927
-	-	471,616	471,616
1,645,748	1,072,116	358,454	3,109,890
-	-	-	3,245,298
<u>1,645,748</u>	<u>1,105,691</u>	<u>1,432,896</u>	<u>7,476,731</u>
<u>\$ 2,093,298</u>	<u>\$ 1,105,691</u>	<u>\$ 1,461,985</u>	<u>\$ 8,559,475</u>

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**City of Falcon Heights**  
**Reconciliation of the Balance Sheet to**  
**the Statement of Net Position - Governmental Funds**  
**December 31, 2021**

Total fund balances - governmental funds	\$ 7,476,731
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	9,460,123
Less accumulated depreciation	(2,407,045)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Bond principal payable	(1,165,000)
Bond premium	(46,484)
Compensated absences payable	(143,325)
Net pension liability	(272,188)
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	(257,812)
Deferred outflows of resources related to pensions	206,301
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	23,299
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
funds.	
Deferred special assessments	180,910
State shared taxes	440,270
Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.	(15,271)
Total net position - governmental activities	<u>\$ 13,480,509</u>

**City of Falcon Heights**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds**  
**Year Ended December 31, 2021**

	General	Debt Service	Capital Projects	
		G.O. Improvement Bonds, Series 2021A	2021 Street Project	Future Improvements
<b>Revenues</b>				
Property taxes	\$ 2,031,045	\$ -	\$ -	\$ -
Tax increments	-	-	-	-
Special assessments	-	2,688	171,733	3,688
Licenses and permits	252,408	-	-	132,896
Intergovernmental	759,424	-	288,715	154,216
Charges for services	101,149	-	-	-
Fines and forfeitures	19,511	-	-	-
Miscellaneous				
Investment income	3,162	13	672	1,121
Contributions and donations	-	-	-	-
Refunds and reimbursements	14,812	-	-	-
Other	2,057	-	1,350	342
Total revenues	<u>3,183,568</u>	<u>2,701</u>	<u>462,470</u>	<u>292,263</u>
<b>Expenditures</b>				
Current				
General government	746,786	-	-	-
Public safety	1,525,779	-	-	-
Public works	309,582	-	94,098	11,557
Park and recreation	71,896	-	-	-
Community development	-	-	-	-
Miscellaneous	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	27,613	-
Capital outlay				
General government	-	-	-	-
Public works	-	-	991,874	24,828
Park and recreation	-	-	-	-
Total expenditures	<u>2,654,043</u>	<u>-</u>	<u>1,113,585</u>	<u>36,385</u>
Excess of revenues over (under) expenditures	529,525	2,701	(651,115)	255,878
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	-	-	-
Bond issuance	-	10,825	654,175	-
Bond premium	-	-	30,512	-
Transfers in	-	-	-	80,000
Transfers out	(526,000)	-	-	-
Total other financing sources (uses)	<u>(526,000)</u>	<u>10,825</u>	<u>684,687</u>	<u>80,000</u>
Net change in fund balances	3,525	13,526	33,572	335,878
<b>Fund Balances</b>				
Beginning of year	<u>3,241,773</u>	<u>-</u>	<u>-</u>	<u>1,309,870</u>
End of year	<u>\$ 3,245,298</u>	<u>\$ 13,526</u>	<u>\$ 33,572</u>	<u>\$ 1,645,748</u>

See notes to basic financial statements.



<u>Capital Projects</u>		
<u>Parks/PW and Facilities Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 211,544	\$ 2,242,589
-	333,729	333,729
-	6,159	184,268
-	-	385,304
-	65,415	1,267,770
-	243,933	345,082
-	-	19,511
242	4,691	9,901
-	24	24
-	-	14,812
-	32,624	36,373
<u>242</u>	<u>898,119</u>	<u>4,839,363</u>
-	2,167	748,953
-	15,695	1,541,474
-	223,199	638,436
723	24,318	96,937
-	723	723
-	592	592
-	445,000	445,000
-	29,262	56,875
-	10,996	10,996
-	328,271	1,344,973
13,098	-	13,098
<u>13,821</u>	<u>1,080,223</u>	<u>4,898,057</u>
(13,579)	(182,104)	(58,694)
387,349	150,000	537,349
-	-	665,000
-	-	30,512
524,120	46,000	650,120
-	(124,120)	(650,120)
<u>911,469</u>	<u>71,880</u>	<u>1,232,861</u>
897,890	(110,224)	1,174,167
<u>207,801</u>	<u>1,543,120</u>	<u>6,302,564</u>
<u>\$ 1,105,691</u>	<u>\$ 1,432,896</u>	<u>\$ 7,476,731</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, 2021**

Net change in fund balances - governmental funds \$ 1,174,167

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	23,346
Depreciation expense	(177,414)
Disposal of capital assets	(541,933)

Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities. (17,847)

Governmental funds recognized pension contributions as expenditures at the time of payment in items related to pensions on a full accrual perspective. 21,221

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. 445,000

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. (4,463)

Proceeds from long-term debt are recognized as another financing source in the Governmental funds but as a decrease in net assets in the statement of activities. (665,000)

Bonds payable

The governmental funds report the effect of bond premiums, discounts, and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Premium on new bond issuances	(30,512)
Amortization of bond premiums	12,527

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

Special assessments	154,614
State shared taxes	440,270

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. 9,156

Change in net position - governmental activities \$ 843,132

**City of Falcon Heights**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**Year Ended December 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
Property taxes	\$ 2,037,731	\$ 2,031,045	\$ (6,686)
Licenses and permits	75,008	252,408	177,400
Intergovernmental	683,532	759,424	75,892
Charges for services	19,300	101,149	81,849
Fines and forfeitures	20,000	19,511	(489)
Miscellaneous revenues			
Investment income	18,000	3,162	(14,838)
Refunds and reimbursements	3,000	14,812	11,812
Other	33,650	2,057	(31,593)
Total revenues	<u>2,890,221</u>	<u>3,183,568</u>	<u>293,347</u>
<b>Expenditures</b>			
Current			
General government	764,803	746,786	(18,017)
Public safety	1,610,733	1,525,779	(84,954)
Public works	297,595	309,582	11,987
Park and recreation	91,090	71,896	(19,194)
Total expenditures	<u>2,764,221</u>	<u>2,654,043</u>	<u>(110,178)</u>
Excess of revenues over expenditures	126,000	529,525	403,525
<b>Other Financing Uses</b>			
Transfers out	<u>(126,000)</u>	<u>(526,000)</u>	<u>(400,000)</u>
Net change in fund balance	<u>\$ -</u>	3,525	<u>\$ 3,525</u>
<b>Fund Balance</b>			
Beginning of year		<u>3,241,773</u>	
End of year		<u>\$ 3,245,298</u>	

**City of Falcon Heights**  
**Statement of Net Position - Proprietary Funds**  
**December 31, 2021**

	<u>Sanitary Sewer</u>	<u>Storm Drainage</u>	<u>Total</u>
<b>Assets</b>			
Current assets			
Cash and investments	\$ 2,002,534	\$ 431,893	\$ 2,434,427
Accounts receivable	314,559	30,578	345,137
Interest receivable	3,834	-	3,834
Total current assets	<u>2,320,927</u>	<u>462,471</u>	<u>2,783,398</u>
Noncurrent assets			
Capital assets			
Sewer system	1,891,277	-	1,891,277
Storm drain	-	2,088,550	2,088,550
Machinery and equipment	53,104	122,570	175,674
Total capital assets	<u>1,944,381</u>	<u>2,211,120</u>	<u>4,155,501</u>
Less accumulated depreciation	<u>(1,072,043)</u>	<u>(881,954)</u>	<u>(1,953,997)</u>
Net capital assets	<u>872,338</u>	<u>1,329,166</u>	<u>2,201,504</u>
Total assets	<u>3,193,265</u>	<u>1,791,637</u>	<u>4,984,902</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources related to pensions	<u>49,678</u>	<u>25,616</u>	<u>75,294</u>
Total assets and deferred outflows of resources	<u>\$ 3,242,943</u>	<u>\$ 1,817,253</u>	<u>\$ 5,060,196</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	\$ 274,191	\$ 13,590	\$ 287,781
Salaries and benefits payable	414	251	665
Amount due within one year	10,053	5,984	16,037
Total current liabilities	<u>284,658</u>	<u>19,825</u>	<u>304,483</u>
Noncurrent liabilities			
Compensated absences	34,893	18,125	53,018
Net pension liability	65,544	33,797	99,341
Less amount due within one year	<u>(10,053)</u>	<u>(5,984)</u>	<u>(16,037)</u>
Total noncurrent liabilities	<u>90,384</u>	<u>45,938</u>	<u>136,322</u>
Total liabilities	<u>375,042</u>	<u>65,763</u>	<u>440,805</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources related to pensions	<u>62,082</u>	<u>32,012</u>	<u>94,094</u>
<b>Net Position</b>			
Net investment in capital assets	872,338	1,329,166	2,201,504
Unrestricted	1,933,481	390,312	2,323,793
Total net position	<u>2,805,819</u>	<u>1,719,478</u>	<u>4,525,297</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,242,943</u>	<u>\$ 1,817,253</u>	<u>\$ 5,060,196</u>

**City of Falcon Heights**  
**Statement of Revenues, Expenses, and Changes**  
**in Fund Net Position - Proprietary Funds**  
**Year Ended December 31, 2021**

	<u>Sanitary Sewer</u>	<u>Storm Drainage</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 1,153,186	\$ 188,125	\$ 1,341,311
Operating expenses			
Wages, salaries, and compensation	149,027	78,721	227,748
Materials and supplies	472	2,312	2,784
Professional services	2,385	969	3,354
Maintenance	25,808	5,843	31,651
Repairs	602	11,514	12,116
Depreciation	15,333	53,237	68,570
Metro sewer charges	578,355	-	578,355
Sac charges	157,635	-	157,635
Billing fees	17,940	764	18,704
Insurance and bonds	7,328	1,490	8,818
Miscellaneous	5,830	4,023	9,853
Total operating expenses	<u>960,715</u>	<u>158,873</u>	<u>1,119,588</u>
Operating income	192,471	29,252	221,723
Nonoperating revenues			
Investment income	<u>957</u>	<u>1,919</u>	<u>2,876</u>
Income before transfers and capital contributions	193,428	31,171	224,599
Capital Contributions	<u>50,246</u>	<u>78,993</u>	<u>129,239</u>
Change in net position	243,674	110,164	353,838
Net position			
Beginning of year	<u>2,562,145</u>	<u>1,609,314</u>	<u>4,171,459</u>
End of year	<u>\$ 2,805,819</u>	<u>\$ 1,719,478</u>	<u>\$ 4,525,297</u>

**City of Falcon Heights**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended December 31, 2021**

	Sanitary Sewer	Storm Drainage	Total
<b>Cash Flows - Operating Activities</b>			
Receipts from customers and users	\$ 964,114	\$ 185,221	\$ 1,149,335
Payments to suppliers	(520,164)	(15,613)	(535,777)
Payments to employees	(168,110)	(87,371)	(255,481)
Net cash flows - operating activities	275,840	82,237	358,077
<b>Cash Flows - Capital and Related Financing Activities</b>			
Acquisition of capital assets	(274,096)	(82,918)	(357,014)
Net Cash Flows - Capital and Related Financing Activities	(274,096)	(82,918)	(357,014)
<b>Cash Flows - Investing Activities</b>			
Investment Income	7,298	1,919	9,217
Net change in cash and cash equivalents	9,042	1,238	10,280
<b>Cash and Cash Equivalents</b>			
Beginning of year	1,993,492	430,655	2,424,147
End of year	\$ 2,002,534	\$ 431,893	\$ 2,434,427
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities</b>			
Operating income	\$ 192,471	\$ 29,252	\$ 221,723
Adjustments to reconcile operating income (loss) to net cash flows - operating activities			
Depreciation expense	15,333	53,237	68,570
Accounts receivable	(189,072)	(2,904)	(191,976)
Prepaid items	2,000	1,000	3,000
Pension expense	(19,780)	(8,962)	(28,742)
Accounts payable	274,191	10,302	284,493
Salaries payable	370	245	615
Compensated absences payable	327	67	394
Total adjustments	83,369	52,985	136,354
Net cash flows - operating activities	\$ 275,840	\$ 82,237	\$ 358,077

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

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

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

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

**Description of Funds:**

Major Governmental Funds:

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

G.O. Improvement Bonds, Series 2021A – This fund accounts for the debt associated with the 2021 Street Project.

2021 Street Project Capital Projects Fund – This fund accounts for costs associated with the 2021 Street Project.

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

Parks/PW and Facilities Capital Improvements Capital Projects Fund - This fund accounts for capital outlay within the departments stated in its name.

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.



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

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

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

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

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

**1. Deposits and Investments**

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

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

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

Certain investments for the City are reported at fair value as disclosed in Note 3. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

**2. Receivables and Payables**

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

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

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

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

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

**3. Prepaid Items and Inventory**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

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

**4. Capital Assets**

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

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

**City of Falcon Heights**  
**Notes to Basic 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 Basic 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 Basic 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.

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

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

**E. Use of Estimates**

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

**F. Budgetary Information**

1. In August of each year, City staff submits to the City Council, a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution after obtaining taxpayer comments.
4. Budgets for the General, Special Revenue, Capital Projects, Debt Service, and Enterprise Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Expenditures may not legally exceed budgeted appropriations at the department level. No fund's budget can be increased without City Council approval. The City Council may authorize transfer of budgeted amounts between departments within any fund. Management may amend budgets within a department level, so long as the total department budget is not changed.
6. Annual appropriated budgets are adopted during the year for the General, Special Revenue, Capital Projects, Debt Service, and Enterprise Funds, with the exception of the following funds: Charitable Gambling Special Revenue Fund, Amber Union Capital Project Fund and the G.O. Improvement Bonds, Series 2021A Debt Service Fund.
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, 2021, the City's bank balance of \$624,000 was not exposed to custodial credit risk because it was fully insured through the FDIC.

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

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

**A. Deposits (Continued)**

The book balance as of December 31, 2021, was \$624,000 for deposits.

As of December 31, 2021, 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	\$ 3,212,594	\$ 839,844	\$ 2,372,750	\$ -	\$ -	NR
U.S. Agencies	99,062	-	-	99,062	-	AAA
4M Fund and 4M Fund Plus	5,960,292	5,960,292				NR
Brokered Money Markets	274,957	274,957				NR
Total investments	\$ 9,546,905					

**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 Basic 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, 2021:

- \$3,111,687 of investments are significant other observable inputs (Level 2 inputs) using closing market prices.

Summary of cash deposits and investments as of December 31, 2021, were as follows:

Deposits	\$ 624,000
Petty cash	250
Investments (Note 3.B.)	<u>9,546,905</u>
Total deposits and investments	<u><u>\$ 10,171,155</u></u>

**Cash and Investments**

Deposits and investments are presented in the December 31, 2021, basic financial statements as follows:

Statement of Net Position	
Cash and investments - governmental activities	\$ 7,736,728
Cash and investments - business-type activities	<u>2,434,427</u>
Total	<u><u>\$ 10,171,155</u></u>



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

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2021, 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	971,893	-	-	971,893
Machinery and equipment	2,264,857	23,347	1,329,774	958,430
Total capital assets being depreciated	<u>4,597,060</u>	<u>23,347</u>	<u>1,329,774</u>	<u>3,290,633</u>
Less accumulated depreciation for				
Buildings	1,175,371	27,822	-	1,203,193
Improvements other than buildings	412,561	57,106	-	469,667
Machinery and equipment	1,429,539	92,486	787,840	734,185
Total accumulated depreciation	<u>3,017,471</u>	<u>177,414</u>	<u>787,840</u>	<u>2,407,045</u>
Total capital assets being depreciated, net	<u>1,579,589</u>	<u>(154,067)</u>	<u>541,933</u>	<u>883,588</u>
Governmental activities capital assets, net	<u>\$ 7,749,079</u>	<u>\$ (154,067)</u>	<u>\$ 541,933</u>	<u>\$ 7,053,078</u>

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

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

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets being depreciated				
Buildings and system	\$ 3,649,095	\$ 403,333	\$ 72,601	\$ 3,979,827
Machinery and equipment	175,674	-	-	175,674
Total capital assets being depreciated	<u>3,824,769</u>	<u>403,333</u>	<u>72,601</u>	<u>4,155,501</u>
Less accumulated depreciation for				
Buildings and system	1,723,210	56,150	-	1,779,360
Machinery and equipment	162,217	12,420	-	174,637
Total accumulated depreciation	<u>1,885,427</u>	<u>68,570</u>	<u>-</u>	<u>1,953,997</u>
Total capital assets being depreciated, net	<u>1,939,342</u>	<u>334,763</u>	<u>72,601</u>	<u>2,201,504</u>
Business-type activities capital assets, net	<u>\$ 1,939,342</u>	<u>\$ 334,763</u>	<u>\$ 72,601</u>	<u>\$ 2,201,504</u>

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

Governmental activities	
General government	\$ 70,963
Public safety	63,433
Public works	27,281
Culture and recreation	<u>15,737</u>
Total depreciation expense - governmental activities	<u>\$ 177,414</u>
Business-type activities	
Sanitary sewer	\$ 15,333
Storm drainage	<u>53,237</u>
Total depreciation expense - business-type activities	<u>\$ 68,570</u>

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

**NOTE 4 – INTERFUND TRANSFERS**

Transfers during the year ended December 31, 2021, were as follows:

Transfers In	General Fund	Transfers Out	
		Other Non-Major	Total
Future Improvements	\$ 80,000	\$ -	\$ 80,000
Parks/PW and facilities	400,000	124,120	524,120
Other non-major	46,000	-	46,000
Total	<u>\$ 526,000</u>	<u>\$ 124,120</u>	<u>\$ 650,120</u>

The transfer from the General Fund to the Other Governmental Funds were to assist with park programs and community inclusion. All other transfers were to provide resources for capital expenditures.

**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. Improvement Bonds, Series 2017A	\$ 845,000	3.00%	\$ 500,000
G.O. Improvement Bonds, Series 2021A	665,000	2.00%	665,000

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

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

**A. G.O. Debt**

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

<u>Year Ending December 31,</u>	<u>G.O. Improvement Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 120,000	\$ 30,675
2023	255,000	21,525
2024	255,000	15,175
2025	265,000	8,700
2026	135,000	4,050
2027	135,000	1,350
Total	<u>\$ 1,165,000</u>	<u>\$ 81,475</u>

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

Long-term liability activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Bonds payable					
G.O. Equipment Certificates	\$ 265,000	\$ -	\$ 265,000	\$ -	\$ -
G.O. Improvement Bonds	680,000	665,000	180,000	1,165,000	120,000
Unamortized Bond Premium	28,499	30,512	12,527	46,484	-
Compensated absences	125,478	54,808	36,961	143,325	38,003
Total governmental activities	<u>1,098,977</u>	<u>750,320</u>	<u>494,488</u>	<u>1,354,809</u>	<u>158,003</u>
Business-type activities					
Compensated absences	<u>52,624</u>	<u>16,653</u>	<u>16,260</u>	<u>53,017</u>	<u>16,036</u>
Total long-term liabilities	<u>\$ 1,151,601</u>	<u>\$ 766,973</u>	<u>\$ 510,748</u>	<u>\$ 1,407,826</u>	<u>\$ 174,039</u>

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

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

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

**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, 2021, the following issues were outstanding:

Name	Date of Issue	Original Amount of Issue	Balance Outstanding as of 12/31/21
Coventry Apartments	2008A	\$ 12,000,000	\$ 10,024,492
Pines of Hutchinson, LLC	2013	4,400,000	3,214,535
Mounds Park Academy	2014	7,707,444	6,022,086
St Paul Academy & Summit School Project Series	2017	7,375,000	6,550,532
Senior Housing and Health Care Revenue Note 2018A	2018	3,000,000	2,899,921
Senior Housing and Health Care Revenue Refunding 2018B	2018	1,523,889	1,409,762
New Harmony Project - Senior Housing and Healthcare Revenue Note	2021	7,000,000	7,000,000
Amber Union Project - 2021 Multifamily Housing Revenue Refunding	2021	<u>26,976,188</u>	<u>8,361,728</u>
Total		<u>\$ 69,982,521</u>	<u>\$ 45,483,056</u>

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

**NOTE 6 – FUND BALANCE DETAIL**

At December 31, 2021, fund balance was comprised of the following components:

	General	G.O. Improvement Series 2021A	2021 Street Project	Future Improvements	Parks/PW and Facilities Capital	Other Governmental Fund	Total
Restricted							
Tax increment capital projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,543	\$ 80,543
Debt service	-	13,526	-	-	-	475,964	489,490
Grants	-	-	-	-	-	44,637	44,637
Park dedication	-	-	-	-	33,575	-	33,575
Charitable gambling	-	-	-	-	-	1,682	1,682
Committed							
Recreation costs	-	-	-	-	-	52,102	52,102
Hydrant and fire truck costs	-	-	-	-	-	228,611	228,611
Recycling and environmental activities	-	-	-	-	-	107,143	107,143
Activities promoting economic development	-	-	-	-	-	21,119	21,119
Lighting costs	-	-	-	-	-	58,618	58,618
Garden costs	-	-	-	-	-	4,023	4,023
Assigned							
Capital projects	-	-	33,572	1,645,748	1,072,116	358,454	3,109,890
Unassigned	3,245,298	-	-	-	-	-	3,245,298
<b>Total</b>	<u>\$ 3,245,298</u>	<u>\$ 13,526</u>	<u>\$ 33,572</u>	<u>\$ 1,645,748</u>	<u>\$ 1,105,691</u>	<u>\$ 1,432,896</u>	<u>\$ 7,476,731</u>

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.

**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 2021 was estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2021, 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.

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

**NOTE 8 – PENSION PLANS**

The City participates in various pension plans, total pension expense for the year ended December 31, 2021, was \$21,221. 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.

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.

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

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

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

**B. Benefits Provided (Continued)**

General Employees Plan Benefits (Continued)

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. 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 2021 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, 2021, were \$50,721. The City's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

General Employees Fund Pension Costs

At December 31, 2021, the City reported a liability of \$371,529 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 \$11,389. The net pension liability was measured as of June 30, 2021, 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, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0087% at the end of the measurement period and 0.0084% for the beginning of the period.



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

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

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

**D. Pension Costs (Continued)**

General Employees Fund Pension Costs (Continued)

City's proportionate share of the net pension liability	\$	371,529
State of Minnesota's proportionate share of the net pension liability associated with the City		11,389
Total	\$	382,918

For the year ended December 31, 2021, the City recognized pension expense of \$1,677 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$991 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.

At December 31, 2021, the City reported its proportionate share of General Employee Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,073	\$ 11,323
Changes in actuarial assumptions	226,848	7,785
Net collective difference between projected and actual investment earnings	-	323,090
Changes in proportion	27,313	9,708
Contributions paid to PERA subsequent to the measurement date	25,361	-
Total	\$ 281,595	\$ 351,906

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

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

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

**D. Pension Costs (Continued)**

General Employees Fund Pension Costs (Continued)

The \$25,361 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:

Year Ending December 31,	Pension Expense Amount
2022	\$ (14,523)
2023	5,443
2024	1,169
2025	(87,761)
Total	\$ (95,672)

**E. Actuarial Assumptions**

**Long-Term Expected Return on Investment**

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:

Asset Class	Target Allocation	Long-Term
Domestic equity	33.5 %	5.10 %
International equity	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
Total	100.0 %	

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

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

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

**F. Actuarial Methods and Assumptions**

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for 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 following changes in actuarial assumptions and plan provisions occurred in 2021:

**General Employees Fund**

**Changes in Actuarial Assumptions:**

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

**Changes in Plan Provisions**

- There have been no changes since the previous valuation.

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2021 was 6.5%. 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 are projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

**H. Pension Liability Sensitivity**

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

	1% Decrease in Discount Rate (5.5%)	Current Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
City's proportionate share of the General Employees Fund net pension liability	\$ 757,729	\$ 371,529	\$ 54,628

**I. Pension Plan Fiduciary Net Position**

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

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

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

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

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

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

During 2021, the City made no contributions to the plan and passed through to the association \$47,862 in state aid.

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

**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, 2021, the City generated \$333,729 in tax increment revenue and made \$323,728 in payments to developers.

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

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending December 31, 2022.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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

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
2021	0.0087%	\$ 371,529	\$ 11,389	\$ 382,918	625,853	59.36%	87.00%
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
2021	\$ 46,939	\$ 46,939	\$ -	\$ 625,853	7.50%
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**

	2017	2018	2019	2020	2021
Streets and alleys					
Estimated	\$ 1,211,500	\$ 238,500	\$ 37,000	\$ -	\$ 997,000
Actual	<u>1,234,522</u>	<u>186,338</u>	<u>-</u>	<u>-</u>	<u>1,819,330</u>
Difference	<u>\$ (23,022)</u>	<u>\$ 52,162</u>	<u>\$ 37,000</u>	<u>\$ -</u>	<u>\$ (822,330)</u>

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

	2013	2016	2019
Streets and alleys	<u>74</u>	<u>77</u>	<u>71</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 2021, the City's PCI rating was 71. 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**

**2021 Changes**

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**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.

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

**General Employees Fund (Continued)**

**2019 Changes (Continued)**

Changes in Plan Provisions

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

**2018 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2017 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

**General Employees Fund (Continued)**

**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.

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, 2021**

	Special Revenue			
	Park Programs	Water	Solid Waste	Community Development
<b>Assets</b>				
Cash and investments	\$ 52,102	\$ 223,191	\$ 101,062	\$ 21,119
Taxes receivable - delinquent	-	-	-	-
Special assessment receivable deferred	-	-	-	-
Accounts receivable	-	5,420	13,043	-
Due from other governments	-	-	-	-
	<u>\$ 52,102</u>	<u>\$ 228,611</u>	<u>\$ 114,105</u>	<u>\$ 21,119</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 6,962	\$ -
<b>Deferred inflows of resources</b>				
Unavailable revenue - property tax	-	-	-	-
Unavailable revenue - special assessments	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>				
Restricted	-	-	-	-
Committed	52,102	228,611	107,143	21,119
Assigned	-	-	-	-
Total fund balances	<u>52,102</u>	<u>228,611</u>	<u>107,143</u>	<u>21,119</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 52,102</u>	<u>\$ 228,611</u>	<u>\$ 114,105</u>	<u>\$ 21,119</u>

<u>Special Revenue</u>					<u>Debt Service</u>
<u>Street Lighting</u>	<u>Community Garden</u>	<u>Community Inclusion</u>	<u>Charitable Gambling</u>	<u>Total</u>	<u>G.O. Improvement Bonds, Series 2017A</u>
\$ 56,456	\$ 4,023	\$ 44,637	\$ 1,682	\$ 504,272	\$ 475,712
-	-	-	-	-	-
-	-	-	-	-	13,487
5,337	-	-	-	23,800	-
-	-	-	-	-	252
<u>\$ 61,793</u>	<u>\$ 4,023</u>	<u>\$ 44,637</u>	<u>\$ 1,682</u>	<u>\$ 528,072</u>	<u>\$ 489,451</u>
\$ 3,175	\$ -	\$ -	\$ -	\$ 10,137	\$ -
-	-	-	-	-	-
-	-	-	-	-	13,487
-	-	-	-	-	13,487
-	-	44,637	1,682	46,319	475,964
58,618	4,023	-	-	471,616	-
-	-	-	-	-	-
<u>58,618</u>	<u>4,023</u>	<u>44,637</u>	<u>1,682</u>	<u>517,935</u>	<u>475,964</u>
<u>\$ 61,793</u>	<u>\$ 4,023</u>	<u>\$ 44,637</u>	<u>\$ 1,682</u>	<u>\$ 528,072</u>	<u>\$ 489,451</u>

**City of Falcon Heights  
Combining Balance Sheet -  
Nonmajor Governmental Funds  
December 31, 2021**

	Capital Projects		
	General Capital Improvements	Amber Union	Tax Increment No. 1-3
<b>Assets</b>			
Cash and investments	\$ 302,820	\$ 49,090	\$ 80,948
Taxes receivable - delinquent	-	-	1,060
Special assessment receivable deferred	-	-	-
Accounts receivable	-	-	-
Due from other governments	2,782	-	-
Total assets	\$ 305,602	\$ 49,090	\$ 82,008
<b>Liabilities</b>			
Accounts payable	\$ 4,000	\$ -	\$ 405
<b>Deferred inflows of resources</b>			
Unavailable revenue - property tax	-	-	1,060
Unavailable revenue - special assessments	-	-	-
Total deferred inflows of resources	-	-	1,060
<b>Fund Balances</b>			
Restricted	-	-	80,543
Committed	-	-	-
Assigned	301,602	49,090	-
Total fund balances	301,602	49,090	80,543
Total liabilities, deferred inflows of resources, and fund balances	\$ 305,602	\$ 49,090	\$ 82,008



Capital Projects

<u>Public Safety Capital Improvements</u>	<u>Total</u>	<u>Total Other Governmental Funds</u>
\$ 7,762	\$ 440,620	\$ 1,420,604
-	1,060	1,060
-	-	13,487
-	-	23,800
-	2,782	3,034
<u>\$ 7,762</u>	<u>\$ 444,462</u>	<u>\$ 1,461,985</u>
\$ -	\$ 4,405	\$ 14,542
-	1,060	1,060
-	-	13,487
-	1,060	14,547
-	80,543	602,826
-	-	471,616
7,762	358,454	358,454
<u>7,762</u>	<u>438,997</u>	<u>1,432,896</u>
<u>\$ 7,762</u>	<u>\$ 444,462</u>	<u>\$ 1,461,985</u>

**City of Falcon Heights**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended December 31, 2021**

	Special Revenue			
	Park Programs	Water	Solid Waste	Community Development
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Tax increments	-	-	-	-
Special assessments	-	-	-	-
Intergovernmental	-	-	15,737	-
Charges for services	5,449	38,970	83,287	-
Miscellaneous				
Investment income	175	699	331	75
Contributions and donations	24	-	-	-
Other	-	-	-	3,790
Total revenues	<u>5,648</u>	<u>39,669</u>	<u>99,355</u>	<u>3,865</u>
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	12,931	102,699	-
Park and recreation	21,580	-	-	-
Community development	-	-	-	723
Miscellaneous	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay				
General government	-	-	-	-
Public works	-	-	-	-
Total expenditures	<u>21,580</u>	<u>12,931</u>	<u>102,699</u>	<u>723</u>
Excess of revenues over (under) expenditures	(15,932)	26,738	(3,344)	3,142
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	26,000	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>26,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	10,068	26,738	(3,344)	3,142
<b>Fund Balances</b>				
Beginning of year	<u>42,034</u>	<u>201,873</u>	<u>110,487</u>	<u>17,977</u>
End of year	<u>\$ 52,102</u>	<u>\$ 228,611</u>	<u>\$ 107,143</u>	<u>\$ 21,119</u>

Special Revenue

Street Lighting	Community Garden	Community Inclusion	Charitable Gambling	Total
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
41,922	925	-	-	15,737
-	-	-	-	170,553
156	20	135	2	1,593
-	-	-	-	24
-	-	-	-	3,790
<u>42,078</u>	<u>945</u>	<u>135</u>	<u>2</u>	<u>191,697</u>
-	-	-	-	-
-	-	14,973	-	14,973
32,122	-	-	-	147,752
-	2,738	-	-	24,318
-	-	-	-	723
-	-	-	592	592
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>32,122</u>	<u>2,738</u>	<u>14,973</u>	<u>592</u>	<u>188,358</u>
9,956	(1,793)	(14,838)	(590)	3,339
-	-	-	-	-
-	-	20,000	-	46,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>46,000</u>
9,956	(1,793)	5,162	(590)	49,339
<u>48,662</u>	<u>5,816</u>	<u>39,475</u>	<u>2,272</u>	<u>468,596</u>
<u>\$ 58,618</u>	<u>\$ 4,023</u>	<u>\$ 44,637</u>	<u>\$ 1,682</u>	<u>\$ 517,935</u>

**City of Falcon Heights**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended December 31, 2021**

	Debt Service			Total
	G.O. Improvement Bonds, Series 2017A	G.O. Equipment Certificates, Series 2013B	G.O. Improvement Series 2013A	
<b>Revenues</b>				
Property taxes	\$ 112,650	\$ 98,894	\$ -	\$ 211,544
Tax increments	-	-	-	-
Special assessments	6,086	-	73	6,159
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous				
Investment income	1,164	453	72	1,689
Contributions and donations	-	-	-	-
Other	-	-	-	-
Total revenues	<u>119,900</u>	<u>99,347</u>	<u>145</u>	<u>219,392</u>
<b>Expenditures</b>				
Current				
General government	-	722	722	1,444
Public safety	-	-	-	-
Public works	722	-	-	722
Park and recreation	-	-	-	-
Community development	-	-	-	-
Miscellaneous	-	-	-	-
Debt service				
Principal	115,000	265,000	65,000	445,000
Interest and other charges	17,080	8,152	4,030	29,262
Capital outlay				
General government	-	-	-	-
Public works	-	-	-	-
Total expenditures	<u>132,802</u>	<u>273,874</u>	<u>69,752</u>	<u>476,428</u>
Excess of revenues over (under) expenditures	(12,902)	(174,527)	(69,607)	(257,036)
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	150,000	-	150,000
Transfers in	-	-	-	-
Transfers out	-	(116,782)	(7,338)	(124,120)
Total other financing sources (uses)	<u>-</u>	<u>33,218</u>	<u>(7,338)</u>	<u>25,880</u>
Net change in fund balances	(12,902)	(141,309)	(76,945)	(231,156)
<b>Fund Balances</b>				
Beginning of year	<u>488,866</u>	<u>141,309</u>	<u>76,945</u>	<u>707,120</u>
End of year	<u>\$ 475,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 475,964</u>

Capital Projects

General Capital Improvements	Amber Union	Tax Increment No. 1-3	Public Safety Capital Improvements	Total	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 211,544
-	-	333,729	-	333,729	333,729
-	-	-	-	-	6,159
-	49,678	-	-	49,678	65,415
-	73,380	-	-	73,380	243,933
1,037	35	290	47	1,409	4,691
-	-	-	-	-	24
28,834	-	-	-	28,834	32,624
<u>29,871</u>	<u>123,093</u>	<u>334,019</u>	<u>47</u>	<u>487,030</u>	<u>898,119</u>
723	-	-	-	723	2,167
-	-	-	722	722	15,695
-	74,003	722	-	74,725	223,199
-	-	-	-	-	24,318
-	-	-	-	-	723
-	-	-	-	-	592
-	-	-	-	-	445,000
-	-	-	-	-	29,262
10,996	-	-	-	10,996	10,996
-	-	328,271	-	328,271	328,271
<u>11,719</u>	<u>74,003</u>	<u>328,993</u>	<u>722</u>	<u>415,437</u>	<u>1,080,223</u>
18,152	49,090	5,026	(675)	71,593	(182,104)
-	-	-	-	-	150,000
-	-	-	-	-	46,000
-	-	-	-	-	(124,120)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,880</u>
18,152	49,090	5,026	(675)	71,593	(110,224)
283,450	-	75,517	8,437	367,404	1,543,120
<u>\$ 301,602</u>	<u>\$ 49,090</u>	<u>\$ 80,543</u>	<u>\$ 7,762</u>	<u>\$ 438,997</u>	<u>\$ 1,432,896</u>

**City of Falcon Heights**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund - Detailed**  
**Year Ended December 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
Property taxes	\$ 2,037,731	\$ 2,031,045	\$ (6,686)
Licenses and permits	75,008	252,408	177,400
Intergovernmental revenue			
Local government aid	603,532	603,532	-
Cable television franchise fees	30,000	36,381	6,381
Fire aid	50,000	55,862	5,862
Police aid	-	63,649	63,649
Total intergovernmental revenue	<u>683,532</u>	<u>759,424</u>	<u>75,892</u>
Charges for services			
Plan check fees	8,500	91,458	82,958
Other	10,800	9,491	(1,309)
Snow removal	-	200	200
Total charges for services	<u>19,300</u>	<u>101,149</u>	<u>81,849</u>
Fines and forfeitures	20,000	19,511	(489)
Miscellaneous revenue			
Investment income	18,000	3,162	(14,838)
Refunds and reimbursements	3,000	14,812	11,812
Other	33,650	2,057	(31,593)
Total miscellaneous revenue	<u>54,650</u>	<u>20,031</u>	<u>(34,619)</u>
Total revenues	<u>2,890,221</u>	<u>3,183,568</u>	<u>293,347</u>
<b>Expenditures</b>			
General government			
Legislative			
Wages, salaries, and compensation	22,315	22,125	(190)
Materials and supplies	1,800	1,075	(725)
Other	24,550	20,014	(4,536)
Administration			
Wages, salaries, and compensation	246,130	237,792	(8,338)
Materials and supplies	9,900	6,754	(3,146)
Other	37,300	25,995	(11,305)

**City of Falcon Heights**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund - Detailed**  
**Year Ended December 31, 2021**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>Expenditures (Continued)</b>			
General government (continued)			
Finance			
Wages, salaries, and compensation	\$ 129,560	\$ 122,796	\$ (6,764)
Materials and supplies	300	159	(141)
Other	22,340	20,962	(1,378)
Legal	16,000	9,414	(6,586)
Elections			
Materials and supplies	500	371	(129)
Other	24,718	23,941	(777)
Communications			
Wages, salaries, and compensation	27,650	21,475	(6,175)
Materials and supplies	4,700	11,824	7,124
Other	44,000	80,010	36,010
Planning and inspections			
Wages, salaries, and compensation	87,310	75,366	(11,944)
Materials and supplies	50	53	3
Other	65,680	66,660	980
Total general government	<u>764,803</u>	<u>746,786</u>	<u>(18,017)</u>
Public safety			
Emergency preparedness			
Wages, salaries, and compensation	7,580	5,819	(1,761)
Materials and supplies	1,000	-	(1,000)
Other	200	133	(67)
Police services	1,261,271	1,231,909	(29,362)
Legal	31,000	30,000	(1,000)
Fire fighting			
Wages, salaries, and compensation	25,432	4,931	(20,501)
Fire relief pension	50,000	56,862	6,862
Materials and supplies	4,900	2,384	(2,516)
Other	229,350	193,741	(35,609)
Total public safety	<u>1,610,733</u>	<u>1,525,779</u>	<u>(84,954)</u>
Public works			
Buildings and grounds			
Wages, salaries, and compensation	29,095	28,354	(741)
Materials and supplies	11,000	5,986	(5,014)
Other	56,400	59,976	3,576

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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, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Expenditures (Continued)</b>			
Public works (Continued)			
Streets			
Wages, salaries, and compensation	\$ 82,390	\$ 85,090	\$ 2,700
Materials and supplies	18,900	24,134	5,234
Other	47,260	41,803	(5,457)
Engineering	10,000	16,081	6,081
Tree program			
Materials and supplies	50	-	(50)
Tree maintenance	42,500	48,158	5,658
Total public works	297,595	309,582	11,987
 Park and recreation			
Park maintenance			
Wages, salaries, and compensation	61,140	47,985	(13,155)
Materials and supplies	5,800	790	(5,010)
Other	24,150	23,121	(1,029)
Total parks and recreation	91,090	71,896	(19,194)
Total expenditures	2,764,221	2,654,043	(110,178)
 Excess of revenues over expenditures	126,000	529,525	403,525
 <b>Other Financing Uses</b>			
Transfers out	(126,000)	(526,000)	(400,000)
 Net change in fund balance	\$ -	3,525	\$ 3,525
 <b>Fund Balance</b>			
Beginning of year		3,241,773	
End of year		\$ 3,245,298	

**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, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
Charges for services	\$ 6,500	\$ 5,449	\$ (1,051)
Miscellaneous revenues			
Investment income	250	175	(75)
Contributions and donations	1,000	24	(976)
Total miscellaneous revenues	1,250	199	(1,051)
Total revenues	7,750	5,648	(2,102)
<b>Expenditures</b>			
Park and recreation			
Current			
Wages, salaries, and compensation	27,540	17,388	(10,152)
Materials and supplies	1,750	356	(1,394)
Other	6,350	3,836	(2,514)
Total expenditures	35,640	21,580	(14,060)
Excess of revenues over (under) expenditures	(27,890)	(15,932)	11,958
<b>Other Financing Sources</b>			
Transfers in	26,000	26,000	-
Net change in fund balance	\$ (1,890)	10,068	\$ 11,958
<b>Fund Balance</b>			
Beginning of year		42,034	
End of year		\$ 52,102	

**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, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget- Over (Under)
<b>Revenues</b>			
Charges for services	\$ 35,000	\$ 38,970	\$ 3,970
Miscellaneous revenues			
Investment income	1,500	699	(801)
Total revenues	36,500	39,669	3,169
 <b>Expenditures</b>			
Public works			
Wages, salaries, and compensation	11,467	10,778	(689)
Other	6,170	2,153	(4,017)
Total expenditures	17,637	12,931	(4,706)
Excess of revenues over expenditures	\$ 18,863	26,738	\$ 7,875
 <b>Fund Balance</b>			
Beginning of year		201,873	
End of year		\$ 228,611	

**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, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>			
Recycling grant	\$ 15,500	\$ 15,737	\$ 237
Charges for services	76,000	83,287	7,287
Miscellaneous revenues			
Investment income	1,400	331	(1,069)
Total revenues	<u>92,900</u>	<u>99,355</u>	<u>6,455</u>
<b>Expenditures</b>			
Public works			
Wages, salaries, and compensation	18,390	17,151	(1,239)
Materials and supplies	1,100	-	(1,100)
Recycling contract	80,000	83,537	3,537
Other	3,550	2,011	(1,539)
Total expenditures	<u>103,040</u>	<u>102,699</u>	<u>(341)</u>
Excess of revenues over (under) expenditures	<u>\$ (10,140)</u>	<u>(3,344)</u>	<u>\$ 6,796</u>
<b>Fund Balance</b>			
Beginning of year		<u>110,487</u>	
End of year		<u>\$ 107,143</u>	

**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, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
Miscellaneous revenues			
Investment income	\$ 300	\$ 75	\$ (225)
Other	1,895	3,790	1,895
Total revenues	2,195	3,865	1,670
<b>Expenditures</b>			
Community development			
Other	9,100	723	(8,377)
Excess of revenues over (under) expenditures	\$ (6,905)	3,142	\$ 10,047
<b>Fund Balance</b>			
Beginning of year		17,977	
End of year		\$ 21,119	

**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, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget- Over (Under)
<b>Revenues</b>			
Charges for services	\$ 41,000	\$ 41,922	\$ 922
Miscellaneous revenues			
Investment income	200	156	(44)
Total revenues	41,200	42,078	878
<b>Expenditures</b>			
Public works			
Other	39,950	32,122	(7,828)
Excess of revenues over expenditures	\$ 1,250	9,956	\$ 8,706
<b>Fund Balance</b>			
Beginning of year		48,662	
End of year		\$ 58,618	

**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, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>				
Charges for services				
Park and recreation	\$ 725	\$ 725	\$ 925	\$ 200
Miscellaneous revenues				
Investment income	25	25	20	(5)
Total revenues	750	750	945	195
<b>Expenditures</b>				
Park and recreation				
Other	4,000	4,888	2,738	(2,150)
Excess of revenues (under) expenditures	\$ (3,250)	\$ (4,138)	(1,793)	\$ 2,345
<b>Fund Balance</b>				
Beginning of year			5,816	
End of year			\$ 4,023	

**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, 2021**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>Revenues</b>			
Miscellaneous revenues			
Investment income	\$ -	\$ 135	\$ 135
Contributions and donations	<u>50</u>	<u>-</u>	<u>(50)</u>
Total miscellaneous revenues	<u>50</u>	<u>135</u>	<u>85</u>
<b>Expenditures</b>			
Public Safety			
Wages, salaries and compensation	<u>35,000</u>	<u>14,973</u>	<u>(20,027)</u>
Excess of revenues under (under) expenditures	(34,950)	(14,838)	20,112
<b>Other Financing Sources</b>			
Transfers in	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (14,950)</u>	5,162	<u>\$ 20,112</u>
<b>Fund Balance</b>			
Beginning of year		<u>39,475</u>	
End of year		<u>\$ 44,637</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, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
Property Taxes	\$ 112,650	\$ 112,650	\$ -
Special assessments	5,000	6,086	1,086
Miscellaneous revenues			
Investment income	1,500	1,164	(336)
Total revenues	119,150	119,900	750
<b>Expenditures</b>			
Public works			
Wages, salaries and compensation	800	722	(78)
Debt service			
Principal	115,000	115,000	-
Interest and other charges	21,725	17,080	(4,645)
Total expenditures	137,525	132,802	(4,723)
Excess of revenues over (under) expenditures	\$ (18,375)	(12,902)	\$ 5,473
<b>Fund Balance</b>			
Beginning of year		488,866	
End of year		\$ 475,964	

**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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Special assessments	-	\$ -	\$ 73	\$ 73
Miscellaneous revenues				
Investment income	800	800	72	(728)
Total revenues	800	800	145	(655)
<b>Expenditures</b>				
General government				
Other	800	800	722	(78)
Debt service				
Principal	65,000	65,000	65,000	-
Interest and other charges	3,309	5,309	4,030	(1,279)
Total expenditures	69,109	71,109	69,752	(1,357)
Excess of revenues over (under) expenditures	(68,309)	(70,309)	(69,607)	702
<b>Other Financing Sources</b>				
Transfers in	12,000	12,000	-	(12,000)
Transfers out	-	(7,500)	(7,338)	162
Net Other Financing Sources and Uses	12,000	4,500	(7,338)	(11,838)
Net change in fund balance	\$ (56,309)	\$ (65,809)	(76,945)	\$ (11,136)
<b>Fund Balance</b>				
Beginning of year			76,945	
End of year			\$ -	

**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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 98,894	\$ 98,894	\$ 98,894	\$ -
Miscellaneous revenues				
Investment income	1,000	1,000	453	(547)
Total revenues	<u>99,894</u>	<u>99,894</u>	<u>99,347</u>	<u>(547)</u>
<b>Expenditures</b>				
General government				
Wages, salaries, and compensation	800	800	722	(78)
Debt service				
Principal	85,000	265,000	265,000	-
Interest and other charges	9,056	9,056	8,152	(904)
Total expenditures	<u>94,856</u>	<u>274,856</u>	<u>273,874</u>	<u>(982)</u>
Excess of revenues over (under) expenditures	5,038	(174,962)	(174,527)	435
<b>Other financing sources and uses</b>				
Proceeds from sale of capital assets	-	-	150,000	150,000
Transfers out	(120,000)	(120,000)	(116,782)	3,218
Net Other Financing Sources and Uses	<u>(120,000)</u>	<u>(120,000)</u>	<u>33,218</u>	<u>153,218</u>
Net change in fund balance	<u>\$ (114,962)</u>	<u>\$ (294,962)</u>	(141,309)	<u>\$ 153,653</u>
<b>Fund Balance</b>				
Beginning of year			<u>141,309</u>	
End of year			<u>\$ -</u>	

**City of Falcon Heights**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual -**  
**2021 Street Project - Capital Projects Fund**  
**Year Ended December 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
Special assessments	\$ 392,000	\$ 171,733	\$ (220,267)
Intergovernmental revenue			
Other grants and aids	302,500	288,715	(13,785)
Miscellaneous revenues			
Investment income	-	672	672
Other	-	1,350	1,350
Total miscellaneous	<u>-</u>	<u>2,022</u>	<u>2,022</u>
Total revenues	<u>694,500</u>	<u>462,470</u>	<u>(232,030)</u>
<b>Expenditures</b>			
Public works			
Current			
Other	-	94,098	94,098
Capital outlay	997,000	991,874	(5,126)
Interest and other charges	-	27,613	27,613
Total expenditures	<u>997,000</u>	<u>1,113,585</u>	<u>116,585</u>
Excess of revenues under expenditures	(302,500)	(651,115)	(348,615)
<b>Other Financing Sources</b>			
Bond issuance	302,500	654,175	351,675
Bond premium	-	30,512	30,512
Total other financing sources	<u>302,500</u>	<u>684,687</u>	<u>382,187</u>
Net change in fund balance	<u>\$ -</u>	33,572	<u>\$ 33,572</u>
<b>Fund Balance</b>			
Beginning of year		<u>-</u>	
End of year		<u>\$ 33,572</u>	

**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, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>				
Special assessments	\$ -	\$ -	\$ 3,688	\$ 3,688
Licenses and permits	135,000	135,000	132,896	(2,104)
Intergovernmental				
Other grants and aids	60,000	60,000	154,216	94,216
Miscellaneous revenues				
Investment income	12,000	12,000	1,121	(10,879)
Other	-	-	342	342
Total revenues	207,000	207,000	292,263	85,263
<b>Expenditures</b>				
Public works				
Current				
Other	2,800	2,800	11,557	8,757
Capital outlay	3,000	33,000	24,828	(8,172)
Total expenditures	5,800	35,800	36,385	585
Excess of revenues over expenditures	201,200	171,200	255,878	84,678
<b>Other Financing Sources</b>				
Transfers in	80,000	80,000	80,000	-
Net change in fund balance	\$ 281,200	\$ 251,200	335,878	\$ 84,678
<b>Fund Balance</b>				
Beginning of year			1,309,870	
End of year			\$ 1,645,748	

**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, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
Miscellaneous revenues			
Investment income	\$ 1,500	\$ 1,037	\$ (463)
Other	-	28,834	28,834
Total revenues	1,500	29,871	28,371
<b>Expenditures</b>			
General government			
Current			
Other	800	723	(77)
Capital outlay	9,500	10,996	1,496
Total expenditures	10,300	11,719	1,419
Excess of revenues over (under) expenditures	\$ (8,800)	18,152	\$ 26,952
<b>Fund Balance</b>			
Beginning of year		283,450	
End of year		\$ 301,602	

**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, 2021**

	Original Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
Miscellaneous revenues			
Investment income	\$ 1,000	\$ 242	\$ 242
<b>Expenditures</b>			
Parks and recreation			
Current			
Other	800	723	723
Capital outlay	84,000	13,098	13,098
Total expenditures	84,800	13,821	13,821
Excess of revenues over (under) expenditures	(83,800)	(13,579)	(13,579)
<b>Other Financing Sources</b>			
Proceeds from sale of capital assets	-	387,349	387,349
Transfers in	-	524,120	524,120
Total other financing sources	-	911,469	911,469
	\$ (83,800)	897,890	\$ 897,890
<b>Fund Balance</b>			
Beginning of year		207,801	
End of year		\$ 1,105,691	

**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, 2021**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Over (Under)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Tax increments	\$ 280,000	\$ 330,000	\$ 333,729	\$ 3,729
Miscellaneous revenue				
Investment income	800	800	290	(510)
Total revenues	<u>280,800</u>	<u>330,800</u>	<u>334,019</u>	<u>3,219</u>
<b>Expenditures</b>				
Public works				
Current				
Other	800	800	722	(78)
Capital outlay	<u>289,000</u>	<u>339,000</u>	<u>328,271</u>	<u>(10,729)</u>
Total expenditures	<u>289,800</u>	<u>339,800</u>	<u>328,993</u>	<u>(10,807)</u>
Excess of revenues over (under) expenditures	<u>\$ (9,000)</u>	<u>\$ (9,000)</u>	5,026	<u>\$ 14,026</u>
<b>Fund Balance</b>				
Beginning of year			<u>75,517</u>	
End of year			<u>\$ 80,543</u>	



**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, 2021**

	Budgeted Amounts		Actual Amounts		Variance with Final Budget - Over (Under)
	Original and Final Budget				
<b>Revenues</b>					
Miscellaneous revenues					
Investment income	\$ 100		\$ 47		\$ (53)
<b>Expenditures</b>					
Public safety					
Current					
Other	800		722		(78)
Capital outlay	7,000		-		(7,000)
Total expenditures	7,800		722		(7,078)
Excess of revenues over (under) expenditures	\$ (7,700)		(675)		\$ 7,025
<b>Fund Balance</b>					
Beginning of year			8,437		
End of year			\$ 7,762		

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**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**

	Fiscal Year			
	2012	2013	2014	2015
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 7,695,346	\$ 7,637,289	\$ 7,257,327	\$ 7,205,699
Restricted	254,441	474,487	610,535	477,094
Unrestricted	<u>2,501,081</u>	<u>2,493,059</u>	<u>2,545,364</u>	<u>2,302,829</u>
Total Governmental Activities	<u>\$ 10,450,868</u>	<u>\$ 10,604,835</u>	<u>\$ 10,413,226</u>	<u>\$ 9,985,622</u>
<b>Business-Type Activities</b>				
Net investment in capital assets	\$ 874,377	\$ 828,552	\$ 1,223,115	\$ 1,535,176
Unrestricted	<u>2,580,201</u>	<u>2,670,746</u>	<u>2,656,683</u>	<u>2,398,677</u>
Total Business-Type Activities	<u>\$ 3,454,578</u>	<u>\$ 3,499,298</u>	<u>\$ 3,879,798</u>	<u>\$ 3,933,853</u>
<b>Primary Government</b>				
Net investment in capital assets	\$ 8,569,723	\$ 8,465,841	\$ 8,480,442	\$ 8,740,875
Restricted	254,441	474,487	610,535	477,094
Unrestricted	<u>5,081,282</u>	<u>5,163,805</u>	<u>5,202,047</u>	<u>4,701,506</u>
Total Primary Government Net Position	<u>\$ 13,905,446</u>	<u>\$ 14,104,133</u>	<u>\$ 14,293,024</u>	<u>\$ 13,919,475</u>

**Table 1**

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 7,139,185	\$ 7,073,360	\$ 7,136,755	\$ 7,256,270	\$ 7,390,580	\$ 7,006,594
484,867	613,084	528,460	913,108	866,475	778,435
<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>5,695,480</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>	<u>\$ 13,480,509</u>
\$ 1,487,989	\$ 1,675,687	\$ 1,620,358	\$ 1,727,018	\$ 1,939,341	\$ 2,201,504
<u>2,524,097</u>	<u>2,139,335</u>	<u>2,252,575</u>	<u>2,389,482</u>	<u>2,232,118</u>	<u>2,323,793</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>	<u>\$ 4,525,297</u>
\$ 8,627,174	\$ 8,749,047	\$ 8,757,113	\$ 8,983,288	\$ 9,329,921	\$ 9,208,098
484,867	613,084	528,460	913,108	866,475	778,435
<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>8,019,273</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>	<u>\$ 18,005,806</u>

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

	Fiscal Year			
	2012	2013	2014	2015
<b>Expenses</b>				
<b>Governmental Activities</b>				
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>
<b>Business-Type Activities</b>				
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>
 <b>Program Revenues</b>				
<b>Governmental Activities</b>				
Charges for Services:				
General Government	\$ 150,366	\$ 155,006	\$ 132,811	\$ 158,077
Public Safety	147,127	129,220	137,377	145,952
Public Works	135,552	149,158	147,014	149,152
Park and Recreation	36,368	184,510	43,209	25,232
Community Development	1,716	1,717	1,716	1,716
Operating Grants and Contributions	119,267	218,919	193,236	473,143
Capital Grants and Contributions	1,567	664,846	13,967	196,337
Total Governmental Activities Program Revenues	<u>591,963</u>	<u>1,503,376</u>	<u>669,330</u>	<u>1,149,609</u>
<b>Business-Type Activities</b>				
Charges for Services:				
Sanitary Sewer	788,551	807,031	780,844	756,539
Storm Sewer	141,630	156,632	155,116	154,984
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	-	-	-	-
Total Business-Type Activities Program Revenues	<u>930,181</u>	<u>963,663</u>	<u>935,960</u>	<u>911,523</u>
 Total Primary Government Program Revenues	 <u>\$ 1,522,144</u>	 <u>\$ 2,467,039</u>	 <u>\$ 1,605,290</u>	 <u>\$ 2,061,132</u>

Table 2 continued next page



Table 2

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 696,194	\$ 752,640	\$ 743,238	\$ 777,949	\$ 765,683	\$ 834,064
1,073,268	1,072,905	1,473,021	1,528,097	1,604,140	1,596,239
648,892	1,775,574	897,796	614,411	680,429	2,006,502
162,958	174,392	139,967	145,442	131,580	114,604
1,789	3,726	33,944	8,080	747	723
18,363	28,612	35,301	32,222	25,644	48,811
<u>2,601,464</u>	<u>3,807,849</u>	<u>3,323,267</u>	<u>3,106,201</u>	<u>3,208,223</u>	<u>4,600,943</u>
760,415	723,236	708,321	901,784	867,393	960,715
122,303	142,494	156,170	155,634	145,903	158,873
<u>882,718</u>	<u>865,730</u>	<u>864,491</u>	<u>1,057,418</u>	<u>1,013,296</u>	<u>1,119,588</u>
<u>\$ 3,484,182</u>	<u>\$ 4,673,579</u>	<u>\$ 4,187,758</u>	<u>\$ 4,163,619</u>	<u>\$ 4,221,519</u>	<u>\$ 5,720,531</u>
\$ 167,214	\$ 145,060	\$ 118,265	\$ 188,726	\$ 129,162	\$ 235,187
125,161	127,160	107,026	155,035	76,079	190,431
152,128	151,229	160,774	146,301	154,959	164,379
15,170	11,476	11,047	8,986	1,500	6,374
1,716	1,895	-	3,790	-	3,790
151,536	154,211	226,881	381,001	807,921	730,258
11,490	953,653	35,938	10,163	55,253	388,902
<u>624,415</u>	<u>1,544,684</u>	<u>659,931</u>	<u>894,002</u>	<u>1,224,874</u>	<u>1,719,321</u>
829,339	879,391	945,893	1,070,459	852,185	1,153,186
157,067	169,957	169,172	174,608	179,662	188,125
701	-	-	-	-	129,239
-	-	-	-	-	-
<u>987,107</u>	<u>1,049,348</u>	<u>1,115,065</u>	<u>1,245,067</u>	<u>1,031,847</u>	<u>1,470,550</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>	<u>\$ 3,189,871</u>

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

	Fiscal Year			
	2012	2013	2014	2015
<b>Net (Expense)/Revenue</b>				
Governmental Activities	\$ (1,708,482)	\$ (1,768,874)	\$ (1,851,595)	\$ (1,894,034)
Business-Type Activities	225,308	122,104	190,307	161,104
<b>Total Primary Government Net (Expense)/Revenue</b>	<u>\$ (1,483,174)</u>	<u>\$ (1,646,770)</u>	<u>\$ (1,661,288)</u>	<u>\$ (1,732,930)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Taxes				
Property Taxes	\$ 1,011,688	\$ 1,080,588	\$ 1,043,863	\$ 1,081,384
Franchise Fees	-	-	-	-
Tax Increments	349,752	374,385	202,372	156,606
Unrestricted State Aids	311,928	312,593	505,414	533,015
Other General Revenue	-	66,520	38,602	15,000
Unrestricted Investment Income	28,174	118	26,324	14,783
Gain on Sale of Assets	-	8,637	34,060	270
Transfers	56,075	80,000	(167,106)	-
<b>Total Governmental Activities</b>	<u>1,757,617</u>	<u>1,922,841</u>	<u>1,683,529</u>	<u>1,801,058</u>
Business-Type Activities:				
Other General Revenue	-	-	-	-
Unrestricted Investment Income	21,673	2,616	23,087	13,091
Proceeds Sale of Assets	-	-	-	-
Transfers	(56,075)	(80,000)	167,106	-
<b>Total Business-Type Activities</b>	<u>(34,402)</u>	<u>(77,384)</u>	<u>190,193</u>	<u>13,091</u>
<b>Total Primary Government</b>	<u>\$ 1,723,215</u>	<u>\$ 1,845,457</u>	<u>\$ 1,873,722</u>	<u>\$ 1,814,149</u>
<b>Changes in Net Position</b>				
Governmental Activities	\$ 49,135	\$ 153,967	\$ (168,066)	\$ (92,976)
Business-Type Activities	190,906	44,720	380,500	174,195
<b>Total Primary Government</b>	<u>\$ 240,041</u>	<u>\$ 198,687</u>	<u>\$ 212,434</u>	<u>\$ 81,219</u>

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

Table 2 (Cont)

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ (1,977,049)	\$ (2,263,165)	\$ (2,663,336)	\$ (2,212,199)	\$ (1,983,349)	\$ (2,881,622)
104,389	183,618	250,574	187,649	18,551	350,962
<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>	<u>\$ (2,530,660)</u>
\$ 1,181,336	1,271,602	1,600,552	1,997,743	2,159,635	2,251,745
-	-	22,179	131,659	138,243	132,896
251,476	172,018	294,506	229,181	271,247	333,729
542,320	546,524	604,943	605,967	604,477	892,919
-	18,437	31,975	11,333	52,308	103,564
22,163	29,149	78,289	121,623	89,682	9,901
61	225	-	-	-	-
40,000	400,000	230,000	-	-	-
<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>	<u>3,724,754</u>
-	-	-	-	-	-
13,844	19,318	37,337	55,918	36,408	2,876
-	-	-	-	-	-
<u>(40,000)</u>	<u>(400,000)</u>	<u>(230,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(26,156)</u>	<u>(380,682)</u>	<u>(192,663)</u>	<u>55,918</u>	<u>36,408</u>	<u>2,876</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>	<u>3,727,630</u>
\$ 60,307	\$ 174,790	\$ 199,108	\$ 885,307	\$ 1,332,243	\$ 843,132
78,233	(197,064)	57,911	243,567	54,959	353,838
<u>\$ 138,540</u>	<u>\$ (22,274)</u>	<u>\$ 257,019</u>	<u>\$ 1,128,874</u>	<u>\$ 1,387,202</u>	<u>\$ 1,196,970</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
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
2021	2,251,745	333,729	132,896	2,718,370

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

	Fiscal Year					
	2012	2013	2014	2015	2016	2017
<b>General Fund</b>						
Nonspendable	\$ 67,068	\$ 70,602	\$ 89,222	\$ 85,535	\$ 71,138	\$ 37,201
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	<u>1,236,211</u>	<u>1,275,982</u>	<u>1,326,645</u>	<u>1,334,716</u>	<u>1,504,383</u>	<u>1,676,621</u>
Total General Fund	<u>\$ 1,303,279</u>	<u>\$ 1,346,584</u>	<u>\$ 1,415,867</u>	<u>\$ 1,420,251</u>	<u>\$ 1,575,521</u>	<u>\$ 1,713,822</u>
<b>All Other Governmental Funds</b>						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	333,945	951,032	411,590	318,141	337,506	498,308
Committed	189,414	285,035	251,368	263,384	308,915	321,089
Assigned	997,693	851,073	919,832	803,442	799,450	1,642,422
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43,120)</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 1,521,052</u>	<u>\$ 2,087,140</u>	<u>\$ 1,582,790</u>	<u>\$ 1,341,847</u>	<u>\$ 1,445,871</u>	<u>\$ 2,461,819</u>

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

**Table 4**

Fiscal Year			
<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 40,800	\$ 17,737	\$ 53,084	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,828,155</u>	<u>\$ 2,007,462</u>	<u>\$ 2,515,136</u>	<u>\$ 3,245,298</u>
<u>\$ 1,868,955</u>	<u>\$ 2,025,199</u>	<u>\$ 2,568,220</u>	<u>\$ 3,245,298</u>
\$ -	\$ -	\$ -	\$ -
450,561	868,901	857,959	649,927
333,318	377,003	426,849	471,616
1,659,242	1,404,348	1,775,983	3,109,890
-	-	-	-
<u>\$ 2,443,121</u>	<u>\$ 2,650,252</u>	<u>\$ 3,060,791</u>	<u>\$ 4,231,433</u>

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

	Fiscal Year					
	2012	2013	2014	2015	2016	2017
<b>Other Financing Sources (Uses)</b>						
Transfers in	\$ 246,775	\$ 170,418	\$ 241,685	\$ 24,716	\$ 62,000	\$ 442,000
Transfers out	(190,700)	(90,418)	(101,685)	(24,716)	(22,000)	(42,000)
Proceeds sale of capital assets	29,534	8,637	34,060	270	61	225
Bonds issued	-	1,160,000	-	-	-	845,000
Bond premium	-	-	-	-	-	-
Total other financing sources (Uses)	<u>85,609</u>	<u>1,248,637</u>	<u>174,060</u>	<u>270</u>	<u>40,061</u>	<u>1,245,225</u>
Net change in fund balances	<u>\$ (103,701)</u>	<u>\$ 620,285</u>	<u>\$ (477,659)</u>	<u>\$ (74,963)</u>	<u>\$ 261,865</u>	<u>\$ 1,081,200</u>
Debt service as a percentage of noncapital expenditures	3.03%	3.43%	3.42%	6.60%	6.63%	4.59%



**Table 5 (Cont.)**

Fiscal Year			
<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 291,770	\$ 479,912	\$ 158,000	\$ 650,120
(61,770)	(479,912)	(158,000)	(650,120)
-	-	-	537,349
-	-	-	665,000
<u>52,345</u>	<u>-</u>	<u>-</u>	<u>30,512</u>
<u>230,000</u>	<u>-</u>	<u>-</u>	<u>1,232,861</u>
<u>\$ 164,208</u>	<u>\$ 691,741</u>	<u>\$ 1,119,439</u>	<u>\$ 1,174,167</u>
5.87%	9.41%	9.13%	10.30%

**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
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
2021	2,242,589	333,729	132,896	2,709,214

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

**Table 7**

Year Ended December 31,	Real Property (1)		Personal Property (1)		Less Tax Exempt Real Property (1)	Total Taxable Assessed Value (1)	Total Direct Tax Rate	Estimated Actual Taxable Market Value	Assessed (Tax Capacity) Value <sup>(1)</sup> as a Percentage of Taxable Market Value
	Residential Property	Commercial Property	Motor Vehicles	Other					
2012	\$ 4,021,671	NA	NA	\$ 55,328	NA	\$ 4,076,999	23.515	\$ 374,125,500	1.09%
2013	3,697,530	NA	NA	59,508	NA	3,757,038	27.884	362,697,600	1.04%
2014	3,776,860	NA	NA	59,934	NA	3,836,794	24.819	369,585,000	1.04%
2015	4,111,429	NA	NA	61,664	NA	4,173,093	23.470	385,888,200	1.08%
2016	4,100,084	NA	NA	64,788	NA	4,164,872	25.855	384,679,900	1.08%
2017	4,327,797	NA	NA	68,082	NA	4,395,879	26.342	403,438,700	1.09%
2018	4,602,900	NA	NA	72,140	NA	4,675,040	31.780	426,967,700	1.09%
2019	4,821,090	NA	NA	68,604	NA	4,889,694	37.356	464,013,600	1.05%
2020	5,290,593	NA	NA	70,696	NA	5,361,289	36.635	502,720,300	1.07%
2021	5,596,770	NA	NA	78,544	NA	5,675,314	36.348	527,577,000	1.08%

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

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

**Table 8**

Net Tax Capacity Rates (2)								
Fiscal Year	City of Falcon Heights			Overlapping Rates				Total Direct and Overlapping Rates
	Operating Rate (3)	Debt Service Rate	Total City Rate	Technical College Rate	Ramsey County Rate	School District No. 623 Rate	Special Districts Rate	
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
2021	36.348	0.000	36.348	0.000	47.760	31.25	8.588	123.947

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

(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, 2021**

**Table 9**

Taxpayer	2021			2012		
	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 %	94,050	3	2.09 %
Spire Federal Credit Union	157,590	3	3.58 %	186038	1	4.12 %
Buhl GTA LP	111,477	4	- %	-	-	- %
Town Square Senior Apartments, LLC	86,520	5	1.77 %	114732	4	2.54 %
Northern States Power	70,696	6	1.70 %	55328	5	1.23 %
Falcon Crossing, LLC	66,566	7	1.51 %	44736	8	0.99 %
Anna Spiegler	60,456	8	1.38 %	34664	6	0.77 %
Warner Properties of MN, LLP	48,866	9	1.17 %	38862	10	0.86 %
Carl and Eloise Pohlrad Foundation	46,078	10	1.05 %	-	-	- %
Xerxes Ave LLC	45,650	11	1.04 %	-	-	- %
JAK Rental Properties LLC	41,210	12	1.04 %	42570	9	0.94 %
<b>Total</b>	<b>\$ 1,086,693</b>		<b>22.66 %</b>	<b>\$ 725,712</b>		<b>16.09 %</b>

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

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

**Table 10**

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	3,340	1,275,145	99.76%
2018	1,487,059	1,480,385	99.6%	4,085	1,487,059	100.00%
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%	3,995	2,131,339	99.71%
2021	2,249,275	2,242,589	99.7%		2,242,589	99.70%

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

**Table 11**

Fiscal Year	Governmental Activities		Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>
	G.O. Bonds	Total Primary Government		
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
2021	1,165,000	1,165,000	0.57%	229

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

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

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

**Table 12**

Fiscal Year	G.O. Bonds	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value <sup>(1)</sup> of Property	Per Capita <sup>(2)</sup>
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
2021	1,165,000	486,550	678,450	0.13%	121

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

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

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

**City of Falcon Heights**  
**Direct and Overlapping Governmental Activities Debt**  
**December 31, 2021**

**Table 13**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable <sup>(1)</sup>	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes: County	\$ 2,151,794,677	0.8%	\$ 17,819,202
Subtotal, Overlapping Debt			17,819,202
City of Falcon Heights Direct Debt			1,165,000
Unamortized bond premium direct debt			46,484
Subtotal Direct Debt			1,211,484
Total Direct and Overlapping Debt			<u>\$ 18,984,202</u>

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

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

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

**City of Falcon Heights**  
**Computation of Direct and Overlapping Bonded Debt**  
**December 31, 2021**

**Table 13 (Cont.)**

Governmental Unit	Gross Debt <sup>(1)</sup>	Sinking Funds	Net Debt	City's Share	
				Percent	Amount
<b>Direct</b>					
City of Falcon Heights	\$ 1,211,484	\$ 486,550	\$ 724,934	100.00 %	\$ 724,934
<b>Overlapping</b>					
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
<b>Metropolitan Agencies</b>					
Metro Council	1,688,625,662	191,569,090	1,497,056,572	0.13	1,945,563
Metro Airports Commission	-	-			
Total	<u>2,150,583,193</u>	<u>247,098,145</u>	<u>1,901,477,106</u>		<u>17,819,202</u>
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>\$ 2,151,794,677</u>	<u>\$ 247,584,695</u>	<u>\$ 1,902,202,040</u>		<u>\$ 18,544,136</u>

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

Metro Council has G.O. Revenue debt of \$ 1,443,245,662 and Revenue debt of \$ 0.

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

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

	Fiscal Year			
	2012	2013	2014	2015
Debt Limit	\$ 7,482,510	\$ 6,838,406	\$ 6,991,052	\$ 7,717,764
Total Net Debt Applicable to Limit	-	-	-	-
Legal Debt Margin	<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%

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**

		Fiscal Year					
		2016	2017	2018	2019	2020	2021
		\$ 7,693,598	\$ 8,068,774	\$ 8,539,354	\$ 9,280,272	\$ 10,054,406	\$ 10,551,540
		-	-	-	-	-	-
		<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>	<u>\$ 10,551,540</u>
		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
							Legal Debt Margin Calculation for Fiscal Year 2020
Assessed Value							\$ 527,577,000
Add Back Exempt Real Property							-
Total Assessed Value							<u>527,577,000</u>
Debt Limit (2% of Total Assessed Value)							10,551,540
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>\$ 10,551,540</u>

**City of Falcon Heights  
Pledge-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%	
2021	8,847	180,000	21,110	4.4%	

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**

**Table 16**

Fiscal Year	Population <sup>(1)</sup>	Total Personal Income	Per Capita Personal Income <sup>(2)</sup>	Median Age <sup>(3)</sup>	Education Level in Years of Formal Schooling <sup>(3)</sup>	School Enrollment <sup>(4)</sup>	Unemployment Rate <sup>(5)</sup>
2012	5,426	\$ 165,113,180	\$ 30,430	NA	14.8	6,793	5.4
2013	5,370	161,631,630	30,099	NA	14.8	7,471	4.3
2014	5,490	165,117,240	30,076	NA	14.8	7,436	3.2
2015	5,450	165,314,850	30,333	NA	14.8	7,507	3.1
2016	5,460	170,657,760	31,256	NA	14.8	7,590	4.1
2017	5,450	170,345,200	36,156	NA	14.8	7,592	3.2
2018	5,450	197,535,250	36,245	NA	14.8	7,519	2.9
2019	5,500	199,347,500	36,245	NA	14.8	7,329	3.2
2020	5,600	196,072,800	35,013	NA	14.8	7,294	4.7
2021	5,600	204,948,800	36,598	NA	14.8	7,192	2.7

Data sources

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

<sup>(2)</sup> State of Minnesota Demography Department - Ramsey County data and US Census data

<sup>(3)</sup> Census Data for 2020

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

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

\* Revenue Information for Ramsey County not available

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

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

**Table 17**

Taxpayer	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
University of Minnesota (1)	2,200	1	61.11 %	2,800	1	82.35 %
Spire Federal Credit Union	300	2	8.33	91	3	-
Twin Cities Laboratories	120	3	3.33	100	2	-
Minnesota State Fair (2)	80	4	2.22	80	5	2.35
Falcon Heights Elementary	60	5	1.67	45	4	1.32
Estimated Total City Employees All Businesses	<u>3,600</u>		<u>76.67 %</u>	<u>3,400</u>		<u>86.03 %</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 2,500 people contingently employed.



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

**Table 18**

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Government</b>	4.16	4.16	4.51	4.26	4.26	4.61	5.21	5.21	5.21	5.18
<b>Public Safety</b>										
Police (1)										
Officers	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Fire										
Firefighters and Officers	2.27	2.27	3.02	3.02	3.02	2.77	2.77	2.77	2.77	0.35
<b>Highways and Streets</b>										
Engineering (2)										
Maintenance	1.13	1.13	1.13	1.13	1.13	1.10	1.11	1.11	1.11	1.11
<b>Park and Recreation</b>	2.49	2.49	2.49	2.49	2.49	2.44	2.49	2.49	2.49	1.64
<b>Sewer</b>	2.19	2.19	2.19	2.19	2.19	2.32	2.32	2.32	2.32	2.33
Total	<u>12.24</u>	<u>12.24</u>	<u>13.34</u>	<u>13.09</u>	<u>13.09</u>	<u>13.24</u>	<u>13.90</u>	<u>13.90</u>	<u>13.90</u>	<u>10.61</u>

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

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

**Table 19**

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Police</b>										
Physical Arrests	605	649	620	700	539	311	59	37	30	67
Parking Violations	215	336	427	313	303	155	304	410	88	135
Traffic Violations	1,486	1,608	1,496	1,987	1,344	1,653	270	299	73	207
<b>Fire</b>										
Number of Calls Answered	149	94	117	108	120	119	143	200	106	171
Inspections	68	61	86	67	77	105	146	99	70	2
<b>Highways and Streets</b>										
Streets Resurfacing (Miles)	-	1	-	-	-	-	1	-	-	3
Potholes Repaired	60	70	185	80	70	68	29	55	100	20
<b>Sanitation</b>										
Refuse Collected (Tons/Day) (1)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Recyclables Collected (Tons/Day) (2)	9.3	9.3	9.6	8.9	9.0	8.9	8.6	8.0	9.3	9.3
<b>Park and Recreation</b>										
Athletic Field Permits Issued	3	3	3	3	3	83	87	93	0	0
Community Centers Admissions (3)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Water</b>										
New Connections	-	-	-	-	-	3	2	-	-	-
Water Mains Breaks	-	6	1	-	-	1	1	1	7	3
Average Daily Consumption (Thousands of Gallons)	903	1054	707	728	716	723	769	742	574	708
<b>Wastewater</b>										
Average Daily Sewage Treatment (Thousands of Gallons per Day)	688	553	562	561	574	538	629	638	500	572

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

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

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

**Table 20**

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Public Safety</b>										
Police (1)										
Stations	-	-	-	-	-	-	-	-	-	-
Patrol Units	-	-	-	-	-	-	-	-	-	-
Fire Stations (2)	1	1	1	1	1	1	1	1	1	-
<b>Highways and Streets</b>										
Streets (Miles)	24.3	24.3	24.3	24.3	24.3	24.3	24.3	24.3	24.3	24.3
Streetlights	210	210	210	210	210	210	210	210	210	210
Traffic Signals	9	9	9	9	9	9	9	9	9	9
<b>Park and Recreation</b>										
Parks Acreage	18.07	18.07	18.07	18.07	18.07	18.07	18.07	18.07	18.07	18.07
Parks	3	3	3	3	3	3	3	3	3	3
Tennis Courts	2	2	2	2	2	2	2	2	2	2
<b>Water</b>										
Water Mains (Miles)	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5
Fire Hydrants	146	146	146	146	146	146	146	146	146	146
Maximum Daily Capacity (Thousands of Gallons)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
<b>Sewer</b>										
Sanitary Sewers (Miles)	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7
Storm Sewers (Miles)	4	4	4	4	4	4	4	4	4	4
Maximum Daily Treatment Capacity (2) (Thousands of Gallons)	339,000	339,000	339,000	339,000	339,000	339,000	339,000	339,000	339,000	339,000

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

- (1) Falcon Heights contracts with the Ramsay County Sherriff's Department for 24 hour police coverage
- (2) The fire service was disbanded in January 2021. Contract for fire services with City of St Paul.
- (3) 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.