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Meeting Date	May 8, 2024
Agenda Item	Presentation D1
Attachment	Audit Materials
Submitted By	Jack Linehan, City Administrator

Item	Year-End 2023 Annual Audit Report
Description	<p>Andrew Grice of BerganKDV will present the Annual Comprehensive Financial Report for the Year Ended December 31, 2023. The Financial Report is a complex document that includes evaluation and analysis of the financial stability of the City as it relates to the General Fund, Special Revenue Funds, Debt Service funds, Capital Funds, and Proprietary Funds.</p> <p>Mr. Grice will provide a high-level overview of the financial stability of the City for year-end 2023.</p>
Budget Impact	N/A
Attachment(s)	<ul style="list-style-type: none"> • Communications Letter • Legal Compliance Report • Annual Comprehensive Financial Report (2023)
Action(s) Requested	Motion to accept and approve the Year End 2023 Annual Audit Report.

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

Communications Letter

December 31, 2023

**City of Falcon Heights
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Report on Matters Identified as a Result of the Audit of the Basic Financial Statements

Honorable Mayor, Members
of the City Council and Management
Jack Linehan, City Administrator
Roland Olson, Finance Director
City of Falcon Heights
Falcon Heights, Minnesota

In planning and performing our audit of the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Falcon Heights, Minnesota, as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error, or fraud may occur and not be detected by such controls.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the City's basic financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- ◆ *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- ◆ *Probable*. The future event or events are likely to occur.

We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The significant deficiency identified is stated within this letter.

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated April 23, 2024, on such statements.

The purpose of this communication, which is an integral part of our audit, is to describe for the information and use of management, the City Council, and others within the City and state oversight agencies the scope of our testing of internal control and the results of the testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

BerganKDV, Ltd.

Minneapolis, Minnesota
April 23, 2024

City of Falcon Heights Significant Deficiency

Lack of Segregation of Accounting Duties

The City continued to evaluate and improve the segregation of accounting duties among City staff during 2023. Because of a limited number of office personnel, some areas of internal control still remain without proper segregation of accounting duties; however, we can report on the following processes. The lack of adequate segregation of accounting duties could adversely affect the City's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

Revenue Cycle

The four areas of segregation in the revenue cycle include mailroom custody, treasurer custody, accounts receivable, and accounting.

We noted some overlap in the mailroom and treasurer custody, with one employee having job responsibilities in both areas.

We also noted overlapping duties between accounts receivable and accounting, in that the person responsible for accounts receivable also is responsible for bank reconciliations.

Purchasing Cycle

The five areas of segregation in the purchasing cycle include purchasing authorization, receiving authorization, accounts payable, treasurer responsibilities, and accounting.

We noted proper segregation between the responsibility of purchasing goods and services, the individual responsible for preparing the purchase order, and the person responsible for approving the purchase order. However, we noted overlapping duties with the approval of purchase orders, input of invoices, and preparing of disbursements being performed by one individual.

Payroll Cycle

The five areas of segregation in the payroll cycle include human resources authorization, immediate supervisor authorization, payroll recording, paymaster custody, and accounting.

In addition to having responsibilities in payroll recording, paymaster custody, and accounting cycles noted above, the Finance Director has full general ledger access and the ability to write and post journal entries. While we believe this access is necessary to efficiently perform the financial duties required, this access has the ability to override many of the controls and segregation listed above.

Journal Entries

The three areas of segregation in journal entries include an employee to write the journal entry, another to post the entry, and finally another employee to review the entry.

We noted some journal entries were not approved by someone other than the person writing the entry.

We recommend a second review/approval to ensure accuracy.

**City of Falcon Heights
Significant Deficiency**

Lack of Segregation of Accounting Duties (Continued)

Bank Reconciliation Process

The two areas of segregation include an employee to prepare the cash reconciliation and another employee to review the reconciliation; ideally, the individual preparing the reconciliation has limited involvement in the revenue and purchasing cycles.

We noted the Finance Director has primary responsibility for bank reconciliations. These are generally delegated to other staff, however, still completed by the Finance Director to ensure accuracy.

We recommend each reconciliation be reviewed to help ensure accuracy.

City of Falcon Heights Required Communication

We have audited the basic financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2023. Professional standards require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express opinions about whether the basic financial statements prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the basic financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the basic financial statements are free of material misstatement. An audit of the basic financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Generally accepted accounting principles provide for certain Required Supplementary Information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI, which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Our responsibility for the supplementary information accompanying the basic financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the basic financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

City of Falcon Heights Required Communication

Significant Risks Identified

We have identified the following significant risks of material misstatement:

- ◆ Improper Revenue Recognition - Revenue recognition is considered a fraud risk on substantially all engagements as it generally has a significant impact on the results of the governments operations. In addition, complexities exist surrounding the calculation and recording of various revenue sources.
- ◆ Management Override of Controls - Overall Financial Statements - Management override of internal control is considered a risk in substantially all engagements as management may be incentivized to produce better results.
- ◆ Pension Valuation - Net Pension Liability, Deferred Outflows of Resources Related to Pensions, and Deferred Inflows of Resources Related to Pensions are generally material to the financial statements and involve significant estimates.
- ◆ Misappropriation of Assets - Misappropriation of assets is considered a risk in substantially all engagements as assets may be misappropriated due to fraud or error.

Qualitative Aspects of the City's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in the notes to the basic financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's current judgements. Those judgements are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgements. The most sensitive estimates affecting the basic financial statements relate to:

Net Pension Liability, Deferred Outflows of Resources Related to Pensions and Deferred Inflows of Resources Related to Pensions - These balances are based on an allocation by the pension plans using estimates based on contributions.

We evaluated the key factors and assumptions used to develop the accounting estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain basic financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The basic financial statement disclosures are neutral, consistent, and clear.

City of Falcon Heights Required Communication

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For the purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effects of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the basic financial statements taken as a whole and each applicable opinion unit.

Management did not identify, and we did not notify them of any uncorrected financial statement misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's basic financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the City, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditor.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the City's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

We applied certain limited procedures to the RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

**City of Falcon Heights
Required Communication**

Other Information Included in Annual Reports (Continued)

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

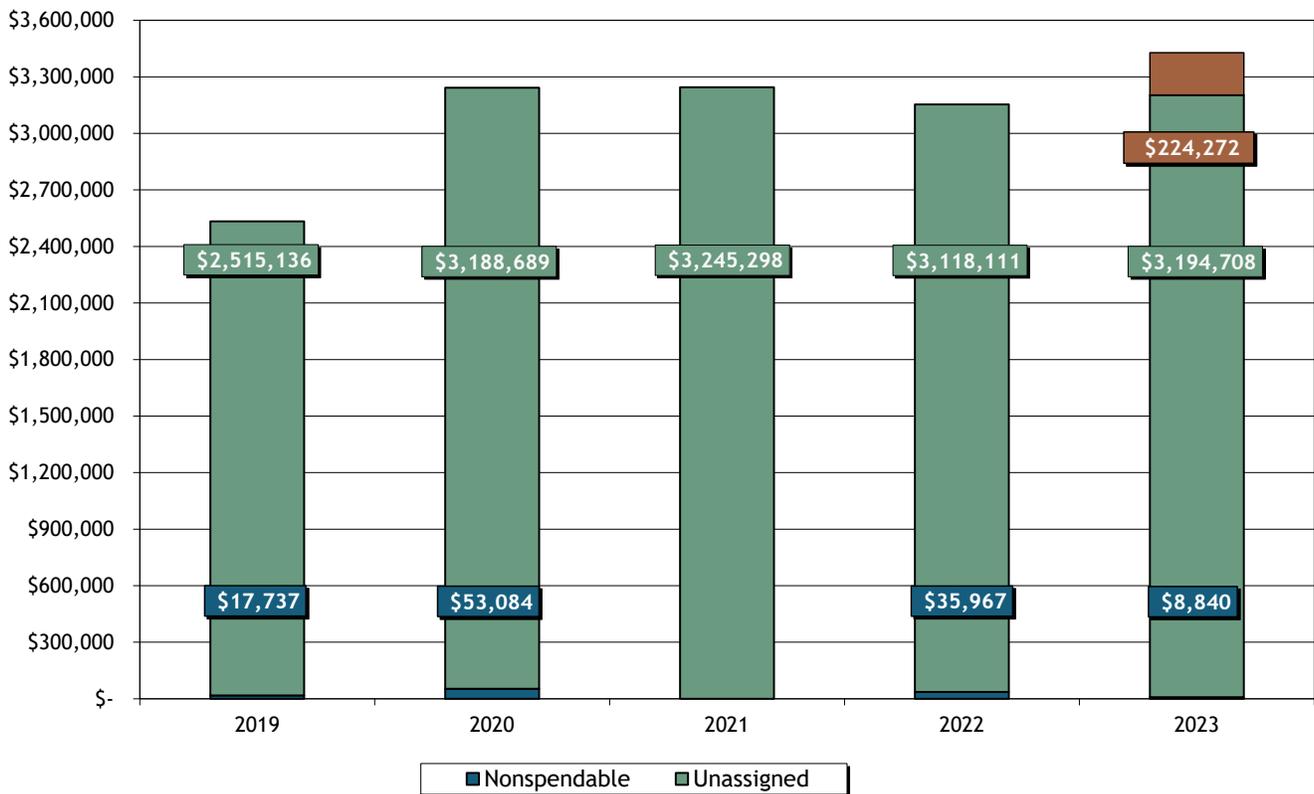
City of Falcon Heights Financial Analysis

The following pages provide graphic representation of select data pertaining to the financial position and operations of the City for the past five years. Our analysis of each graph is presented to provide a basis of discussion of past performance and how implementing certain changes may enhance future performance.

General Fund Balance

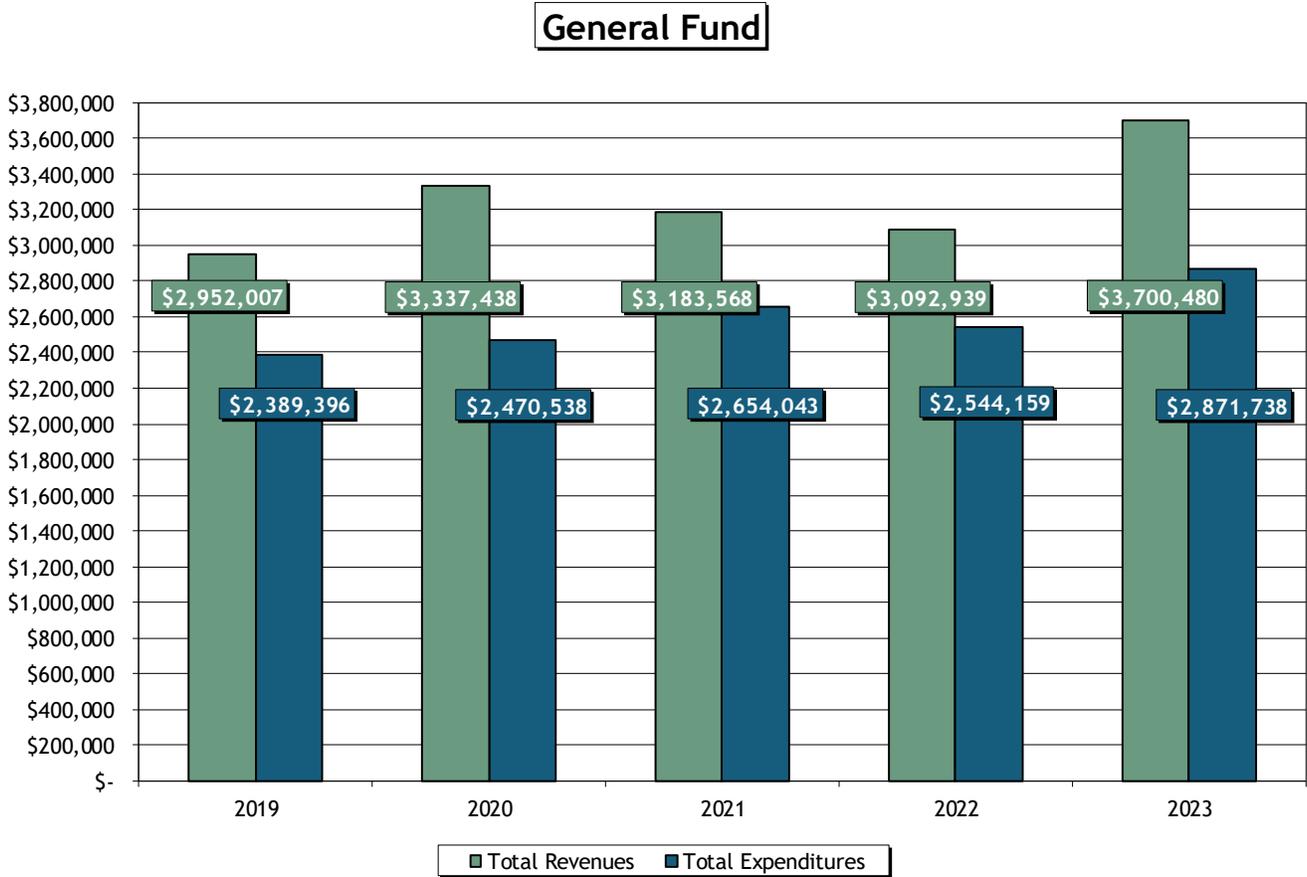
At December 31, 2023, the General Fund balance was \$3,427,820 which is an increase of \$273,742 from 2022. Based on current expenditure levels, the fund balance represents over a year of expenditures.

General Fund Balance



City of Falcon Heights Financial Analysis

General Fund

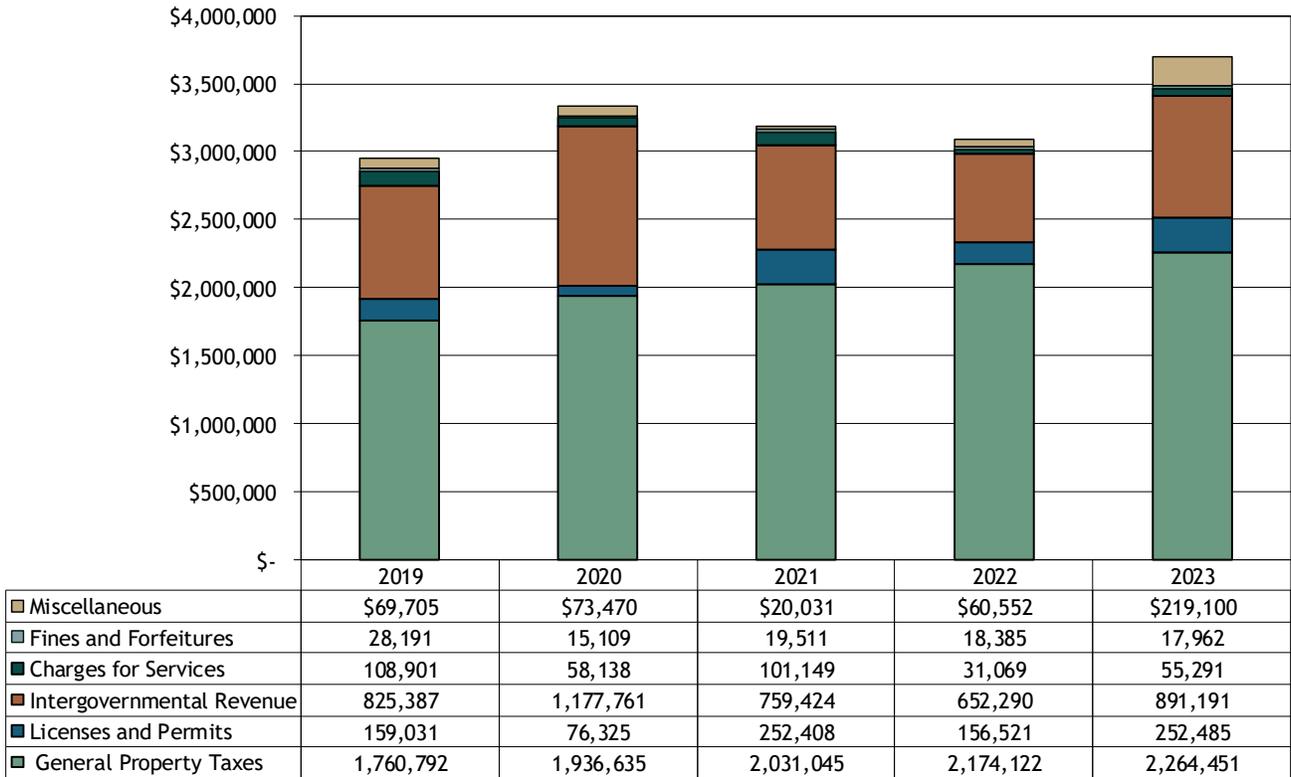


General Fund revenues increased by \$607,541, or 19.6%, in 2023. Expenditures in the General Fund increased by \$327,579, or 12.9%, and resulted in total revenues exceeding expenditures by \$828,742. Further detailed explanations regarding variances will follow in subsequent charts.

**City of Falcon Heights
Financial Analysis**

General Fund Revenues

General Fund Revenues



Intergovernmental revenue increased \$238,901 as a result of receiving additional public safety aid that was new in 2023. Miscellaneous revenues increased \$158,548 from the prior year due to receiving more interest income with better market conditions in 2023. Licenses and permit revenues increased \$95,964 due to an increase in building permits. Property tax revenue increased \$90,329 due to an increase in levy.

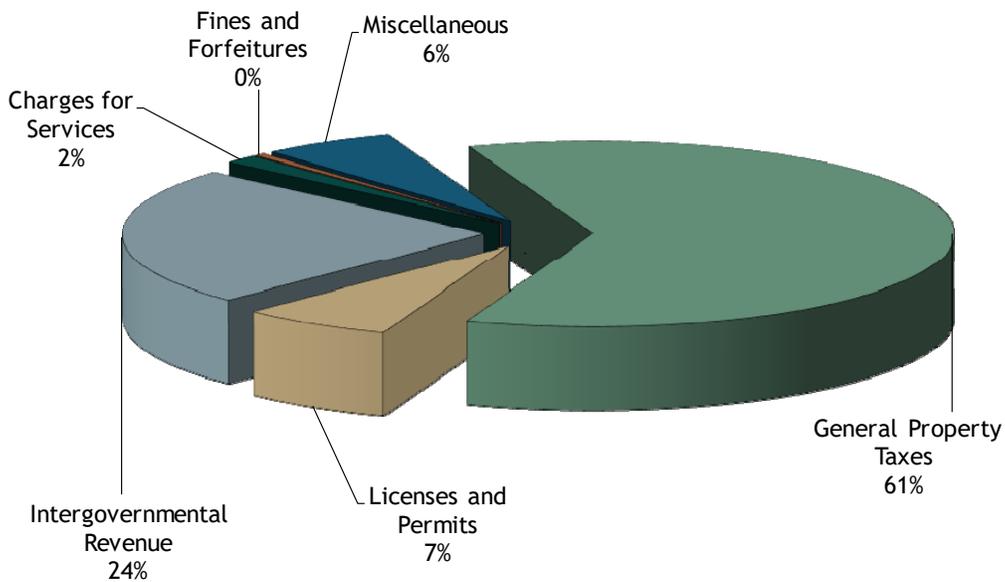
The other remaining General Fund revenues in 2023 stayed relatively consistent with the prior year.

City of Falcon Heights Financial Analysis

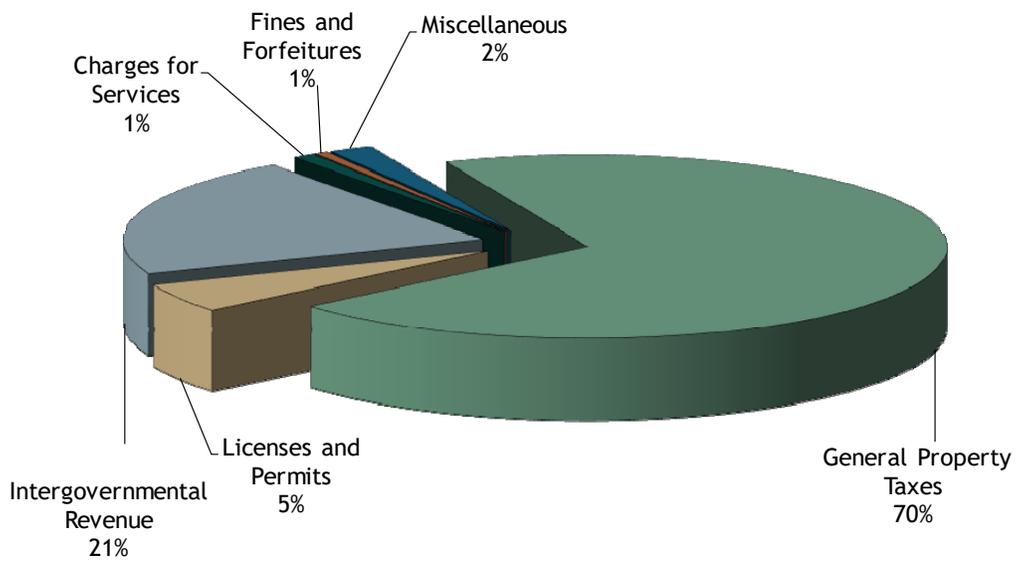
General Fund Revenues (Continued)

The following charts depict the components of the General Fund revenues by percentages:

General Fund Revenues 2023



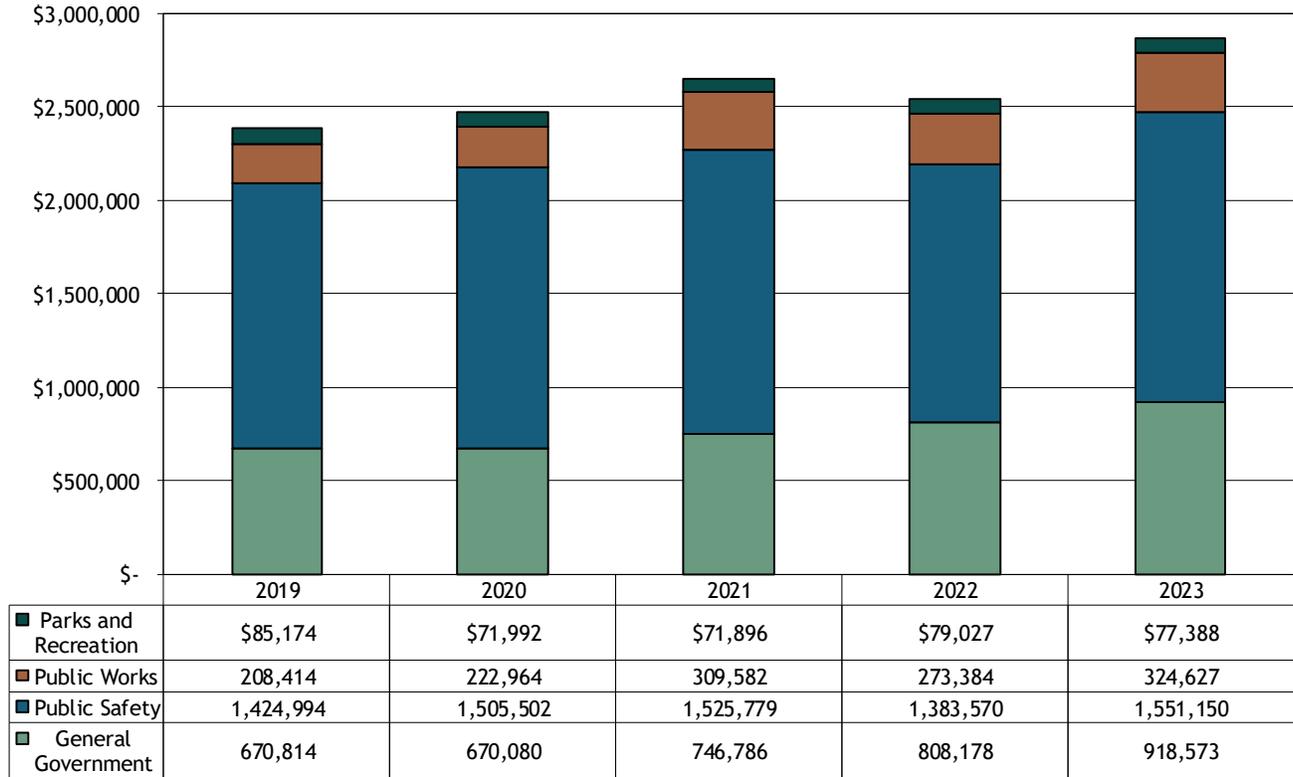
General Fund Revenues 2022



**City of Falcon Heights
Financial Analysis**

General Fund Expenditures

General Fund Expenditures



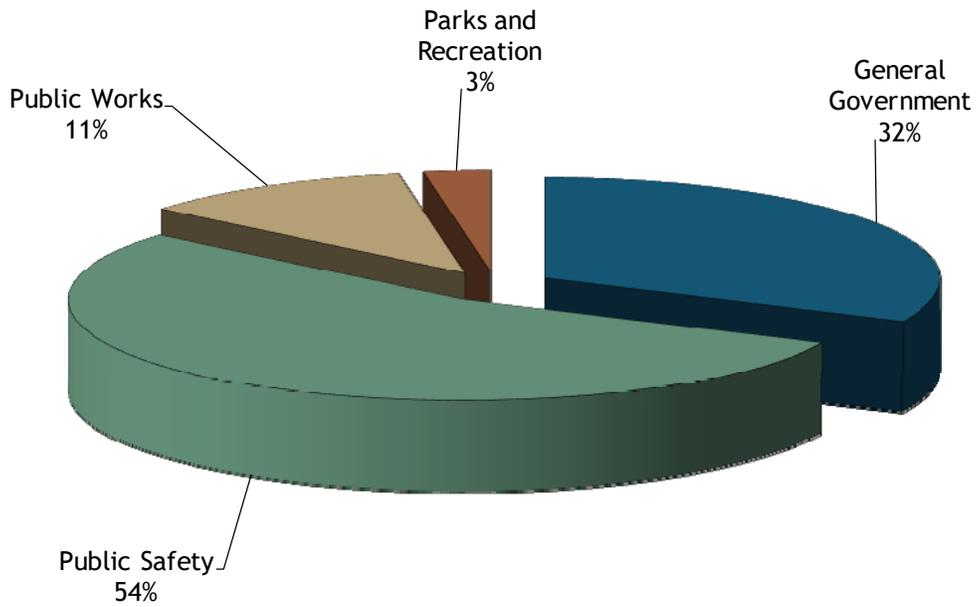
In 2023, expenditures increased \$327,579, or 12.9%, from 2022. Public safety expenditures increased \$167,580, or 12.1% in 2023. This was related to an increase in police service during the year. General government expenditures increased \$110,395 as a result of more consulting fees as well as normal salary increases. Public works increased \$51,243 due to more tree maintenance in 2023.

Other expenditures stayed relatively consistent with the prior year.

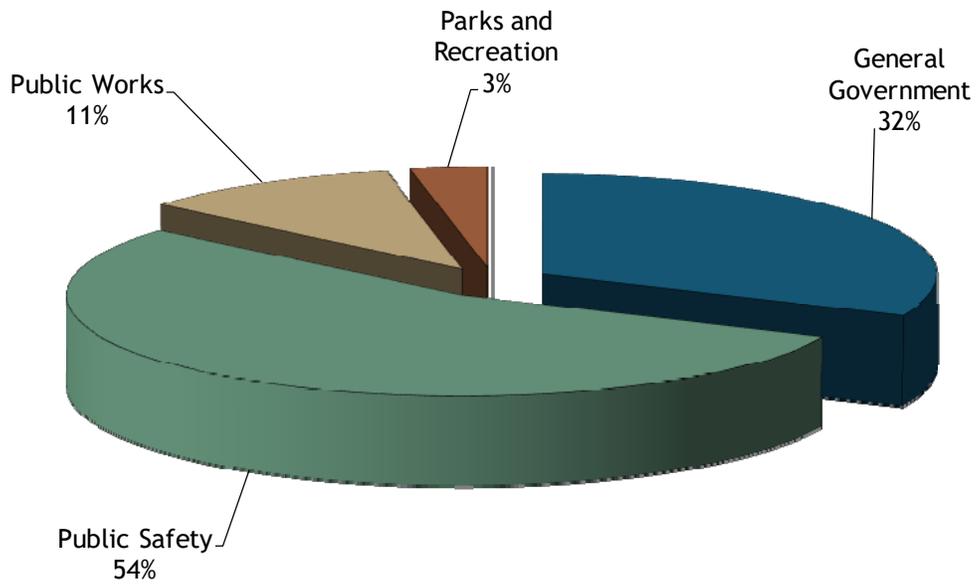
City of Falcon Heights
Financial Analysis

General Fund Expenditures (Continued)

General Fund Expenditures 2023



General Fund Expenditures 2022



**City of Falcon Heights
Financial Analysis**

General Fund Budget

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Taxes	\$ 2,284,612	\$ 2,264,451	\$ (20,161)
Tax increments	-	18,374	18,374
Licenses and permits	82,750	252,485	169,735
Intergovernmental	645,810	891,191	245,381
Charges for services	46,650	55,291	8,641
Fines and forfeitures	15,000	17,962	2,962
Miscellaneous	16,500	200,726	184,226
Total revenues	3,091,322	3,700,480	609,158
Expenditures			
General government	919,711	918,573	(1,138)
Public safety	1,560,276	1,551,150	(9,126)
Public works	352,045	324,627	(27,418)
Parks and recreation	104,290	77,388	(26,902)
Total expenditures	2,936,322	2,871,738	(64,584)
Excess of receipts over disbursements	155,000	828,742	673,742
Other Financing Sources (Uses)			
Transfers in	-	21,000	21,000
Transfers out	(176,000)	(576,000)	(400,000)
Net change in fund balance	\$ (21,000)	\$ 273,742	\$ 294,742

Overall, General Fund revenues were over budget by 19.7%, or \$609,158. The largest budget variance was in intergovernmental revenue, which exceeded budget amounts by \$245,381. This variance is a result of receiving public safety aid that was new in 2023 that was not anticipated. Miscellaneous revenue was over budget \$184,226 due to an increase in investment income as a result of better market conditions in 2023. Licenses and permits were over budget \$169,735 due to more building permits than anticipated. Other categories were relatively on budget.

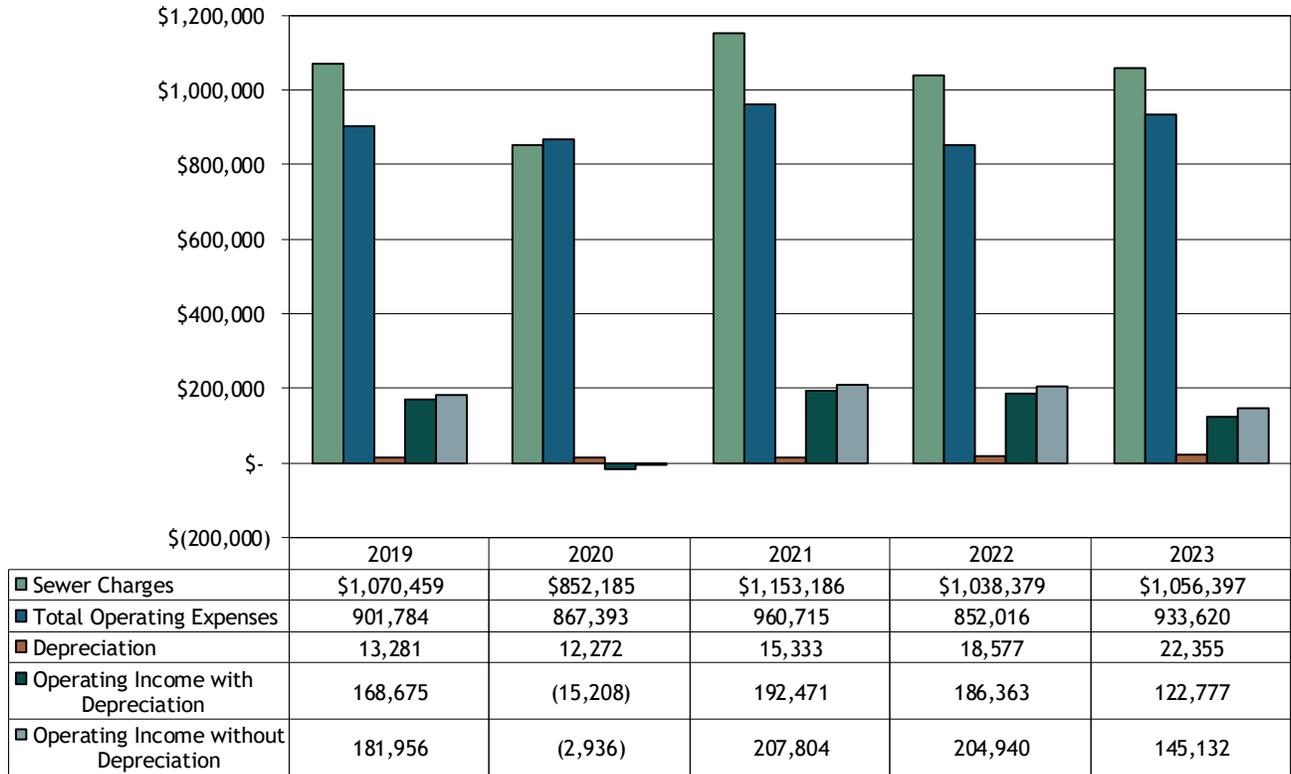
Expenditures were under budget by \$64,584, or 2.2%. All categories were relatively on budget.

**City of Falcon Heights
Financial Analysis**

Sanitary Sewer Fund

The graphs below and on the next page illustrate the current operations of the Sanitary Sewer and the Storm Drainage Funds.

Sanitary Sewer Fund



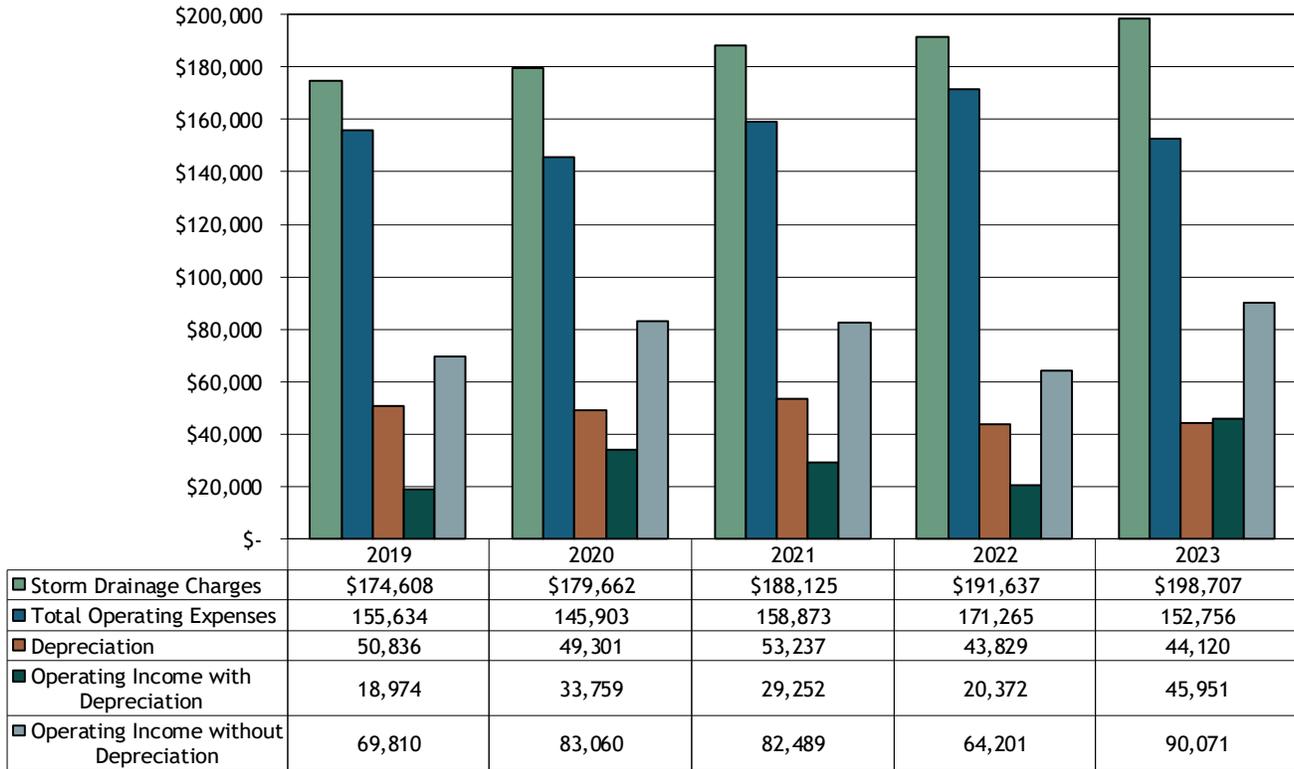
The Sanitary Sewer Fund realized operating income of \$122,777 during 2023. Sewer charges in 2023 increased by \$18,018 from 2022. This increase was primarily the result of a slight increase in fees.

With an operating income of \$122,777, \$722,326 in nonoperating revenue, the change in the Sanitary Sewer Fund net position was an increase of \$845,103. Total net position increased to \$3,831,843 in 2023. Of this amount, \$1,065,096 represents the net investment in capital assets and \$2,766,747 is unrestricted.

**City of Falcon Heights
Financial Analysis**

Storm Drainage Fund

Storm Drainage Fund



Storm sewer charges for services stayed relatively consistent with the prior year, increasing \$7,070. Operating expenses decreased in 2023 by \$18,509. The Storm Drainage Fund had operating income of \$45,951 in 2023.

With \$15,631 in investment income, the Storm Drainage Fund had a total increase in net position of \$61,582. Ending net position at December 31, 2023, was \$1,800,395. Of this amount, \$1,494,070 represents the net investment in capital assets and \$306,325 is unrestricted.

City of Falcon Heights Emerging Issues

Executive Summary

The following is an executive summary of financial related updates to assist you in staying current on emerging issues in accounting and finance. This summary will give you a preview of the new standards that have been recently issued and what is on the horizon for the near future. The most recent and significant updates include:

- ◆ **Implementation Guide No. 2021-1 - Amending Capitalization Requirements**
GASB has issued Implementation Guide No. 2021-1, amending previously issued guidance regarding capitalization requirements for capital assets that are significant in the aggregate but below the government's capitalization threshold individually.
- ◆ **Accounting Standard Update - GASB Statement No. 100 - Accounting Changes and Error Corrections**
GASB has issued GASB Statement No. 100 relating to accounting and financial reporting for accounting changes and error corrections. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability.
- ◆ **Accounting Standard Update - GASB Statement No. 101 - Compensated Absences**
GASB has issued GASB Statement No. 101 relating to accounting and financial reporting for compensated absences. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The following are extensive summaries of the current updates. As your continued business partner, we are committed to keeping you informed of new and emerging issues. We are happy to discuss these issues with you further and its applicability to your City.

Implementation Guide No. 2021-1 - Amending Capitalization Requirements

Implementation Guide No. 2021-1, amended previously issued guidance contained in Implementation Guide No. 2015-1 regarding capitalization requirements for capital assets that are significant in the aggregate.

Original guidance stated that it *may be* appropriate for a government to establish a capitalization policy that would require capitalization for certain types of assets with individual acquisition costs that are less than the threshold for an individual asset.

Amended guidance states that a government *should* capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. Computers and classroom furniture are common examples of asset types that could be significant collectively. The amended guidance clarifies that if 100 computers costing \$1,500 each totaling a \$150,000 aggregate amount is significant, the government *should* capitalize the computers.

Information provided above was obtained from www.gasb.org.

City of Falcon Heights Emerging Issues

Accounting Standard Update - GASB Statement No. 100 - *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*

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

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting - understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement.

This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in Required Supplementary Information (RSI) and Supplementary Information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

GASB Statement No. 100 is effective for reporting periods beginning after June 15, 2023. Earlier application is encouraged.

Information provided above was obtained from www.gasb.org.

City of Falcon Heights Emerging Issues

Accounting Standard Update - GASB Statement No. 101 - *Compensated Absences*

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

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave - not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

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

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

GASB Statement No. 101 is effective for reporting periods beginning after December 15, 2023. Earlier application is encouraged.

Information provided above was obtained from www.gasb.org.

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

**Independent Auditor's Report
on Legal Compliance**

December 31, 2023



Report on Legal Compliance

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Falcon Heights, Minnesota as of and for the year ended December 31, 2023, and the related notes to basic financial statements, and have issued our report thereon dated April 23, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Falcon Heights failed to comply with the provisions of the contracting - bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to *Minnesota Statutes* § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of those charged with governance and management of the City and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.

BerganKDV, Ltd.

Minneapolis, Minnesota
April 23, 2024

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

For the Year Ended

December 31, 2023

Prepared by

THE DEPARTMENT OF FINANCE
AND ADMINISTRATION

Jack Linehan, City Administrator

Roland Olson, Finance Director

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

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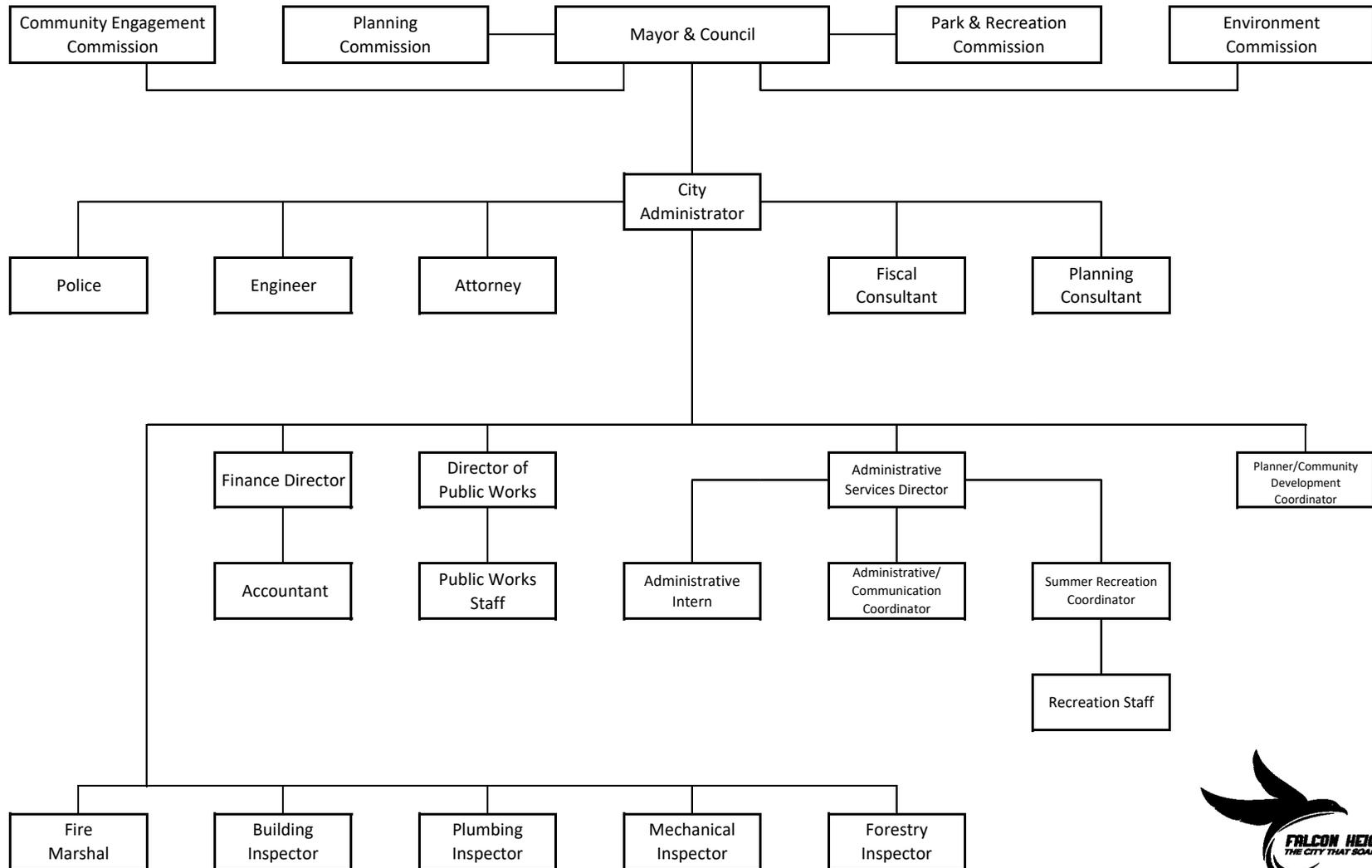
**City of Falcon Heights
Elected Officials and Administration
December 31, 2023**

Elected Officials	Position	Term Expires
Randy Gustafson	Mayor	December 31, 2027
Eric Meyer	Council Member	December 31, 2025
Melanie Leehy	Council Member	December 31, 2025
Jim Wassenberg	Council Member	December 31, 2027
Yakasah Wehyee	Council Member	December 31, 2023

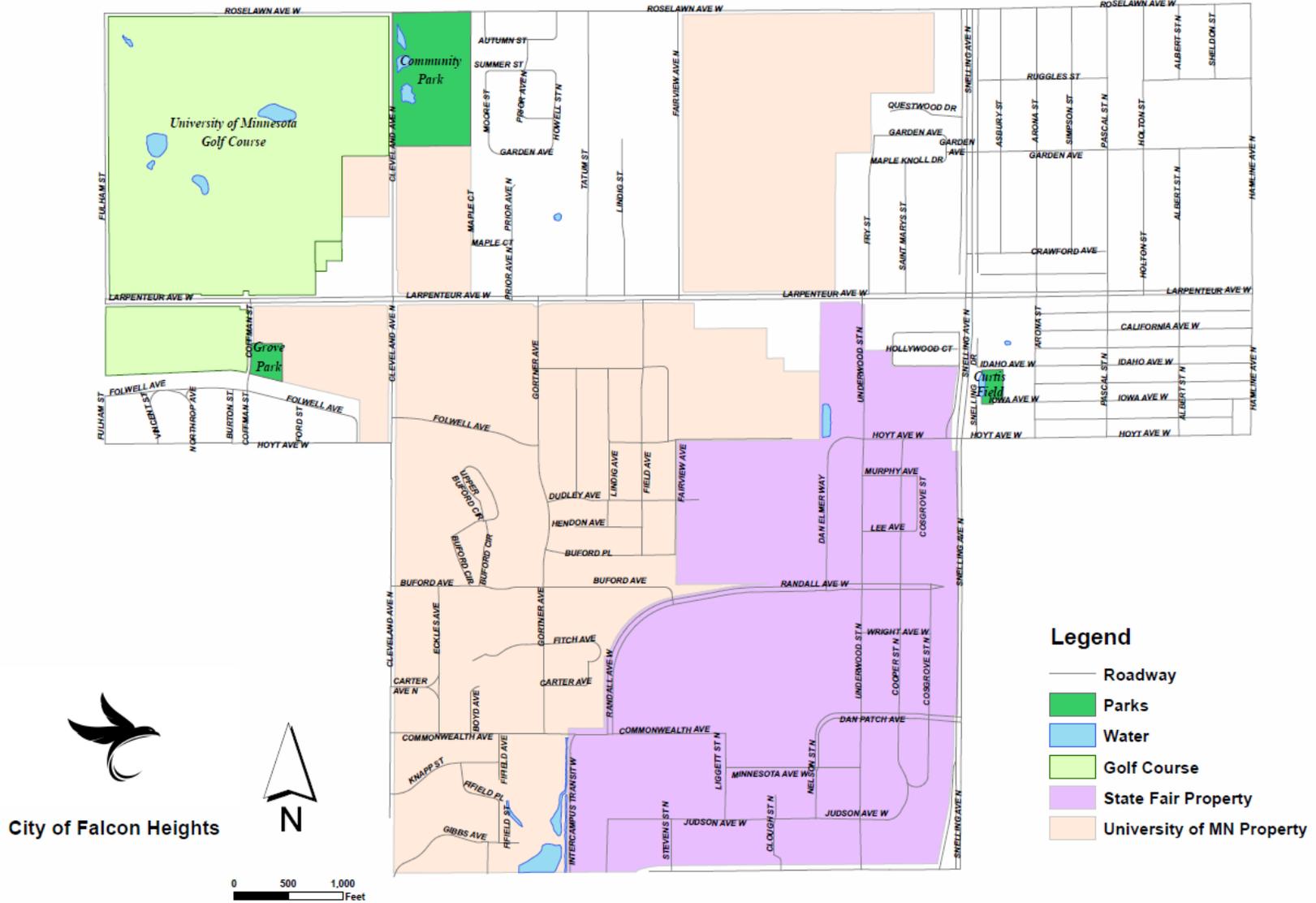
Administration

Jack Linehan	City Administrator
Roland Olson	Finance Director
Colin Callahan	Public Works Director
Kelly Nelson	Administrative Services Director
Hannah Lynch	City Planner/Community Development Coordinator
Elke van der Werff	Administrative & Communications Coordinator
Alyssa Landberg	Accountant
Adrian Neis	Fire Inspector

City of Falcon Heights Organization Chart December 31, 2023



City of Falcon Heights City Map December 31, 2023





City of Falcon Heights



April 23, 2024

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, 2023.

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, 2023. 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 5,379. 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.

Profile of the Government (Continued)

Falcon Heights is a completely developed community. It has operated under the council/city administrator form of government since 1974. Policy-making and legislative authority are vested in a city council consisting of the mayor and four council members, all elected on a nonpartisan basis. The council appoints the city administrator, who in turn recommends the appointment of 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 range of services including 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 Ramsey County Sheriff's Office provides police services, and the City of St. Paul provides fire protection and ambulance services.

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.

Expenditures may not exceed budgeted appropriations at the fund 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.

Local Economy

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

Local Economy (Continued)

The City of Falcon Heights is primarily a bedroom, residential, inner ring suburban community situated near the center of the Minneapolis and St. Paul metropolitan area. The economy of the City consists of retail, commerce, agricultural-related businesses, and institutional landowners, such as the St. Paul campus of the University of Minnesota and the Minnesota State Fair. The St. Paul campus of the University of Minnesota has approximately 2,400 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 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 60,000 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 and 2022 both the Minnesota State Fair and the Minnesota Street Rod convention were held. Attendance during the Minnesota State Fair increased approximately 30% in 2022 over the 2021 totals. Attendance in 2023 was consistent with the totals in 2022.

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 12.5% in May 2020 and in December 2023, the unemployment rate was 2.3%. In 2023, the State of Minnesota's ending unemployment rate was 3.1% and the national ending unemployment rate was 3.7%. The average 2023 state of Minnesota's unemployment rate was 2.85% and the average 2023 national unemployment rate was 3.6%.

The City is at or near full development, with a 17.2% increase in the median market value of property during 2023. The City's economic conditions have remained relatively stable with the University of Minnesota agricultural campus, Blaze 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

The City of Falcon Heights updated 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 high 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

2023 was an important year for the City of Falcon Heights. The City purchased 15.43 acres of land and buildings from the University of Minnesota for public park space. The City had previously leased this public park space referred to as “Community Park” from the University of Minnesota. The purchase price was \$1,092,164 and was completed without incurring any debt. Also, the City began the process of replacing the old park building on the property with the goal of building a new park building during 2024.

In addition in 2023, the City underwent the largest capital program in City history with the resurfacing of 1.4 miles of city streets and the complete reconstruction and reconfiguration of Garden Avenue. As part of the reconstruction, the City constructed a sidewalk on Garden Avenue as part of its trail system. The sidewalk was a necessary improvement to improve the safety of schoolchildren walking to and from school. Garden Avenue was also completely rebuilt to include new sidewalk, new curb and gutter, stormwater improvements, and sanitary sewer improvements.

In 2023, the City received a Critical Corridors grant from Ramsey County to complete a Larpenteur / Snelling corridor study to explore the existing and best future use of properties along the City’s primary economic base.

In 2019, 2020, 2021, and 2022, the City completed the relining of additional sections of the sanitary sewer system.

In 2021, the City completed the resurfacing of three miles of city streets.

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 stormwater catch basins and sanitary sewer basins.

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

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.

Major Initiatives (Continued)

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

The Northeast Connector Trail project was completed in 2012 after the city participated in a \$1,078,000 grant with the University of Minnesota and the neighboring city of Roseville to complete a three-mile pedestrian trail. 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.

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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2022. This was the 33rd 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 ACFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current 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 2023. 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,



Jack Linehan
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, 2022

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, 2023, and the related notes to the basic 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, 2023, 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 twelve months 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 accompanying supplementary information identified in the Table of Contents is 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual 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.

BerganKDV, Ltd.

Minneapolis, Minnesota
April 23, 2024



City of Falcon Heights

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, 2023. 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 \$20,899,651. Of this amount, \$9,104,842 (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 \$1,718,784. Unrestricted net position increased by \$560,630.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,260,906 an increase of \$19,062 in comparison with the prior year. Debt principal payments of \$255,000 and interest payments of \$42,240 occurred in 2023. A positive change in fund balance in the general fund of \$273,742, along with a decrease of \$254,680 in the fund balances of other governmental funds resulted in a net increase of \$19,062 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 \$3,194,708 is approximately 39% 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 \$3,194,708, or 111%, of total General Fund expenditures at 2023 levels.
- For 2023, there was a 4.8% increase in the property tax levy. For 2022, there was a 4.9% increase in the property tax levy. 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.
- The City's total debt increased by \$265,000 during the current fiscal year. This represents payments of \$255,000 of the City's debt and addition of the 2023 bond of \$520,000. The principal of general obligation debt outstanding as of December 31, 2023 is \$1,310,000.

City of Falcon Heights Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into two categories: governmental funds and proprietary funds.

City of Falcon Heights Management's Discussion and Analysis

FUND FINANCIAL STATEMENTS (CONTINUED)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Any fund experiencing financial change during the year is considered active. The City maintained 21 individual governmental funds during 2023. 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, G.O. Improvement Bonds - Series 2023A, 2023 Street Project, Future Improvements, and Parks/PW Capital Improvement Fund. Data from the other 16 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 72-81 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.

City of Falcon Heights Management's Discussion and Analysis

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 43-64 of this report.

OTHER INFORMATION

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the Notes to the Required Supplementary Information section (pages 66-70). Combining and individual fund statements and schedules can be found on pages 72-104. Statistical tables can be found on pages 107-137 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 \$20,899,651 at the close of the most recent fiscal year.

Forty four percent (\$9,104,842) 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% (\$1,149,698) of the net position is restricted and represents resources that are subject to external restrictions on how they may be used. The remaining 52% (\$10,645,111) 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.

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.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

City of Falcon Heights' Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 9,496,861	\$ 11,808,098	\$ 3,232,920	\$ 2,783,915	\$ 12,729,781	\$ 14,592,013
Capital assets	<u>8,073,418</u>	<u>6,994,386</u>	<u>2,574,704</u>	<u>2,312,482</u>	<u>10,648,122</u>	<u>9,306,868</u>
Total assets	<u>17,570,279</u>	<u>18,802,484</u>	<u>5,807,624</u>	<u>5,096,397</u>	<u>23,377,903</u>	<u>23,898,881</u>
Deferred outflows of resources - pensions	<u>102,148</u>	<u>161,074</u>	<u>32,685</u>	<u>59,778</u>	<u>134,833</u>	<u>220,852</u>
Total assets and deferred outflows of resources	<u>\$ 17,672,427</u>	<u>\$ 18,963,558</u>	<u>\$ 5,840,309</u>	<u>\$ 5,156,175</u>	<u>\$ 23,512,736</u>	<u>\$ 24,119,733</u>
Liabilities						
Long-term liabilities						
Outstanding	\$ 1,514,783	\$ 1,387,461	\$ 140,249	\$ 231,542	\$ 1,655,032	\$ 1,619,003
Other liabilities	<u>771,131</u>	<u>3,113,458</u>	<u>29,713</u>	<u>196,362</u>	<u>800,844</u>	<u>3,309,820</u>
Total liabilities	<u>2,285,914</u>	<u>4,500,919</u>	<u>169,962</u>	<u>427,904</u>	<u>2,455,876</u>	<u>4,928,823</u>
Deferred inflows of resources - pensions	<u>119,100</u>	<u>7,325</u>	<u>38,109</u>	<u>2,718</u>	<u>157,209</u>	<u>10,043</u>
Net Position						
Net investment in capital assets	8,085,945	6,994,386	2,559,166	2,139,098	10,645,111	9,133,484
Restricted	1,149,698	1,503,171	-	-	1,149,698	1,503,171
Unrestricted	<u>6,031,770</u>	<u>5,957,757</u>	<u>3,073,072</u>	<u>2,586,455</u>	<u>9,104,842</u>	<u>8,544,212</u>
Total net position	<u>15,267,413</u>	<u>14,455,314</u>	<u>5,632,238</u>	<u>4,725,553</u>	<u>20,899,651</u>	<u>19,180,867</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 17,672,427</u>	<u>\$ 18,963,558</u>	<u>\$ 5,840,309</u>	<u>\$ 5,156,175</u>	<u>\$ 23,512,736</u>	<u>\$ 24,119,733</u>

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

City of Falcon Heights' Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	\$ 574,865	\$ 446,856	\$ 1,255,104	\$ 1,230,016	\$ 1,829,969	\$ 1,676,872
Operating grants and contributions	593,800	1,344,686	-	-	593,800	1,344,686
Capital grants and contributions	656,320	1,140,158	-	-	656,320	1,140,158
General revenues						
Property taxes	2,500,294	2,353,403	-	-	2,500,294	2,353,403
Other	1,172,651	1,145,160	604,112	-	1,776,763	1,145,160
Investment earnings	389,278	(17,852)	133,845	(6,479)	523,123	(24,331)
Total revenues	5,887,208	6,412,411	1,993,061	1,223,537	7,880,269	7,635,948
Expenses						
General government	1,010,706	821,349	-	-	1,010,706	821,349
Public safety	1,581,505	1,374,452	-	-	1,581,505	1,374,452
Public works	2,176,211	2,978,204	-	-	2,176,211	2,978,204
Park and recreation	255,689	243,927	-	-	255,689	243,927
Community development	5,670	758	-	-	5,670	758
Interest on long-term debt	45,328	18,916	-	-	45,328	18,916
Sanitary sewer	-	-	933,620	852,016	933,620	852,016
Storm drainage	-	-	152,756	171,265	152,756	171,265
Total expenses	5,075,109	5,437,606	1,086,376	1,023,281	6,161,485	6,460,887
Increase in net position before transfers	812,099	974,805	906,685	200,256	1,718,784	1,175,061
Transfer	-	-	-	-	-	-
Changes in net position	812,099	974,805	906,685	200,256	1,718,784	1,175,061
Net position – January 1	14,455,314	13,480,509	4,725,553	4,525,297	19,180,867	18,005,806
Net position - December 31	\$ 15,267,413	\$ 14,455,314	\$ 5,632,238	\$ 4,725,553	\$ 20,899,651	\$ 19,180,867

GOVERNMENTAL ACTIVITIES

Governmental activities increased the City's net position by \$812,099.

For 2023, the City Council increased the tax levy by 4.8%. For 2022, the City Council increased the tax levy by 4.9%. In 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%. In 2016, the City increased the tax levy by 8.4%. In 2015, the property tax levy 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 2023 delinquencies in property tax collections increased a little bit as compared to previous years. However, the City's tax base continues to be very stable resulting in a low delinquency rate.

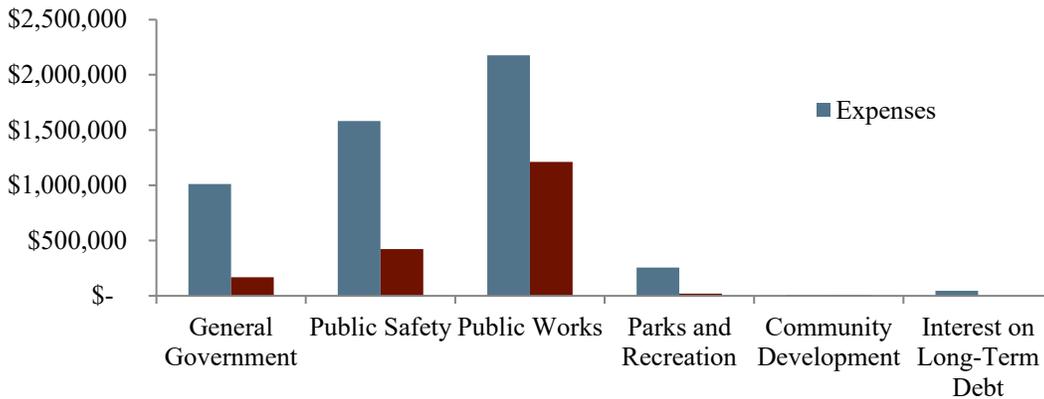
City of Falcon Heights Management's Discussion and Analysis

GOVERNMENTAL ACTIVITIES (CONTINUED)

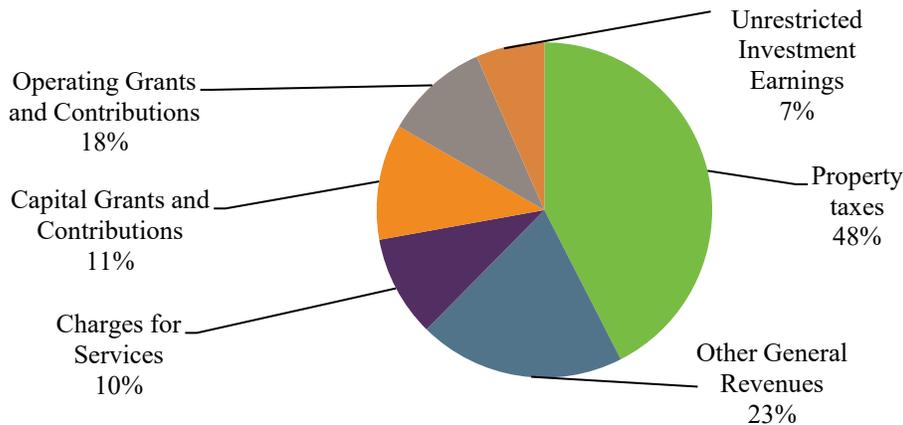
In the governmental activities section, overall, charges for services increased \$128,009 from the 2022 level. Comparing to 2022 levels, licenses and permits increased \$95,964 primarily due to the Falcon Heights elementary school improvements, plan check fees also increased \$12,258, and snow removal fees increased \$12,150. Operating Grants and Contributions decreased \$750,886 due primarily to the City receiving a \$962,200 TBRA grant from the Metropolitan Council for the Amber Union low income housing project and a \$102,096 DEED grant from the state of Minnesota in 2022. Capital Grants and Contributions decreased \$483,838 primarily due to the completion of the Cleveland Avenue project through the University of Minnesota in 2023 and less Minnesota state aid.

In regards to unrestricted state aid, Local Government Aid (LGA) to the City from the State of Minnesota increased \$22,088 in 2023. The LGA level in 2023 was \$743,050. The amount of LGA support from the State of Minnesota typically varies annually. In addition, governmental activities unrestricted investment revenues increased from a negative \$17,852 in 2022 to a positive \$389,278 in 2023 due to increased rates of return and the fair market value adjustments in 2023. On the following pages are specific graphs, which provide comparisons of the governmental activities' revenues and expenses.

Expenses and Program Revenue – Governmental Activities



Revenues by Source – Governmental Activities

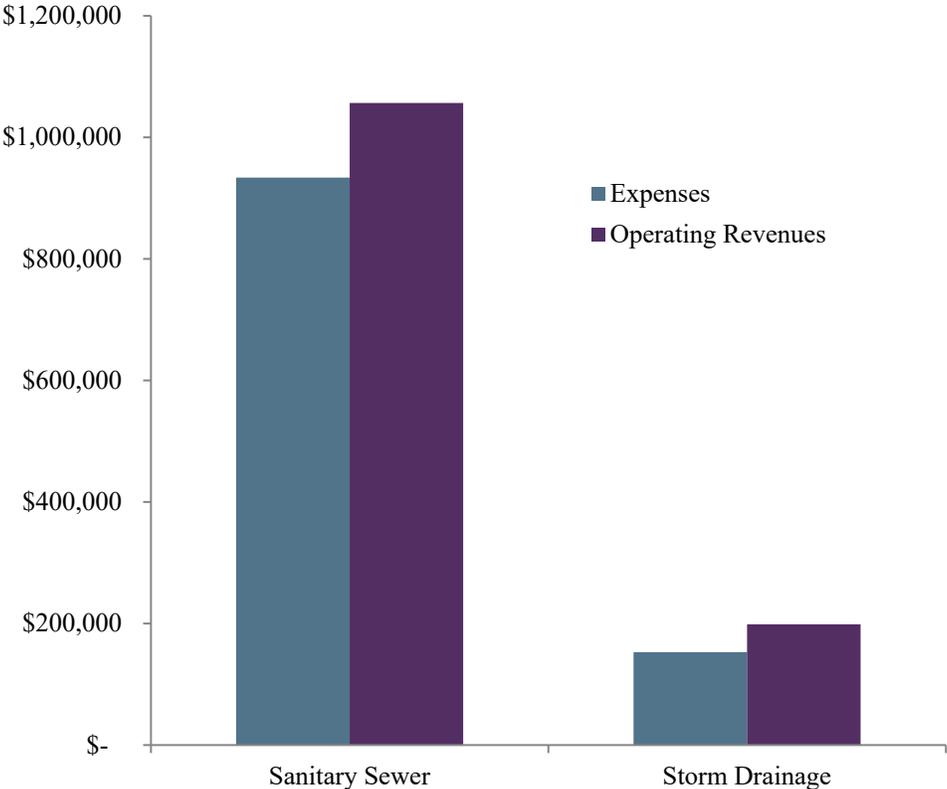


**City of Falcon Heights
Management's Discussion and Analysis**

BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City's net position by \$906,685. There was a 2.1% increase in sanitary sewer fees and a 2.9% increase in storm drainage fees for 2023. There was a 2.2% increase in sanitary sewer fees for 2022 and a 2.9% increase in storm drainage fees for 2023. 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 and 2018. In 2017, there was a 4.7% increase in sanitary sewer fees and a 6.8% increase in storm drainage fees. In 2016, there was a 10.4% increase in sanitary sewer fees and no increase in storm drainage fees. In 2015 and 2014, there was no price increase for either sanitary sewer or storm drainage fees. In 2013, the sanitary sewer fees raised 8.5% and an 11.4% increase of storm sewer fees. No price increases in 2012. In 2011, the City changed the method of billing the sanitary sewer fees. The City instituted a base fee plus a variable fee determined by water consumption, instead of the previous method of using a flat fee for residential property owners. This resulted in property owners having an incentive to use less water consumption to help lower their sanitary sewer charges. The commercial properties were raised the same percentage increase as the residential properties. With the environmental importance of clean storm water drainage flows being discharged into our neighboring lakes and ponds, the City will continue to be required to make future capital improvements to our storm water drainage system.

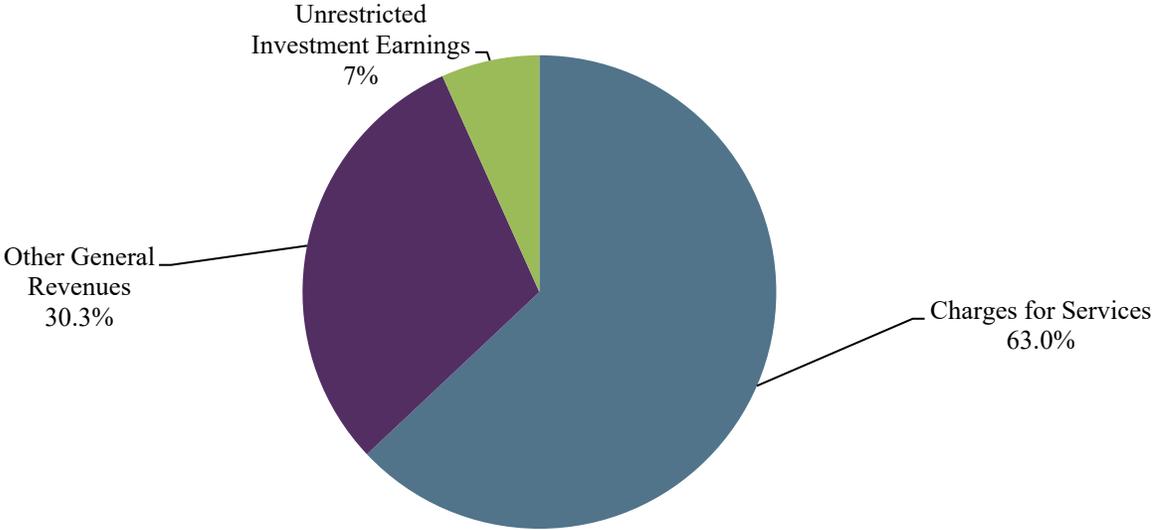
Expenses and Operating Revenues – Business-Type Activities



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

BUSINESS-TYPE ACTIVITIES (CONTINUED)

Revenues by Source – Business-Type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,260,906, an increase of \$19,062 in comparison with the prior year. Approximately 38% (\$3,193,202) of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. There is \$8,840 of the fund balance being non-spendable, which indicates that it is not available for new spending because it has been disbursed for various prepaid expenditures in the General Fund. Eleven percent (\$913,273) is restricted fund balance constrained to a specific purpose by outside legislation, external parties, or constitutional provisions. Seven percent (\$540,205) is committed fund balance constrained by the City Council for specific purposes. Forty four percent (\$3,605,386) is assigned fund balance intended for specific purposes by management as delegated authority by the City Council.

City of Falcon Heights Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

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 \$3,194,708, while total fund balance reached \$3,427,820. 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 111% of total General Fund expenditures, while total fund balance represents 119% of that same amount. Years 2023 and 2022 were much more normal years for the City as compared to 2021. In comparison, 2020, 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 2022 and 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 2023, the fund balance of the City's General Fund increased by \$273,742. Revenues were \$609,158 over budget. Expenditures were \$64,584 under budget. There were transfers out of \$576,000 resulting in the \$273,742 increase to the fund balance. Key factors for this fund balance change are:

Revenue Variances

- Property Tax revenue had a variance under budget of \$20,161. There was excess tax increment revenue totaling \$18,374. Property tax revenues are very stable for the City.
- Revenue from fees associated with licenses and permits was \$169,735 over budget primarily due to the Falcon Heights elementary school improvement project.
- Intergovernmental revenue was \$245,381 over budget. There was also an additional \$10,129 received in police support funds from Ramsey County, Public Safety Aid of \$224,272, and a county grant of \$8,575 for the Larpenteur/Snelling corridor study.
- Fines and forfeits revenue had a positive variance of \$2,962. Additional revenue was received from State Fair parking fines.
- Investment income was \$162,206 over budget for 2023. This includes a fair market value increase of \$28,028.
- Other revenues were over budget by \$16,467 primarily due to receiving an insurance refund from the city's worker's compensation and general liability and property insurance policies (\$5,553), snow removal fees (\$25,838), and the multi-city Monsanto PBC Settlement (\$17,414).

Expenditure Variances

- General Government was \$1,138 under budget. The city continues to use a conservative approach to spending. The departments within the general government contributing to this are as follows: The Legislative section was \$5,771 over budget due to an increase in cooperative legal services. The Administrative section recognized a \$2,433 expenditure variance under budget. The Finance section was \$10,230 under budget mostly due to a variance in part-time hours. Legal was \$13,567 over budget due to additional legal expenditures. The Communications section was \$1,065 over budget while the Planning and Inspection section was under budget by \$8,185 due to insurance coverage reductions.

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Expenditure Variances (Continued)

- The Public Safety section was \$9,126 under budget. The fire services contracted with the City of St Paul was \$5,209 under budget. The police services contracted with the Ramsey County Sherriff's office was \$146 over budget. Prosecution was \$1,315 under budget. The emergency preparedness compensation was \$2,748 under budget due to not needing part-time staffing.
- Expenditures for the Public Works buildings and grounds section was \$3,750 over budget due to increased city hall maintenance and an increase in insurance & bond coverage costs.
- Expenditures for the Streets department were \$26,113 under budget. Compensation was under budget by \$26,410 due to positions not being filled for the full year and lower needs for seasonal employment. Repairing equipment was \$2,322 over budget due to increased repairs on older trucks. Snow removal costs were \$2,985 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 \$5,585 under budget. Engineering expenses for the 2023 street project were expensed in a separate street capital fund.
- City's Tree Program was \$9,431 over budget but increased expenditures were approved by council for increased tree trimming.
- A \$26,902 expenditure variance under budget in total park and recreation expenditures was due to less maintenance and compensation expenses. Compensation was \$14,687 under budget due to a position not being filled for the full year and less seasonal employment needed. Other park maintenance expenditures were \$9,067 under budget due to Community Park being partially closed.
- A transfer of \$26,000 was made from the General Fund to the Parks Program Special Revenue Fund to help support future summer recreational sports programming activities. A transfer of \$30,000 was made from the General Fund to the Community Inclusion Special Revenue Fund to support community inclusion efforts. A transfer of \$520,000 was made from the General Fund to the Parks/Public Works Capital Fund for future Community Park improvements.
- 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 \$53,354 in street and local government aid from the state of Minnesota. Additional income of \$277,923 was from the University of Minnesota for the Cleveland Avenue project. This \$277,923 was then paid to Ramsey County to fund the "right of way" purchases necessary for the Cleveland avenue project. Also, the City received \$137,132 in the form of franchise fees from Xcel Energy during 2023. In addition, there also was \$127,240 in Local Government Aid revenue from the State of Minnesota. This Future Improvement Fund holds \$1,862,437 in assigned fund balance for future capital improvement infrastructure projects.
- The Parks/PW and Facilities Capital Improvements Fund had minimal activity for the year although did receive a \$520,000 transfer from the General Fund as previously noted. The fund balance will be partially utilized for a community park building in 2024.

Proprietary Funds

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

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Proprietary Funds (Continued)

Unrestricted net position of the Sanitary Sewer Fund at the end of the year amounted to \$2,766,747 while unrestricted net position for the Storm Drainage Fund amounted to \$306,325.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, General Fund expenditures were \$64,584 less than the budgetary estimates. Revenues were \$609,158 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, \$30,000 was transferred from the General Fund to the Community Inclusion Special Revenue Fund, and \$520,000 was transferred from the General Fund to provide funding in the Parks/ Public Works Capital Fund for future park capital needs. In 2023, the net change in fund balance for the General Fund was a positive \$273,742.

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, 2023 amounts to \$10,648,122 (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, 2019 and 2022, 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.

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

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

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 City's PCI rating was 69 for 2022. The City's lowest PCI rated street was Garden Avenue. The next street rating will take place in 2025.

In 2023 the City conducted a complete street rebuild to Garden Avenue to include sidewalk, new curb and gutter, stormwater basin improvements, and sanitary sewer improvements. In 2021, 2019, and 2017, the City conducted mill and overlay resurfacing. The 2021 resurfacing program included three neighborhood streets of the City. Also, during 2019, 2020, 2021, and 2022 the City relined a portion of the sanitary sewer line in one of the sections of the city.

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 1,527,452	\$ 419,707	\$ -	\$ -	\$ 1,527,452	\$ 419,707
Construction in progress					-	-
Building and system Improvements other than buildings	122,055	129,299	2,574,704	2,312,482	2,696,759	2,441,781
Machinery and equipment	420,579	468,281	-	-	420,579	468,281
Infrastructure	253,549	227,316	-	-	253,549	227,316
	<u>5,749,783</u>	<u>5,749,783</u>	<u>-</u>	<u>-</u>	<u>5,749,783</u>	<u>5,749,783</u>
Total	<u>\$ 8,073,418</u>	<u>\$ 6,994,386</u>	<u>\$ 2,574,704</u>	<u>\$ 2,312,482</u>	<u>\$ 10,648,122</u>	<u>\$ 9,306,868</u>

Additional information on the City's capital assets can be found in Note 3 on pages 50-52 of this report.

Long-Term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$1,310,000. The debt service payments in 2023 were \$255,000.

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

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt (Continued)

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
G.O. Bonds	\$1,310,000	\$1,045,000	\$ -	\$ -	\$1,310,000	\$1,045,000

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 \$11,938,788, 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 6 on pages 55-57 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The December 2023 unemployment rate for Ramsey County, in which the City resides, is currently 2.3%, as compared to the rate of 2.6% a year ago. This local unemployment rate compares favorably to the state's December 2023 unemployment rate of 3.2% and favorably to the national December 2023 rate of 3.6%.

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 \$293. This compares favorably to the average US citizen who pays approximately \$294 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 2024 fiscal year.

During the current fiscal year, the fund balance in the General Fund increased by \$273,742 to a total of \$3,427,820. The City has designated \$3,194,708 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, 2023**

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments (including cash equivalents)	\$ 8,254,928	\$ 2,788,609	\$ 11,043,537
Receivables			
Taxes receivable	55,227	-	55,227
Special assessments	295,907	-	295,907
Accounts receivable	60,507	182,425	242,932
Interest receivable	67,558	33,521	101,079
Due from other governments	753,894	165,027	918,921
Prepaid items	8,840	63,338	72,178
Capital assets (net of accumulated depreciation)			
Land	1,527,452	-	1,527,452
Infrastructure	5,749,783	-	5,749,783
Buildings and system	122,055	2,574,704	2,696,759
Improvements other than buildings	420,579	-	420,579
Machinery and equipment	253,549	-	253,549
Total assets	<u>17,570,279</u>	<u>5,807,624</u>	<u>23,377,903</u>
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	102,148	32,685	134,833
Total assets and deferred outflows of resources	<u>\$ 17,672,427</u>	<u>\$ 5,840,309</u>	<u>\$ 23,512,736</u>
Liabilities			
Accounts payable	\$ 62,773	\$ 3,094	\$ 65,867
Contracts payable	92,778	15,538	108,316
Due to other governments	312,291	-	312,291
Salaries and benefits payable	257	27	284
Interest payable	25,907	-	25,907
Bond principal payable			
Payable within one year	255,000	-	255,000
Payable after one year	1,076,430	-	1,076,430
Compensated absences payable			
Payable within one year	22,125	11,054	33,179
Payable after one year	61,319	19,605	80,924
Net pension liability			
Payable after one year	377,034	120,644	497,678
Total liabilities	<u>2,285,914</u>	<u>169,962</u>	<u>2,455,876</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	119,100	38,109	157,209
Net Position			
Net investment in capital assets	8,085,945	2,559,166	10,645,111
Restricted for			
Debt service	815,946	-	815,946
Tax increment	55,984	-	55,984
Public safety	224,272	-	224,272
Other purposes	53,496	-	53,496
Unrestricted	6,031,770	3,073,072	9,104,842
Total net position	<u>15,267,413</u>	<u>5,632,238</u>	<u>20,899,651</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 17,672,427</u>	<u>\$ 5,840,309</u>	<u>\$ 23,512,736</u>

See notes to basic financial statements.

City of Falcon Heights
Statement of Activities
Year Ended December 31, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 1,010,706	\$ 150,729	\$ 17,414	\$ -	\$ (842,563)	\$ -	\$ (842,563)
Public safety	1,581,505	187,682	234,401	-	(1,159,422)	-	(1,159,422)
Public works	2,176,211	213,677	341,485	656,320	(964,729)	-	(964,729)
Park and recreation	255,689	18,502	500	-	(236,687)	-	(236,687)
Community development	5,670	4,275	-	-	(1,395)	-	(1,395)
Interest on long-term debt	45,328	-	-	-	(45,328)	-	(45,328)
Total governmental activities	<u>5,075,109</u>	<u>574,865</u>	<u>593,800</u>	<u>656,320</u>	<u>(3,250,124)</u>	<u>-</u>	<u>(3,250,124)</u>
Business-type activities							
Sanitary sewer	933,620	1,056,397	-	-	-	122,777	122,777
Storm sewer	152,756	198,707	-	-	-	45,951	45,951
Total business-type activities	<u>1,086,376</u>	<u>1,255,104</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,728</u>	<u>168,728</u>
Total governmental and business-type activities	<u>\$ 6,161,485</u>	<u>\$ 1,829,969</u>	<u>\$ 593,800</u>	<u>\$ 656,320</u>	<u>(3,250,124)</u>	<u>168,728</u>	<u>(3,081,396)</u>
General revenues							
Property taxes levied for general purposes					2,310,608	-	2,310,608
Property taxes levied for debt service					189,686	-	189,686
Franchise taxes					137,132	-	137,132
Tax increments					389,504	-	389,504
Unrestricted intergovernmental aids and grants					624,431	604,112	1,228,543
Other general revenue					21,584	-	21,584
Unrestricted investment earnings					389,278	133,845	523,123
Total general revenues					<u>4,062,223</u>	<u>737,957</u>	<u>4,800,180</u>
Change in net position					812,099	906,685	1,718,784
Net position - beginning					14,455,314	4,725,553	19,180,867
Net position - ending					<u>\$ 15,267,413</u>	<u>\$ 5,632,238</u>	<u>\$ 20,899,651</u>

See notes to basic financial statements.

City of Falcon Heights
Balance Sheet - Governmental Funds
December 31, 2023

	General	Debt Service	Capital Projects	
		G.O. Improvement Bonds, Series 2023A	2023 Street Project	Future Improvements
Assets				
Cash and investments	\$ 3,352,279	\$ -	\$ 345,254	\$ 1,804,443
Taxes receivable - delinquent	55,227	-	-	-
Special assessment receivable - deferred	-	203,039	-	-
Accounts receivable	-	-	-	34,066
Interest receivable	43,629	-	-	23,929
Due from other funds	1,206	-	-	-
Due from other governments	45,206	-	-	694,694
Prepaid items	8,840	-	-	-
Total assets	\$ 3,506,387	\$ 203,039	\$ 345,254	\$ 2,557,132
Liabilities				
Accounts payable	\$ 21,561	\$ -	\$ 422	\$ -
Contracts payable	-	-	43,184	-
Due to other funds	-	-	-	-
Due to other governments	1,533	-	-	277,973
Salaries and benefits payable	246	-	-	-
Total liabilities	23,340	-	43,606	277,973
Deferred Inflows of Resources				
Unavailable revenue - state shared taxes	-	-	-	416,722
Unavailable revenue - property tax	55,227	-	-	-
Unavailable revenue - special assessments	-	203,039	-	-
Total deferred inflows of resources	55,227	203,039	-	416,722
Fund Balances				
Nonspendable	8,840	-	-	-
Restricted	224,272	-	-	-
Committed	-	-	-	-
Assigned	-	-	301,648	1,862,437
Unassigned	3,194,708	-	-	-
Total fund balances	3,427,820	-	301,648	1,862,437
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,506,387	\$ 203,039	\$ 345,254	\$ 2,557,132

See notes to basic financial statements.

Capital Projects		
Parks/PW and Facilities Capital Improvements	Other Governmental Funds	Total Governmental Funds
\$ 856,659	\$ 1,896,293	\$ 8,254,928
-	-	55,227
-	92,868	295,907
-	26,441	60,507
-	-	67,558
-	-	1,206
-	13,994	753,894
-	-	8,840
<u>\$ 856,659</u>	<u>\$ 2,029,596</u>	<u>\$ 9,498,067</u>
\$ 27,535	\$ 13,255	\$ 62,773
-	49,594	92,778
-	1,206	1,206
-	32,785	312,291
-	11	257
<u>27,535</u>	<u>96,851</u>	<u>469,305</u>
-	-	416,722
-	-	55,227
-	92,868	295,907
-	92,868	767,856
-	-	8,840
33,575	655,426	913,273
-	540,205	540,205
795,549	645,752	3,605,386
-	(1,506)	3,193,202
<u>829,124</u>	<u>1,839,877</u>	<u>8,260,906</u>
<u>\$ 856,659</u>	<u>\$ 2,029,596</u>	<u>\$ 9,498,067</u>



City of Falcon Heights

City of Falcon Heights
 Reconciliation of the Balance Sheet to
 the Statement of Net Position - Governmental Funds
 December 31, 2023

Total fund balances - governmental funds	\$ 8,260,906
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	10,446,583
Less accumulated depreciation	(2,373,165)
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	(1,310,000)
Bond premium	(21,430)
Compensated absences payable	(83,444)
Net pension liability	(377,034)
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	(119,100)
Deferred outflows of resources related to pensions	102,148
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	55,227
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Deferred special assessments	295,907
State shared taxes	416,722
Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.	<u>(25,907)</u>
Total net position - governmental activities	<u><u>\$ 15,267,413</u></u>

See notes to basic financial statements.

City of Falcon Heights
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2023

	General	Debt Service G.O. Improvement Bonds, Series 2023A	Capital Projects 2023 Street Project	Future Improvements
Revenues				
Property taxes	\$ 2,264,451	\$ -	\$ -	\$ -
Tax increments	18,374	-	-	-
Special assessments	-	-	171,388	-
Licenses and permits	252,485	-	-	137,132
Intergovernmental	891,191	-	332,262	458,997
Charges for services	55,291	-	-	-
Fines and forfeitures	17,962	-	-	-
Miscellaneous				
Investment income	177,206	-	10,197	92,321
Contributions and donations	-	-	-	-
Refunds and reimbursements	5,553	-	-	-
Other	17,967	-	5,820	1,859
Total revenues	<u>3,700,480</u>	<u>-</u>	<u>519,667</u>	<u>690,309</u>
Expenditures				
Current				
General government	918,573	-	-	-
Public safety	1,551,150	-	-	-
Public works	324,627	-	125,718	710
Park and recreation	77,388	-	-	-
Community development	-	-	-	-
Miscellaneous	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	19,765	-
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	888,106	298,476
Park and recreation	-	-	-	-
Total expenditures	<u>2,871,738</u>	<u>-</u>	<u>1,033,589</u>	<u>299,186</u>
Excess of revenues over (under) expenditures	828,742	-	(513,922)	391,123
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Bond issuance	-	-	520,000	-
Transfers in	21,000	-	287,000	30,000
Transfers out	(576,000)	-	-	(407,000)
Total other financing sources (uses)	<u>(555,000)</u>	<u>-</u>	<u>807,000</u>	<u>(377,000)</u>
Net change in fund balances	273,742	-	293,078	14,123
Fund Balances				
Beginning of year	<u>3,154,078</u>	<u>-</u>	<u>8,570</u>	<u>1,848,314</u>
End of year	<u>\$ 3,427,820</u>	<u>\$ -</u>	<u>\$ 301,648</u>	<u>\$ 1,862,437</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>
\$ -	\$ 189,686	\$ 2,454,137
-	371,130	389,504
-	41,803	213,191
-	-	389,617
-	15,661	1,698,111
-	206,341	261,632
-	-	17,962
36,576	72,978	389,278
500	-	500
-	4,961	10,514
-	14,987	40,633
<u>37,076</u>	<u>917,547</u>	<u>5,865,079</u>
-	710	919,283
-	17,170	1,568,320
-	174,980	626,035
1,832	32,792	112,012
-	5,670	5,670
-	2,430	2,430
-	255,000	255,000
-	22,475	42,240
-	4,837	4,837
-	8,601	8,601
-	407,514	1,594,096
1,231,493	-	1,231,493
<u>1,233,325</u>	<u>932,179</u>	<u>6,370,017</u>
(1,196,249)	(14,632)	(504,938)
4,000	-	4,000
-	-	520,000
520,000	176,000	1,034,000
-	(51,000)	(1,034,000)
<u>524,000</u>	<u>125,000</u>	<u>524,000</u>
(672,249)	110,368	19,062
<u>1,501,373</u>	<u>1,729,509</u>	<u>8,241,844</u>
<u>\$ 829,124</u>	<u>\$ 1,839,877</u>	<u>\$ 8,260,906</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, 2023

Net change in fund balances - governmental funds \$ 19,062

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	1,194,381
Depreciation expense	(115,349)

Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(572)
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Governmental funds recognized pension contributions as expenditures at the time of payment in items related to pensions on a full accrual perspective.	(39,418)
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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.	255,000
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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.	(15,615)
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The issuance of long-term debt is recognized as an other financing source in the governmental funds but as a decrease in net position in the statement of activities.	(520,000)
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The governmental funds report the effect of bond premiums, discounts, and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Amortization of bond premiums	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	163,388
State shared taxes	(187,462)

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.	46,157
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Change in net position - governmental activities	\$ 812,099
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See notes to basic financial statements.

City of Falcon Heights
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 2,284,612	\$ 2,284,612	\$ 2,264,451	\$ (20,161)
Tax increments	-	-	18,374	18,374
Licenses and permits	82,750	82,750	252,485	169,735
Intergovernmental	645,810	645,810	891,191	245,381
Charges for services	46,650	46,650	55,291	8,641
Fines and forfeitures	15,000	15,000	17,962	2,962
Miscellaneous revenues				
Investment income	15,000	15,000	177,206	162,206
Refunds and reimbursements	-	-	5,553	5,553
Other	1,500	1,500	17,967	16,467
Total revenues	<u>3,091,322</u>	<u>3,091,322</u>	<u>3,700,480</u>	<u>609,158</u>
Expenditures				
Current				
General government	898,711	919,711	918,573	(1,138)
Public safety	1,560,276	1,560,276	1,551,150	(9,126)
Public works	352,045	352,045	324,627	(27,418)
Park and recreation	104,290	104,290	77,388	(26,902)
Total expenditures	<u>2,915,322</u>	<u>2,936,322</u>	<u>2,871,738</u>	<u>(64,584)</u>
Excess of revenues over expenditures	176,000	155,000	828,742	673,742
Other Financing Sources (Uses)				
Transfers In	-	-	21,000	21,000
Transfers out	(176,000)	(176,000)	(576,000)	(400,000)
Total other financing sources (uses)	<u>(176,000)</u>	<u>(176,000)</u>	<u>(555,000)</u>	<u>(379,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (21,000)</u>	273,742	<u>\$ 294,742</u>
Fund Balance				
Beginning of year			3,154,078	
End of year			<u>\$ 3,427,820</u>	

See notes to basic financial statements.

City of Falcon Heights
Statement of Net Position - Proprietary Funds
December 31, 2023

	Sanitary Sewer	Storm Drainage	Total
Assets			
Current assets			
Cash and investments	\$ 2,464,396	\$ 324,213	\$ 2,788,609
Accounts receivable	150,170	32,255	182,425
Interest receivable	33,521	-	33,521
Due from other governments	165,027	-	165,027
Prepaid items	63,338	-	63,338
Total current assets	<u>2,876,452</u>	<u>356,468</u>	<u>3,232,920</u>
Noncurrent assets			
Capital assets			
Sewer system	2,127,197	-	2,127,197
Storm drain	-	2,354,711	2,354,711
Machinery and equipment	53,104	122,570	175,674
Total capital assets	<u>2,180,301</u>	<u>2,477,281</u>	<u>4,657,582</u>
Less accumulated depreciation	<u>(1,112,975)</u>	<u>(969,903)</u>	<u>(2,082,878)</u>
Net capital assets	<u>1,067,326</u>	<u>1,507,378</u>	<u>2,574,704</u>
Total assets	<u>3,943,778</u>	<u>1,863,846</u>	<u>5,807,624</u>
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	22,468	10,217	32,685
Total assets and deferred outflows of resources	<u>\$ 3,966,246</u>	<u>\$ 1,874,063</u>	<u>\$ 5,840,309</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 1,085	\$ 2,009	\$ 3,094
Contracts payable	2,230	13,308	15,538
Salaries and benefits payable	19	8	27
Amount due within one year	7,119	3,935	11,054
Total current liabilities	<u>10,453</u>	<u>19,260</u>	<u>29,713</u>
Noncurrent liabilities			
Compensated absences	21,939	8,720	30,659
Net pension liability	82,933	37,711	120,644
Less amount due within one year	<u>(7,119)</u>	<u>(3,935)</u>	<u>(11,054)</u>
Total noncurrent liabilities	<u>97,753</u>	<u>42,496</u>	<u>140,249</u>
Total liabilities	<u>108,206</u>	<u>61,756</u>	<u>169,962</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	26,197	11,912	38,109
Net Position			
Net investment in capital assets	1,065,096	1,494,070	2,559,166
Unrestricted	2,766,747	306,325	3,073,072
Total net position	<u>3,831,843</u>	<u>1,800,395</u>	<u>5,632,238</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,966,246</u>	<u>\$ 1,874,063</u>	<u>\$ 5,840,309</u>

See notes to basic financial statements.

City of Falcon Heights
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended December 31, 2023

	Sanitary Sewer	Storm Drainage	Total
Operating revenues			
Charges for services	\$ 1,056,397	\$ 198,707	\$ 1,255,104
Operating expenses			
Wages, salaries, and compensation	165,250	75,426	240,676
Materials and supplies	57	2,772	2,829
Professional services	2,635	1,000	3,635
Maintenance	30,049	10,150	40,199
Repairs	5,957	13,445	19,402
Depreciation	22,355	44,120	66,475
Metro sewer charges	669,995	-	669,995
Sac charges	2,485	-	2,485
Billing fees	20,589	861	21,450
Insurance and bonds	5,863	2,514	8,377
Miscellaneous	8,385	2,468	10,853
Total operating expenses	<u>933,620</u>	<u>152,756</u>	<u>1,086,376</u>
Operating income	122,777	45,951	168,728
Nonoperating revenues			
Investment income	118,214	15,631	133,845
Intergovernmental	604,112	-	604,112
Total nonoperating revenues	<u>722,326</u>	<u>15,631</u>	<u>737,957</u>
Change in net position	845,103	61,582	906,685
Net position			
Beginning of year	<u>2,986,740</u>	<u>1,738,813</u>	<u>4,725,553</u>
End of year	<u>\$ 3,831,843</u>	<u>\$ 1,800,395</u>	<u>\$ 5,632,238</u>

See notes to basic financial statements.

City of Falcon Heights
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2023

	Sanitary Sewer	Storm Drainage	Total
Cash Flows - Operating Activities			
Receipts from customers and users	\$ 953,891	\$ 197,819	\$ 1,151,710
Payments to suppliers	(921,508)	(17,353)	(938,861)
Payments to employees	(189,515)	(89,988)	(279,503)
Net cash flows - operating activities	<u>(157,132)</u>	<u>90,478</u>	<u>(66,654)</u>
Cash Flows - Noncapital Financing Activities			
Intergovernmental revenue	604,112	-	604,112
Net cash flows - noncapital financing activities	<u>604,112</u>	<u>-</u>	<u>604,112</u>
Cash Flows - Capital and Related Financing Activities			
Acquisition of capital assets	(62,536)	(266,161)	(328,697)
Net Cash Flows - Capital and Related Financing Activities	<u>(62,536)</u>	<u>(266,161)</u>	<u>(328,697)</u>
Cash Flows - Investing Activities			
Investment Income	87,371	15,631	103,002
Net change in cash and cash equivalents	471,815	(160,052)	311,763
Cash and Cash Equivalents			
Beginning of year	1,992,581	484,265	2,476,846
End of year	<u>\$ 2,464,396</u>	<u>\$ 324,213</u>	<u>\$ 2,788,609</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities			
Operating income	\$ 122,777	\$ 45,951	\$ 168,728
Adjustments to reconcile operating income (loss) to net cash flows - operating activities			
Depreciation expense	22,355	44,120	66,475
Accounts receivable	62,521	(888)	61,633
Due from other governments	(165,027)	-	(165,027)
Prepaid items	(5,005)	2,000	(3,005)
Pension expense	(1,485)	(4,032)	(5,517)
Accounts payable	666	549	1,215
Contracts payable	(171,154)	13,308	(157,846)
Salaries payable	(2,392)	(622)	(3,014)
Compensated absences payable	(20,388)	(9,908)	(30,296)
Total adjustments	<u>(279,909)</u>	<u>44,527</u>	<u>(235,382)</u>
Net cash flows - operating activities	<u>\$ (157,132)</u>	<u>\$ 90,478</u>	<u>\$ (66,654)</u>

See notes to basic financial statements.

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.

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.

**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)

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 2023A Debt Service Fund - This fund accounts for the resources accumulated and payments made for principal and interest on this bond issue.

2023 Street Project Capital Projects Fund - This fund accounts for costs associated with the 2023 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.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Deposits and Investments

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

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

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

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

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

2. Receivables and Payables

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

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

City of Falcon Heights
Notes to 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 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 assets 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 assets 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.

- ◆ Nonspendable Fund Balance - These are amounts that cannot be spent because they are not in spendable form.

**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)

- ◆ Restricted Fund Balance - These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or b) imposed by law through enabling legislation.
- ◆ Committed Fund Balance - These are amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision making authority) through resolution.
- ◆ Assigned Fund Balance - These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Based on authorization provided by the City's fund balance policy, assignments are made by the City Administrator based on the City Council's direction.
- ◆ Unassigned Fund Balance - These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

b. Minimum Fund Balance

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

10. Net Position

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

E. Use of Estimates

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgetary Information

1. In August of each year, City staff submits to the City Council, a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution after obtaining taxpayer comments.
4. Budgets for the General, Special Revenue, Capital Projects, Debt Service, and Enterprise Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. There was no budget established for the G.O. Improvement Bonds, Series 2023A Debt Service Fund.
5. Expenditures may not legally exceed budgeted appropriations at the fund level. No fund's budget can be increased without City Council approval. The City Council may authorize transfer of budgeted amounts between departments within any fund. Management may amend budgets within a department level, so long as the total department budget is not changed.
6. Annual appropriated budgets are adopted during the year for the General, Special Revenue, Capital Projects, Debt Service, and Enterprise Funds.
7. Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original amounts budgeted. Budgeted expenditure appropriations lapse at year-end.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balances

The TIF District No. 1-4 nonmajor capital project fund had a deficit fund balance at December 31, 2023 of \$1,506.

NOTE 3 - 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, 2023, the City's bank balance of \$0 was not exposed to custodial credit risk because it was fully insured through the FDIC.

The book balance as of December 31, 2023, was \$0 for deposits.

As of December 31, 2023, the City had a petty cash balance of \$250.

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

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

Investment Type	Fair Value	Investment Maturity				Rating
		Less than 1 Year	1 to 3 Years	3 - 5 Years	Over 5 Years	
Brokered Certificates of Deposit	\$ 6,098,036	\$ 2,850,916	\$ 3,247,120	\$ -	\$ -	NR
4M Term Series	2,000,000	2,000,000	-	-	-	NR
4M Fund and 4M Fund Plus	2,691,915	-	-	-	-	NR
Brokered Money Markets	<u>253,336</u>	-	-	-	-	NR
Total investments	<u>\$11,043,287</u>					

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 fair 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.

Custodial Credit Risk - Investments: 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.

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

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The City has the following recurring fair value measurements as of December 31, 2023:

- ◆ \$6,098,004 of investments (all brokered certificates of deposit) are significant other observable inputs (Level 2 inputs) using closing market prices.

Summary of cash deposits and investments as of December 31, 2023, were as follows:

Deposits	\$ -
Petty cash	250
Investments (Note 2.B.)	<u>11,043,287</u>
Total deposits and investments	<u><u>\$ 11,043,537</u></u>

C. Cash and Investments

Deposits and investments are presented in the December 31, 2023, basic financial statements as follows:

Statement of Net Position	
Cash and investments - governmental activities	\$ 8,254,928
Cash and investments - business-type activities	<u>2,788,609</u>
Total	<u><u>\$ 11,043,537</u></u>

City of Falcon Heights
Notes to Basic Financial Statements

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 419,707	\$ 1,107,745	\$ -	\$ 1,527,452
Infrastructure	5,749,783	-	-	5,749,783
Total capital assets not being depreciated	<u>6,169,490</u>	<u>1,107,745</u>	<u>-</u>	<u>7,277,235</u>
Capital assets being depreciated				
Buildings	1,360,310	-	-	1,360,310
Improvements other than buildings	994,816	-	-	994,816
Machinery and equipment	823,607	86,636	96,021	814,222
Total capital assets being depreciated	<u>3,178,733</u>	<u>86,636</u>	<u>96,021</u>	<u>3,169,348</u>
Less accumulated depreciation for				
Buildings	1,231,011	7,244	-	1,238,255
Improvements other than buildings	526,535	47,702	-	574,237
Machinery and equipment	596,291	60,403	96,021	560,673
Total accumulated depreciation	<u>2,353,837</u>	<u>115,349</u>	<u>96,021</u>	<u>2,373,165</u>
Total capital assets being depreciated, net	<u>824,896</u>	<u>(28,713)</u>	<u>-</u>	<u>796,183</u>
Governmental activities capital assets, net	<u>\$ 6,994,386</u>	<u>\$ 1,079,032</u>	<u>\$ -</u>	<u>\$ 8,073,418</u>

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

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets being depreciated				
Buildings and system	\$ 4,153,211	\$ 328,697	\$ -	\$ 4,481,908
Machinery and equipment	175,674	-	-	175,674
Total capital assets being depreciated	<u>4,328,885</u>	<u>328,697</u>	<u>-</u>	<u>4,657,582</u>
Less accumulated depreciation for				
Buildings and system	1,840,729	66,475	-	1,907,204
Machinery and equipment	175,674	-	-	175,674
Total accumulated depreciation	<u>2,016,403</u>	<u>66,475</u>	<u>-</u>	<u>2,082,878</u>
Total capital assets being depreciated, net	<u>2,312,482</u>	<u>262,222</u>	<u>-</u>	<u>2,574,704</u>
Business-type activities capital assets, net	<u>\$ 2,312,482</u>	<u>\$ 262,222</u>	<u>\$ -</u>	<u>\$ 2,574,704</u>

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

Governmental activities	
General government	\$ 40,512
Public safety	16,872
Public works	41,562
Culture and recreation	16,403
Total depreciation expense - governmental activities	<u>\$ 115,349</u>
Business-type activities	
Sanitary sewer	\$ 22,355
Storm drainage	44,120
Total depreciation expense - business-type activities	<u>\$ 66,475</u>

City of Falcon Heights
Notes to Basic Financial Statements

NOTE 5 - INTERFUND BALANCES AND TRANSFERS

A. Interfund Balances

There was an interfund balance of \$1,206 due to the General Fund and due from other nonmajor funds for negative cash balances.

B. Transfers

Transfers during the year ended December 31, 2023, were as follows:

Transfers In	Transfers Out			Total
	General Fund	Future Improvements	Other Non-Major	
2023 Street Project	\$ -	\$ 287,000	\$ -	\$ 287,000
General Fund	-	-	21,000	21,000
Future Improvements	-	-	30,000	30,000
Parks/PW and facilities	520,000	-	-	520,000
Other non-major	56,000	120,000	-	176,000
Total	<u>\$ 576,000</u>	<u>\$ 407,000</u>	<u>\$ 51,000</u>	<u>\$ 1,034,000</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 6 - LONG-TERM DEBT

A. G.O. Debt

The City issues G.O. bonds to provide for financing of street improvements. Debt service is funded by 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%	\$ 255,000
G.O. Improvement Bonds, Series 2021A	665,000	2.00%	535,000
G.O. Improvement Bonds, Series 2023A	520,000	4.41%	520,000

City of Falcon Heights
Notes to Basic Financial Statements

NOTE 6 - LONG-TERM DEBT (CONTINUED)

A. G.O. Debt (Continued)

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>
2024	\$ 255,000	\$ 37,088
2025	357,000	29,603
2026	239,000	20,632
2027	241,000	13,301
2028	108,000	7,232
2029	110,000	2,426
Total	<u>\$ 1,310,000</u>	<u>\$ 110,282</u>

B. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2023, 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. Improvement Bonds	\$ 1,045,000	\$ 520,000	\$ 255,000	\$ 1,310,000	\$ 255,000
Unamortized Bond Premium	33,957	-	12,527	21,430	-
Compensated absences	82,872	43,997	43,425	83,444	22,125
Total governmental activities	<u>1,161,829</u>	<u>563,997</u>	<u>310,952</u>	<u>1,414,874</u>	<u>277,125</u>
Business-type activities					
Compensated absences	60,955	15,300	45,596	30,659	11,054
Total long-term liabilities	<u>\$ 1,222,784</u>	<u>\$ 579,297</u>	<u>\$ 356,548</u>	<u>\$ 1,445,533</u>	<u>\$ 288,179</u>

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

C. Conduit Debt

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

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

NOTE 6 - LONG-TERM DEBT (CONTINUED)

C. Conduit Debt (Continued)

As of December 31, 2023, the following issues were outstanding:

Name	Date of Issue	Original Amount of Issue	Balance Outstanding as of 12/31/23
Pines of Hutchinson, LLC	2013	\$ 4,400,000	\$ 2,916,109
Mounds Park Academy	2014	7,707,444	5,201,473
St Paul Academy and Summit School Project Series	2017	7,375,000	5,716,290
Senior Housing and Health Care Revenue Note 2018A	2018	3,000,000	2,692,708
Senior Housing and Health Care Revenue Refunding 2018B	2018	1,523,889	1,055,016
New Harmony Project Senior Housing and Healthcare Revenue Note	2021	7,000,000	6,274,365
Amber Union Project 2021 Multifamily Housing Revenue Refunding	2021	<u>26,976,188</u>	<u>26,948,601</u>
Total		<u>\$ 57,982,521</u>	<u>\$ 50,804,562</u>

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

NOTE 7 - FUND BALANCE DETAIL

At December 31, 2023, fund balance was comprised of the following components:

	General	2023 Street Project	Future Improvements	Parks/PW and Facilities Capital	Other Governmental Fund	Total
Nonspendable						
Prepaid items	\$ 8,840	\$ -	\$ -	\$ -	\$ -	\$ 8,840
Restricted						
Tax increment capital projects	-	-	-	-	55,984	55,984
Debt service	-	-	-	-	545,946	545,946
Grants	-	-	-	-	53,496	53,496
Park dedication	-	-	-	33,575	-	33,575
Public safety	224,272	-	-	-	-	224,272
Committed						
Recreation costs	-	-	-	-	71,478	71,478
Hydrant and fire truck costs	-	-	-	-	297,385	297,385
Recycling and environmental activities	-	-	-	-	104,445	104,445
Activities promoting economic development	-	-	-	-	19,568	19,568
Lighting costs	-	-	-	-	41,279	41,279
Garden costs	-	-	-	-	6,050	6,050
Assigned						
Capital projects	-	301,648	1,862,437	795,549	645,752	3,605,386
Unassigned	3,194,708	-	-	-	(1,506)	3,193,202
Total	\$ 3,427,820	\$ 301,648	\$ 1,862,437	\$ 829,124	\$ 1,839,877	\$ 8,260,906

NOTE 8 - RISK MANAGEMENT

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

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

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2023 was estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2023, 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 9 - PENSION PLANS

The City participates in various pension plans. Total pension expense for the year ended December 31, 2023, was \$88,294. 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.

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. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

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

NOTE 9 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

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 2023, 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, 2023, were \$54,333. 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, 2023, the City reported a liability of \$497,678 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 \$13,651. The net pension liability was measured as of June 30, 2023, 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0089% at the end of the measurement period and 0.0088% for the beginning of the period.

City's proportionate share of the net pension liability	\$ 497,678
State of Minnesota's proportionate share of the net pension liability associated with the City	13,651
	13,651
Total	\$ 511,329

For the year ended December 31, 2023, the City recognized pension expense of \$99,478 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$61 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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

NOTE 9 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

At December 31, 2023, 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 and actual economic experience	\$ 16,301	\$ 3,351
Changes in actuarial assumptions	78,792	136,410
Net difference between projected and actual investment earnings	-	17,448
Changes in proportion	12,573	-
Contributions paid to PERA subsequent to the measurement date	27,167	-
Total	\$ 134,833	\$ 157,209

The \$27,167 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, 2024. 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
2024	\$ 18,650
2025	(70,281)
2026	12,884
2027	(10,796)
Total	\$ (49,543)

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

NOTE 9 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real</u>
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	 <u>100.0 %</u>	

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023, 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 7.0%. 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 7.0% 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 27 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 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023, actuarial valuation.

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

NOTE 9 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

The following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees Fund

Changes in Actuarial Assumptions

- ◆ The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

Changes in Plan Provisions

- ◆ An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- ◆ The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- ◆ The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- ◆ A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

G. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0%. 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 was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's proportionate share of the General Employees Fund net pension liability	\$ 880,432	\$ 497,678	\$ 182,848

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.

City of Falcon Heights
Notes to Basic Financial Statements

NOTE 10 - 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 Statutes § 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, 2023, the City generated \$371,130 in tax increment revenue and made \$393,930 in payments to developers.

NOTE 11 - COMMITMENT

The City has an outstanding construction commitment of \$75,499 related to the 2023 street project that are expected to be paid from the 2023 Street Project Capital Project Fund.

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
2023	0.0089%	\$ 497,678	\$ 13,651	\$ 511,329	\$ 706,587	70.43%	83.10%
2022	0.0088%	696,962	20,528	717,490	660,880	105.46%	76.67%
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%

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
2023	\$ 54,333	\$ 54,333	\$ -	\$ 724,440	7.50%
2022	52,097	52,097	-	694,627	7.50%
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%

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

See notes to required supplementary information.

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

INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

	2019	2020	2021	2022	2023
Streets and alleys					
Estimated	\$ 37,000	\$ -	\$ 997,000	\$ 60,000	\$ 1,227,000
Actual	-	-	1,819,330	38,524	874,473
	<u>\$ 37,000</u>	<u>\$ -</u>	<u>\$ (822,330)</u>	<u>\$ 21,476</u>	<u>\$ 352,527</u>

CONDITION RATING OF THE CITY'S STREET SYSTEMS

	2016	2019	2022
Streets and alleys	<u>77</u>	<u>71</u>	<u>69</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, 2019, and 2022 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 2022, the City's PCI rating was 69. This was the seventh analysis of the City's streets and alleys. The next rating will be completed in 2025.

City of Falcon Heights Notes to Required Supplementary Information

General Employees Fund

2023 Changes

Changes in Actuarial Assumptions

- ◆ The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

Changes in Plan Provisions

- ◆ An additional one-time direct state aid contribution of \$170.1 million was contributed to the Plan on October 1, 2023.
- ◆ The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- ◆ The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- ◆ A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

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.

City of Falcon Heights Notes to Required Supplementary Information

General Employees Fund (Continued)

2020 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- ◆ The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

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

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.
- ◆ Annual 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.

City of Falcon Heights Notes to Required Supplementary Information

General Employees Fund (Continued)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- ◆ The assumed annual increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

- ◆ The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- ◆ The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The State's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 Changes

Changes in Actuarial Assumptions

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

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, 2023

	Special Revenue			
	Park Programs	Water	Solid Waste	Community Development
Assets				
Cash and investments	\$ 71,478	\$ 291,479	\$ 88,637	\$ 19,568
Special assessment receivable deferred	-	-	-	-
Accounts receivable	-	5,906	15,188	-
Due from other governments	-	-	9,084	-
Total assets	<u>\$ 71,478</u>	<u>\$ 297,385</u>	<u>\$ 112,909</u>	<u>\$ 19,568</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 8,453	\$ -
Contracts payable	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Salaries and benefits payable	-	-	11	-
Total liabilities	<u>-</u>	<u>-</u>	<u>8,464</u>	<u>-</u>
Deferred inflows of resources				
Unavailable revenue - special assessments	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Restricted	-	-	-	-
Committed	71,478	297,385	104,445	19,568
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>71,478</u>	<u>297,385</u>	<u>104,445</u>	<u>19,568</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 71,478</u>	<u>\$ 297,385</u>	<u>\$ 112,909</u>	<u>\$ 19,568</u>

Special Revenue					Debt Service
Street Lighting	Community Garden	Community Inclusion	Charitable Gambling	Total	G.O. Improvement Bonds, Series 2017A
\$ 38,671	\$ 6,050	\$ 53,496	\$ -	\$ 569,379	\$ 452,211
-	-	-	-	-	3,866
5,347	-	-	-	26,441	-
-	-	-	-	9,084	922
<u>\$ 44,018</u>	<u>\$ 6,050</u>	<u>\$ 53,496</u>	<u>\$ -</u>	<u>\$ 604,904</u>	<u>\$ 456,999</u>
\$ 2,739	\$ -	\$ -	\$ -	\$ 11,192	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	11	-
<u>2,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,203</u>	<u>-</u>
-	-	-	-	-	3,866
-	-	-	-	-	3,866
-	-	53,496	-	53,496	453,133
41,279	6,050	-	-	540,205	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>41,279</u>	<u>6,050</u>	<u>53,496</u>	<u>-</u>	<u>593,701</u>	<u>453,133</u>
<u>\$ 44,018</u>	<u>\$ 6,050</u>	<u>\$ 53,496</u>	<u>\$ -</u>	<u>\$ 604,904</u>	<u>\$ 456,999</u>

City of Falcon Heights
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2023

	Debt Service	
	G.O. Improvement Bonds, Series 2021A	Total
Assets		
Cash and investments	\$ 91,447	\$ 543,658
Special assessment receivable deferred	89,002	92,868
Accounts receivable	-	-
Due from other governments	1,366	2,288
Total assets	\$ 181,815	\$ 638,814
Liabilities		
Accounts payable	\$ -	\$ -
Contracts payable	-	-
Due to other funds	-	-
Due to other governments	-	-
Salaries and benefits payable	-	-
Total liabilities	-	-
Deferred inflows of resources		
Unavailable revenue - special assessments	89,002	92,868
Total deferred inflows of resources	89,002	92,868
Fund Balances		
Restricted	92,813	545,946
Committed	-	-
Assigned	-	-
Unassigned	-	-
Total fund balances	92,813	545,946
Total liabilities, deferred inflows of resources, and fund balances	\$ 181,815	\$ 638,814

Capital Projects

General Capital Improvements	Amber Union	2021 Street Project	Tax Increment No. 1-3	TIF District No. 1-4
\$ 442,943	\$ 46,888	\$ 178,827	\$ 90,324	\$ -
-	-	-	-	-
-	-	-	-	-
2,622	-	-	-	-
<u>\$ 445,565</u>	<u>\$ 46,888</u>	<u>\$ 178,827</u>	<u>\$ 90,324</u>	<u>\$ -</u>
\$ -	\$ -	\$ 208	\$ 1,555	\$ 300
-	-	49,594	-	-
-	-	-	-	1,206
-	-	-	32,785	-
-	-	-	-	-
-	-	<u>49,802</u>	<u>34,340</u>	<u>1,506</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	55,984	-
-	-	-	-	-
445,565	46,888	129,025	-	-
-	-	-	-	(1,506)
<u>445,565</u>	<u>46,888</u>	<u>129,025</u>	<u>55,984</u>	<u>(1,506)</u>
<u>\$ 445,565</u>	<u>\$ 46,888</u>	<u>\$ 178,827</u>	<u>\$ 90,324</u>	<u>\$ -</u>



City of Falcon Heights

**City of Falcon Heights
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2023**

	<u>Capital Projects</u>		
	<u>Public Safety Capital Improvements</u>	<u>Total</u>	<u>Total Other Governmental Funds</u>
Assets			
Cash and investments	\$ 24,274	\$ 783,256	\$ 1,896,293
Special assessment receivable deferred	-	-	92,868
Accounts receivable	-	-	26,441
Due from other governments	-	2,622	13,994
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 24,274</u>	<u>\$ 785,878</u>	<u>\$ 2,029,596</u>
Liabilities			
Accounts payable	\$ -	\$ 2,063	\$ 13,255
Contracts payable	-	49,594	49,594
Due to other funds	-	1,206	1,206
Due to other governments	-	32,785	32,785
Salaries and benefits payable	-	-	11
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>85,648</u>	<u>96,851</u>
Deferred inflows of resources			
Unavailable revenue - special assessments	-	-	92,868
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>92,868</u>
Fund Balances			
Restricted	-	55,984	655,426
Committed	-	-	540,205
Assigned	24,274	645,752	645,752
Unassigned	-	(1,506)	(1,506)
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>24,274</u>	<u>700,230</u>	<u>1,839,877</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,274</u>	<u>\$ 785,878</u>	<u>\$ 2,029,596</u>

City of Falcon Heights
 Ramsey County, Minnesota
 Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Nonmajor Governmental Funds
 Year Ended December 31, 2023

	Special Revenue			
	Park Programs	Water	Solid Waste	Community Development
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Tax increments	-	-	-	-
Special assessments	-	-	-	-
Intergovernmental	-	-	15,661	-
Charges for services	17,552	44,243	101,699	-
Miscellaneous				
Investment income	2,922	10,747	3,467	727
Refunds and reimbursements	-	-	-	-
Other	-	-	-	4,184
Total revenues	<u>20,474</u>	<u>54,990</u>	<u>120,827</u>	<u>4,911</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	13,415	117,425	-
Park and recreation	32,712	-	-	-
Community development	-	-	-	5,670
Miscellaneous	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Total expenditures	<u>32,712</u>	<u>13,415</u>	<u>117,425</u>	<u>5,670</u>
Excess of revenues over (under) expenditures	(12,238)	41,575	3,402	(759)
Other Financing Sources (Uses)				
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	13,762	41,575	3,402	(759)
Fund Balances				
Beginning of year	<u>57,716</u>	<u>255,810</u>	<u>101,043</u>	<u>20,327</u>
End of year	<u>\$ 71,478</u>	<u>\$ 297,385</u>	<u>\$ 104,445</u>	<u>\$ 19,568</u>

Special Revenue					Debt Service
Street Lighting	Community Garden	Community Inclusion	Charitable Gambling	Total	G.O. Improvement Bonds, Series 2017A
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 112,080
-	-	-	-	-	-
-	-	-	-	-	3,917
-	-	-	-	15,661	-
41,897	950	-	-	206,341	-
-	-	-	-	-	-
1,482	241	2,190	41	21,817	15,512
-	-	-	-	-	-
-	-	-	-	4,184	-
<u>43,379</u>	<u>1,191</u>	<u>2,190</u>	<u>41</u>	<u>248,003</u>	<u>131,509</u>
-	-	-	-	-	-
-	-	16,460	-	16,460	-
34,362	-	-	-	165,202	710
-	80	-	-	32,792	-
-	-	-	-	5,670	-
-	-	-	1,720	1,720	-
-	-	-	-	-	-
-	-	-	-	-	125,000
-	-	-	-	-	10,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>34,362</u>	<u>80</u>	<u>16,460</u>	<u>1,720</u>	<u>221,844</u>	<u>135,710</u>
9,017	1,111	(14,270)	(1,679)	26,159	(4,201)
-	-	30,000	-	56,000	-
(30,000)	-	-	-	(30,000)	-
<u>(30,000)</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>26,000</u>	<u>-</u>
(20,983)	1,111	15,730	(1,679)	52,159	(4,201)
62,262	4,939	37,766	1,679	541,542	457,334
<u>\$ 41,279</u>	<u>\$ 6,050</u>	<u>\$ 53,496</u>	<u>\$ -</u>	<u>\$ 593,701</u>	<u>\$ 453,133</u>

City of Falcon Heights
 Ramsey County, Minnesota
 Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Nonmajor Governmental Funds
 Year Ended December 31, 2023

	Debt Service		Capital Projects	
	G.O. Improvement Bonds, Series 2021A	Total	General Capital Improvements	Amber Union
Revenues				
Property taxes	\$ 77,606	\$ 189,686	\$ -	\$ -
Tax increments	-	-	-	-
Special assessments	37,886	41,803	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Investment income	1,481	16,993	17,185	5,779
Refunds and reimbursements	-	-	-	4,961
Other	-	-	10,803	-
Total revenues	116,973	248,482	27,988	10,740
Expenditures				
Current				
General government	-	-	710	-
Public safety	-	-	-	-
Public works	-	710	-	1,489
Park and recreation	-	-	-	-
Community development	-	-	-	-
Miscellaneous	710	710	-	-
Debt service				
Principal	130,000	255,000	-	-
Interest and other charges	12,475	22,475	-	-
Capital outlay				
General government	-	-	4,837	-
Public safety	-	-	-	-
Public works	-	-	-	-
Total expenditures	143,185	278,895	5,547	1,489
Excess of revenues over (under) expenditures	(26,212)	(30,413)	22,441	9,251
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(21,000)
Total other financing sources (uses)	-	-	-	(21,000)
Net change in fund balances	(26,212)	(30,413)	22,441	(11,749)
Fund Balances				
Beginning of year	119,025	576,359	423,124	58,637
End of year	\$ 92,813	\$ 545,946	\$ 445,565	\$ 46,888

Capital Projects

2021 Street Project	Tax Increment No. 1-3	TIF District No. 1-4	Public Safety Capital Improvements	Total	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 189,686
-	356,109	15,021	-	371,130	371,130
-	-	-	-	-	41,803
-	-	-	-	-	15,661
-	-	-	-	-	206,341
6,565	3,530	(49)	1,158	34,168	72,978
-	-	-	-	4,961	4,961
-	-	-	-	10,803	14,987
<u>6,565</u>	<u>359,639</u>	<u>14,972</u>	<u>1,158</u>	<u>421,062</u>	<u>917,547</u>
-	-	-	-	710	710
-	-	-	710	710	17,170
6,159	710	710	-	9,068	174,980
-	-	-	-	-	32,792
-	-	-	-	-	5,670
-	-	-	-	-	2,430
-	-	-	-	-	255,000
-	-	-	-	-	22,475
-	-	-	-	4,837	4,837
-	-	-	8,601	8,601	8,601
5,519	386,227	15,768	-	407,514	407,514
<u>11,678</u>	<u>386,937</u>	<u>16,478</u>	<u>9,311</u>	<u>431,440</u>	<u>932,179</u>
(5,113)	(27,298)	(1,506)	(8,153)	(10,378)	(14,632)
120,000	-	-	-	120,000	176,000
-	-	-	-	(21,000)	(51,000)
<u>120,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,000</u>	<u>125,000</u>
114,887	(27,298)	(1,506)	(8,153)	88,622	110,368
14,138	83,282	-	32,427	611,608	1,729,509
<u>\$ 129,025</u>	<u>\$ 55,984</u>	<u>\$ (1,506)</u>	<u>\$ 24,274</u>	<u>\$ 700,230</u>	<u>\$ 1,839,877</u>

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund - Detailed
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ 2,284,612	\$ 2,284,612	\$ 2,264,451	\$ (20,161)
Tax increments	-	-	18,374	18,374
Licenses and permits	82,750	82,750	252,485	169,735
Intergovernmental revenue				
Local government aid	615,810	615,810	615,810	-
Cable television franchise fees	30,000	30,000	32,405	2,405
Public safety aid	-	-	234,401	234,401
Total intergovernmental revenue	<u>645,810</u>	<u>645,810</u>	<u>891,191</u>	<u>245,381</u>
Charges for services				
Plan check fees	10,000	10,000	17,775	7,775
Other	12,350	12,350	11,678	(672)
Snow removal	24,300	24,300	25,838	1,538
Total charges for services	<u>46,650</u>	<u>46,650</u>	<u>55,291</u>	<u>8,641</u>
Fines and forfeitures	15,000	15,000	17,962	2,962
Miscellaneous revenue				
Investment income	15,000	15,000	177,206	162,206
Refunds and reimbursements	-	-	5,553	5,553
Other	1,500	1,500	17,967	16,467
Total miscellaneous revenue	<u>16,500</u>	<u>16,500</u>	<u>200,726</u>	<u>184,226</u>
Total revenues	<u>3,091,322</u>	<u>3,091,322</u>	<u>3,700,480</u>	<u>609,158</u>
Expenditures				
General government				
Legislative				
Wages, salaries, and compensation	22,125	22,125	22,305	180
Materials and supplies	1,600	1,600	2,297	697
Other	24,336	24,336	29,230	4,894
Administration				
Wages, salaries, and compensation	208,760	208,760	215,048	6,288
Materials and supplies	9,900	9,900	6,049	(3,851)
Other	62,000	83,000	78,130	(4,870)

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund - Detailed
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Original and Final Budget		
Expenditures (Continued)				
General government (Continued)				
Finance				
Wages, salaries, and compensation	\$ 177,090	\$ 177,090	\$ 166,818	\$ (10,272)
Materials and supplies	400	400	189	(211)
Other	24,190	24,190	24,443	253
Legal	16,000	16,000	29,567	13,567
Elections				
Materials and supplies	1,000	1,000	471	(529)
Other	24,230	24,230	24,066	(164)
Communications				
Wages, salaries, and compensation	57,030	57,030	59,131	2,101
Materials and supplies	7,000	7,000	9,130	2,130
Other	76,750	76,750	73,584	(3,166)
Planning and inspections				
Wages, salaries, and compensation	93,870	93,870	81,087	(12,783)
Materials and supplies	50	50	-	(50)
Other	92,380	92,380	97,028	4,648
Total general government	<u>898,711</u>	<u>919,711</u>	<u>918,573</u>	<u>(1,138)</u>
Public safety				
Emergency preparedness				
Wages, salaries, and compensation	5,876	5,876	2,896	(2,980)
Materials and supplies	100	100	-	(100)
Other	260	260	592	332
Police services	1,345,322	1,345,322	1,345,468	146
Legal	31,000	31,000	29,685	(1,315)
Fire fighting				
Other	177,718	177,718	172,509	(5,209)
Total public safety	<u>1,560,276</u>	<u>1,560,276</u>	<u>1,551,150</u>	<u>(9,126)</u>
Public works				
Buildings and grounds				
Wages, salaries, and compensation	34,930	34,930	28,178	(6,752)
Materials and supplies	9,000	9,000	11,488	2,488
Other	52,500	52,500	60,514	8,014



City of Falcon Heights

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund - Detailed
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Original and Final Budget		
Expenditures (Continued)				
Public works (Continued)				
Streets				
Wages, salaries, and compensation	\$ 95,045	\$ 95,045	\$ 68,635	\$ (26,410)
Materials and supplies	23,100	23,100	27,021	3,921
Other	34,000	34,000	30,376	(3,624)
Engineering	12,000	12,000	6,415	(5,585)
Tree program				
Wages, salaries and compensation	16,070	16,070	8,862	(7,208)
Materials and supplies	2,000	2,000	897	(1,103)
Tree maintenance	61,000	61,000	70,431	9,431
Other	12,400	12,400	11,810	(590)
Total public works	<u>352,045</u>	<u>352,045</u>	<u>324,627</u>	<u>(27,418)</u>
Park and recreation				
Park maintenance				
Wages, salaries, and compensation	72,990	72,990	58,303	(14,687)
Materials and supplies	6,000	6,000	2,852	(3,148)
Other	25,300	25,300	16,233	(9,067)
Total parks and recreation	<u>104,290</u>	<u>104,290</u>	<u>77,388</u>	<u>(26,902)</u>
Total expenditures	<u>2,915,322</u>	<u>2,936,322</u>	<u>2,871,738</u>	<u>(64,584)</u>
Excess of revenues over expenditures	176,000	155,000	828,742	673,742
Other Financing Sources (Uses)				
Transfers In	-	-	21,000	21,000
Transfers out	(176,000)	(176,000)	(576,000)	(400,000)
Total other financing sources (uses)	<u>(176,000)</u>	<u>(176,000)</u>	<u>(555,000)</u>	<u>(379,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (21,000)</u>	273,742	<u>\$ 294,742</u>
Fund Balance				
Beginning of year			<u>3,154,078</u>	
End of year			<u>\$ 3,427,820</u>	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Park Programs Fund - Special Revenue Fund
Year Ended December 31, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Charges for services	\$ 9,000	\$ 17,552	\$ 8,552
Miscellaneous revenues			
Investment income	150	2,922	2,772
Total revenues	<u>9,150</u>	<u>20,474</u>	<u>11,324</u>
Expenditures			
Park and recreation			
Current			
Wages, salaries, and compensation	28,660	19,974	(8,686)
Materials and supplies	2,650	376	(2,274)
Other	6,800	12,362	5,562
Total expenditures	<u>38,110</u>	<u>32,712</u>	<u>(5,398)</u>
Excess of revenues over (under) expenditures	(28,960)	(12,238)	16,722
Other Financing Sources			
Transfers in	<u>26,000</u>	<u>26,000</u>	<u>-</u>
Net change in fund balance	<u>\$ (2,960)</u>	13,762	<u>\$ 16,722</u>
Fund Balance			
Beginning of year		<u>57,716</u>	
End of year		<u>\$ 71,478</u>	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Water Fund - Special Revenue Fund
Year Ended December 31, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget- Over (Under)
Revenues			
Charges for services	\$ 36,000	\$ 44,243	\$ 8,243
Miscellaneous revenues			
Investment income	1,000	10,747	9,747
Total revenues	37,000	54,990	17,990
 Expenditures			
Public works			
Wages, salaries, and compensation	13,052	11,571	(1,481)
Other	6,200	1,844	(4,356)
Total expenditures	19,252	13,415	(5,837)
Excess of revenues over expenditures	\$ 17,748	41,575	\$ 23,827
 Fund Balance			
Beginning of year		255,810	
End of year		\$ 297,385	

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, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Revenues			
Recycling grant	\$ 16,000	\$ 15,661	\$ (339)
Charges for services	100,780	101,699	919
Miscellaneous revenues			
Investment income	400	3,467	3,067
Total revenues	117,180	120,827	3,647
Expenditures			
Public works			
Wages, salaries, and compensation	18,366	13,038	(5,328)
Materials and supplies	900	688	(212)
Recycling contract	95,000	101,439	6,439
Other	3,550	2,260	(1,290)
Total expenditures	117,816	117,425	(391)
Excess of revenues over (under) expenditures	\$ (636)	3,402	\$ 4,038
Fund Balance			
Beginning of year		101,043	
End of year		\$ 104,445	

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, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Miscellaneous revenues			
Investment income	\$ 120	\$ 727	\$ 607
Other	1,895	4,184	2,289
Total revenues	2,015	4,911	2,896
Expenditures			
Community development			
Other	9,100	5,670	(3,430)
Excess of revenues over (under) expenditures	\$ (7,085)	(759)	\$ 6,326
Fund Balance			
Beginning of year		20,327	
End of year		\$ 19,568	

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, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget- Over (Under)
Revenues			
Charges for services	\$ 42,000	\$ 41,897	\$ (103)
Miscellaneous revenues			
Investment income	200	1,482	1,282
Total revenues	42,200	43,379	1,179
Expenditures			
Public works			
Other	39,950	34,362	(5,588)
Excess of revenues over expenditures	2,250	9,017	6,767
Other Financing Sources			
Transfers out	(30,000)	(30,000)	-
Net change in fund balance	\$ (27,750)	(20,983)	\$ 6,767
Fund Balance			
Beginning of year		62,262	
End of year		\$ 41,279	

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, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Charges for services			
Park and recreation	\$ 950	\$ 950	\$ -
Miscellaneous revenues			
Investment income	40	241	201
Total revenues	990	1,191	201
Expenditures			
Park and recreation			
Other	1,000	80	(920)
Excess of revenues over (under) expenditures	\$ (10)	1,111	\$ 1,121
Fund Balance			
Beginning of year		4,939	
End of year		\$ 6,050	

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, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Miscellaneous revenues			
Investment income	\$ 200	\$ 2,190	\$ 1,990
Contributions and donations	-	-	-
Total miscellaneous revenues	<u>200</u>	<u>2,190</u>	<u>1,990</u>
Expenditures			
Public Safety			
Wages, salaries and compensation	<u>39,000</u>	<u>16,460</u>	<u>(22,540)</u>
Excess of revenues over (under) expenditures	(38,800)	(14,270)	24,530
Other Financing Sources			
Transfers in	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (8,800)</u>	15,730	<u>\$ 24,530</u>
Fund Balance			
Beginning of year		<u>37,766</u>	
End of year		<u>\$ 53,496</u>	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Charitable Gambling Fund - Special Revenue Fund
Year Ended December 31, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Miscellaneous revenues			
Investment income	\$ 10	\$ 41	\$ 31
Expenditures			
Other	1,000	1,720	(720)
Contingency			
Excess of revenues under (under) expenditures	\$ (990)	(1,679)	\$ (689)
Fund Balance			
Beginning of year		1,679	
End of year		\$ -	

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, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Property Taxes	\$ 112,080	\$ 112,080	\$ -
Special assessments	3,000	3,917	917
Miscellaneous revenues			
Investment income	1,200	15,512	14,312
Total revenues	<u>116,280</u>	<u>131,509</u>	<u>15,229</u>
Expenditures			
Public works			
Wages, salaries and compensation	800	710	(90)
Debt service			
Principal	125,000	125,000	-
Interest and other charges	14,525	10,000	(4,525)
Total expenditures	<u>140,325</u>	<u>135,710</u>	<u>(4,615)</u>
Excess of revenues over (under) expenditures	<u>\$ (24,045)</u>	(4,201)	<u>\$ 19,844</u>
Fund Balance			
Beginning of year		<u>457,334</u>	
End of year		<u>\$ 453,133</u>	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
G.O. Improvement Bonds, Series 2021A - Debt Service Fund
Year Ended December 31, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Property Taxes	\$ 77,605	\$ 77,606	\$ 1
Special assessments	70,100	37,886	(32,214)
Miscellaneous revenues			
Investment income	100	1,481	1,381
Total revenues	147,805	116,973	(30,832)
Expenditures			
Other	800	710	(90)
Debt service			
Principal	130,000	130,000	-
Interest and other charges	17,000	12,475	(4,525)
Total expenditures	147,800	143,185	(4,615)
Excess of revenues over (under) expenditures	\$ 5	(26,212)	\$ (26,217)
Fund Balance			
Beginning of year		119,025	
End of year		\$ 92,813	

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, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Miscellaneous revenues			
Investment income	\$ 500	\$ 17,185	\$ 16,685
Other	11,000	10,803	(197)
Total revenues	<u>11,500</u>	<u>27,988</u>	<u>16,488</u>
Expenditures			
General government			
Current			
Other	800	710	(90)
Capital outlay	8,500	4,837	(3,663)
Total expenditures	<u>9,300</u>	<u>5,547</u>	<u>(3,753)</u>
Net change in fund balance	<u>\$ 2,200</u>	22,441	<u>\$ 20,241</u>
Fund Balance			
Beginning of year		<u>423,124</u>	
End of year		<u>\$ 445,565</u>	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
2023 Street Project - Capital Projects Fund
Year Ended December 31, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Special Assessments	\$ 120,000	\$ 171,388	\$ 51,388
Intergovernmental revenue:			
Other Grants and Aids	586,000	332,262	(253,738)
Miscellaneous revenues			
Investment income	100	10,197	10,097
Other	-	5,820	5,820
Total revenues	<u>706,100</u>	<u>519,667</u>	<u>(186,433)</u>
Expenditures			
Public works			
Current	50,800	125,718	74,918
Capital outlay	1,406,000	888,106	(517,894)
Total public works	<u>1,456,800</u>	<u>1,013,824</u>	<u>(442,976)</u>
Debt service			
Interest and other charges	-	19,765	19,765
Total debt service	<u>-</u>	<u>19,765</u>	<u>19,765</u>
Total expenditures	<u>1,456,800</u>	<u>1,033,589</u>	<u>(423,211)</u>
Excess of revenues over (under) expenditures	<u>(750,700)</u>	<u>(513,922)</u>	<u>236,778</u>
Other financing sources			
Bond issuance	675,000	520,000	(155,000)
Transfers in	287,000	287,000	-
Total Other Financing Sources	<u>962,000</u>	<u>807,000</u>	<u>(155,000)</u>
Net change in fund balance	<u>\$ 211,300</u>	293,078	<u>\$ 81,778</u>
Fund Balance			
Beginning of year		<u>8,570</u>	
End of year		<u>\$ 301,648</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, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Miscellaneous revenues			
Investment income	\$ 200	\$ 6,565	\$ 6,365
Total miscellaneous	200	6,565	6,365
Total revenues	200	6,565	6,365
Expenditures			
Public works			
Current			
Other	800	6,159	5,359
Capital outlay	120,000	5,519	(114,481)
Total expenditures	120,800	11,678	(109,122)
Excess of revenues over (under) expenditures	(120,600)	(5,113)	115,487
Other Financing Sources			
Transfers in	120,000	120,000	-
Net change in fund balance	\$ (600)	114,887	\$ 115,487
Fund Balance			
Beginning of year		14,138	
End of year		\$ 129,025	

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, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Tax increments	\$ 480,000	\$ 356,109	\$ (123,891)
Miscellaneous revenue			
Investment income	500	3,530	3,030
Total revenues	480,500	359,639	(120,861)
Expenditures			
Public works			
Current			
Other	800	710	(90)
Capital outlay	556,800	386,227	(170,573)
Total expenditures	557,600	386,937	(170,663)
Excess of revenues over (under) expenditures	\$ (77,100)	(27,298)	\$ 49,802
Fund Balance			
Beginning of year		83,282	
End of year		\$ 55,984	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Tax Increment No. 1-4 - Capital Projects Fund
Year Ended December 31, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Tax increments	\$ 48,000	\$ 15,021	\$ (32,979)
Miscellaneous revenue			
Investment income	300	(49)	(349)
Total revenues	48,300	14,972	(33,328)
Expenditures			
Public works			
Current			
Other	800	710	(90)
Capital outlay	46,100	15,768	(30,332)
Total expenditures	46,900	16,478	(30,422)
Excess of revenues over (under) expenditures	\$ 1,400	(1,506)	\$ (2,906)
Fund Balance			
Beginning of year		-	
End of year		\$ (1,506)	

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous revenues				
Investment income	\$ 20	\$ 20	\$ 1,158	\$ 1,138
Expenditures				
Public safety				
Current				
Other	800	800	710	(90)
Capital outlay	-	10,000	8,601	(1,399)
Total expenditures	<u>800</u>	<u>10,800</u>	<u>9,311</u>	<u>(1,489)</u>
Excess of revenues over (under) expenditures	<u>(780)</u>	<u>(10,780)</u>	<u>(8,153)</u>	<u>2,627</u>
Other Financing Sources				
Proceeds from sale of capital assets	<u>7,500</u>	<u>7,500</u>	-	<u>(7,500)</u>
Net change in fund balance	<u>\$ 6,720</u>	<u>\$ (3,280)</u>	(8,153)	<u>\$ (4,873)</u>
Fund Balance				
Beginning of year			<u>32,427</u>	
End of year			<u>\$ 24,274</u>	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Amber Union - Capital Projects Fund
Year Ended December 31, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Miscellaneous revenue			
Investment income	\$ 200	\$ 5,779	\$ 5,579
Ties payment	-	4,961	4,961
Total revenues	200	10,740	10,540
Expenditures			
Public works			
Current			
Other	800	1,489	689
Excess of revenues over (under) expenditures	(600)	9,251	9,851
Other financing uses			
Transfers out	-	(21,000)	(21,000)
	\$ (600)	(11,749)	\$ (11,149)
Fund Balance			
Beginning of year		58,637	
End of year		\$ 46,888	

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, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Licenses and permits	\$ 135,000	\$ 137,132	\$ 2,132
Intergovernmental			
Other grants and aids	172,430	458,997	286,567
Miscellaneous revenues			
Investment income	10,000	92,321	82,321
Other	-	1,859	1,859
Total revenues	317,430	690,309	372,879
 Expenditures			
Public works			
Current			
Other	2,800	710	(2,090)
Capital outlay	231,000	298,476	67,476
Total expenditures	233,800	299,186	65,386
 Excess of revenues over expenditures	83,630	391,123	307,493
 Other Financing Sources (Uses)			
Transfers in	30,000	30,000	-
Transfers out	(407,000)	(407,000)	-
Total other financing sources (uses)	(377,000)	(377,000)	-
 Net change in fund balance	\$ (293,370)	14,123	\$ 307,493
 Fund Balance			
Beginning of year		1,848,314	
End of year		\$ 1,862,437	

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, 2023

	Original Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Miscellaneous revenues			
Investment income	\$ 2,000	\$ 36,576	\$ 36,576
Contributions and Donations	-	500	500
Total Miscellaneous	2,000	37,076	37,076
Expenditures			
Parks and recreation			
Current			
Other	800	1,832	1,832
Capital outlay	1,646,100	1,231,493	1,231,493
Total expenditures	1,646,900	1,233,325	1,233,325
Excess of revenues under expenditures	(1,644,900)	(1,196,249)	(1,196,249)
Other Financing Sources			
Proceeds from sale of capital assets	-	4,000	4,000
Transfers in	120,000	520,000	520,000
Total other financing sources	120,000	524,000	524,000
Total	\$ (1,524,900)	(672,249)	\$ (672,249)
Fund Balance			
Beginning of year		1,501,373	
End of year		\$ 829,124	

STATISTICAL SECTION



City of Falcon Heights

City of Falcon Heights Statistical Section

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the 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			
	2014	2015	2016	2017
Governmental Activities				
Net investment in capital assets	\$ 7,257,327	\$ 7,205,699	\$ 7,139,185	\$ 7,073,360
Restricted	610,535	477,094	484,867	613,084
Unrestricted	<u>2,545,364</u>	<u>2,302,829</u>	<u>2,421,877</u>	<u>2,534,275</u>
Total Governmental Activities	<u>\$ 10,413,226</u>	<u>\$ 9,985,622</u>	<u>\$ 10,045,929</u>	<u>\$ 10,220,719</u>
Business-Type Activities				
Net investment in capital assets	\$ 1,223,115	\$ 1,535,176	\$ 1,487,989	\$ 1,675,687
Unrestricted	<u>2,656,683</u>	<u>2,398,677</u>	<u>2,524,097</u>	<u>2,139,335</u>
Total Business-Type Activities	<u>\$ 3,879,798</u>	<u>\$ 3,933,853</u>	<u>\$ 4,012,086</u>	<u>\$ 3,815,022</u>
Primary Government				
Net investment in capital assets	\$ 8,480,442	\$ 8,740,875	\$ 8,627,174	\$ 8,749,047
Restricted	610,535	477,094	484,867	613,084
Unrestricted	<u>5,202,047</u>	<u>4,701,506</u>	<u>4,945,974</u>	<u>4,673,610</u>
Total Primary Government Net Position	<u>\$ 14,293,024</u>	<u>\$ 13,919,475</u>	<u>\$ 14,058,015</u>	<u>\$ 14,035,741</u>

Table 1

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 7,136,755	\$ 7,256,270	\$ 7,390,580	\$ 7,006,594	\$ 7,114,386	\$ 8,085,945
528,460	913,108	866,475	778,435	1,503,171	1,149,698
<u>2,754,612</u>	<u>3,135,756</u>	<u>4,380,322</u>	<u>5,695,480</u>	<u>5,837,757</u>	<u>6,031,770</u>
<u>\$ 10,419,827</u>	<u>\$ 11,305,134</u>	<u>\$ 12,637,377</u>	<u>\$ 13,480,509</u>	<u>\$ 14,455,314</u>	<u>\$ 15,267,413</u>
\$ 1,620,358	\$ 1,727,018	\$ 1,939,341	\$ 2,201,504	\$ 2,312,482	\$ 2,559,166
<u>2,252,575</u>	<u>2,389,482</u>	<u>2,232,118</u>	<u>2,323,793</u>	<u>2,413,071</u>	<u>3,073,072</u>
<u>\$ 3,872,933</u>	<u>\$ 4,116,500</u>	<u>\$ 4,171,459</u>	<u>\$ 4,525,297</u>	<u>\$ 4,725,553</u>	<u>\$ 5,632,238</u>
\$ 8,757,113	\$ 8,983,288	\$ 9,329,921	\$ 9,208,098	\$ 9,426,868	\$ 10,645,111
528,460	913,108	866,475	778,435	1,503,171	1,149,698
<u>5,007,187</u>	<u>5,525,238</u>	<u>6,612,440</u>	<u>8,019,273</u>	<u>8,250,828</u>	<u>9,104,842</u>
<u>\$ 14,292,760</u>	<u>\$ 15,421,634</u>	<u>\$ 16,808,836</u>	<u>\$ 18,005,806</u>	<u>\$ 19,180,867</u>	<u>\$ 20,899,651</u>

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

	Fiscal Year			
	2014	2015	2016	2017
Expenses				
Governmental activities				
General Government	\$ 665,388	\$ 634,328	\$ 696,194	\$ 752,640
Public Safety	956,694	1,009,561	1,073,268	1,072,905
Public Works	643,323	1,068,292	648,892	1,775,574
Park and Recreation	253,333	300,800	162,958	174,392
Community Development	2,187	10,967	1,789	3,726
Interest on Long-Term Debt	-	19,695	18,363	28,612
Total Governmental Activities Expenses	<u>2,520,925</u>	<u>3,043,643</u>	<u>2,601,464</u>	<u>3,807,849</u>
Business-type activities				
Sanitary Sewer	629,452	613,868	760,415	723,236
Storm Sewer	116,201	136,551	122,303	142,494
Total Business-Type Activities Expenses	<u>745,653</u>	<u>750,419</u>	<u>882,718</u>	<u>865,730</u>
Total Primary Government Expenses	<u>\$ 3,266,578</u>	<u>\$ 3,794,062</u>	<u>\$ 3,484,182</u>	<u>\$ 4,673,579</u>
Program Revenues				
Governmental activities				
Charges for Services				
General Government	\$ 132,811	\$ 158,077	\$ 167,214	\$ 145,060
Public Safety	137,377	145,952	125,161	127,160
Public Works	147,014	149,152	152,128	151,229
Park and Recreation	43,209	25,232	15,170	11,476
Community Development	1,716	1,716	1,716	1,895
Operating Grants and Contributions	193,236	473,143	151,536	154,211
Capital Grants and Contributions	13,967	196,337	11,490	953,653
Total Governmental Activities Program Revenues	<u>669,330</u>	<u>1,149,609</u>	<u>624,415</u>	<u>1,544,684</u>
Business-type activities				
Charges for Services				
Sanitary Sewer	780,844	756,539	829,339	879,391
Storm Sewer	155,116	154,984	157,067	169,957
Operating Grants and Contributions	-	-	701	-
Capital Grants and Contributions	-	-	-	-
Total Business-Type Activities Program Revenues	<u>935,960</u>	<u>911,523</u>	<u>987,107</u>	<u>1,049,348</u>
Total Primary Government Program Revenues	<u>\$ 1,605,290</u>	<u>\$ 2,061,132</u>	<u>\$ 1,611,522</u>	<u>\$ 2,594,032</u>

Table 2

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 743,238	\$ 777,949	\$ 765,683	\$ 834,064	\$ 821,349	\$ 1,010,706
1,473,021	1,528,097	1,604,140	1,596,239	1,374,452	1,581,505
897,796	614,411	680,429	2,006,502	2,978,204	2,176,211
139,967	145,442	131,580	114,604	243,927	255,689
33,944	8,080	747	723	758	5,670
35,301	32,222	25,644	48,811	18,916	45,328
<u>3,323,267</u>	<u>3,106,201</u>	<u>3,208,223</u>	<u>4,600,943</u>	<u>5,437,606</u>	<u>5,075,109</u>
708,321	901,784	867,393	960,715	852,016	933,620
156,170	155,634	145,903	158,873	171,265	152,756
864,491	1,057,418	1,013,296	1,119,588	1,023,281	1,086,376
<u>\$ 4,187,758</u>	<u>\$ 4,163,619</u>	<u>\$ 4,221,519</u>	<u>\$ 5,720,531</u>	<u>\$ 6,460,887</u>	<u>\$ 6,161,485</u>
\$ 118,265	\$ 188,726	\$ 129,162	\$ 235,187	\$ 109,321	\$ 150,729
107,026	155,035	76,079	190,431	147,861	187,682
160,774	146,301	154,959	164,379	178,430	213,677
11,047	8,986	1,500	6,374	11,244	18,502
-	3,790	-	3,790	-	4,275
226,881	381,001	807,921	730,258	1,344,686	593,800
35,938	10,163	55,253	388,902	1,140,158	656,320
<u>659,931</u>	<u>894,002</u>	<u>1,224,874</u>	<u>1,719,321</u>	<u>2,931,700</u>	<u>1,824,985</u>
945,893	1,070,459	852,185	1,153,186	1,038,379	1,056,397
169,172	174,608	179,662	188,125	191,637	198,707
-	-	-	129,239	-	-
-	-	-	-	-	-
<u>1,115,065</u>	<u>1,245,067</u>	<u>1,031,847</u>	<u>1,470,550</u>	<u>1,230,016</u>	<u>1,255,104</u>
<u>\$ 1,774,996</u>	<u>\$ 2,139,069</u>	<u>\$ 2,256,721</u>	<u>\$ 3,189,871</u>	<u>\$ 4,161,716</u>	<u>\$ 3,080,089</u>

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

	Fiscal Year			
	2014	2015	2016	2017
Net (Expense)/Revenue				
Governmental Activities	\$ (1,851,595)	\$ (1,894,034)	\$ (1,977,049)	\$ (2,263,165)
Business-Type Activities	190,307	161,104	104,389	183,618
Total Primary Government Net (Expense)/Revenue	<u>\$ (1,661,288)</u>	<u>\$ (1,732,930)</u>	<u>\$ (1,872,660)</u>	<u>\$ (2,079,547)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property Taxes	\$ 1,043,863	\$ 1,081,384	\$ 1,181,336	1,271,602
Franchise Fees	-	-	-	-
Tax Increments	202,372	156,606	251,476	172,018
Unrestricted State Aids	505,414	533,015	542,320	546,524
Other General Revenue	38,602	15,000	-	18,437
Unrestricted Investment Income	26,324	14,783	22,163	29,149
Gain on Sale of Assets	34,060	270	61	225
Transfers	(167,106)	-	40,000	400,000
Total Governmental Activities	<u>1,683,529</u>	<u>1,801,058</u>	<u>2,037,356</u>	<u>2,437,955</u>
Business-Type Activities				
Other General Revenue	-	-	-	-
Unrestricted Intergovernmental aids and grants				
Unrestricted Investment Income	23,087	13,091	13,844	19,318
Proceeds Sale of Assets	-	-	-	-
Transfers	167,106	-	(40,000)	(400,000)
Total Business-Type Activities	<u>190,193</u>	<u>13,091</u>	<u>(26,156)</u>	<u>(380,682)</u>
Total Primary Government	<u>\$ 1,873,722</u>	<u>\$ 1,814,149</u>	<u>\$ 2,011,200</u>	<u>\$ 2,057,273</u>
Changes in Net Position				
Governmental Activities	\$ (168,066)	\$ (92,976)	\$ 60,307	\$ 174,790
Business-Type Activities	380,500	174,195	78,233	(197,064)
Total Primary Government	<u>\$ 212,434</u>	<u>\$ 81,219</u>	<u>\$ 138,540</u>	<u>\$ (22,274)</u>

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

Table 2 (Continued)

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ (2,663,336)	\$ (2,212,199)	\$ (1,983,349)	\$ (2,881,622)	\$ (2,505,906)	\$ (3,250,124)
250,574	187,649	18,551	350,962	206,735	168,728
<u>\$ (2,412,762)</u>	<u>\$ (2,024,550)</u>	<u>\$ (1,964,798)</u>	<u>\$ (2,530,660)</u>	<u>\$ (2,299,171)</u>	<u>\$ (3,081,396)</u>
1,600,552	1,997,743	2,159,635	2,251,745	2,353,403	2,500,294
22,179	131,659	138,243	132,896	136,421	137,132
294,506	229,181	271,247	333,729	371,807	389,504
604,943	605,967	604,477	892,919	611,055	624,431
31,975	11,333	52,308	103,564	25,877	21,584
78,289	121,623	89,682	9,901	(17,852)	389,278
-	-	-	-	-	-
230,000	-	-	-	-	-
<u>2,862,444</u>	<u>3,097,506</u>	<u>3,315,592</u>	<u>3,724,754</u>	<u>3,480,711</u>	<u>4,062,223</u>
-	-	-	-	-	-
37,337	55,918	36,408	2,876	(6,479)	604,112
					133,845
(230,000)					
<u>(192,663)</u>	<u>55,918</u>	<u>36,408</u>	<u>2,876</u>	<u>(6,479)</u>	<u>737,957</u>
<u>\$ 2,669,781</u>	<u>\$ 3,153,424</u>	<u>\$ 3,352,000</u>	<u>\$ 3,727,630</u>	<u>\$ 3,474,232</u>	<u>\$ 4,800,180</u>
\$ 199,108	\$ 885,307	\$ 1,332,243	\$ 843,132	\$ 974,805	\$ 812,099
57,911	243,567	54,959	353,838	200,256	906,685
<u>\$ 257,019</u>	<u>\$ 1,128,874</u>	<u>\$ 1,387,202</u>	<u>\$ 1,196,970</u>	<u>\$ 1,175,061</u>	<u>\$ 1,718,784</u>



City of Falcon Heights

**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
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
2022	2,353,403	371,807	136,421	2,861,631
2023	2,500,294	389,504	137,132	3,026,930

Source: City of Falcon Heights financial records

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

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 89,222	\$ 85,535	\$ 71,138	\$ 37,201
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u>1,326,645</u>	<u>1,334,716</u>	<u>1,504,383</u>	<u>1,676,621</u>
Total general fund	<u>\$ 1,415,867</u>	<u>\$ 1,420,251</u>	<u>\$ 1,575,521</u>	<u>\$ 1,713,822</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	411,590	318,141	337,506	498,308
Committed	251,368	263,384	308,915	321,089
Assigned	919,832	803,442	799,450	1,642,422
Unassigned	<u>-</u>	<u>-</u>	<u>(43,120)</u>	<u>-</u>
Total all other governmental funds	<u>\$ 1,582,790</u>	<u>\$ 1,384,967</u>	<u>\$ 1,402,751</u>	<u>\$ 2,461,819</u>

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

Table 4

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 40,800	\$ 17,737	\$ 53,084	\$ -	\$ 35,967	\$ 8,840
-	-	-	-	-	224,272
-	-	-	-	-	-
-	-	-	-	-	-
1,828,155	2,007,462	2,515,136	3,245,298	3,118,111	3,194,708
<u>\$ 1,868,955</u>	<u>\$ 2,025,199</u>	<u>\$ 2,568,220</u>	<u>\$ 3,245,298</u>	<u>\$ 3,154,078</u>	<u>\$ 3,427,820</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
450,561	868,901	857,959	649,927	732,661	689,001
333,318	377,003	426,849	471,616	502,097	540,205
1,659,242	1,404,348	1,775,983	3,109,890	3,853,008	3,605,386
-	-	-	-	-	(1,506)
<u>\$ 2,443,121</u>	<u>\$ 2,650,252</u>	<u>\$ 3,060,791</u>	<u>\$ 4,231,433</u>	<u>\$ 5,087,766</u>	<u>\$ 4,833,086</u>

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

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Taxes	\$ 1,254,073	\$ 1,229,405	\$ 1,435,717	\$ 1,443,823
Special assessments	62,977	76,673	54,579	210,956
Licenses and permits	68,253	80,864	73,339	93,344
Intergovernmental	755,281	1,142,257	792,070	1,478,994
Charges for services	253,357	238,876	225,347	235,928
Fines and forfeitures	67,638	80,415	73,901	45,806
Investment income	26,324	14,783	22,163	29,149
Miscellaneous	54,850	50,185	35,435	46,047
Total revenues	<u>2,542,753</u>	<u>2,913,458</u>	<u>2,712,551</u>	<u>3,584,047</u>
Expenditures				
General government	\$ 593,735	\$ 580,026	\$ 593,485	\$ 662,544
Public safety	867,779	885,969	939,029	957,329
Public works	363,027	351,541	322,322	351,470
Park and recreation	180,126	218,807	110,393	124,396
Community development	2,187	10,967	1,789	3,726
Miscellaneous	-	-	-	-
Capital outlay	1,097,652	796,133	364,916	1,477,627
Debt service				
Principal	70,000	125,000	140,000	150,000
Interest and other charges	19,966	20,248	18,813	20,980
Total expenditures	<u>3,194,472</u>	<u>2,988,691</u>	<u>2,490,747</u>	<u>3,748,072</u>
Excess of revenues under expenditures	(651,719)	(75,233)	221,804	(164,025)
Other Financing Sources (Uses)				
Transfers In	\$ 241,685	\$ 24,716	\$ 62,000	\$ 442,000
Transfers Out	(101,685)	(24,716)	(22,000)	(42,000)
Proceeds Sale of Capital Assets	34,060	270	61	225
Bonds Issued	-	-	-	845,000
Bond premium	-	-	-	-
Total Other Financing Sources (Uses)	<u>174,060</u>	<u>270</u>	<u>40,061</u>	<u>1,245,225</u>
Net Change in Fund Balances	<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	3.10%	5.98%	9.33%	4.68%

Source: City of Falcon Heights financial records

Table 5

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 1,897,392	\$ 2,223,631	\$ 2,435,870	\$ 2,576,318	\$ 2,739,439	\$ 2,843,641
51,510	45,029	45,900	184,268	57,233	213,191
94,519	290,690	214,568	385,304	292,942	389,617
843,652	1,025,523	1,485,632	1,267,770	2,953,789	1,698,111
237,908	265,620	215,778	345,082	208,593	261,632
35,719	28,191	15,109	19,511	18,385	17,962
78,289	121,623	89,682	9,901	(17,852)	389,278
95,207	24,274	80,280	51,209	56,351	51,647
<u>3,334,196</u>	<u>4,024,581</u>	<u>4,582,819</u>	<u>4,839,363</u>	<u>6,308,880</u>	<u>5,865,079</u>
\$ 661,557	\$ 672,880	\$ 672,321	\$ 748,953	\$ 808,935	\$ 919,283
1,321,072	1,432,158	1,509,034	1,541,474	1,391,181	1,568,320
380,343	366,734	393,428	638,436	1,570,165	626,035
112,641	111,737	89,144	96,937	116,430	112,012
33,944	8,080	747	723	758	5,670
-	-	1,414	592	758	2,430
693,758	437,505	497,043	1,369,067	1,534,594	2,839,027
150,000	265,000	265,000	445,000	120,000	255,000
46,673	38,746	35,249	56,875	36,422	42,240
<u>3,399,988</u>	<u>3,332,840</u>	<u>3,463,380</u>	<u>4,898,057</u>	<u>5,579,243</u>	<u>6,370,017</u>
(65,792)	691,741	1,119,439	(58,694)	729,637	(504,938)
\$ 291,770	\$ 479,912	\$ 158,000	\$ 650,120	\$ 720,000	\$ 1,034,000
(61,770)	(479,912)	(158,000)	(650,120)	(720,000)	(1,034,000)
-	-	-	537,349	35,476	4,000
-	-	-	665,000	-	520,000
-	-	-	30,512	-	-
<u>230,000</u>	<u>-</u>	<u>-</u>	<u>1,232,861</u>	<u>35,476</u>	<u>524,000</u>
<u>\$ 164,208</u>	<u>\$ 691,741</u>	<u>\$ 1,119,439</u>	<u>\$ 1,174,167</u>	<u>\$ 765,113</u>	<u>\$ 19,062</u>
5.83%	9.25%	8.94%	10.63%	2.85%	5.74%

**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
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
2022	2,367,632	371,807	136,421	2,875,860
2023	2,454,137	389,504	137,132	2,980,773

Source: City of Falcon Heights financial records

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

Table 7

Year Ended December 31,	Real Property (1)		Personal Property (1)		Less Tax Exempt Real Property (1)	Total Taxable Assessed Value (1)	Total Direct Tax Rate	Estimated Actual Taxable Market Value	Assesed (Tax Capacity) Value ⁽¹⁾ as a Percentage of Taxable Market Value
	Residential Property	Commercial Property	Motor Vehicles	Other					
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%
2022	5,519,656	NA	NA	31,868	NA	5,551,524	38.783	520,933,700	1.07%
2023	5,881,851	NA	NA	33,096	NA	5,914,947	35.174	596,939,400	0.99%

(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

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	
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
2022	38.783	0.000	38.783	0.000	48.034	26.776	10.924	124.517
2023	35.174	0.000	35.174	0.000	44.901	25.533	9.767	115.375

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

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

(3) Does not include tax increments.

City of Falcon Heights
Principal Property Taxpayers
December 31, 2023

Table 9

Taxpayer	2023			2014		
	Taxable Assessed Value (1)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Tilden FP Falcon Heights Apartments	\$ 352,332	1	5.96 %	136,880	2	3.57 %
Larpenteur Manor LLC	294,404	2	4.98	98,360	3	2.56
PC Hendrikson LLC	227,716	3		-	0	-
Twin Cities CO Ops Fed Cr Union	222,486	4	3.76	137,250	1	3.58
Tilden FP Falcon Heights SR Apts	178,410	5	3.02	65,009	4	1.69
Falcon Crossing, LLC	104,710	6	1.77	48,512	6	1.26
Warner Properties of MN, LLP	103,022	7	1.74	38,862	7	1.01
Anna Spiegler	94,020	8	1.59	36,579	8	0.95
Xerxes Ave LLC	79,728	9	1.35	-	-	-
Buhl GTA LP	73,222	10	1.24	-		-
Total	<u>\$ 1,730,050</u>		<u>25.40 %</u>	<u>\$ 561,452</u>		<u>14.63 %</u>

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

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

Table 10

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 1,083,850	\$ 1,044,751	96.4%	\$ 3,873	\$ 1,048,624	96.75%
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%	4,574	1,276,379	99.86%
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%	5,376	1,980,918	100.00%
2020	2,137,524	2,131,339	99.7%	3,700	2,137,628	100.00%
2021	2,249,275	2,242,589	99.7%	3,539	2,248,717	99.98%
2022	2,360,444	2,360,226	100.0%	218	2,360,444	100.00%
2023	2,474,298	2,454,137	99.2%		2,456,726	99.29%

Source: City of Falcon Heights financial records

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

Table 11

Fiscal Year	Governmental Activities	Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	G.O. Bonds			
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	973,499	973,499	0.50%	174
2021	1,211,484	1,211,484	0.59%	216
2022	1,078,957	1,078,957	0.48%	200
2023	1,331,430	1,331,430	0.52%	248

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

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



City of Falcon Heights

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

Table 12

Fiscal Year	G.O. Bonds	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value ⁽¹⁾ of Property	Per Capita ⁽²⁾
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	1,070,000	404,754	665,246	0.16%	122
2018	1,475,000	351,141	1,123,859	0.26%	206
2019	1,210,000	729,333	480,667	0.10%	87
2020	973,499	704,542	268,957	0.05%	48
2021	1,211,484	486,550	724,934	0.14%	129
2022	1,078,957	576,359	502,598	0.10%	93
2023	1,331,430	545,946	785,484	0.13%	145

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

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

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

City of Falcon Heights
Direct and Overlapping Governmental Activities Debt
December 31, 2023

Table 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt
Debt repaid with property taxes: County	\$ 2,078,894,601	0.7%	\$ 13,908,465
Subtotal, overlapping debt			<u>13,908,465</u>
City of Falcon Heights direct debt			1,310,000
Unamortized bond premium direct debt			<u>21,430</u>
Subtotal direct debt			1,331,430
Total direct and overlapping debt			<u><u>\$ 15,239,895</u></u>

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

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

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

City of Falcon Heights
Computation of Direct and Overlapping Bonded Debt
December 31, 2023

Table 13 (Continued)

Governmental Unit	Gross Debt ⁽¹⁾	Sinking Funds	Net Debt	City's Share	
				Percent	Amount
Direct					
City of Falcon Heights	\$ 1,331,430	\$ 545,946	\$ 785,484	100.00 %	\$ 785,484
Overlapping					
School Districts					
ISD No. 623	149,705,000	891,204	148,813,796	7.05	10,495,943
Ramsey County					
Ramsey County	182,587,000	58,039,213	124,547,787	0.85	1,059,405
County Library	18,680,000	569,973	18,110,027	1.68	303,890
Metro Watershed (Capital Region)	9,405,000	-	9,405,000	1.97	185,310
Metropolitan Agencies					
Metro Council	1,717,186,171	135,460,603	1,581,725,568	0.12	1,863,917
Metro Airports Commission	-	-			
Total					
Overlapping Debt	<u>2,077,563,171</u>	<u>194,960,993</u>	<u>1,882,602,178</u>		<u>13,908,465</u>
Total direct and overlapping debt	<u>\$ 2,078,894,601</u>	<u>\$ 195,506,939</u>	<u>\$ 1,883,387,662</u>		<u>\$ 14,693,949</u>

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

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

	Fiscal Year			
	2014	2015	2016	1 2017
Debt limit	\$ 6,991,052	\$ 7,717,764	\$ 7,693,598	\$ 8,068,774
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 6,991,052</u>	<u>\$ 7,717,764</u>	<u>\$ 7,693,598</u>	<u>\$ 8,068,774</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

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								
2018	3	2019	4	2020	5	2021	2022	2023
\$ 8,539,354		\$ 9,280,272		\$ 10,054,406		\$ 10,551,540	\$ 10,418,674	\$ 11,938,788
-		-		-		-	-	-
<u>\$ 8,539,354</u>		<u>\$ 9,280,272</u>		<u>\$ 10,054,406</u>		<u>\$ 10,551,540</u>	<u>\$ 10,418,674</u>	<u>\$ 11,938,788</u>
0.00%		0.00%		0.00%		0.00%	0.00%	0.00%

Legal Debt
Margin
Calculation for
Fiscal Year 2023

Assessed value	\$ 596,939,400
Add back exempt real property	-
Total assessed value	<u>596,939,400</u>
Debt limit (2% of total assessed value)	11,938,788
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>\$ 11,938,788</u>

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

Table 15

Fiscal Year	Special Assessment Bonds				Coverage
	Special Assessment Collections	Debt Service			
		Principal	Interest		
2014	\$ 58,007	\$ -	\$ 6,701	0.0%	
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%	
2022	53,585	120,000	30,674	35.6%	
2023	41,803	255,000	21,525	15.1%	

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 ⁽¹⁾	Total Personal Income	Per Capita Personal Income ⁽²⁾	Median Age ⁽³⁾	Education Level in Years of Formal Schooling ⁽³⁾	School Enrollment ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
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
2022	5,400	226,249,200	41,898	NA	14.8	7,379	2.6
2023	5,379	255,099,075	47,425	NA	14.8	7,210	2.3

Data sources

⁽¹⁾ Bureau of the Census/Metropolitan Council

⁽²⁾ State of Minnesota Demography Department - Ramsey County data and US Census data

⁽³⁾ Census Data for 2020

⁽⁴⁾ School District

⁽⁵⁾ State Department of Labor

* Revenue Information for Ramsey County not available

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

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

Table 17

Taxpayer	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
University of Minnesota (1)	2,000	1	55.56 %	2,700	1	77.14 %
Blaze Credit Union	380	2	10.56	94	4	2.69
Minnesota State Fair (2)	80	3	2.22	75	5	2.14
Twin Cities Laboratories	65	4	1.81	125	3	3.57
Falcon Heights Elementary	60	5	1.67			
Estimated total city employees all businesses	<u>3,600</u>		<u>71.81 %</u>	<u>3,500</u>		<u>89.11 %</u>

- (1) The University of Minnesota Saint Paul Campus employs an additional 400 part time people during the year.
(2) During the Minnesota State Fair held each fall, there are an additional 2,600 people contingently employed.

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

Table 18

Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	4.51	4.26	4.26	4.61	5.21	5.21	5.21	5.18	5.41	5.36
Public safety										
Police (1)										
Officers	NA									
Fire										
Firefighters and officers	3.02	3.02	3.02	2.77	2.77	2.77	2.77	0.35	0	0
Highways and streets										
Engineering (2)										
Maintenance	1.13	1.13	1.13	1.10	1.11	1.11	1.11	1.11	1.13	1.06
Park and recreation	2.49	2.49	2.49	2.44	2.49	2.49	2.49	1.64	2.49	2.05
Sewer	2.19	2.19	2.19	2.32	2.32	2.32	2.32	2.33	2.19	2.58
Total	<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>	<u>11.22</u>	<u>11.05</u>

(1) The City contracts with Ramsey County 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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Physical arrests	620	700	539	311	59	37	30	67	30	52
Parking violations	427	313	303	155	304	410	88	135	274	363
Traffic violations	1,496	1,987	1,344	1,653	270	299	73	207	288	169
Fire										
Number of calls answered	117	108	120	119	143	200	106	171	190	206
Inspections	86	67	77	105	146	99	70	2	98	93
Highways and Streets										
Streets resurfacing (miles)	-	-	-	-	1	-	-	3	-	-
Potholes repaired	185	80	70	68	29	55	100	20	30	35
Sanitation										
Refuse collected (tons/day) (1)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Recyclables collected (tons/day) (2)	9.6	8.9	9.0	8.9	8.6	8.0	9.3	9.3	8.4	8.3
Park and Recreation										
Athletic field permits issued	3	3	3	83	87	93	0	0	0	3
Community centers admissions (3)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Water										
New connections	-	-	-	3	2	-	-	-	-	-
Water mains breaks	1	-	-	1	1	1	7	3	2	3
Average daily consumption (thousands of gallons)	707	728	716	723	769	742	574	708	820	823
Wastewater										
Average daily sewage treatment (thousands of gallons per day)	562	561	574	538	629	638	500	572	602	577

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.

Source: Various government departments

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

Table 20

Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Police (1)										
Stations	-	-	-	-	-	-	-	-	-	-
Patrol units	-	-	-	-	-	-	-	-	-	-
Fire stations (2)	1	1	1	1	1	1	1	1	-	-
Highways and Streets										
Streets (miles)	24.3	24.3	24.3	24.3	24.3	24.3	24.3	24.3	24.3	24.3
Streetlights	210	210	210	210	210	210	210	210	210	210
Traffic signals	9	9	9	9	9	9	9	9	9	9
Park and Recreation										
Parks acreage	18.07	18.07	18.07	18.07	18.07	18.07	18.07	18.07	18.07	18.07
Parks	3	3	3	3	3	3	3	3	3	3
Tennis courts	2	2	2	2	2	2	2	2	2	2
Water										
Water mains (miles)	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5
Fire hydrants	146	146	146	146	146	146	146	146	146	146
Maximum daily capacity (Thousands of gallons)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Sewer										
Sanitary sewers (miles)	14.7	14.7	14.7	14.7	14.7	14.7	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 (3) (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.

Source: Various city departments, St Paul Water Utility, Metropolitan Council Environmental Services

City of Falcon Heights

Audit Presentation



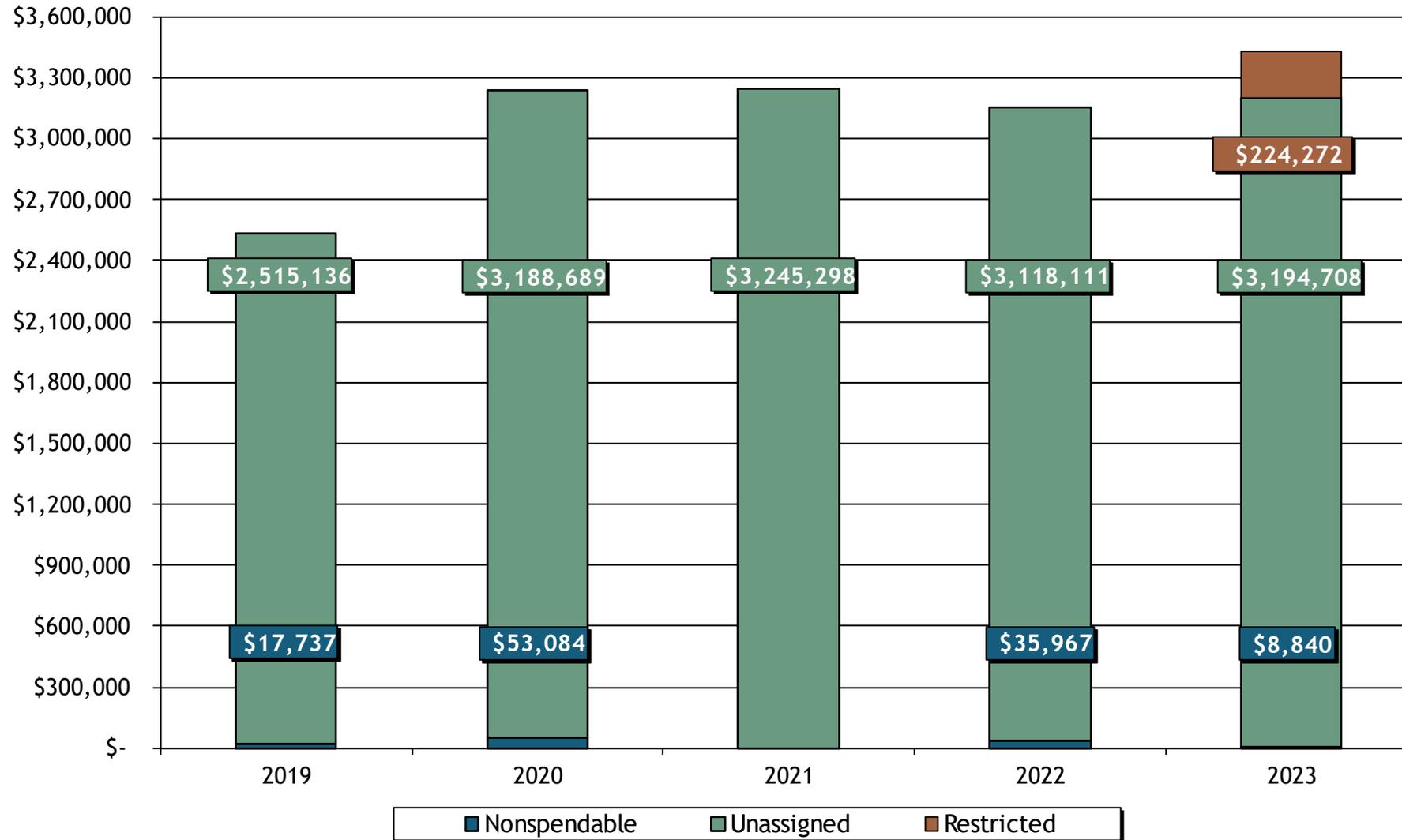
The Audit

Independent Auditor's Report

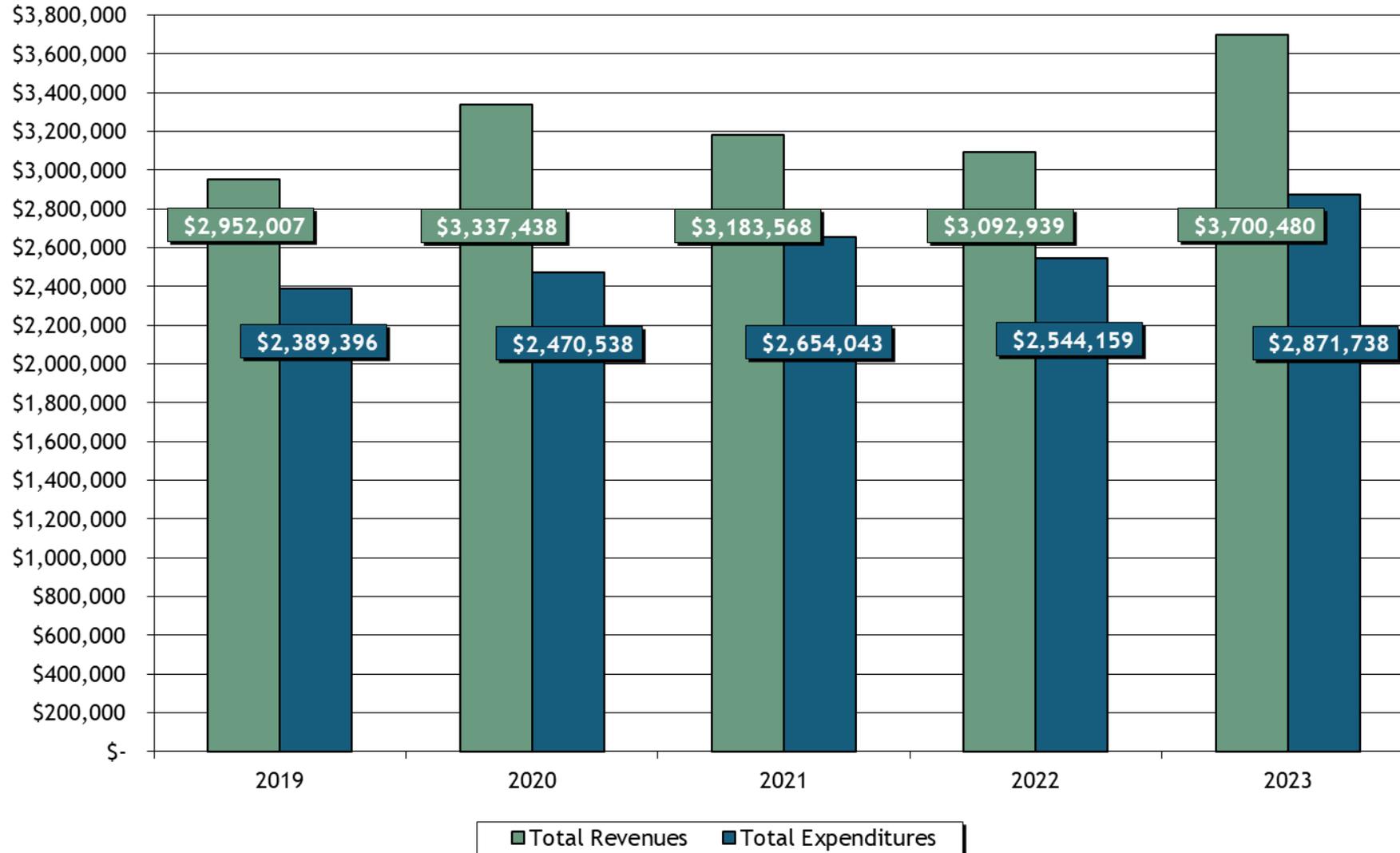
- ◆ Management is responsible for the financial statements
- ◆ Auditor is responsible to express an opinion on the financial statements
- ◆ Unmodified Opinion - best opinion an auditor is able to offer
- ◆ Provides assurance that the financial statements are fairly presented in all material respects
- ◆ Legal Compliance Audit - No findings
- ◆ Internal Control - Lack of Segregation of Accounting Duties

Financial Communications

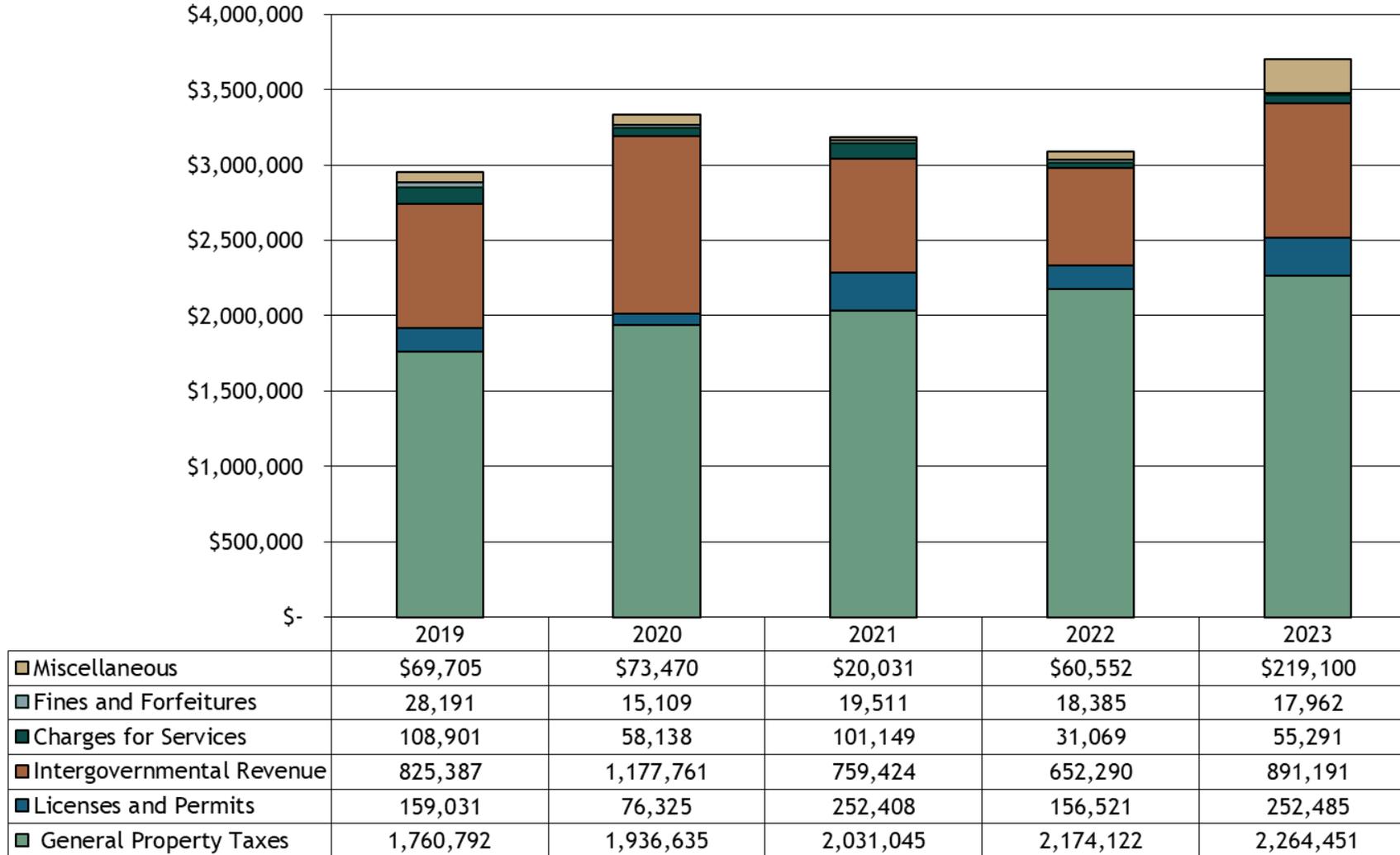
General Fund Balance



General Fund

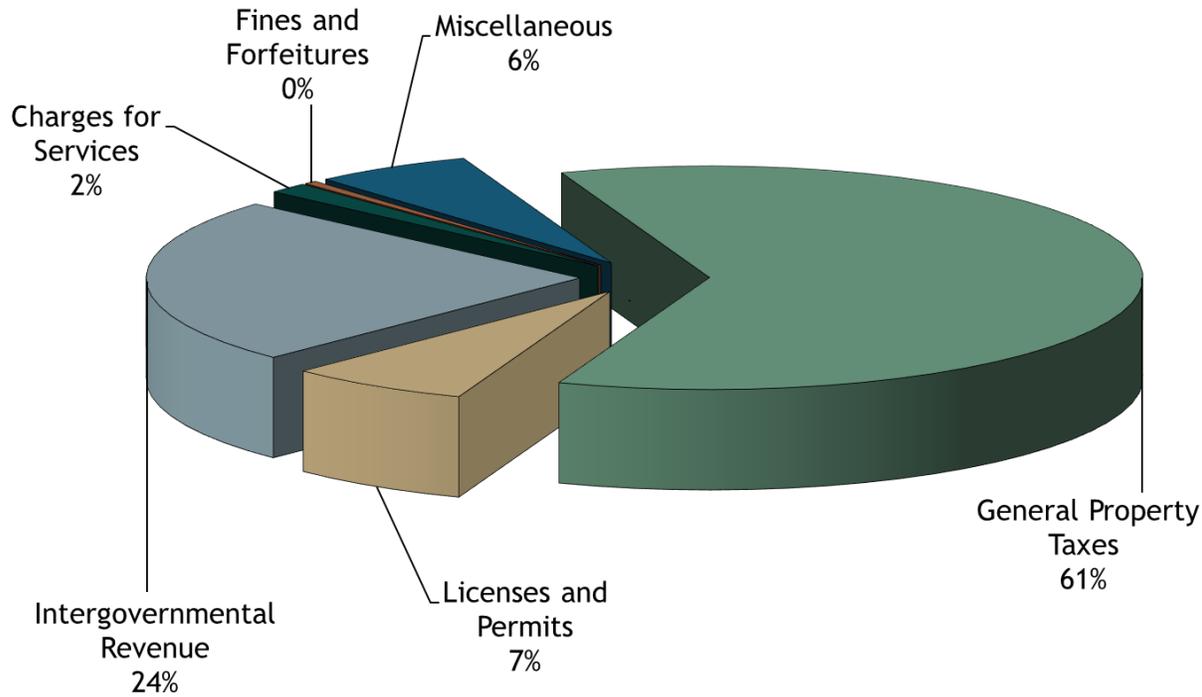


General Fund Revenues

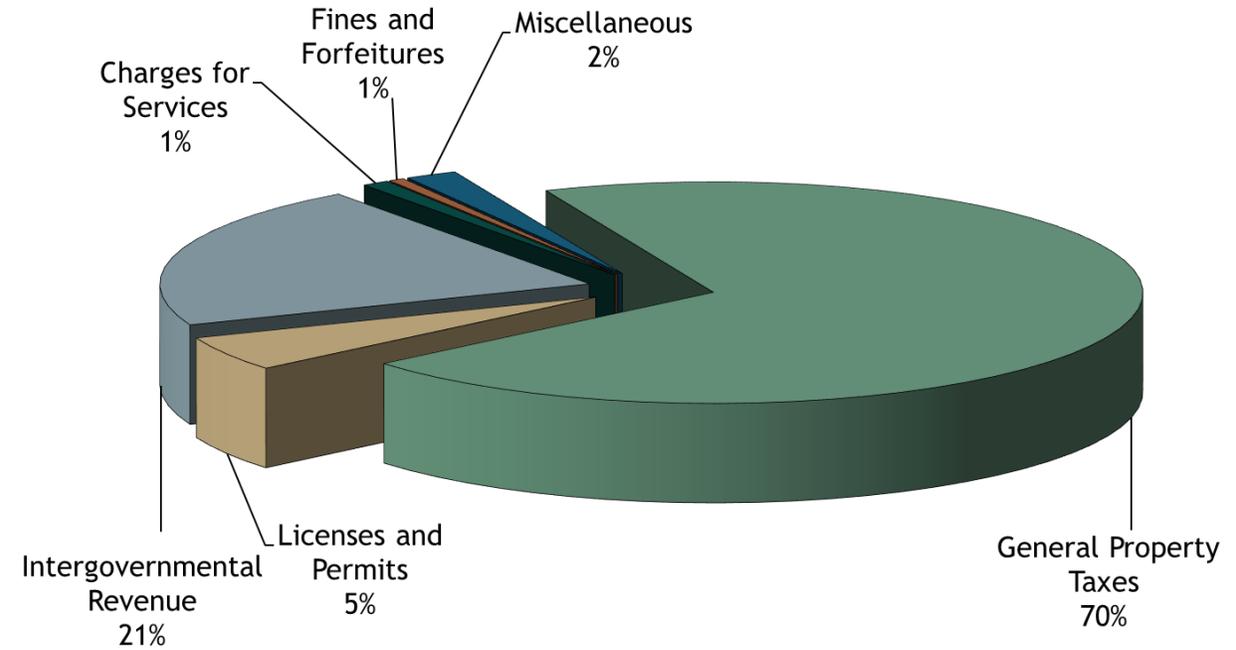


General Fund - Revenues

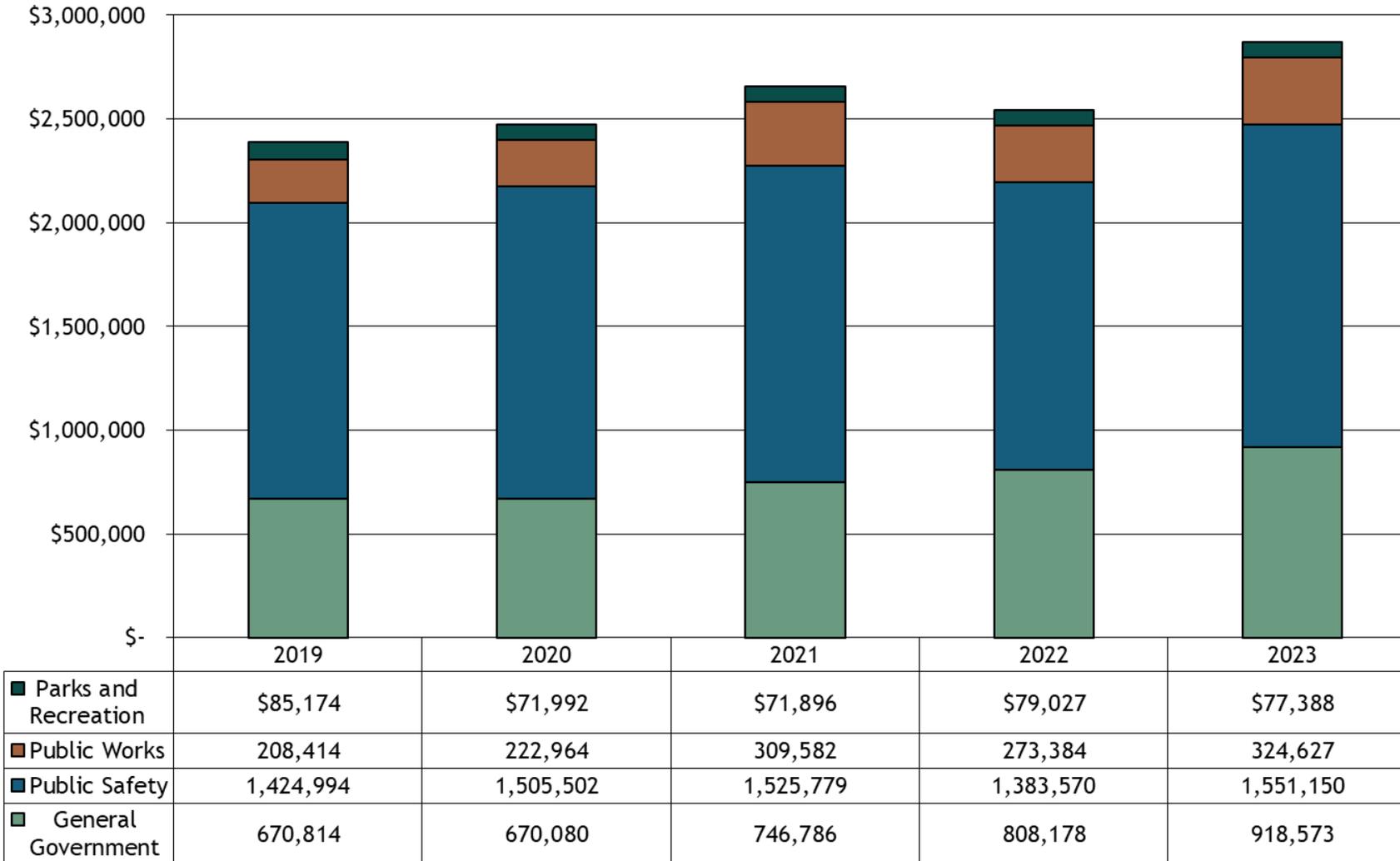
General Fund Revenues 2023



General Fund Revenues 2022

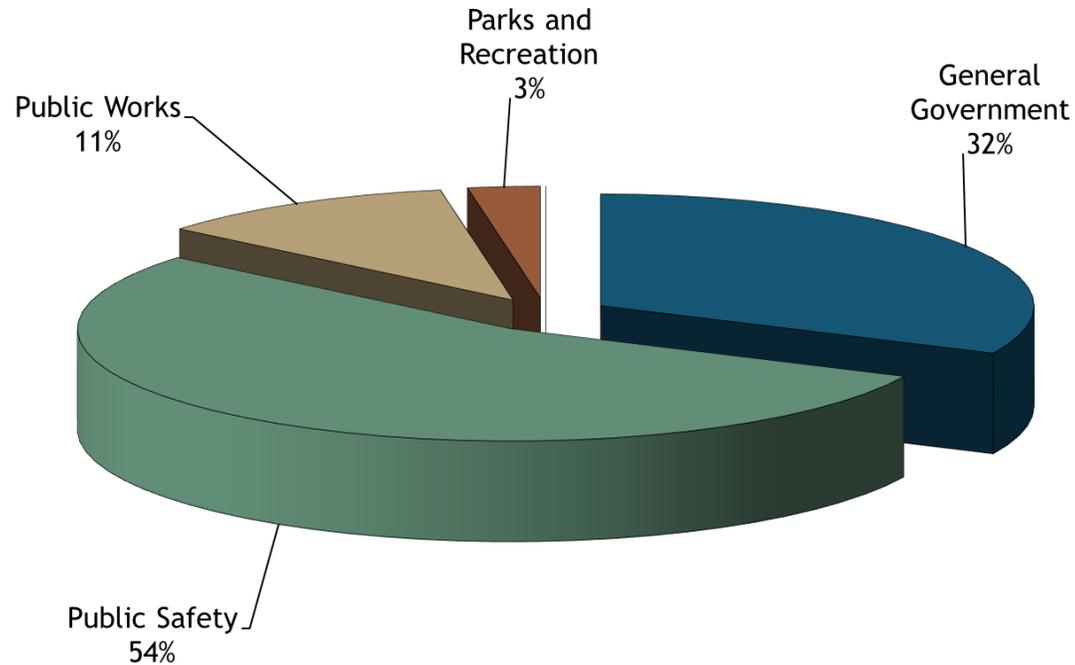


General Fund – Expenditures

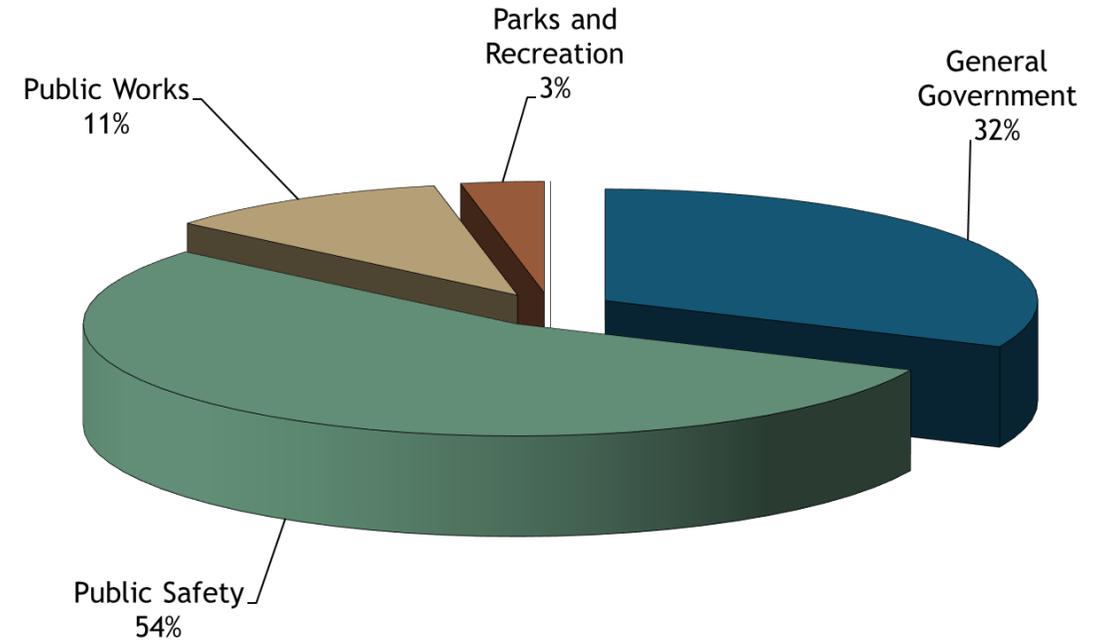


General Fund - Expenditures

General Fund Expenditures 2023



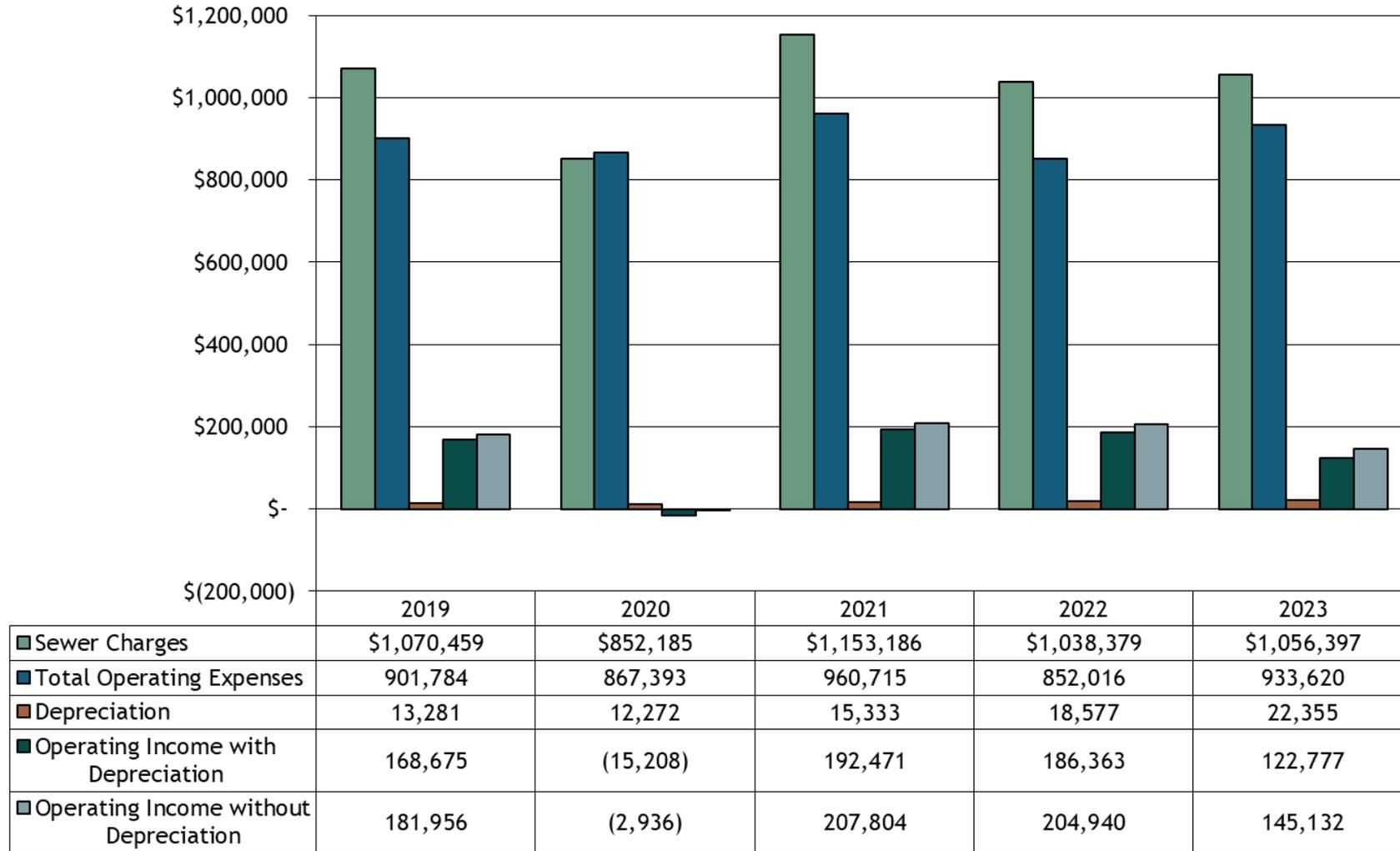
General Fund Expenditures 2022



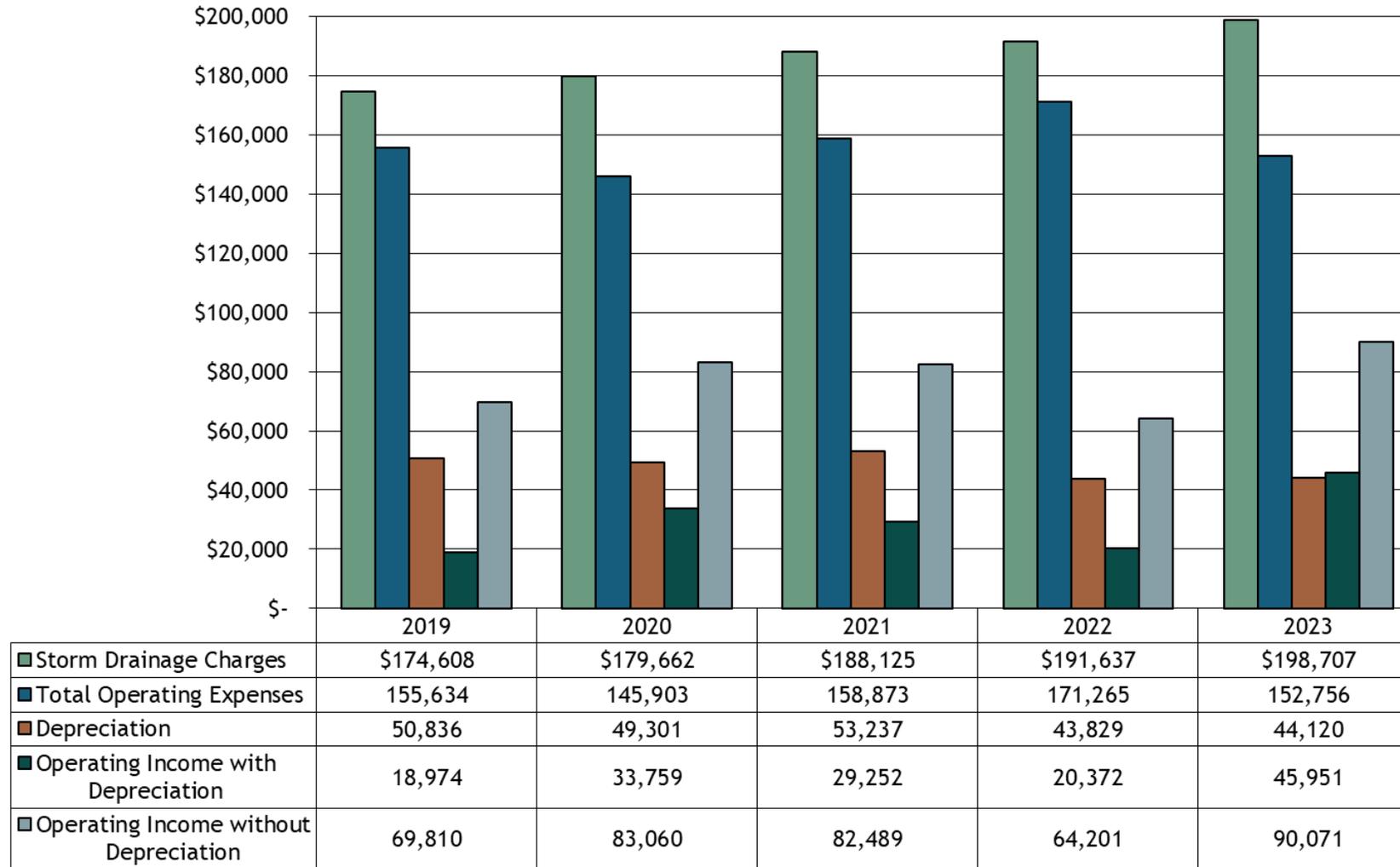
General Fund Budget to Actual

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Taxes	\$ 2,284,612	\$ 2,264,451	\$ (20,161)
Tax increments	-	18,374	18,374
Licenses and permits	82,750	252,485	169,735
Intergovernmental	645,810	891,191	245,381
Charges for services	46,650	55,291	8,641
Fines and forfeitures	15,000	17,962	2,962
Miscellaneous	16,500	200,726	184,226
Total revenues	<u>3,091,322</u>	<u>3,700,480</u>	<u>609,158</u>
Expenditures			
General government	919,711	918,573	(1,138)
Public safety	1,560,276	1,551,150	(9,126)
Public works	352,045	324,627	(27,418)
Parks and recreation	104,290	77,388	(26,902)
Total expenditures	<u>2,936,322</u>	<u>2,871,738</u>	<u>(64,584)</u>
Excess of receipts over disbursements	155,000	828,742	673,742
Other Financing Sources (Uses)			
Transfers in	-	21,000	21,000
Transfers out	<u>(176,000)</u>	<u>(576,000)</u>	<u>(400,000)</u>
Net change in fund balance	\$ (21,000)	\$ 273,742	\$ 294,742

Sanitary Sewer Fund



Storm Drainage Fund



Auditor



Andy Grice

AUDIT SHAREHOLDER

952-563-6862

ANDY.GRICE@CREATIVEPLANNING.COM

Thank You



This commentary is provided for general information purposes only, should not be construed as investment, tax or legal advice, and does not constitute an attorney/client relationship. Past performance of any market results is no assurance of future performance. The information contained herein has been obtained from sources deemed reliable but is not guaranteed.

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PACKET: 03082 APR 23 PAYABLES

VENDOR SET: 01 City of Falcon Heights

SEQUENCE : ALPHABETIC

DUE TO/FROM ACCOUNTS SUPPRESSED

-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
01-00161	ANCHOR PAPER COMPANY					
I-10743607-00		PAPER TOWELS/BATH TISSUE/LINE	337.75			
4/23/2024	APBNK	DUE: 4/23/2024 DISC: 4/23/2024		1099: N		
		PAPER TOWELS/BATH TISSUE/LINER		101 4131-70110-000	SUPPLIES	337.75
		=== VENDOR TOTALS ===	337.75			
=====						
01-03103	CANON FINANCIAL SERVICES					
I-32422640		COPIER CONTRACT CHRG APR	163.59			
4/23/2024	APBNK	DUE: 4/23/2024 DISC: 4/23/2024		1099: N		
		COPIER CONTRACT CHRG APR		101 4131-87010-000	CITY HALL MAINTENANCE	163.59
		=== VENDOR TOTALS ===	163.59			
=====						
01-05008	HUMANA INSURANCE CO					
I-673999254		VISION - MAY	78.21			
4/23/2024	APBNK	DUE: 4/23/2024 DISC: 4/23/2024		1099: N		
		VISION - MAY		101 4112-89000-000	MISCELLANEOUS	78.21
		=== VENDOR TOTALS ===	78.21			
=====						
01-05451	MADISON NATIONAL LIFE INS CO I					
I-V 4-2023 May		LTD and STD insurance May	129.71			
4/23/2024	APBNK	DUE: 4/23/2024 DISC: 4/23/2024		1099: N		
		LTD and STD insurance May		101 4112-89000-000	MISCELLANEOUS	129.71
		=== VENDOR TOTALS ===	129.71			
=====						
01-05060	MCQUEEN EQUIPMENT INC					
I-w13996		SWEEPER MAINT & BROOM REPAIRS	1,611.89			
4/23/2024	APBNK	DUE: 4/23/2024 DISC: 4/23/2024		1099: N		
		SWEEPER MAINT & BROOM REPAIRS		602 4602-83025-000	SWEEPER PARTS/SUPPLIES	1,611.89
		=== VENDOR TOTALS ===	1,611.89			
=====						
01-06024	ON SITE SANITATION					
I-10698667		COMM PARK PORTABLE TOILET	165.00			
4/23/2024	APBNK	DUE: 4/23/2024 DISC: 4/23/2024		1099: N		
		COMM PARK PORTABLE TOILET		601 4601-85080-000	PORTABLE TOILET PARKS	165.00
I-1698668		CURTISS FIELD PORTABLE TOILET	165.00			
4/23/2024	APBNK	DUE: 4/23/2024 DISC: 4/23/2024		1099: N		
		CURTISS FIELD PORTABLE TOILET		601 4601-85080-000	PORTABLE TOILET PARKS	165.00
		=== VENDOR TOTALS ===	330.00			

PACKET: 03082 APR 23 PAYABLES
VENDOR SET: 01 City of Falcon Heights
SEQUENCE : ALPHABETIC
DUE TO/FROM ACCOUNTS SUPPRESSED

-----ID-----		GROSS	P.O. #			
POST DATE	BANK CODE	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----		DISTRIBUTION
=====						
01-06303	REPUBLIC SERVICES					

I-0923-005645515		138.63				
4/23/2024	APBNK		1099: N			
	DUE: 4/23/2024 DISC: 4/23/2024					
	STREET SWEEPINGS		602 4602-84000-000	STREET SWEEPINGS		138.63
	=== VENDOR TOTALS ===	138.63				
=====						
01-06301	SAMS CLUB MC/SYNCB					

I-202404238815		328.55				
4/23/2024	APBNK		1099: N			
	DUE: 4/23/2024 DISC: 4/23/2024					
	OPTIMIS CLUB ROSEVILLE		101 4112-86100-000	CONFERENCES/EDUCATION/AS		29.00
	CHATGPT		101 4116-70100-000	SUPPLIES		20.00
	ANNUAL MEMBERSHIP AMAZON PRIME		101 4131-70110-000	SUPPLIES		139.00
	ASPHALT ROLLER WATER PUMP		101 4132-87000-000	REPAIR EQUIPMENT		140.55
	=== VENDOR TOTALS ===	328.55				
	=== PACKET TOTALS ===	3,118.33				

PACKET: 03084 APR 24 PAYABLES

VENDOR SET: 01 City of Falcon Heights

SEQUENCE : ALPHABETIC

DUE TO/FROM ACCOUNTS SUPPRESSED

-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
01-03122	CITY OF ST PAUL					
I-IN57964		ASPHALT MIX	84.86			
4/24/2024	APBNK	DUE: 4/24/2024 DISC: 4/24/2024		1099: N		
		ASPHALT MIX		101 4132-75000-000	BITUMINOUS PATCHING	84.86
		=== VENDOR TOTALS ===	84.86			
=====						
01-06301	SAMS CLUB MC/SYNCB					
I-202404248816		BALANCE PYMT INTEREST	31.15			
4/24/2024	APBNK	DUE: 4/24/2024 DISC: 4/24/2024		1099: N		
		BALANCE PYMT INTEREST		101 4112-89000-000	MISCELLANEOUS	31.15
		=== VENDOR TOTALS ===	31.15			
=====						
01-00935	ST PAUL REGIONAL WATER SERVICE					
I-202404248817		H2O AND SS	162.98			
4/24/2024	APBNK	DUE: 4/24/2024 DISC: 4/24/2024		1099: N		
		H2O COMMUNITY PARK		101 4141-85040-000	WATER	39.24
		SS COMMUNITY PARK		601 4601-85075-000	CITY BUILDINGS SANITARY	12.33
		CITY HALL H2O		101 4131-85040-000	WATER	89.17
		CITY HALL SS		601 4601-85075-000	CITY BUILDINGS SANITARY	22.24
		=== VENDOR TOTALS ===	162.98			
		=== PACKET TOTALS ===	278.99			

PACKET: 03087 APR 29 PAYABLES

VENDOR SET: 01 City of Falcon Heights

SEQUENCE : ALPHABETIC

DUE TO/FROM ACCOUNTS SUPPRESSED

-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
01-03123	CINTAS CORPORATION					
I-4190683549		FLOOR MAT SVC	82.28			
4/29/2024	APBNK	DUE: 4/29/2024 DISC: 4/29/2024		1099: N		
		FLOOR MAT SVC		101 4131-87010-000	CITY HALL MAINTENANCE	82.28
		=== VENDOR TOTALS ===	82.28			
=====						
01-03583	DELL MARKETING L.P.					
I-17045319885		BASE.DS FOR LAPTOP COMPUTER	256.87			
4/29/2024	APBNK	DUE: 4/29/2024 DISC: 4/29/2024		1099: N		
		BASE.DS FOR LAPTOP COMPUTER		401 4401-90100-000	FURNITURE & EQUIPMENT	256.87
		=== VENDOR TOTALS ===	256.87			
=====						
01-05153	HOME DEPOT CRC/GEFC					
I-202404298820		WOOD/WEED CONTROL/QUICKRETE	188.06			
4/29/2024	APBNK	DUE: 4/29/2024 DISC: 4/29/2024		1099: N		
		WOOD TRIM AND 1/2 INCH SUPPLY		101 4131-70110-000	SUPPLIES	62.33
		WEED CONTROL		101 4132-70120-000	SUPPLIES	69.97
		QUICKETE MIX		602 4602-70200-000	SUPPLIES	55.76
		=== VENDOR TOTALS ===	188.06			
=====						
01-05856	LINEHAN, JACK					
I-202404298821		TELEPHON REIMB APRIL	60.00			
4/29/2024	APBNK	DUE: 4/29/2024 DISC: 4/29/2024		1099: N		
		TELEPHON REIMB APRIL		601 4601-85015-000	CELL PHONE	60.00
		=== VENDOR TOTALS ===	60.00			
=====						
01-05440	LOFFLER COMPANIES, INC					
I-4674797		COPIER OVERAGE CHRGS APR	149.52			
4/29/2024	APBNK	DUE: 4/29/2024 DISC: 4/29/2024		1099: N		
		COPIER OVERAGE CHRGS APR		101 4112-87000-000	REPAIR OFFICE EQUIPMENT	149.52
		=== VENDOR TOTALS ===	149.52			
=====						
01-05731	MN DEPARTMENT OF LABOR INDUSTR					
I-MARCH 1230152024		1ST QTR SURCHARGES	350.33			
4/29/2024	APBNK	DUE: 4/29/2024 DISC: 4/29/2024		1099: N		
		1ST QTR SURCHARGES		101 20801-000	DUE TO OTHER GOVERNMENTS	350.33
		=== VENDOR TOTALS ===	350.33			

PACKET: 03087 APR 29 PAYABLES

VENDOR SET: 01 City of Falcon Heights

SEQUENCE : ALPHABETIC

DUE TO/FROM ACCOUNTS SUPPRESSED

-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
01-06030	OLSON,ROLAND					
I-202404298819		MILEAGE REIMB	107.20			
4/29/2024	APBNK	DUE: 4/29/2024 DISC: 4/29/2024		1099: N		
		MILEAGE REIMB		101 4113-86010-000	MILEAGE	107.20
		=== VENDOR TOTALS ===	107.20			
=====						
01-06990	PROSHRED MINNESOTA					
I-26508		CITY WIDE SHREDDING EVENT	550.00			
4/29/2024	APBNK	DUE: 4/29/2024 DISC: 4/29/2024		1099: N		
		CITY WIDE SHREDDING EVENT		101 4137-89010-000	SPECIAL EVENTS	550.00
		=== VENDOR TOTALS ===	550.00			
=====						
01-07898	WSB					
I-R-023655-000-7		PLANNING COMM PARK IMPROVEMEN	15,028.04			
4/29/2024	APBNK	DUE: 4/29/2024 DISC: 4/29/2024		1099: N		
		PLANNING COMM PARK IMPROVEMENT		403 4403-91500-000	COMMUNITY PARK LAND/BUIL	15,028.04
		=== VENDOR TOTALS ===	15,028.04			
		=== PACKET TOTALS ===	16,772.30			

PACKET: 03089 MAY 1ST PAYABLES

VENDOR SET: 01 City of Falcon Heights

SEQUENCE : ALPHABETIC

DUE TO/FROM ACCOUNTS SUPPRESSED

-----ID-----
 POST DATE BANK CODE -----DESCRIPTION----- GROSS P.O. #
 DISCOUNT G/L ACCOUNT -----ACCOUNT NAME----- DISTRIBUTION

01-00875 BHE COMMUNITY SOLAR, LLC

I-12052105 SOLAR GARDEN ELECT MARCH 1,465.44
 5/01/2024 APBNK DUE: 5/01/2024 DISC: 5/01/2024 1099: N
 SOLAR GARDEN ELECT MARCH 101 4137-85025-000 SOLAR ELECTRIC 1,465.44
 === VENDOR TOTALS === 1,465.44

01-05422 BP

I-202405018825 FUEL 1,180.49
 5/01/2024 APBNK DUE: 5/01/2024 DISC: 5/01/2024 1099: N
 FUEL 101 4132-74000-000 MOTOR FUEL & LUBRICANTS 839.65
 FUEL 602 4602-74000-000 FUEL & LUBRICANTS 340.84
 === VENDOR TOTALS === 1,180.49

01-06290 CITY OF ROSEVILLE

I-242057 ENGINEERING MARCH 1,433.55
 5/01/2024 APBNK DUE: 5/01/2024 DISC: 5/01/2024 1099: N
 GENERAL ENG MARCH 101 4133-80100-000 ENGINEERING SERVICES 167.55
 ENG 2023 PMP MARCH 429 4429-80100-000 ENGINEERING 52.48
 ENG LARP STREET LIGHTS MAR 419 4419-80100-000 ENGINEERING 104.96
 ENG FALCON WOODS 419 4419-80100-000 ENGINEERING 1,056.08
 ENG 2021 PMP 426 4426-80100-000 ENGINEERING 52.48
 === VENDOR TOTALS === 1,433.55

01-05119 GFOA

I-2452001 GFOA MEMBERSHIP - ROLAND 170.00
 5/01/2024 APBNK DUE: 5/01/2024 DISC: 5/01/2024 1099: N
 GFOA MEMBERSHIP - ROLAND 101 4113-86110-000 MEMBERSHIPS 170.00
 === VENDOR TOTALS === 170.00

01-05058 JOSH JORDAN

I-202405018826 TAE KWON DO INSTRUCTOR 896.00
 5/01/2024 APBNK DUE: 5/01/2024 DISC: 5/01/2024 1099: Y
 TAE KWON DO INSTRUCTOR 201 4201-87700-000 INSTRUCTOR-SPECIALTY CLA 896.00
 === VENDOR TOTALS === 896.00

PACKET: 03089 MAY 1ST PAYABLES

VENDOR SET: 01 City of Falcon Heights

SEQUENCE : ALPHABETIC

DUE TO/FROM ACCOUNTS SUPPRESSED

-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
01-05582	MENARDS					
I-202405018823		SAFETY VESTS/GREASE/KITCHEN S	199.15			
5/01/2024	APBNK	DUE: 5/01/2024 DISC: 5/01/2024		1099: N		
		SAFETY VESTS		101 4132-70120-000	SUPPLIES	93.88
		KITCHEN SUPPLIES		101 4131-70110-000	SUPPLIES	79.99
		GREASE		101 4132-70120-000	SUPPLIES	19.99
		NOZE NOZZLE/REFLECTIV E TAPE		203 4203-70100-000	SUPPLIES	5.29
		=== VENDOR TOTALS ===	199.15			
=====						
01-07232	TRUHLER, DAVID					
I-202405018824		REFUND TAE KWON DO	65.89			
5/01/2024	APBNK	DUE: 5/01/2024 DISC: 5/01/2024		1099: N		
		REFUND TAE KWON DO		201 34310-000	RECREATION FEES	65.89
		=== VENDOR TOTALS ===	65.89			
=====						
01-05870	XCEL ENERGY					
I-202405018822		ELECT	11.30			
5/01/2024	APBNK	DUE: 5/01/2024 DISC: 5/01/2024		1099: N		
		ELECT		101 4121-85020-000	ELECTRIC	11.30
		=== VENDOR TOTALS ===	11.30			
		=== PACKET TOTALS ===	5,421.82			

EMP #	NAME	AMOUNT
0. J022	RANDALL C GUSTAFSON	293.07
01-0023	MELANIE M LEEHY	262.05
01-0027	ERIC G MEYER	262.05
01-0028	JAMES J WASSENBERG	262.05
01-0029	PAULA MIELKE	262.05
01-1006	JACK LINEHAN	3,057.73
01-1027	KELLY A NELSON	2,551.72
01-1029	ELKE VAN DER WERFF	1,779.05
01-1136	ROLAND O OLSON	3,282.06
01-1162	ALYSSA LANDBERG	1,258.99
01-1028	HANNAH B LYNCH	2,794.05
01-1167	DAVID S SIMONS	1,716.13
01-1168	DEAN T POPE	1,725.88
01-1033	DAVE TRETSVEN	2,065.72
01-1143	COLIN B CALLAHAN	2,806.69

TOTAL PRINTED: 15 24,379.29

4-25-2024 5:48 AM

PAYROLL CHECK REGISTER

PAGE: 1

PAYROLL NO: 01 City of Falcon Heights

PAYROLL DATE: 4/25/2024

*** REGISTER TOTALS ***

REGULAR CHECKS:		
DIRECT DEPOSIT REGULAR CHECKS:	15	24,379.29
MANUAL CHECKS:		
PRINTED MANUAL CHECKS:		
DIRECT DEPOSIT MANUAL CHECKS:		
VOIDED CHECKS:		
NON CHECKS:		

TOTAL CHECKS:	15	24,379.29

*** NO ERRORS FOUND ***

** END OF REPORT **

April 30 payroll

Fed With	8,737.62
St With	1,570.24
Pera	4,938.55
ICMA	200.00
	<hr/>
	15,446.41

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Meeting Date	May 8, 2024
Agenda Item	Consent G2
Attachment	Resolution 24-33
Submitted By	Kelly Nelson, Administrative Services Director

Item	Accepting Donation from AARP Tax-Aide
Description	AARP-Taxaide utilized City facilities to offer free tax preparation services to those in the community that are retired and/or to individuals with low to moderate income. On April 29, 2024, the City received a letter from Maggie Batten, along with a donation in the amount of \$200 to be applied to the general upkeep of the Council Chambers.
Budget Impact	The donation will be applied to the general upkeep of the Council Chambers.
Attachment(s)	Resolution 24-33
Action(s) Requested	Accept the generous donation from AARP Tax-Aide in the amount of \$200.

**CITY OF FALCON HEIGHTS
COUNCIL RESOLUTION**

May 8, 2024

No. 24-33

RESOLUTION TO ACCEPT A DONATION FROM AARP TAX-AIDE

WHEREAS, AARP Tax-Aide has donated \$200 to Falcon Heights for the general upkeep of the Council Chambers; and

WHEREAS, the Minnesota Statutes Section 465.03 requires that all gifts and donations of real or personal property be accepted only with the adoption of a resolution of the governing body.

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Falcon Heights, Minnesota, that the donation of the \$200 is hereby accepted; and

BE IT FURTHER RESOLVED that the City of Falcon Heights sincerely thanks AARP TaxAide for the donation.

ADOPTED by the Falcon Heights City Council on May 8, 2024.

Moved by:

Approved by: _____

Randall C. Gustafson
Mayor

GUSTAFSON ___ In Favor
LEEHY
MEYER ___ Against
WASSENBERG
MIELKE

Attested by: _____

Jack Linehan
City Administrator

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Meeting Date	May 8, 2024
Agenda Item	G3
Attachment	Pay Estimate #1
Submitted By	Jennifer Lowry, Interim-City Engineer

Item	Request approval of Pay Estimate #1 for the Larpenteur Avenue Lighting Project, FH 23-03.
Description	<p>Pay Estimate #1 in the amount of \$134,091.24 is attached for the materials on hand (ordered and received) for the Larpenteur Avenue Lighting Project.</p> <p>The project engineer and consultant have reviewed the invoice to confirm these components meet project submittals and requirements, and submit the invoice for Council approval. With this pay estimate, the total amount paid to date on this project is \$134,091.24 or 39.3% of the original contract price.</p>
Budget Impact	<p>The contract with Forest Lake Contracting, Inc. is \$340,800.00. Engineering costs are estimated to be \$17,000. The total project cost is \$357,800.00.</p> <p>This project was listed in the CIP to be financed by the following funds:</p> <ul style="list-style-type: none"> • Infrastructure (419) - \$270,000 • TIFF #1-3 Improvement - \$80,000
Attachment(s)	Pay Estimate #1
Action(s) Requested	<p>Staff recommends adoption of the following motion:</p> <p>Motion to approve Pay Estimate #1 for the Larpenteur Avenue Lighting Project.</p>



14777 Lake Drive
Forest Lake, MN 55025

PH: (651) 464-4500
FAX: (651)464-4722

April 4, 2024

Ms. Stephanie Smith, PE
City of Roseville/Falcon Heights

Dear Ms. Smith:

We would like to submit the following invoices as a request for materials on hand in regards to the *Larpentuer Avenue Lighting* project. We are requesting a total of **\$134,091.24**, as detailed below:

Supplier	Description	Invoice #	Invoice Amount	Pay Item
Graybar	Fixtures	9336311781	\$46,586.52	L14 Pole
Graybar	Poles	9336508897	\$59,445.81	L14 Pole
Graybar	Bolts	9336272388	\$16,165.16	L14 Pole
Povolny Specialties	Lighting Cab L1	49244	\$11,893.75	L1 Cabinet
		TOTAL	\$134,091.24	

All of the materials on hand are stored in our yard at the company address. The invoices have been independently verified and we find that they are true and accurate for materials actually received. Please contact me with any further questions or to view the materials.

Best Regards,

Christopher M. Brown, CPA
Controller

INVOICE



2300 EAST 25TH ST
MINNEAPOLIS MN 55406-1221

Invoice Questions Please Call or Email

612-728-3500 or ARQuestions@graybar.com

Invoice No: 9336311781
 Invoice Date: 03/08/2024
 Account Number: JP9065631
 Account Name: FOREST LAKE CONTRACTING: CITY OF

Remit Payments To:

GRAYBAR ELECTRIC COMPANY, INC.
 12437 COLLECTIONS CENTER DRIVE
 CHICAGO IL 60693-0124

3869 1 MB 0.571 E0239X I0447 D12555590128 S2 P10187018 0001:0001



FOREST LAKE CONTRACTING
 14777 LAKE DR NE
 FOREST LAKE MN 55025-9461

Ship to:
 FOREST LAKE CONTRACTING: CITY OF FALCON
 CITY OF FALCON HEIGHTS
 JOE MONETTE 651-464-4500
 14777 LAKE DR
 FOREST LAKE MN 55025-9445

23-16

PO #: 27166-2316						SO#: 384528080
Del. Doc. #: 0384528080	PRO #	Routing	Date Shipped: 03/06/2024	Shipped From: FACTORY	F.O.B.	Rt. To

Quantity	Catalog # / Description	Unit Price / Unit	Amount
1	LOT HOLOPHANE CORPORATION HOLOPHANE / ACUITY BRANDS	43488.00 / 1	# 43,488.00
Consisting of:			
34	AUCL3 P30 30K MVOLT FC3 GN SK HOLOPHANE / ACUITY BRANDS		

MOH → CB

Save Time and Money by Going Paperless



Graybar can help reduce your paperwork by sending invoices electronically. Paperless provides you with instant access to your invoices, saves time and is safer for your employees. Ready to go paperless? Email your company name and recent Graybar invoice number to BillDirectRequest@graybar.com to get started.

Indicates Taxable Item

Terms of Payment 1% 10th Prox., net 15th Prox. As a condition of the sales agreement, a monthly service charge of the lesser of 1-1/2% or the maximum permitted by law may be added to all accounts not paid by net due date. Visa, MasterCard, American Express, and Discover credit cards are accepted at point of purchase only.	Sub Total	43,488.00
	Freight & Handling	0.00
	Tax	3533.40
	Total Due	47,021.40
	Cash Discount (if paid within terms)	-434.88
		<i>\$46,586.52</i>

SUBJECT TO THE STANDARD TERMS AND CONDITIONS LISTED ON WWW.GRAYBAR.COM.

INVOICE



2300 EAST 25TH ST
MINNEAPOLIS MN 55406-1221

Invoice Questions Please Call or Email

612-728-3500 or ARQuestions@graybar.com

Invoice No: 9336508897
 Invoice Date: 03/22/2024
 Account Number: JP9065631
 Account Name: FOREST LAKE CONTRACTING: CITY OF

Remit Payments To:

GRAYBAR ELECTRIC COMPANY, INC.
 12437 COLLECTIONS CENTER DRIVE
 CHICAGO IL 60693-0124

249 2 MB 0.571 E0041X I0310 D12610764332 S2 P10204586 0001:0006



FOREST LAKE CONTRACTING
 14777 LAKE DR NE
 FOREST LAKE MN 55025-9461

Ship to:
 FOREST LAKE CONTRACTING: CITY OF FALCON
 CITY OF FALCON HEIGHTS
 JOE MONETTE 651-464-4500
 14777 LAKE DR
 FOREST LAKE MN 55025-9445

2316

PO #:	27166-2316						SO#:	384528080
Del. Doc. #:	PRO #	Routing	Date Shipped	Shipped From	F.O.B.	Rt. To		
0384528080			03/19/2024	FACTORY				

Ordered by: Joe Monette

Quantity	Catalog # / Description	Unit Price / Unit	Amount
1	LOT HOLOPHANE CORPORATION HOLOPHANE / ACUITY BRANDS	55492.00 / 1	# 55,492.00
	Consisting of:		
34	SMA 14 S5J 13S WLDHHC C03 GN SP114/162C HOLOPHANE / ACUITY BRANDS		

S300

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Graybar can help reduce your paperwork by sending invoices electronically. Paperless provides you with instant access to your invoices, saves time and is safer for your employees. Ready to go paperless? Email your company name and recent Graybar invoice number to BillDirectRequest@graybar.com to get started.

Indicates Taxable Item

Terms of Payment 1% 10th Prox., net 15th Prox. As a condition of the sales agreement, a monthly service charge of the lesser of 1-1/2% or the maximum permitted by law may be added to all accounts not paid by net due date. Visa, MasterCard, American Express, and Discover credit cards are accepted at point of purchase only.	Sub Total	55,492.00
	Freight & Handling	0.00
	Tax	4508.73
	Total Due	60,000.73
	Cash Discount (if paid within terms)	-554.92

\$59,445.81

MOH => CB 4/4/24

SUBJECT TO THE STANDARD TERMS AND CONDITIONS LISTED ON WWW.GRAYBAR.COM.

202

INVOICE



2300 EAST 25TH ST
MINNEAPOLIS MN 55406-1221

Invoice Questions Please Call or

612-728-3500 or ARQuestions@graybar.com

Invoice No: 9336272388
Invoice Date: 03/06/2024
Account Number: JP9065631
Account Name: FOREST LAKE CONTRACTING; CITY OF

Remit Payments To:

GRAYBAR ELECTRIC COMPANY, INC.
12437 COLLECTIONS CENTER DRIVE
CHICAGO IL 60693-0124

3510 1 AB 0.547 E0016X I0036 D12545249906 S2 P10182352 0001:0001



FOREST LAKE CONTRACTING
14777 LAKE DR NE
FOREST LAKE MN 55025-9461

Ship to:
FOREST LAKE CONTRACTING; CITY OF FALCON
CITY OF FALCON HEIGHTS
JOE MONETTE 651-464-4500
14777 LAKE DR
FOREST LAKE MN 55025-9445

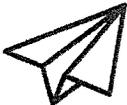
PO #: 27166-2316						SO#: 384528080	
Del. Doc. #:	PRO #	Routing	Date Shipped	Shipped From	F.O.B.	Rt. To	
0384528080			02/29/2024	FACTORY			

Ordered by: Joe Monette

Quantity	Catalog # / Description	Unit Price / Unit	Amount
1	LOT HOLOPHANE CORPORATION HOLOPHANE / ACUITY BRANDS	15090.00 / 1	# 15,090.00
	Consisting of:		
68	BA 24IN 1A BO S5J HB 100P GN HOLOPHANE / ACUITY BRANDS		

*S300
S1100
2316
0026*

Save Time and Money by Going Paperless



Graybar can help reduce your paperwork by sending invoices electronically. Paperless provides you with instant access to your invoices, saves time and is safer for your employees. Ready to go paperless? Email your company name and recent Graybar invoice number to BillDirectRequest@graybar.com to get started.

Indicates Taxable Item

Terms of Payment

1% 10th Prox., net 15th Prox.

As a condition of the sales agreement, a monthly service charge of the lesser of 1-1/2% or the maximum permitted by law may be added to all accounts not paid by net due date. Visa, MasterCard, American Express, and Discover credit cards are accepted at point of purchase only.

Sub Total	15,090.00
Freight & Handling	0.00
Tax	1226.06
Total Due	16,316.06
Cash Discount (if paid within terms)	-150.90

16,165.16

motl => CB 3-6-24

SUBJECT TO THE STANDARD TERMS AND CONDITIONS LISTED ON WWW.GRAYBAR.COM.

Invoice



7350 COURTHOUSE BLVD.
INVER GROVE HTS., MN 55077

DBE, SBE, TGB, WBE, & Wisconsin DBE Certified

Invoice #: 49244

Invoice Date: 1/4/2024

Date Due: 2/3/2024

Sold To:

Ship To:

FOREST LAKE CONTRACTING, INC.
14777 LAKE DRIVE
FOREST LAKE, MN 55025

Terms	P.O. #./JOB NAME	Shipped Via:	Ordered By:
Net 30	27165-2316		JOE

QUANTITY	DESCRIPTION	Unit	Amount
2	LIGHTING CABINETS 5189 S1100 2316 0236	5,500.00	11,000.00

<p>THANK YOU FOR YOUR BUSINESS</p> <p>PLEASE PAY BY THIS INVOICE. A LATE PAY CHARGE OF 1 1/2%, PER MONTH</p> <p>TERMS OF SALE (WITH APPROVED CREDIT)</p> <p>NET 30 DAYS</p> <p>HOLD AT 45 DAYS</p> <p>C.O.D. AT 60 DAYS</p>	Subtotal	\$11,000.00
	Sales Tax (8.125%)	\$893.75
	Total	\$11,893.75
	Payments/Credits	\$0.00
	Balance Due	\$11,893.75

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Meeting Date	May 8, 2024
Agenda Item	Policy H1
Attachment	Resolution 24-34
Submitted By	Jack Linehan, City Administrator

Item	Support of Application for Falcon Heights Community Church Flood Mitigation Feasibility Study
Description	<p>In 2023, Falcon Heights Community Church (1795 Holton Street) reached out to the City regarding their storm sewer drain in the northern part of their parking lot. The church is exploring the future use of that parcel, and wanted to see if relocation was possible.</p> <p>As Roseville Engineering dug in to the request, they reached out to the Capitol Region Watershed District (CRWD). CRWD has identified the need to reduce flooding at the Gottfried's Pit subwatershed, and adding additional storage capacity at the Falcon Heights Church could help meet those goals.</p> <p>CRWD and Roseville Engineering are exploring the possibility of an underground water storage facility at Falcon Heights Community Church parking lot, similar to the installation recently installed at St. Rose of Lima in Roseville.</p> <p>This letter from the City Council will help endorse the project as CRWD explores funding and study opportunities.</p>
Budget Impact	There is no impact to budget at this phase. The City did budget in the 10-year capital plan for potential storm water improvements at FH Community Church, but those would not be required yet.
Attachment(s)	<ul style="list-style-type: none"> • CRWD RFP • CRWD Background Info • Letter of Support • Resolution 24-34
Action(s) Requested	Staff recommends adoption of the following motion: Motion to approve Resolution 24-32 supporting application for Falcon Heights Community Church Flood Mitigation Feasibility Study



Capitol Region Watershed District

595 Aldine Street
Saint Paul, MN 55104
(651) 644-8888 • capitolregionwd.org

Request for Proposals

DATE: April 17, 2024
TO: Black & Veatch, Geosyntec, ISG, Rani Engineering
FROM: Luke Martinkosky, Water Resources Regulatory Specialist
RE: Flood Mitigation Feasibility Study: FA13 and FA16 Request for Proposals
EXHIBITS: All exhibits [Available for Download](#)
Exhibit A— TBI Modeling Report
Exhibit B— Gottfried’s Pit Subwatershed Analysis – Capstone Project
Exhibit C— Project Area Map
Exhibit D – Example Consultant Services Agreement

This letter serves as a request for proposals to conduct a flood mitigation feasibility study for two priority areas within the Como Lake Subwatershed of Capitol Region Watershed District (CRWD) in Falcon Heights and Roseville, Minnesota. Proposals shall be submitted no later than 4:00PM on May 15, 2024.

Background

In 2023, CRWD completed XPSWMM H&H and P8 water quality modeling of the Trout Brook Subwatershed (Exhibit A) which included the Como Lake subwatershed. During this study, 20 flood areas were identified and given a composite score based on structural impacts, infrastructure impacts, and duration of flooding in each area. A social vulnerability index was also assigned to each area. Flood areas 13 and 16 have been identified in the Trout Brook Modeling Report (2024) as high-priority locations based on their composite scores. Interest from private landowners may provide opportunities to implement flood mitigation projects as well as water quality improvements. Summaries of these flood areas can be found below and on report pages 111 and 115 of Exhibit A.

Flood Area 13 (FA13) was ranked #6 in the priority scoring. FA13 is an approximately 63-acre area centralized along Lexington Avenue North and includes many connected areas of residential flood impacts. The high number of potentially impacted residential structures for events larger than the 10-year event drives the high composite score for this area. Flooding in this area has been confirmed, and a church parking lot at Roselawn Avenue West and North Fernwood Street and the adjacent Bruce Russell Park have been identified as an opportunity for this flood area. Downstream stormwater treatment receives runoff from a large drainage area, so there may be opportunity to expand on existing water quality improvements.

Flood Area 16 (FA16) was ranked #10 in the priority scoring. FA16 is an approximately 50-acre area centralized along Ruggles street and includes many connected areas of residential flood impacts. The high number of potentially impacted residential structures for events larger than the 2-year event drives the composite score for this area. Flooding in this area has been confirmed, and the subdivision and

reconstruction of a church parking lot at Holton Street North and Garden Avenue has been identified as an upcoming opportunity for this flood area. Downstream stormwater treatment receives runoff from a large drainage area, so there may be opportunity to expand on existing water quality improvements.

Flood mitigation projects in highly developed areas can be costly to install and difficult to coordinate. However, the interested parties mentioned above may provide opportunities to incorporate flood mitigation and water quality improvement measures into their parking lot reconstruction plans. By completing a feasibility study at this stage, CRWD will be able to determine which opportunities may warrant design and construction in a timely manner.

Project Team

This project will be led by Capitol Region Watershed District. Primary project team contacts include Luke Martinkosky, Water Resources Regulatory Specialist, and Nate Zwonitzer, Planning Projects and Grants Division Manager. Staff for the Cities of Roseville and Falcon Heights will also be involved throughout the project.

Preliminary Scope of Work

This project is intended to evaluate flood mitigation and water quality improvement alternatives that will reduce the duration and depth of flooding and pollutant loading in FA13 and FA16. The evaluation will include the entire flood areas and will focus on the Falcon Heights United Church parking lot at Garden Avenue and Holton Street (FA13) and the Roseville Lutheran Church parking lot and adjacent Bruce Russell Park at Roselawn Avenue West and North Fernwood Street (FA16).

It is anticipated that the consultant will utilize a combination of existing data review, modeling of alternatives, and field investigation to accomplish the following tasks:

Task 1: Modeling Evaluation and Analysis:

- A. The consultant will work with CRWD, Roseville, and Falcon Heights staff to determine the design goals of flood mitigation (e.g., provide adequate volume to protect structures in a 10- or 25-year Atlas 14 rainfall event, etc.) and will design and evaluate flood mitigation alternatives to meet these goals.
- B. The consultant will develop and evaluate up to five concept level subwatershed flood mitigation and water quality improvement alternatives within each of the FA13 and FA16 flood areas with an emphasis on the church parking lot sites and adjacent park space. Up to ten total alternatives will be developed. This task includes simple aerial mapping, showing project alignments and footprints.
- C. The work will include a qualitative evaluation/ranking of the potential downstream benefits (high/medium/low) of flood mitigation and water quality alternatives.
- D. The consultant will generate up to five high-level cost estimates (ex. order of magnitude or categories of high, medium, low) for each of the flood mitigation alternatives to assist with the selection of alternative(s) for further study.

Task 2: Review and Refinement of Alternatives

- A. Consultant will host one meeting with CRWD, Roseville, and Falcon Heights to review the flood mitigation and water quality improvement alternatives. The goal of this meeting is to allow CRWD, Roseville, and Falcon Heights to comment and provide input prior to refinement of up to five alternatives. Comments and feedback from CRWD, Roseville, and Falcon Heights will be incorporated to refine and update the modeling and analysis.
- B. For the selected alternative(s), the consultant will model the flood mitigation and water quality benefits provided by flood mitigation BMPs using existing XPSWMM and P8 models.
- C. The consultant will also refine conceptual figures and generate feasibility-level figures, showing proposed storm sewer alignments, locations and approximate sizing of flood mitigation and water quality alternatives, conceptual cross-sections, and other key design elements.
- D. Two soil borings will be completed at each of the church parking lots to evaluate subsurface conditions (4 total).

Task 3: Cost Benefit

- A. Consultant will develop planning level cost estimates (CRWD anticipates this estimate to be within at least +/- 50%) for the selected alternatives and will evaluate the cost-benefit of flood mitigation and water quality improvements. To quantify the benefit of flood mitigation efforts, for the selected level of service the consultant will re-calculate the duration and depth of flooding on roadways, and the number and type of structures affected by flooding.

Task 4: Reporting

- A. The consultant will develop a technical memo summarizing the flood mitigation and water quality improvement study and recommend next steps.
- B. A draft will be provided to CRWD, Roseville, and Falcon Heights staff for review and two to three rounds of comments will be incorporated before finalizing the report and related deliverables.

Task 5: Presentation

- A. The consultant will develop and present the findings of the study for up to three different audiences, which may include the CRWD Board and CAC, partner Cities, and Churches.

Estimated Level of Effort

CRWD anticipates the level of effort for this project to be under \$35,000.

Anticipated Timeline

It is anticipated that this project will begin in June 2024, with a technical memo completed in fall 2024. Project completion date will be refined with the chosen consultant.

RFP Distribution	Wednesday, April 17
Optional Pre-Submittal Meeting (Virtual)	Wednesday, April 24
Consultant Questions about RFP Due to CRWD	Monday, April 29
CRWD Provides Responses to RFP Questions	Thursday, May 2

Proposal Submittal Deadline	Wednesday, May 15
Proposal Review	Week of May 13
CRWD Board Consultant Approval	Wednesday, June 5
Project Start	June 2024
Project Completion	Fall 2024

Pre-Submittal Meeting

A virtual, optional pre-submittal meeting to learn about the project and ask questions will take place on April 24 at 10AM via Teams. A meeting invitation will be sent via email.

RFP Questions

Questions regarding the RFP may be asked during the pre-submittal meeting, or otherwise should be directed in writing to Luke Martinkosky at lmartinkosky@capitolregionwd.org no later than April 29. Responses to all questions will be shared in writing to all firms on or before May 2.

Submission Instructions

Firms are required to follow the outline below for their proposal. Failure to respond to any of the following technical submittal requirements may disqualify the proposal. Proposals must include:

1. Firm’s name, address, contact person phone number and email address and basic firm information.
2. Description of the firm’s approach to completing the project.
3. List of specific individual(s) who will work on this project and include brief descriptions of their professional qualifications, experience on similar projects and availability.
4. A detailed scope of work, budget by task, and schedule to complete the project, including billing rates and hours for staff proposed.
5. Brief descriptions of recent similar projects successfully completed by the firm that demonstrate your ability to complete similar types of projects.
6. Description of how your firm aligns with CRWD’s equity and inclusion goals. This may be specific to the project and/or your firm’s operations, selection of subcontractors, hiring and other efforts being made to achieve diversity, equity and inclusion.

Electronic submittals of proposals are preferred. Your proposal may not exceed 10 pages in length. Staff resumes and project descriptions may be included as an appendix and are not limited in length. Proposals shall be submitted no later than Wednesday, May 15 at 4:00PM to Luke Martinkosky, Water Resources Regulatory Specialist, lmartinkosky@capitolregionwd.org

Selection Process

During the week of May 20th, CRWD and partners will review proposals, which will be evaluated based on the following criteria:

1. Experience of key personnel who will be involved in the project;
2. Recent similar projects completed;
3. General approach to project;
4. Detailed scope of work and budget; and
5. A brief summary of how your firm aligns with CRWD's diversity, equity, and inclusion goals. This may be specific to your firm's operations, selection of subcontractors, hiring or other efforts being made to achieve diversity, equity and inclusion in the water resources field.

Based on the merits of the proposals, CRWD will consider selecting a firm to recommend to CRWD's Board at its June 5th meeting. Following approval, a professional services agreement will be executed. An example professional services agreement is included as Exhibit D.

Updated: 5/3/2024

Project Name:

Flood Mitigation Feasibility Study:
FA13 and FA16
Project #:

Project Lead:

Reg Division: Luke Martinkosky
PPG Division: Nate Zwonitzer (support)

WMP Alignment:

305I: Como Park Area Drainage Infrastructure Analysis and Planning
305P: Future Stormwater Planning and Implementation
375H: District Flooding Prioritization and Solution Identification
375O: Climate Science and Community Resiliency

Purpose:

Flood areas 13 and 16 have been identified in the Trout Brook Modeling Report (2024) as high-priority locations based on structural impacts, infrastructure impacts, and duration of flooding. Interest from private landowners may provide opportunities to implement flood mitigation projects in tandem with water quality projects. The purpose of this study is to determine which, if any, of these locations are suitable for design and construction of flood mitigation projects.

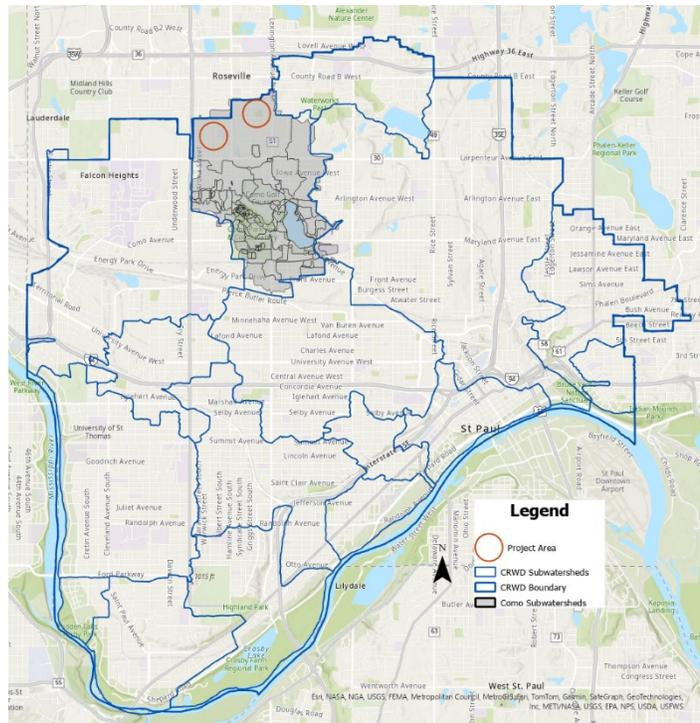
Project Goals:

Evaluate flood mitigation and water quality improvement alternatives that will reduce the duration and depth of flooding and pollutant loading in FA13 and FA16. The evaluation will include the entire flood areas and will focus on the Falcon Heights United Church parking lot at Garden Ave. and Holton St. (FA13) and the Roseville Lutheran Church parking lot and adjacent Bruce Russell Park at Roselawn Ave. W. and N. Fernwood St. (FA16).

Project Outcomes:

At the end of this project, CRWD will know:

- The causes of flooding in each flood area,
- Whether there is physical space available to implement structural flood control practices,
- Potential techniques for flood mitigation in each of the flood areas ,
- Expected reductions in duration and depth of flooding from evaluated alternatives,
- Expected water quality improvements from evaluated alternatives,



- High-level cost estimates for each alternative, and
- Which sites, if any, should be investigated further for potential flood control BMPs implementation.

Key CRWD Plan Themes Addressed	Plan Issues/Goals Addressed	Implementation References
<ul style="list-style-type: none"> • Rain as a Resource • Climate Change and community Resilience • Partnerships 	<ul style="list-style-type: none"> • WQ-1: Establish Como Lake as an ecologically healthy shallow lake and meet long-term water quality goals identified in the Como Lake Management Plan • FL-4: Reduce the likelihood and/or consequences of flooding by working with partners to identify, prioritize, and address existing and potential infrastructure capacity and other contributing issues throughout the District. • FL-6: Adapt to changing climate by evaluating flood risk and designing all new applicable District projects under present and anticipated climate and precipitation trends. 	<ul style="list-style-type: none"> • 305I: Como Park Area Drainage Infrastructure Analysis and Planning • 305P: Future Stormwater Planning and Implementation • 375H: District Flooding Prioritization and Solution Identification • 375O: Climate Science and Community Resiliency

Project Description:

Draft Project Scope

Task 1: Modeling Evaluation and Analysis:

- A. The consultant will work with CRWD, Roseville, and Falcon Heights staff to determine the design goals of flood mitigation (e.g., provide adequate volume to protect structures in a 10- or 25-year Atlas 14 rainfall event, etc.) and will design and evaluate flood mitigation alternatives to meet these goals.
- B. The consultant will develop and evaluate up to five concept level subwatershed flood mitigation and water quality improvement alternatives within each of the FA13 and FA16 flood areas with an emphasis on the church parking lot sites and adjacent park space. Up to ten total alternatives will be developed. This task includes simple aerial mapping, showing project alignments and footprints.
- C. The work will include a qualitative evaluation/ranking of the potential downstream benefits (high/medium/low) of flood mitigation and water quality alternatives.
- D. The consultant will generate up to five high-level cost estimates for each of the flood mitigation alternatives to assist with the selection of alternative(s) for further study.

Task 2: Review and Refinement of Alternatives

- A. Consultant will host one meeting with CRWD, Roseville, and Falcon Heights to review the flood mitigation and water quality improvement alternatives. The goal of this meeting is to allow CRWD, Roseville, and Falcon Heights to comment and provide input prior to refinement of up to five alternatives. Comments and feedback from CRWD,

Roseville, and Falcon Heights will be incorporated to refine and update the modeling and analysis.

- B. For the selected alternative(s), the consultant will model the flood mitigation and water quality benefits provided by flood mitigation BMPs using existing XPSWMM and P8 models.
- C. The consultant will also refine conceptual figures and generate feasibility-level figures, showing proposed storm sewer alignments, locations and approximate sizing of flood mitigation and water quality alternatives, conceptual cross-sections, and other key design elements.
- D. Two soil borings will be completed at each of the church parking lots to evaluate subsurface conditions (4 total).

Task 3: Cost Benefit

- A. Consultant will develop planning level cost estimates for the selected alternatives and will evaluate the cost-benefit of flood mitigation and water quality improvements. To quantify the benefit of flood mitigation efforts, for the selected level of service the consultant will re-calculate the duration and depth of flooding on roadways, and the number and type of structures affected by flooding.

Task 4: Reporting

- A. The consultant will develop a technical memo summarizing the flood mitigation and water quality improvement study and recommend next steps.
- B. A draft will be provided to CRWD, Roseville, and Falcon Heights staff for review and two to three rounds of comments will be incorporated before finalizing the report and related deliverables.

Task 5: Presentation

- A. The consultant will develop and present the findings of the study for up to three different audiences, which may include the CRWD Board and CAC, partner Cities, and Churches.

Out of Project Scope:

This is an investigation, no implementation activities are included in the project. Opportunities identified may or may not be implemented by CRWD or partners depending on priorities, funding, schedules, and capacity and partner participation.

- CAD details, grading contours or other design level work as part of this project
- Evaluation of flood mitigation alternatives outside the identified flood areas

Stakeholders:

	Core Team	Involved	Informed
Internal (CRWD)	<ul style="list-style-type: none"> • Luke Martinkosky • Nate Zwonitzer 	<ul style="list-style-type: none"> • Rachel Funke 	<ul style="list-style-type: none"> • Staff • Board • CAC
External	<ul style="list-style-type: none"> • Consultant • City of Roseville • City of Falcon Heights 	<ul style="list-style-type: none"> • Falcon Heights United Church • Roseville Lutheran Church 	

Anticipated Resource Needs:

Budget: \$25,000 - \$30,000 (2024)

Staff Time: 0.1 FTE (210 hours)

Anticipated Timeline:

	2023	2024			
Task	Q4	Q1	Q2	Q3	Q4
Initiation					
Planning					
Contracting					
Execution					
Reporting					
Review					
Closeout					

Approvals/Review Needed:

Item	DM	CRWD Admin	CRWD Board
Charter			
Approval to Send RFP			
Approval of Consultant			
Consultant Agreement			
Final Report			

Relevant Documents and Previously Completed Work:

- TBI Modeling pollutant loading maps
- Trout Brook Modeling Report & files (2024)
- Gottfried's Pit Subwatershed Analysis – Capstone Project (2013)

Deliverables:

- Technical memo
- Maps
- Photos
- GIS Files
- Meeting agendas and minutes
- Presentations

April 30, 2024

Capitol Region Watershed District
595 Aldine Street
Saint Paul, MN 55104

Subject: Support for the Falcon Heights Community Church Flood Mitigation Feasibility Study

Dear Mr. Martinkosky and Mr. Zwonitzer,

I am writing on behalf of the City of Falcon Heights to express our support for the Falcon Heights Community Church's proposal to participate in the flood mitigation project under consideration for FA13 and FA16 within the Capitol Region Watershed District.

Falcon Heights values the sustainability and well-being of our community, and we recognize the need to mitigate flooding issues that could potentially affect our residents, infrastructure, and local ecosystems. The areas identified in your request for proposals, particularly FA13 where the Falcon Heights Community Church is located, have a significant number of residential and non-profit properties that would be adversely impacted by flooding.

The church's proactive involvement presents a unique opportunity to enhance flood mitigation while also contributing to water quality improvements. Integrating flood mitigation measures with the church's planned parking lot reconstruction is not only cost-effective but also significantly beneficial in enhancing the resilience of the local area against flooding.

The City is committed to supporting this project through collaborative efforts with the Capitol Region Watershed District and other stakeholders.

Please feel free to contact me, City Engineer Jennifer Lowry, or Environmental Manager Ryan Johnson if you need further information or assistance.

Sincerely,

Jack Linehan
City Administrator
City of Falcon Heights
(651) 792-7611

**CITY OF FALCON HEIGHTS
COUNCIL RESOLUTION**

May 8, 2024

No. 24-34

**RESOLUTION AUTHORIZING LETTER OF SUPPORT FOR THE FALCON HEIGHTS
COMMUNITY CHURCH FLOOD MITIGATION PROJECT**

WHEREAS, the Capitol Region Watershed District has identified the Falcon Heights Community Church as part of the critical areas for flood mitigation under the Flood Mitigation Feasibility Study for areas FA13 and FA16; and

WHEREAS, the City of Falcon Heights recognizes the significant impact of flooding on its residents and infrastructure within these identified areas; and

WHEREAS, the Falcon Heights Community Church has expressed a willingness to incorporate flood mitigation measures into their upcoming parking lot reconstruction project; and

WHEREAS, collaboration between the City of Falcon Heights, the Capitol Region Watershed District, and the Falcon Heights Community Church will enhance the community's resilience to flooding and improve water quality; and

WHEREAS, a letter of support from the City of Falcon Heights is instrumental in demonstrating local commitment and support for this vital project; and

WHEREAS, it is in the best interest of the City of Falcon Heights to support initiatives that improve the quality of life and safety of its residents.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Falcon Heights, Minnesota:

1. That the City Council authorizes the issuance of a letter of support for the Falcon Heights Community Church flood mitigation project as part of the flood mitigation efforts for areas FA13 and FA16.
2. That this resolution affirms the City of Falcon Heights' commitment to supporting flood mitigation and environmental sustainability efforts within the community.

Adopted by the Falcon Heights City Council this 8th day of May, 2024.

Moved by:

GUSTAFSON
LEEHY
MEYER
WASSENBERG
MIELKE

_____ In Favor

_____ Against

Approved by: _____

Randall C. Gustafson
Mayor

Attested by: _____

Jack Linehan
City Administrator