

City of Mounds View
Minnesota



Annual Comprehensive Financial Report
For the Year Ended
December 31, 2022

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**ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE
CITY OF MOUNDS VIEW, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2022**

**Prepared By
Finance Department**

CITY OF MOUNDS VIEW

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SECTION I

INTRODUCTORY SECTION



Phone: (763) 717-4000
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April 24, 2023

Honorable Mayor, Members of the City Council, and Residents
City of Mounds View, Minnesota

State law requires that all municipalities complete a set of financial statements presented in conformity with accounting principles generally accepted in the United States of America, and these statements are to be audited by a firm of certified public accountants or the Office of the State Auditor. Pursuant to that requirement, we hereby submit the annual comprehensive financial report of the City of Mounds View, Minnesota (the City) for the fiscal year ended December 31, 2022.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Malloy, Montague, Karnowski, Radosevich & Co., P.A. (MMKR), a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2022 are free of material misstatement.

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements for the year ended December 31, 2022 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditor.

Profile of the City

The City is located in the northwest corner of Ramsey County approximately eight miles north of the city of St. Paul. The City encompasses an area of approximately 4.25 square miles. Population was 10,599 in 1970, 12,593 in 1980, 12,541 in 1990, 12,738 in 2000, 12,155 in 2010, and 13,513 in 2020. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

The City has been a municipal corporation since 1958. The City operates under a Home Rule Charter that was adopted in 1979. The Charter was most recently amended on May 12, 2013. The form of government established by the Charter is the Mayor/City Council plan. There is a Mayor and four City Council members, all of whom are elected at large.

The City provides a full range of services, including police and fire protection, planning and zoning, streets and roads, parks and recreation, and a community center. Certain utilities are provided through Water, Sanitary Sewer, Storm Water, and Street Light Funds that operate as departments of the City. The Economic Development Authority of the City is treated as a blended component unit of the City and is reported as a Special Revenue Fund. Fire protection is provided through the joint Spring Lake Park – Blaine – Mounds View Fire Department (the Fire Department). Only the City's contribution to the Fire Department is reported in these financial statements.

The annual operating budget is the core of the City's financial planning. All departments and all funds are required to submit budget requests. The City adopts annual budgets for the General Fund and Special Revenue Funds listed in the table of contents. The state of Minnesota requires local governments to meet certain processes and deadlines for consideration, public notification, and adoption of property tax levies. These requirements form the basis of the City's entire budget process.

Additional details on the profile of the City can be found in Note 1 of the basic financial statements.

Local Economic Condition and Outlook

The City is over 90% developed with the majority of land having been developed as single-family housing. Since the City is primarily residential, many residents are employed in other parts of the metropolitan area. Interstate Highway 35W, U.S. Highway 10, and Mounds View Boulevard traverse the City, providing easy access routes for commuters and commercial traffic. Mounds View Boulevard was formerly County Road 10 which was formerly U.S. Highway 10 until a new freeway segment was constructed and took the name.

The City of Mounds View had one residential development of 120 unit senior housing in 2022. This compares with no residential permits in 2021. The City issued no new commercial building permits in 2022 compared with none in 2021. The City issued a total of 326 building permits in 2022 compared with 360 in 2021 at a total constructed value of \$22,528,996 compared with \$9,350,967 in 2021. The City anticipates modest residential development and no commercial development in 2023.

The state began the legislative session with a current surplus and a budget reserve at the statutory level. It is unlikely at this time that the City will see a reduction in anticipated aid payments in the next state budget cycle. The City prepared the 2023 budget at 90% of certified state aid and thus any reduction, if any, will not have as adverse an impact on the City.

The City has entered into tax abatement agreements that but for City assistance the projects would not have occurred. The benefit to the City is elimination of blighted and underutilized properties, job creation, and increased tax base in the future years.

Long-term Financial Planning

The City maintains a bond rating of AA, which was confirmed as part of financing upgrades to the water treatment processes and facilities, this continues to reflect the City's favorable financial position. This would provide a lower interest rate should the City desire to use long-term borrowing for future capital and infrastructure improvements. The greatest infrastructure need facing the City is the condition of its utility infrastructure. The City is currently making significant improvements to the water treatment system beginning in 2020 and running through 2023. Also, the City is preparing to replace the 26 year old water meters in 2023. The City issued bonds to finance the improvements. The City completed a ten year street improvement program in 2017 that rehabilitated 25.9 miles of streets. The City continues reconstruction of streets that were not part of the ten year street improvement program. Spring Lake Road and Pleasant View Road south of Mounds View Boulevard will be reconstructed in 2023.

Future street reconstruction will be financed by a combination of different revenue sources, franchise taxes, Municipal State Aid, and a general property tax levy will serve as the main sources. Making street reconstruction affordable for citizens was a goal of the City. The City is developing a long-term street maintenance program to finance future street maintenance.

State funding to cities has stabilized with the state reporting a surplus for the current biennium. The City Council and City's staff will need to continue to make difficult choices in determining the manner to finance services provided to citizens.

The City continues to work on redevelopment opportunities in other parts of the City that will enhance the tax base, increase job opportunities, and provide amenities desired by the residents.

Relevant Financial Policies

In past years, the state has reduced aid to local governments during economic down turns. The City of Mounds View's policy is to not anticipate full payment of future aid and will construct future budgets with reduced amounts of aid payments.

Major Initiatives

The major economic development initiative continues to be the upgrading of Mounds View Boulevard. The objective is to improve traffic flow and safety on the major corridor through the City's main commercial district. This is a multi-year project and achieving this should trigger new interest in development and redevelopment of commercial properties along the corridor. The City will rehabilitate the road surfaces and improve storm water structures on Pleasant View Road and Spring Lake Road in 2022 and 2023. The City will also undertake additional sewer lining and a sealcoat project.

The Skyline project is currently under construction in the southeast part of the City. This project will provide 120 units of senior workforce housing. The City is working with a developer on a housing development known as Long Lake Woods that would add 12 to 14 buildable lots. The City is also working with a developer on a project in the Arden park area for townhomes and yardhomes. The City is exploring expansion of the Community Center by adding three additional gyms and other space thru state bonding and a local sales tax.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report for the fiscal year ended December 31, 2021. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized annual comprehensive financial report that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report 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 dedicated services of the finance and administrative staff of the City. I would like to express my appreciation to all staff members who assisted in the preparation of this report. Credit must also be given to the Mayor and City Council who have supported changes to improve the financial processes and position of the City.

Respectfully submitted,



Nyle Zikmund
City Administrator



Mark Beer
Finance Director

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Mounds View
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

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CITY OF MOUNDS VIEW

Principal City Officials
Year Ended December 31, 2022

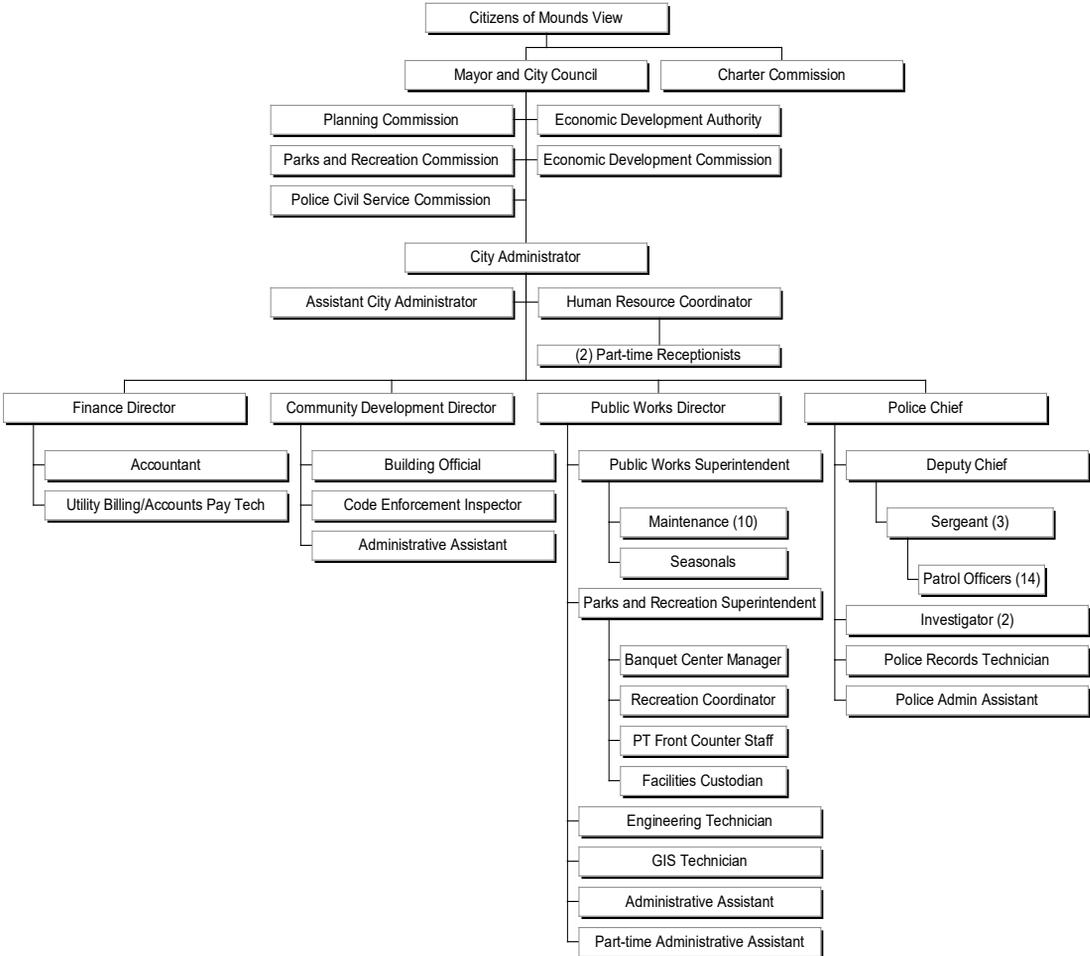
ELECTED OFFICIALS

Carol Mueller	Mayor
Bill Bergeron	Councilmember
Theresa Cermak	Councilmember
Alan Hull	Councilmember
Gary Meehlhause	Councilmember

APPOINTED OFFICIALS

Nyle Zikmund	City Administrator
Mark Beer	Finance Director
Don Peterson	Public Works Director
Nate Harder	Police Chief
Jon Sevald	Community Development Director
Scott Riggs	City Attorney

City of Mounds View Organizational Chart



SECTION II

FINANCIAL SECTION

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PRINCIPALS

Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR'S REPORT

To the City Council and Management
City of Mounds View, Minnesota

OPINIONS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mounds View, Minnesota (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the General Fund and major special revenue funds 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the City 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.

EMPHASIS OF MATTER

Change in Accounting Principle

As described in Note 1 to the basic financial statements, in fiscal 2022, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

(continued)

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 the City's ability to continue as a going concern within 12 months beyond the financial statements 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 generally accepted auditing standards and *Government Auditing Standards* 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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 the City's 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 the City's 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.

(continued)

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information (RSI), 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 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 RSI 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's basic financial statements. The accompanying combining and individual fund financial statements and schedules as listed in the table of contents, are presented for purpose 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 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 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.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
April 24, 2023

CITY OF MOUNDS VIEW

Management's Discussion and Analysis Year Ended December 31, 2022

As management of the City of Mounds View, Minnesota (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, 2022. 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 in the beginning of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$60,747,752 (*net position*). Of this amount, \$16,044,232 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$2,251,176. Governmental activities decreased total net position by \$1,912,902 while business-type activities decreased total net position by \$338,274.
- As of the close of the current fiscal year, the City's Governmental Funds reported combined ending fund balances of \$18,517,458. The City reported a net decrease of \$848,482 in comparison with the prior year. Year-end fund balance includes \$35,350, or 0.2%, that is considered nonspendable for prepaid items. Approximately 17.9% of total fund balance or \$3,324,470 is restricted for debt service, tax increment purposes, economic development, parks and recreation, communications, public safety, and conservation. Approximately 53.4% or \$9,884,617 is assigned for future expenditures and 28.5% or \$5,273,021 is unassigned, which is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,273,021, or 68.3% of total General Fund expenditures.
- The City's total long-term debt (excluding bond premium, compensated absences, total OPEB liability, and net pension liability) decreased by \$728,025 or 6.3% during the current fiscal year. The decrease was the result of scheduled debt service.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis 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 basic 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 financial information on all of the City’s assets, liabilities, and deferred inflows/outflows of resources, with the difference 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, streets and highways, sanitation, culture and recreation, and economic development. The business-type activities of the City include water, sanitary sewer, storm water, and street light.

The government-wide financial statements include only the City itself. The Economic Development Authority, although legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government. The government-wide financial statements can be found on pages 16-17.

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 of the funds of the City can be divided into two categories: Governmental Funds and Proprietary Funds.

Governmental Funds – Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the governmental-wide financial statements, Governmental Fund financial statements focus on the 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 government’s near-term financing decisions. 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.

The City maintains several Individual Governmental Funds. Information is presented separately in the Governmental Fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund; the Economic Development Authority Special Revenue Fund, the TIF District No. 5 Special Revenue Fund, the Vehicle and Equipment Capital Projects Fund, and the Street Improvement Capital Projects Fund, which all are considered to be Major Funds. Data from the other Governmental Funds are combined into a single, aggregated presentation. Combining and individual fund data for each of these Nonmajor Governmental funds can be found on pages 65-80.

The City adopts an annual appropriated budget for its General Fund and special revenue funds. Budgetary comparisons for the General and Major Special Revenue Funds are included in the basic financial statements. Budgetary comparisons for Nonmajor Special Revenue Funds are provided elsewhere in the report to demonstrate compliance with these budgets. The basic Governmental Fund financial statements can be found on pages 18-25.

Proprietary Funds – The City maintains only 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 water, sanitary sewer, storm water, and street light operations.

Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The City reports the water, sanitary sewer, and storm water funds as major funds. The street light fund is a nonmajor fund but is reported with the major funds.

The basic Proprietary Fund financial statements can be found on pages 26-28.

Notes to Basic 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 basic financial statements are included as a component of the basic financial statements and can be found on pages 29-57.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$60,747,752 at the close of the most recent fiscal year.

A significant portion of the City's net position (68.2%) reflects its net investment in capital assets (e.g. land, land improvements, construction in progress, buildings, infrastructure, and equipment); less any related debt used to acquire those assets that is 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 investments 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 typically be used to liquidate these liabilities.

The City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 20,721,712	\$ 20,320,048	\$ 6,448,302	\$ 8,266,008	\$ 27,170,014	\$ 28,586,056
Capital assets	40,233,526	40,380,655	12,527,767	11,600,309	52,761,293	51,980,964
Total assets	60,955,238	60,700,703	18,976,069	19,866,317	79,931,307	80,567,020
Deferred outflows of resources	6,488,156	3,300,745	304,696	336,270	6,792,852	3,637,015
Total assets & def'd outflows	<u>\$ 67,443,394</u>	<u>\$ 64,001,448</u>	<u>\$ 19,280,765</u>	<u>\$ 20,202,587</u>	<u>\$ 86,724,159</u>	<u>\$ 84,204,035</u>
Long-term liabilities						
outstanding	\$ 16,697,919	\$ 8,615,180	\$ 6,650,576	\$ 6,608,275	\$ 23,348,495	\$ 15,223,455
Other liabilities	1,018,402	863,245	356,293	605,142	1,374,695	1,468,387
Total liabilities	17,716,321	9,478,425	7,006,869	7,213,417	24,723,190	16,691,842
Deferred inflows of resources	1,238,995	4,122,043	14,222	391,222	1,253,217	4,513,265
Total liabilities & def'd inflows	<u>\$ 18,955,316</u>	<u>\$ 13,600,468</u>	<u>\$ 7,021,091</u>	<u>\$ 7,604,639</u>	<u>\$ 25,976,407</u>	<u>\$ 21,205,107</u>
Net position						
Net investment in capital assets	\$ 34,806,497	\$ 34,497,082	\$ 6,630,980	\$ 6,179,374	\$ 41,437,477	\$ 40,676,456
Restricted	3,266,043	3,009,328	-	-	3,266,043	3,009,328
Unrestricted	10,415,538	12,894,570	5,628,694	6,418,574	16,044,232	19,313,144
Total net position	<u>\$ 48,488,078</u>	<u>\$ 50,400,980</u>	<u>\$ 12,259,674</u>	<u>\$ 12,597,948</u>	<u>\$ 60,747,752</u>	<u>\$ 62,998,928</u>

An additional portion of the City's net position, 5.4%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$16,044,232, may be used to meet the government's ongoing obligations to citizens and creditors.

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

Total net position decreased by \$2,251,176 during the current year. Significant factors contributing to the decrease in net position were marking investments to market and increased pension and OPEB expense.

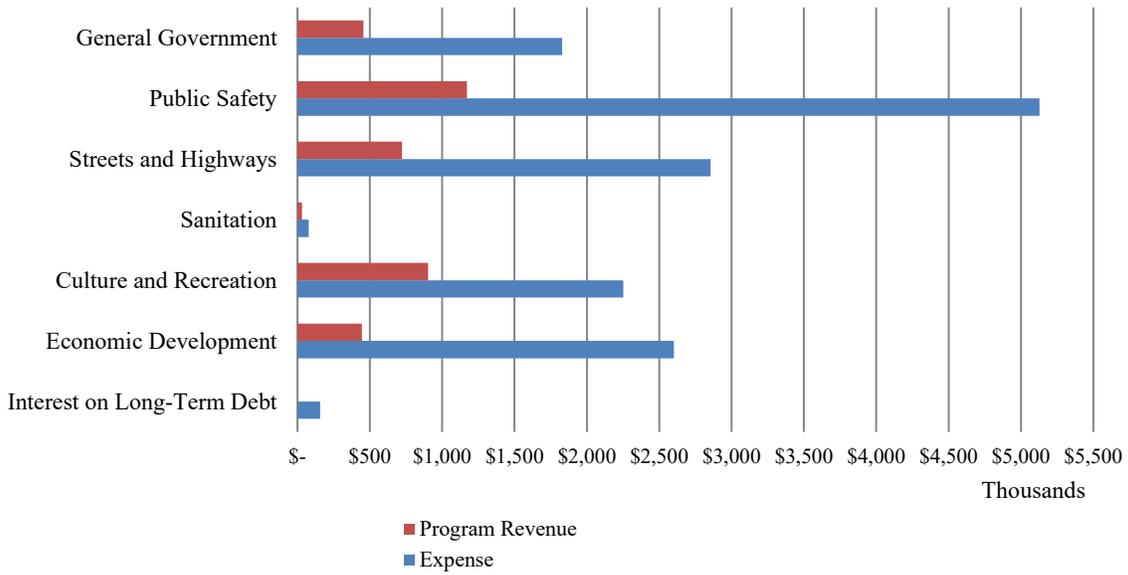
Governmental Activities – Governmental activities decreased the City's net position by \$1,912,902. Key elements of this decrease are seen in the table on the following page.

- Charges for Services increased by \$813,956 over the prior year due to increased park dedication fees, conduit debt fees and permit fees.
- Franchise taxes increased by \$167,905 over the prior year due to increased gas and electric rates.
- Unrestricted investment earnings (charges) decreased by \$785,263 from the prior year due to marking investment to market.
- General government expense increased by \$212,974 over the prior year due to pension and OPEB expenses.
- Public safety expense increased by \$1,422,065 from the prior year due to pension and OPEB expenses.
- Culture and recreation expense increased by \$520,757 over the prior year due to pension and OPEB expenses, along with increased activity in the Community Center.

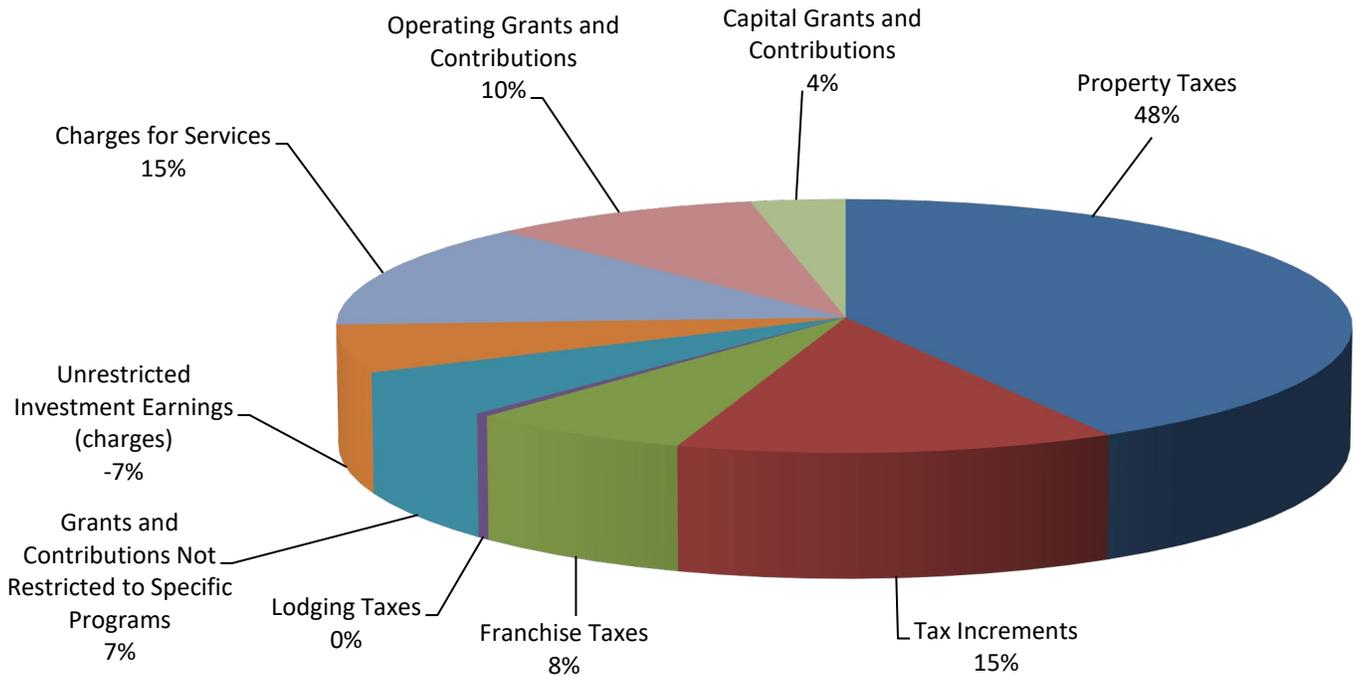
The City's Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program revenues						
Charges for services	\$ 1,943,529	\$ 1,129,573	\$ 3,966,868	\$ 3,853,672	\$ 5,910,397	\$ 4,983,245
Operating grants and contributions	1,318,765	1,284,307	13,179	1,020	1,331,944	1,285,327
Capital grants and contributions	462,994	426,376	-	-	462,994	426,376
General revenues						
Property taxes	6,027,539	5,902,615	-	-	6,027,539	5,902,615
Tax increments	1,884,269	1,874,708	-	-	1,884,269	1,874,708
Franchise taxes	960,125	792,220	-	-	960,125	792,220
Lodging taxes	60,446	52,820	-	-	60,446	52,820
Grants and contributions not restricted to specific programs	852,212	846,423	-	-	852,212	846,423
Unrestricted investment earnings (charges)	(872,443)	(87,180)	(308,560)	(20,393)	(1,181,003)	(107,573)
Total revenues	<u>12,637,436</u>	<u>12,221,862</u>	<u>3,671,487</u>	<u>3,834,299</u>	<u>16,308,923</u>	<u>16,056,161</u>
Expenses						
General government	1,828,657	1,615,683	-	-	1,828,657	1,615,683
Public safety	5,127,145	3,705,080	-	-	5,127,145	3,705,080
Streets and highways	2,855,646	2,697,412	-	-	2,855,646	2,697,412
Sanitation	77,648	27,922	-	-	77,648	27,922
Culture and recreation	2,251,294	1,730,537	-	-	2,251,294	1,730,537
Economic development	2,600,676	2,416,894	-	-	2,600,676	2,416,894
Interest on long-term debt	157,280	152,116	-	-	157,280	152,116
Water	-	-	1,266,600	1,093,538	1,266,600	1,093,538
Sanitary sewer	-	-	1,933,490	1,635,600	1,933,490	1,635,600
Storm water	-	-	345,701	288,349	345,701	288,349
Street light	-	-	115,962	95,709	115,962	95,709
Total expenses	<u>14,898,346</u>	<u>12,345,644</u>	<u>3,661,753</u>	<u>3,113,196</u>	<u>18,560,099</u>	<u>15,458,840</u>
Change in net position before transfers	(2,260,910)	(123,782)	9,734	721,103	(2,251,176)	597,321
Transfers	<u>348,008</u>	<u>215,533</u>	<u>(348,008)</u>	<u>(215,533)</u>	<u>-</u>	<u>-</u>
Change in net position	(1,912,902)	91,751	(338,274)	505,570	(2,251,176)	597,321
Net position – beginning	<u>50,400,980</u>	<u>50,309,229</u>	<u>12,597,948</u>	<u>12,092,378</u>	<u>62,998,928</u>	<u>62,401,607</u>
Net position – ending	<u>\$ 48,488,078</u>	<u>\$ 50,400,980</u>	<u>\$ 12,259,674</u>	<u>\$ 12,597,948</u>	<u>\$ 60,747,752</u>	<u>\$ 62,998,928</u>

Expenses and Program Revenues – Governmental Activities



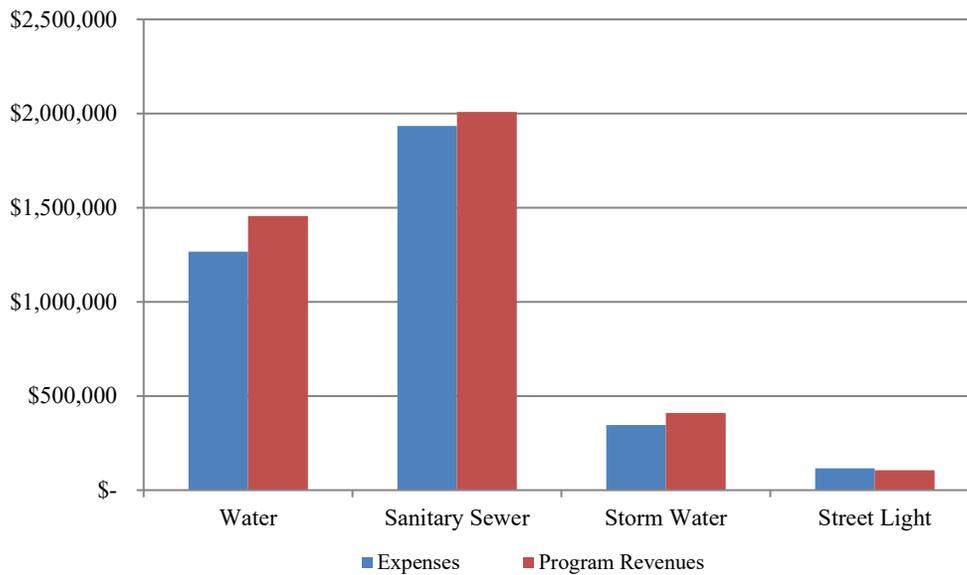
Revenues by Source – Governmental Activities



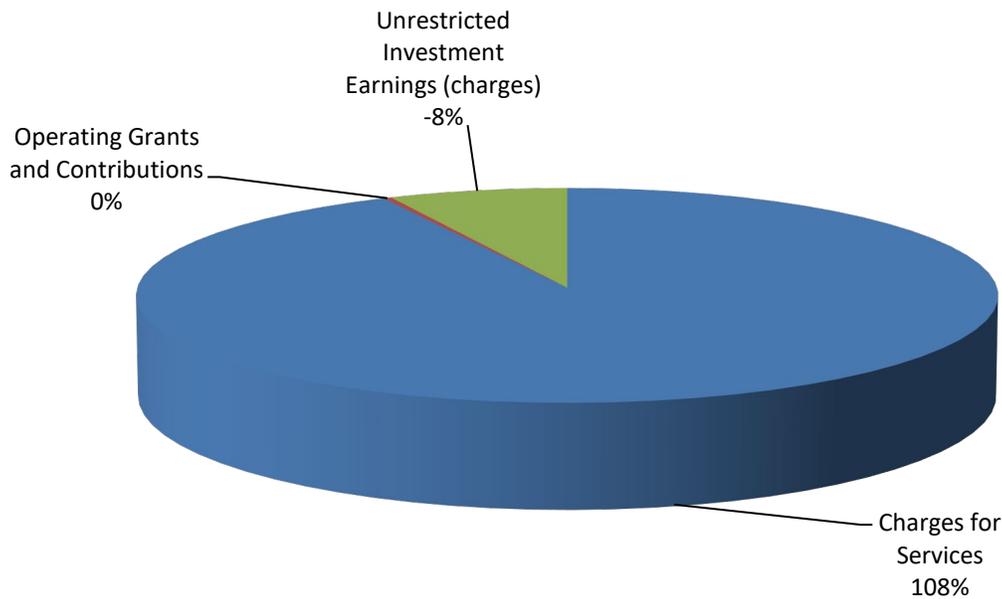
Business-Type Activities – Key factors in the business-type activities during 2022 are as follows:

- Utility rates were reviewed in conjunction with planning the 2022 fiscal year. Modest changes in the utility rate structures were necessary to offset anticipated capital activity. Overall utility revenues were modestly higher.
- Operating expenses were higher overall when compared to the previous year due to increases in pension and OPEB expenses. Contracted services for repairs were also up in the current year for operating expenses.
- Nonoperating activities reported an increase in investment charges due to marking to market.
- Net transfers out of the City’s Enterprise Funds increased from the previous year as approved by City Council resolution.

Expenses and Program Revenues – Business-Type Activities



Revenues by Source – Business-Type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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, assigned and unassigned fund balance may serve as a useful measure of a government'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 \$18,517,458, a decrease of \$848,482 in comparison with the prior year. Year-end fund balance includes \$35,350, or 0.2%, that is nonspendable for prepaid items. Approximately 17.9% of this total amount, \$3,324,470 is restricted for debt service, tax increment purposes, economic development, parks and recreation, communications, public safety, and conservation. Approximately 53.4% or \$9,884,617 is assigned for future expenditures and 28.5% or \$5,273,021 is unassigned. Assigned and unassigned fund balance is available for spending at the government's discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$5,273,021. Due to the pattern of receipt of taxes and intergovernmental revenues mandated by the state, Minnesota cities do not receive any significant revenues in their General Funds until July of each year. The City's policy is to end the year with a fund balance equal to 35% to 50% of the subsequent years budgeted revenues and transfers or a minimum of five months expenditures and transfers. Unassigned fund balance represents 62.5% of the 2023 Budgeted General Fund revenue and transfers from other funds.

Fund balance for the City's General Fund increased by \$41,912 during the current fiscal year. The City had budgeted for a net decrease in fund balance of (\$238,000). The favorable results are due to higher than expected licenses and permits, franchise taxes, intergovernmental revenues, and miscellaneous sources offset by investment charges.

The Economic Development Authority Special Revenue Fund experienced an increase in fund balance of \$96,186 due to unbudgeted miscellaneous revenues and lower expenditures than budgeted.

The Tax Increment Financing District No. 5 Special Revenue Fund experienced a decrease in fund balance of \$18,331 due to marking to market and tax increment taxes under budget.

The Vehicle and Equipment Fund (Capital Projects) saw an increase in fund balance of \$407,663 due to unfulfilled capital purchases from supply chain issues in the current year.

The Street Improvement Fund (Capital Projects) experienced a decrease in fund balance of \$1,174,345 as a result of planned activities.

Proprietary Funds – The City’s Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail.

The three major Utility Funds (Water, Sanitary Sewer, and Storm Water) saw unfavorable results for changes in total net position: the Water fund decreased by \$52,199; the Sanitary Sewer fund decreased by \$178,958; the Storm Water fund decreased by \$88,813. Rate increases helped offset negative results for all three funds. All three funds experienced higher investment charges as a result of marking to market.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund revenues exceeded the budgeted amount by \$469,161 as a result of higher than expected franchise taxes, licenses and permits, intergovernmental revenues, and miscellaneous sources. Total expenditures were over budget and resulted in a variance of \$189,249 due to higher advisory commissions, government buildings, and police spending. The Advisory Commissions function exceeded budgeted amounts due to increased Charter Commission activity. The Government buildings function exceeded budgeted amounts due to increased maintenance costs and utility costs. The Police function exceeded budgeted amounts due to higher overtime and personnel costs.

CAPITAL AND DEBT ADMINISTRATION

Capital Assets – The City’s investment in capital assets for its governmental and business-type activities as of December 31, 2022 was \$52,761,293 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, infrastructure, equipment, and construction in progress. Capital assets increased for the current year by 1.5%. This was comprised primarily of an increase in construction in progress for the street project.

Major capital asset events during the current fiscal year included the following:

- Reconstruct Spring Lake Road and Pleasant View Drive street project.
- Water treatment plants 1, 2, and 3 and booster station rehabilitation.

The City's Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 642,416	\$ 642,416	\$ 10,851	\$ 10,851	\$ 653,267	\$ 653,267
Land improvements	132,961	132,961	–	–	132,961	132,961
Buildings	18,378,186	18,310,620	4,845,700	4,845,700	23,223,886	23,156,320
Infrastructure	42,671,198	42,671,198	13,247,370	12,775,579	55,918,568	55,446,777
Equipment	8,469,477	8,027,478	2,781,940	2,765,702	11,251,417	10,793,180
Construction in progress	2,506,934	393,592	6,707,373	5,936,147	9,214,307	6,329,739
Total capital assets	72,801,172	70,178,265	27,593,234	26,333,979	100,394,406	96,512,244
Accumulated depreciation	(32,567,646)	(29,797,610)	(15,065,467)	(14,733,670)	(47,633,113)	(44,531,280)
Total capital assets - net	\$ 40,233,526	\$ 40,380,655	\$ 12,527,767	\$ 11,600,309	\$ 52,761,293	\$ 51,980,964

Additional information on the City's capital assets can be found on pages 40-41.

Long-Term Debt – At the end of the current year, the City had total bonded debt and certificates outstanding of \$10,830,550 and this is backed by the full faith and credit of the City.

The City's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 5,299,900	\$ 5,622,400	\$ 5,495,000	\$ 5,830,000	\$ 10,794,900	\$ 11,452,400
G.O. equipment certificates	35,650	106,175	–	–	35,650	106,175
Total	\$ 5,335,550	\$ 5,728,575	\$ 5,495,000	\$ 5,830,000	\$ 10,830,550	\$ 11,558,575

Debt decreased by \$728,025, or 6.3% during the current year as a result debt service payments.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3% of its total estimated market value. The current debt limitation for the City is \$42,669,315, which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in the notes to basic financial statements on pages 43-45.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for Ramsey County (which includes the City) is 2.6%, which is a slight change from the rate of 2.7% a year ago. This rate compares favorably to the national rate of 3.5%.
- Inflationary trends in the region and nationally are elevated and will impact future budgets.
- Home foreclosures are average to below average for the region.
- The state has a significant projected surplus and will be in a budget year with a bonding bill likely. It is unlikely that the City will see a reduction in anticipated aid payments in the next state budget cycle. The City prepared the 2023 budget at 90% of certified state aid, if a reduction were to occur it would not have as adverse an impact on the City.

All of these factors were considered in preparing the City's budget for the 2023 fiscal year.

Utility rate studies are prepared for each of the City's four utilities every year. Water, Sanitary Sewer and Storm Water rates will increase for 2023. Street Light rates will remain the same as fiscal 2018.

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 government'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, 2401 Mounds View Boulevard, City of Mounds View, Minnesota 55112-1429.

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BASIC FINANCIAL STATEMENTS

CITY OF MOUNDS VIEW

**Statement of Net Position
December 31, 2022**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and temporary investments	\$ 18,847,506	\$ 5,317,099	\$ 24,164,605
Receivables			
Accounts	165,516	998,748	1,164,264
Intergovernmental	91,140	2,066	93,206
Delinquent taxes	10,877	-	10,877
Special assessments	91,184	130,389	221,573
Notes	71,943	-	71,943
Leases	1,142,924	-	1,142,924
Prepaid items	35,350	-	35,350
Land held for resale	265,272	-	265,272
Capital assets not being depreciated			
Land	642,416	10,851	653,267
Land improvements	132,961	-	132,961
Construction in progress	2,506,934	6,707,373	9,214,307
Capital assets being depreciated			
Buildings	18,378,186	4,845,700	23,223,886
Infrastructure	42,671,198	13,247,370	55,918,568
Equipment	8,469,477	2,781,940	11,251,417
Less accumulated depreciation	<u>(32,567,646)</u>	<u>(15,065,467)</u>	<u>(47,633,113)</u>
Total capital assets, net of depreciation	<u>40,233,526</u>	<u>12,527,767</u>	<u>52,761,293</u>
Total assets	60,955,238	18,976,069	79,931,307
Deferred outflows of resources			
Pension plan deferments - PERA	6,433,893	304,696	6,738,589
OPEB plan deferments	<u>54,263</u>	<u>-</u>	<u>54,263</u>
Total deferred outflows of resources	<u>6,488,156</u>	<u>304,696</u>	<u>6,792,852</u>
Total assets and deferred outflows	<u>\$ 67,443,394</u>	<u>\$ 19,280,765</u>	<u>\$ 86,724,159</u>
Liabilities			
Accounts/contracts payable	\$ 236,060	\$ 260,443	\$ 496,503
Accrued wages and benefits	120,299	22,775	143,074
Due to other governments	32,776	2,490	35,266
Unearned revenue	289,205	-	289,205
Deposits payable	280,929	34,451	315,380
Accrued interest payable	59,133	36,134	95,267
Noncurrent liabilities			
Due within one year	583,649	378,311	961,960
Due in more than one year	<u>16,114,270</u>	<u>6,272,265</u>	<u>22,386,535</u>
Total noncurrent liabilities	<u>16,697,919</u>	<u>6,650,576</u>	<u>23,348,495</u>
Total liabilities	<u>17,716,321</u>	<u>7,006,869</u>	<u>24,723,190</u>
Deferred inflows of resources			
Leases receivable for subsequent years	1,142,924	-	1,142,924
Pension plan deferments - PERA	<u>96,071</u>	<u>14,222</u>	<u>110,293</u>
Total deferred inflows of resources	<u>1,238,995</u>	<u>14,222</u>	<u>1,253,217</u>
Net position			
Net investment in capital assets	34,806,497	6,630,980	41,437,477
Restricted for			
Debt service	332,744	-	332,744
Tax increment	922,766	-	922,766
Economic development	1,399,797	-	1,399,797
Parks and recreation	332,609	-	332,609
Communications	204,662	-	204,662
Public safety	37,376	-	37,376
Conservation	36,089	-	36,089
Unrestricted	<u>10,415,538</u>	<u>5,628,694</u>	<u>16,044,232</u>
Total net position	<u>48,488,078</u>	<u>12,259,674</u>	<u>60,747,752</u>
Total liabilities, deferred inflows, and net position	<u>\$ 67,443,394</u>	<u>\$ 19,280,765</u>	<u>\$ 86,724,159</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MOUNDS VIEW

**Statement of Activities
Year Ended December 31, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 1,828,657	\$ 455,232	\$ -	\$ -	\$ (1,373,425)	\$ -	\$ (1,373,425)
Public safety	5,127,145	100,056	1,070,658	-	(3,956,431)	-	(3,956,431)
Streets and highways	2,855,646	64,641	193,589	462,994	(2,134,422)	-	(2,134,422)
Sanitation	77,648	-	31,518	-	(46,130)	-	(46,130)
Culture and recreation	2,251,294	878,816	23,000	-	(1,349,478)	-	(1,349,478)
Economic development	2,600,676	444,784	-	-	(2,155,892)	-	(2,155,892)
Interest on long-term debt	157,280	-	-	-	(157,280)	-	(157,280)
Total governmental activities	14,898,346	1,943,529	1,318,765	462,994	(11,173,058)	-	(11,173,058)
Business-type activities							
Water	1,266,600	1,454,495	1,589	-	-	189,484	189,484
Sanitary sewer	1,933,490	2,006,717	1,431	-	-	74,658	74,658
Storm water	345,701	400,477	10,159	-	-	64,935	64,935
Street light	115,962	105,179	-	-	-	(10,783)	(10,783)
Total business-type activities	3,661,753	3,966,868	13,179	-	-	318,294	318,294
Total government	<u>\$ 18,560,099</u>	<u>\$ 5,910,397</u>	<u>\$ 1,331,944</u>	<u>\$ 462,994</u>	(11,173,058)	318,294	(10,854,764)
General revenues							
Property taxes					6,027,539	-	6,027,539
Tax increments					1,884,269	-	1,884,269
Franchise taxes					960,125	-	960,125
Lodging taxes					60,446	-	60,446
Grants and contributions not restricted to specific programs					852,212	-	852,212
Unrestricted investment earnings (charges)					(872,443)	(308,560)	(1,181,003)
Transfers					348,008	(348,008)	-
Total general revenues and transfers					9,260,156	(656,568)	8,603,588
Change in net position					(1,912,902)	(338,274)	(2,251,176)
Net position – beginning					50,400,980	12,597,948	62,998,928
Net position – ending					<u>\$ 48,488,078</u>	<u>\$ 12,259,674</u>	<u>\$ 60,747,752</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MOUNDS VIEW

**Balance Sheet
Governmental Funds
December 31, 2022**

	General	Economic Development Authority Special Revenue	Tax Increment Financing District No. 5 Special Revenue	Vehicle and Equipment Capital Projects	Street Improvement Capital Projects	Other Governmental	Total
Assets							
Cash and temporary investments	\$10,830,742	\$ 1,039,149	\$ 887,985	\$ 2,314,637	\$ 1,083,291	\$ 2,691,702	\$18,847,506
Receivables							
Accounts	52,570	45,215	-	-	40,808	26,923	165,516
Intergovernmental	60,854	1,026	-	-	1,734	27,526	91,140
Delinquent taxes	10,171	-	-	-	-	706	10,877
Special assessments	10,537	-	-	-	80,647	-	91,184
Notes	-	71,943	-	-	-	-	71,943
Leases	1,066,751	-	-	-	-	76,173	1,142,924
Prepaid items	-	-	-	35,350	-	-	35,350
Land held for resale	-	265,272	-	-	-	-	265,272
Total assets	\$12,031,625	\$ 1,422,605	\$ 887,985	\$ 2,349,987	\$ 1,206,480	\$ 2,823,030	\$20,721,712
Liabilities, Deferred Inflows, and Fund Balances							
Liabilities							
Accounts/contracts payable	\$ 114,914	\$ 352	\$ -	\$ -	\$ 91,479	\$ 29,315	\$ 236,060
Accrued wages and benefits	108,556	2,716	-	-	-	9,027	120,299
Due to other governments	17,806	-	-	-	-	14,970	32,776
Unearned revenue	289,205	-	-	-	-	-	289,205
Deposits payable	261,057	19,740	-	-	132	-	280,929
Total liabilities	791,538	22,808	-	-	91,611	53,312	959,269
Deferred inflows of resources							
Unavailable revenue - taxes	10,171	-	-	-	-	706	10,877
Unavailable revenue - assessments	10,537	-	-	-	80,647	-	91,184
Leases receivable for subsequent years	1,066,751	-	-	-	-	76,173	1,142,924
Total deferred inflows of resources	1,087,459	-	-	-	80,647	76,879	1,244,985
Fund balances							
Non-spendable - prepaid items	-	-	-	35,350	-	-	35,350
Restricted for							
Debt service	-	-	-	-	-	391,171	391,171
Tax increment	-	-	887,985	-	-	34,781	922,766
Economic development	-	1,399,797	-	-	-	-	1,399,797
Parks and recreation	-	-	-	-	-	332,609	332,609
Communications	-	-	-	-	-	204,662	204,662
Public safety	-	-	-	-	-	37,376	37,376
Conservation	-	-	-	-	-	36,089	36,089
Assigned to							
Levy reduction	3,147,607	-	-	-	-	-	3,147,607
Balance subsequent budget	1,732,000	-	-	-	-	-	1,732,000
Street reconstruction	-	-	-	-	1,034,222	-	1,034,222
Other capital projects	-	-	-	2,314,637	-	1,656,151	3,970,788
Unassigned	5,273,021	-	-	-	-	-	5,273,021
Total fund balances	10,152,628	1,399,797	887,985	2,349,987	1,034,222	2,692,839	18,517,458
Total liabilities, deferred inflows, and fund balances	\$12,031,625	\$ 1,422,605	\$ 887,985	\$ 2,349,987	\$ 1,206,480	\$ 2,823,030	\$20,721,712

The notes to the financial statements are an integral part of this statement.

CITY OF MOUNDS VIEW

Reconciliation of the Balance Sheet to the Statement of Net Position Governmental Funds December 31, 2022

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

Total fund balances - governmental funds	\$ 18,517,458
Amounts reported for governmental activities in the Statement of Net Position are different because capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	40,233,526
Other long-term assets are not available to pay for current period expenditures and thus, are deferred inflows in the funds.	102,061
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.	
General Obligation bonds and certificates	(5,335,550)
Total OPEB liability	(744,500)
Net pension liability - PERA	(9,982,227)
Compensated absences	(635,642)
Accrued interest payable	(59,133)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.	
Deferred outflows - PERA	6,433,893
Deferred outflows - OPEB	54,263
Deferred inflows - PERA	(96,071)
Net position of governmental activities	<u>\$ 48,488,078</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MOUNDS VIEW

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2022**

	General	Economic Development Authority Special Revenue	Tax Increment Financing District No. 5 Special Revenue	Vehicle and Equipment Capital Projects	Street Improvement Capital Projects	Other Governmental	Total
Revenues							
Taxes							
Property	\$ 5,414,895	\$ 97,532	\$ -	\$ -	\$ 146,292	\$ 404,683	\$ 6,063,402
Tax increment	-	-	1,798,711	-	-	85,558	1,884,269
Franchise	425,517	-	-	-	425,517	109,091	960,125
Lodging	60,446	-	-	-	-	-	60,446
Special assessments	4,637	-	-	-	16,742	-	21,379
Licenses and permits	374,631	-	-	-	-	-	374,631
Intergovernmental	2,068,959	-	-	-	459,169	102,018	2,630,146
Charges for services	66,961	-	-	-	-	408,709	475,670
Fines and forfeits	38,418	-	-	-	-	53,832	92,250
Investment earnings (charges)	(644,642)	367	(15,069)	-	(96,343)	(116,756)	(872,443)
Miscellaneous	510,113	57,547	-	-	2,185	428,714	998,559
Total revenues	<u>8,319,935</u>	<u>155,446</u>	<u>1,783,642</u>	<u>-</u>	<u>953,562</u>	<u>1,475,849</u>	<u>12,688,434</u>
Expenditures							
Current							
General government	1,362,444	-	-	640	-	-	1,363,084
Public safety	4,237,524	-	-	1,966	-	28,554	4,268,044
Streets and highways	730,270	-	-	-	14,565	17,200	762,035
Sanitation	-	-	-	-	-	27,023	27,023
Culture and recreation	596,586	-	-	-	-	1,073,625	1,670,211
Economic development	547,562	208,893	1,710,489	-	-	76,809	2,543,753
Debt service							
Principal	148,025	-	-	-	-	245,000	393,025
Interest	9,990	-	-	-	-	150,352	160,342
Capital outlay							
Public safety	84,630	-	-	23,731	-	47,500	155,861
Streets and highways	-	-	-	-	2,113,342	-	2,113,342
Culture and recreation	-	-	-	-	-	428,204	428,204
Total expenditures	<u>7,717,031</u>	<u>208,893</u>	<u>1,710,489</u>	<u>26,337</u>	<u>2,127,907</u>	<u>2,094,267</u>	<u>13,884,924</u>
Excess (deficiency) of revenues over (under) expenditures	602,904	(53,447)	73,153	(26,337)	(1,174,345)	(618,418)	(1,196,490)
Other financing sources (uses)							
Transfers in	214,008	149,633	-	460,000	-	425,000	1,248,641
Transfers out	<u>(775,000)</u>	<u>-</u>	<u>(91,484)</u>	<u>(26,000)</u>	<u>-</u>	<u>(8,149)</u>	<u>(900,633)</u>
Total other financing sources (uses)	<u>(560,992)</u>	<u>149,633</u>	<u>(91,484)</u>	<u>434,000</u>	<u>-</u>	<u>416,851</u>	<u>348,008</u>
Net change in fund balance	41,912	96,186	(18,331)	407,663	(1,174,345)	(201,567)	(848,482)
Fund balances - beginning	<u>10,110,716</u>	<u>1,303,611</u>	<u>906,316</u>	<u>1,942,324</u>	<u>2,208,567</u>	<u>2,894,406</u>	<u>19,365,940</u>
Fund balances - ending	<u>\$10,152,628</u>	<u>\$ 1,399,797</u>	<u>\$ 887,985</u>	<u>\$ 2,349,987</u>	<u>\$ 1,034,222</u>	<u>\$ 2,692,839</u>	<u>\$ 18,517,458</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MOUNDS VIEW

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities Governmental Funds Year Ended December 31, 2022

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

Net change in fund balances – total Governmental Funds	\$ (848,482)
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlays	2,697,407
Depreciation expense	(2,844,536)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.	
Changes in bond interest payable	393,025
Changes in compensated absences	3,063
	18,334
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.	
PERA	(590,478)
OPEB	(690,237)
Certain revenues are included in the change in net position, but are excluded from the change in fund balances until they are available to liquidate liabilities of the current period.	
Delinquent taxes	(35,863)
Special assessments	(15,135)
Changes in net position of governmental activities	<u>\$ (1,912,902)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MOUNDS VIEW

Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual General Fund Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property	\$ 5,538,104	\$ 5,538,104	\$ 5,414,895	\$ (123,209)
Franchise	305,000	305,000	425,517	120,517
Lodging	50,000	50,000	60,446	10,446
Special assessments	3,000	3,000	4,637	1,637
Licenses and permits	252,872	252,872	374,631	121,759
Intergovernmental	1,267,202	1,267,202	2,068,959	801,757
Charges for services	49,625	49,625	66,961	17,336
Fines and forfeits	33,750	33,750	38,418	4,668
Investment earnings (charges)	80,000	80,000	(644,642)	(724,642)
Miscellaneous	271,221	271,221	510,113	238,892
Total revenues	<u>7,850,774</u>	<u>7,850,774</u>	<u>8,319,935</u>	<u>469,161</u>
Expenditures				
Current				
General government				
Mayor and City Council	61,953	61,953	55,980	5,973
Advisory commissions	24,850	24,850	72,258	(47,408)
Administration	339,624	339,624	355,819	(16,195)
Elections	37,750	37,750	37,842	(92)
Finance	306,457	306,457	302,997	3,460
Central services	321,430	321,430	283,285	38,145
Government buildings	137,507	137,507	189,547	(52,040)
Miscellaneous and contingency	59,706	59,706	64,716	(5,010)
Total general government	<u>1,289,277</u>	<u>1,289,277</u>	<u>1,362,444</u>	<u>(73,167)</u>
Public safety				
Police	3,637,988	3,637,988	3,766,500	(128,512)
Fire	488,452	488,452	471,024	17,428
Total public safety	<u>4,126,440</u>	<u>4,126,440</u>	<u>4,237,524</u>	<u>(111,084)</u>
Streets and highways				
Public works administration	129,566	129,566	134,727	(5,161)
Streets	472,082	472,082	450,484	21,598
Vehicle maintenance	144,608	144,608	145,059	(451)
Total streets and highways	<u>746,256</u>	<u>746,256</u>	<u>730,270</u>	<u>15,986</u>
Culture and recreation				
Parks	493,517	493,517	491,948	1,569
Forestry	78,144	78,144	104,638	(26,494)
Total culture and recreation	<u>571,661</u>	<u>571,661</u>	<u>596,586</u>	<u>(24,925)</u>

The notes to the financial statements are an integral part of this statement.

(continued)

CITY OF MOUNDS VIEW

Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual General Fund Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (continued)				
Current (continued)				
Economic development				
Community development	504,002	504,002	490,280	13,722
Convention and visitors bureau	47,500	47,500	57,282	(9,782)
Total economic development	<u>551,502</u>	<u>551,502</u>	<u>547,562</u>	<u>3,940</u>
Total current expenditures	7,285,136	7,285,136	7,474,386	(189,250)
Debt service				
Principal	148,025	148,025	148,025	-
Interest	9,991	9,991	9,990	1
Total debt service	<u>158,016</u>	<u>158,016</u>	<u>158,015</u>	<u>1</u>
Capital outlay				
Public safety	84,630	84,630	84,630	-
Total expenditures	<u>7,527,782</u>	<u>7,527,782</u>	<u>7,717,031</u>	<u>(189,249)</u>
Excess (deficiency) of revenues over (under) expenditures	322,992	322,992	602,904	279,912
Other financing sources (uses)				
Transfers in	214,008	214,008	214,008	-
Transfers out	<u>(775,000)</u>	<u>(775,000)</u>	<u>(775,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(560,992)</u>	<u>(560,992)</u>	<u>(560,992)</u>	<u>-</u>
Net change in fund balance	(238,000)	(238,000)	41,912	279,912
Fund balance – beginning	<u>10,110,716</u>	<u>10,110,716</u>	<u>10,110,716</u>	<u>-</u>
Fund balance – ending	<u>\$ 9,872,716</u>	<u>\$ 9,872,716</u>	<u>\$ 10,152,628</u>	<u>\$ 279,912</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MOUNDS VIEW

Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual Economic Development Authority Special Revenue Fund Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property	\$ 100,000	\$ 100,000	\$ 97,532	\$ (2,468)
Investment earnings	-	-	367	367
Miscellaneous	-	-	57,547	57,547
	<u>100,000</u>	<u>100,000</u>	<u>155,446</u>	<u>55,446</u>
Total revenues	100,000	100,000	155,446	55,446
Expenditures				
Current				
Economic development				
Community development	<u>249,251</u>	<u>249,251</u>	<u>208,893</u>	<u>40,358</u>
Excess (deficiency) of revenues over (under) expenditures	(149,251)	(149,251)	(53,447)	95,804
Other financing sources				
Transfers in	<u>149,633</u>	<u>149,633</u>	<u>149,633</u>	<u>-</u>
Net change in fund balance	382	382	96,186	95,804
Fund balance – beginning	<u>1,303,611</u>	<u>1,303,611</u>	<u>1,303,611</u>	<u>-</u>
Fund balance – ending	<u><u>\$ 1,303,993</u></u>	<u><u>\$ 1,303,993</u></u>	<u><u>\$ 1,399,797</u></u>	<u><u>\$ 95,804</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF MOUNDS VIEW

Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual Tax Increment Financing District No. 5 Special Revenue Fund Year Ended December 31, 2022

	<u>Budgeted</u>	<u>Amounts</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
Taxes				
Tax increment	\$ 1,829,694	\$ 1,829,694	\$ 1,798,711	\$ (30,983)
Investment earnings (charges)	<u>1,500</u>	<u>1,500</u>	<u>(15,069)</u>	<u>(16,569)</u>
Total revenues	1,831,194	1,831,194	1,783,642	(47,552)
Expenditures				
Current				
Economic development				
Community development	<u>1,726,541</u>	<u>1,726,541</u>	<u>1,710,489</u>	<u>16,052</u>
Excess (deficiency) of revenues over (under) expenditures	104,653	104,653	73,153	(31,500)
Other financing sources (uses)				
Transfers out	<u>(91,484)</u>	<u>(91,484)</u>	<u>(91,484)</u>	<u>—</u>
Net change in fund balance	13,169	13,169	(18,331)	(31,500)
Fund balance – beginning	<u>906,316</u>	<u>906,316</u>	<u>906,316</u>	<u>—</u>
Fund balance – ending	<u><u>\$ 919,485</u></u>	<u><u>\$ 919,485</u></u>	<u><u>\$ 887,985</u></u>	<u><u>\$ (31,500)</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF MOUNDS VIEW

**Statement of Net Position
Proprietary Funds
December 31, 2022**

	Business-Type Activities – Enterprise Funds				Totals
	Water	Sanitary Sewer	Storm Water	Non-major Street Light	
Assets					
Current assets					
Cash and temporary investments	\$ 1,215,781	\$ 2,043,666	\$ 1,991,887	\$ 65,765	\$ 5,317,099
Receivables					
Accounts	339,593	523,014	107,527	28,614	998,748
Intergovernmental	2,066	-	-	-	2,066
Special assessments	106,624	23,765	-	-	130,389
Total current assets	<u>1,664,064</u>	<u>2,590,445</u>	<u>2,099,414</u>	<u>94,379</u>	<u>6,448,302</u>
Noncurrent assets					
Capital assets					
Land	7,596	3,255	-	-	10,851
Buildings	4,833,307	12,393	-	-	4,845,700
Infrastructure	4,423,376	7,315,690	1,508,304	-	13,247,370
Equipment	1,704,080	718,549	359,311	-	2,781,940
Construction in progress	6,707,373	-	-	-	6,707,373
Less accumulated depreciation	<u>(8,429,556)</u>	<u>(5,973,490)</u>	<u>(662,421)</u>	<u>-</u>	<u>(15,065,467)</u>
Total capital assets (net)	<u>9,246,176</u>	<u>2,076,397</u>	<u>1,205,194</u>	<u>-</u>	<u>12,527,767</u>
Total assets	10,910,240	4,666,842	3,304,608	94,379	18,976,069
Deferred Outflows of Resources					
Pension plan deferments - PERA	137,051	123,418	44,227	-	304,696
Total assets and deferred outflows or resources	<u>\$ 11,047,291</u>	<u>\$ 4,790,260</u>	<u>\$ 3,348,835</u>	<u>\$ 94,379</u>	<u>\$ 19,280,765</u>
Liabilities					
Current liabilities					
Accounts/contracts payable	\$ 250,781	\$ 5,526	\$ 3,761	\$ 375	\$ 260,443
Accrued wages and benefits	10,436	8,715	3,377	247	22,775
Compensated absences	14,957	9,895	2,892	567	28,311
Due to other governments	2,476	7	7	-	2,490
Bonds payable	350,000	-	-	-	350,000
Deposits payable	26,451	8,000	-	-	34,451
Accrued interest payable	36,134	-	-	-	36,134
Total current liabilities	<u>691,235</u>	<u>32,143</u>	<u>10,037</u>	<u>1,189</u>	<u>734,604</u>
Noncurrent liabilities					
Bonds payable	5,145,000	-	-	-	5,145,000
Bond premium	235,324	-	-	-	235,324
Net pension liability	362,988	326,882	117,137	-	807,007
Compensated absences	44,871	29,686	8,676	1,701	84,934
Total noncurrent liabilities	<u>5,788,183</u>	<u>356,568</u>	<u>125,813</u>	<u>1,701</u>	<u>6,272,265</u>
Total liabilities	6,479,418	388,711	135,850	2,890	7,006,869
Deferred Inflows of Resources					
Pension plan deferments - PERA	6,397	5,761	2,064	-	14,222
Net position					
Net investment in capital assets	3,349,389	2,076,397	1,205,194	-	6,630,980
Unrestricted	1,212,087	2,319,391	2,005,727	91,489	5,628,694
Total net position	<u>4,561,476</u>	<u>4,395,788</u>	<u>3,210,921</u>	<u>91,489</u>	<u>12,259,674</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 11,047,291</u>	<u>\$ 4,790,260</u>	<u>\$ 3,348,835</u>	<u>\$ 94,379</u>	<u>\$ 19,280,765</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MOUNDS VIEW

Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds Year Ended December 31, 2022

	Business-Type Activities – Enterprise Funds				Totals
	Water	Sanitary Sewer	Storm Water	Non-major Street Light	
Operating revenues					
Sales/user fees	\$ 1,402,908	\$ 1,994,017	\$ 400,053	\$ 105,179	\$ 3,902,157
Meter charges	270	-	-	-	270
Connection charges	48,550	12,700	424	-	61,674
Intergovernmental					
Other government	-	-	9,646	-	9,646
State pension contribution	1,589	1,431	513	-	3,533
Other income	2,767	-	-	-	2,767
Total operating revenues	1,456,084	2,008,148	410,636	105,179	3,980,047
Operating expenses					
Personal services	495,021	447,648	157,885	14,767	1,115,321
Supplies	81,164	44,908	30,631	-	156,703
Contractual services	433,048	246,501	123,089	101,195	903,833
Disposal charges	-	1,082,913	-	-	1,082,913
Depreciation	186,181	111,520	34,096	-	331,797
Total operating expenses	1,195,414	1,933,490	345,701	115,962	3,590,567
Operating income (loss)	260,670	74,658	64,935	(10,783)	389,480
Nonoperating revenues (expenses)					
Investment earnings (charges)	(83,778)	(110,711)	(109,669)	(4,402)	(308,560)
Interest expense	(71,186)	-	-	-	(71,186)
Total nonoperating revenues (expenses)	(154,964)	(110,711)	(109,669)	(4,402)	(379,746)
Income (loss) before transfers	105,706	(36,053)	(44,734)	(15,185)	9,734
Transfer out	(157,905)	(142,905)	(44,079)	(3,119)	(348,008)
Change in net position	(52,199)	(178,958)	(88,813)	(18,304)	(338,274)
Net position – beginning	4,613,675	4,574,746	3,299,734	109,793	12,597,948
Total net position - ending	\$ 4,561,476	\$ 4,395,788	\$ 3,210,921	\$ 91,489	\$ 12,259,674

The notes to the financial statements are an integral part of this statement.

CITY OF MOUNDS VIEW

**Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2022**

	Business-Type Activities – Enterprise Funds				Totals
	Water	Sanitary Sewer	Storm Water	Non-major Street Light	
Cash flows from operating activities					
Receipts from customers and users	\$ 1,405,564	\$ 1,960,091	\$ 400,069	\$ 104,178	\$ 3,869,902
Payments to employees	(487,957)	(422,324)	(151,034)	(14,528)	(1,075,843)
Payments to suppliers	(81,164)	(44,908)	(30,631)	-	(156,703)
Payments to contractors	(762,734)	(1,408,221)	(120,969)	(100,820)	(2,392,744)
Net cash flows from operating activities	<u>73,709</u>	<u>84,638</u>	<u>97,435</u>	<u>(11,170)</u>	<u>244,612</u>
Cash flows from noncapital financing activities					
Transfers to other funds	(157,905)	(142,905)	(44,079)	(3,119)	(348,008)
Cash flows from capital and related financing activities					
Purchases of capital assets	(16,238)	-	-	-	(16,238)
Acquisition and construction of capital assets	(1,048,732)	(27,822)	-	-	(1,076,554)
Bond principal	(335,000)	-	-	-	(335,000)
Interest paid	(92,079)	-	-	-	(92,079)
Net cash flows from capital and related financing activities	<u>(1,492,049)</u>	<u>(27,822)</u>	<u>-</u>	<u>-</u>	<u>(1,519,871)</u>
Cash flows from investing activities					
Change in fair value of investments	(98,911)	(129,079)	(127,563)	(5,124)	(360,677)
Interest received	15,133	18,368	17,894	722	52,117
Net cash flows from investing activities	<u>(83,778)</u>	<u>(110,711)</u>	<u>(109,669)</u>	<u>(4,402)</u>	<u>(308,560)</u>
Net change in cash and cash equivalents	(1,660,023)	(196,800)	(56,313)	(18,691)	(1,931,827)
Cash and temporary investments, January 1	<u>2,875,804</u>	<u>2,240,466</u>	<u>2,048,200</u>	<u>84,456</u>	<u>7,248,926</u>
Cash and temporary investments, December 31	<u>\$ 1,215,781</u>	<u>\$ 2,043,666</u>	<u>\$ 1,991,887</u>	<u>\$ 65,765</u>	<u>\$ 5,317,099</u>
Reconciliation of operating income to net cash flows from operating activities					
Operating income (loss)	\$ 260,670	\$ 74,658	\$ 64,935	\$ (10,783)	\$ 389,480
Adjustments to reconcile operating income to net cash flows from operating activities					
Depreciation expense	186,181	111,520	34,096	-	331,797
(Increase) decrease in accounts receivable	(46,072)	(38,185)	(10,567)	(1,001)	(95,825)
(Increase) decrease in intergovernmental receivables	129	-	-	-	129
(Increase) decrease in special assessments receivable	(8,553)	(9,872)	-	-	(18,425)
(Increase) decrease in deferred outflows	15,876	10,899	4,799	-	31,574
Increase (decrease) in accounts/contracts payable	(330,036)	(78,792)	2,134	375	(406,319)
Increase (decrease) in wages and benefits payable	2,576	1,712	842	247	5,377
Increase (decrease) in compensated absences	1,547	1,919	(515)	(8)	2,943
Increase (decrease) in net pension liability	174,462	161,299	56,699	-	392,460
Increase (decrease) in due to other governments	350	(15)	(14)	-	321
Increase (decrease) in deposits payable	(11,900)	-	-	-	(11,900)
Increase (decrease) in deferred inflows	(171,521)	(150,505)	(54,974)	-	(377,000)
Total adjustments	<u>(186,961)</u>	<u>9,980</u>	<u>32,500</u>	<u>(387)</u>	<u>(144,868)</u>
Net cash flows from operating activities	<u>\$ 73,709</u>	<u>\$ 84,638</u>	<u>\$ 97,435</u>	<u>\$ (11,170)</u>	<u>\$ 244,612</u>
Noncash investing, capital, and financing activities					
Acquisition and construction of capital assets on credit	\$ 166,463	\$ -	\$ -	\$ -	\$ 166,463
Accrued interest payable change	2,791	-	-	-	2,791
Amortization of premium	18,102	-	-	-	18,102

The notes to the financial statements are an integral part of this statement.

CITY OF MOUNDS VIEW

Notes to Basic Financial Statements
Year Ended December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Mounds View, Minnesota (the City) is a municipal corporation that operates under a Home Rule Charter adopted on October 11, 1979. The City is governed by a Mayor/City Council form of government. The Mayor and City Council are elected on an at-large basis with the Mayor serving two year terms and the City Council serving four year terms.

The financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of their operational or financial relationship with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, it has been determined that the City has one component unit.

Blended Component Unit

Economic Development Authority (EDA) – The EDA was created to carry out housing and economic development activities within the City. The governing board is the City Council. The City Council also approves tax levies and directs the activities of the EDA's management. Various city employees, such as the City Administrator, Finance Director, and the City's Attorney perform key management functions for the EDA. The EDA's activity is reported as the Economic Development Authority Special Revenue Fund. The EDA does not issue a separate report.

Joint Powers Organizations

Metro-INET – The City has joined with several municipalities and governmental entities to cooperatively provide information technology services to its members. Metro-INET is governed by its own Board of Directors. Directors are appointed by each member. An Executive Board is elected by the Board of Directors and is responsible for operations through the Executive Director. The City of Roseville is acting as the fiscal agent for the organization. Members may withdraw but will forfeit any equity in the equipment. If the entity is dissolved the remaining assets will be allocated to any remaining members. The annual budget is adopted in May and member charges are based on the member's individual metrics for users, email accounts, computers, phones, and remote access accounts.

The City's share of operating and capital costs were \$176,977 during 2022. These costs were recorded as expenditures in the General Fund and the Community Center Special Revenue Fund.

Metro-INET financial reports are available at Roseville City offices, 2660 Corporate Center Drive, Roseville, MN.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Spring Lake Park – Blaine – Mounds View Fire Department – The City has joined with the cities of Blaine and Spring Lake Park to cooperatively provide fire protection services to their residents. This is provided by the Spring Lake Park – Blaine – Mounds View Fire Department (the Fire Department), a private nonprofit Internal Revenue Code Section 501c (3) organization. The service territory is generally comprised of the cities of Spring Lake Park, Blaine, and Mounds View.

The three cities agreed upon several significant provisions in their agreement dated December 11, 1990:

- a. The Fire Department is governed by its own Board of Directors. Directors are appointed by each city and from the Fire Department.
- b. Operation, maintenance, and debt service costs are shared based upon a fixed formula. The City's share of the formula is 15.500% in 2022 and will be 15.500% in 2023. The share was set at a fixed amount in 2021 going forward and to be reviewed every five years.
- c. The city of Blaine issued \$4,900,000 G.O. Capital Improvement Refunding Bonds, Series 2013A on December 1, 2013 to refund the G.O. Capital Improvement Bonds, Series 2005A. They also issued \$1,070,000 of G.O. Equipment Certificates of Indebtedness, Series 2018A on June 28, 2018 to purchase a ladder truck and related equipment.
- d. The city of Spring Lake Park issued \$1,090,000 G.O. Equipment Certificates of Indebtedness, Series 2017A on March 21, 2017 to purchase certain pieces of fire equipment including a ladder truck which were retired in 2022.
- e. Each city has a non-measurable equity interest in the property that is held in the city of Blaine's name.

The City's share of operating costs were \$471,024, capital costs were \$84,630 and debt service costs were \$158,015 during 2022. These costs were recorded as expenditures in the General Fund.

The Fire Department and its relief association issue financial reports which are available at Mounds View city offices or at the Fire Department, 1710 Highway 10, Spring Lake Park, MN 55432.

B. Government-Wide and Fund Financial Statements

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

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 charges to customer or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 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.

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. All remaining funds are aggregated and reported as nonmajor funds as a separate column in the fund financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of 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 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.

Government 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 the liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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, pensions, and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal 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.

The City reports the following Major Governmental Funds:

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

Economic Development Authority Special Revenue Fund – accounts for transfers from the General fund and tax increment funds, a tax levy, and expenditures for economic development activities of the Economic Development Authority.

Tax Increment Financing District No. 5 Special Revenue Fund – The Tax Increment Financing District No. 5 Special Revenue Fund accounts for tax increments collected from properties within the district that are used to retire the developer note.

Vehicle and Equipment Capital Projects Fund – This fund accumulates resources for the eventual replacement of city vehicles and equipment.

Street Improvement Capital Projects Fund – This fund is used to account for the construction and major repair of City streets as part of the City’s street improvement program.

The City reports the following Major Proprietary Funds:

Water Fund – The Water Fund accounts for the activities associated with providing water service to city residents and businesses. Services are paid for by user fees.

Sanitary Sewer Fund – The Sanitary Sewer Fund accounts for the activities associated with providing sanitary sewer service to city residents and businesses. Services are paid for by user fees.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Storm Water Fund – The Storm Water Fund accounts for the construction and maintenance of storm water facilities. Utility fees are charged on the quarterly utility bill and impact fees are charged on new development of land.

Street Light Fund (nonmajor) – The Street Light Fund accounts for the activities associated with providing streetlight services to city residents and businesses. Services are paid for by user fees.

Amounts reported in the government-wide financial statements as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary Funds distinguish operating revenues and expenses from non-operating 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 City's Enterprise Funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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 non-operating revenues and expenses.

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

1. Deposits and Investments

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.

State statutes authorize the City to invest in obligations of the U.S. Treasury and federal agencies, commercial paper, repurchase agreements, and the State Treasurer's Investment Pool.

Investments are generally stated at fair value, except for investments in external investment pools, which are stated at amortized cost. Short-term highly liquid debt instruments (including commercial paper, bankers' acceptances, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less are reported at amortized cost. Investment income is accrued at the balance sheet date. Investment earnings for the Cable Television, Police Forfeiture Special Revenue Funds, and the Vehicle and Equipment Capital Projects Fund are allocated to the General Fund.

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.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 3 for the City's recurring fair value measurements at year-end.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Receivables and Payables

When applicable, transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown net of an allowance for uncollectible amounts, which are not material. The only receivables not expected to be fully collected within one year are lease receivable and delinquent property taxes receivable.

3. Property Taxes

Property tax levies are set by the City Council in December of each year and are certified to Ramsey County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over taxable property. Such taxes become a lien on January 1, and are recorded as receivables by the City at that date.

Property taxes are levied as of January 1 on property values assessed of the previous January 1st. The tax levy is divided into two billings: the first billing (due on May 15) and the second billing (due on October 15). The billings are considered past due after the respective due dates at which time penalties and interest are assessed. Personal property taxes may be paid on February 28 and June 30. The County provides tax settlements to cities and other taxing districts normally during the months of July, December, and January. Taxes that remain unpaid at Ramsey County on December 31 are classified as delinquent taxes receivable and are offset by deferred inflow of resources in the Governmental Fund statements.

4. Land Held for Resale

Land held for resale represents various property purchases made by the City with the intent to sell in order to increase tax base or to attract new businesses. These assets are stated at the lower of cost or acquisition value.

5. Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable government or business-type activities columns in the government-wide financial statements and in the Proprietary Fund financial statements.

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 for purchased assets and \$25,000 for constructed assets and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is reflected as part of the capitalized value of the asset constructed.

Infrastructure assets have been capitalized retroactively to 1980 upon adoption of Governmental Accounting Standards Board (GASB) Statement No. 34. Depreciation on the City’s capital assets (including infrastructure) is recorded on a government-wide and Proprietary Fund basis.

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

<u>Assets</u>	<u>Years</u>
Buildings	30–50
Infrastructure – distribution and collection systems	30–50
Infrastructure – streets	20–40
Equipment	3–20

6. Compensated Absences

It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. At termination of employment, employees receive all accrued vacation benefits and employees with sufficient years of service receive a percentage of their unpaid accumulated sick leave. Union employees and nonunion employees with two or more years qualify. Compensated absence pay is accrued when incurred in the government-wide and Proprietary Fund financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured as the result of employee resignations or retirements.

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, when material are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, Governmental Fund-types recognize bond premiums and discounts 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. 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, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred outflows of resources related to pensions reported in the government-wide and enterprise funds Statement of Net Position. This deferred outflow results from differences between expected and actual experience, changes of assumptions, changes in proportion, difference between projected and actual earnings on pension plan investments, and from contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension standards.

In addition to liabilities, statements of financial position or balance sheets 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items which qualify for reporting in this category.

The City reports deferred inflows of resources related to lease receivables, which requires lessors to recognize deferred inflows of resources to correspond to lease receivables. These amounts are deferred and amortized in a systematic and rationale manner over the term of the lease.

Unavailable revenue, arises only under a modified accrual basis of accounting and therefore is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenue 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.

Deferred inflows of resources related to pensions, is reported in the government-wide and enterprise funds Statement of Net Position. This deferred inflow results from differences between expected and actual experience, changes of assumptions, changes in proportion, and difference between projected and actual earnings on pension plan investments. These amounts are deferred and amortized as required under pension standards.

9. Fund Balance Classifications/Flow Assumptions

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. The City has chosen to present the specific purpose constraints on the face of the balance sheet. These classifications are as follows:

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by ordinance of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to Council resolution, the City’s Administrator or Finance Director is authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to first use restricted resources, then use unrestricted resources as they are needed.

When committed, assigned, or unassigned resources are available for use, it is the City’s policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

10. Minimum Unassigned Fund Balance Policy

The City Council has formally adopted a fund balance policy regarding the minimum unassigned fund balance for the General Fund. The policy establishes a minimum unassigned General Fund balance of between 35 percent and 50 percent of subsequent years budgeted revenues and transfers or a minimum five months of expenditures and transfers. At December 31, 2022, the unassigned fund balance of the General Fund was 62.5 percent of the subsequent year’s budgeted revenues and transfers compared to 62.5 percent for the prior year.

11. Net Position/Flow Assumptions

Net position represents the difference between assets, liabilities, and deferred inflows/outflows of financial resources in the government-wide and Proprietary Fund 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 when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When both restricted net position and unrestricted net position are available for use, it is the City’s policy to use restricted resources first, and then unrestricted resources as they are needed.

12. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the City considers all highly liquid debt instruments with an original maturity from the time of purchase by the City of three months or less to be cash equivalents. The Proprietary Funds’ portion in the city-wide cash and investment management pool is considered to be cash equivalent.

13. Use of Estimates

The preparation of financial statements, in accordance with accounting principles generally accepted in the United States of America, requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. 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. 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.

15. Change in Accounting Principle

During the year ended December 31, 2022, the City implemented GASB Statement No. 87, *Leases*. This statement included major changes in recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The implementation of the new GASB statement in the current year resulted in no restatement of net position as of December 31, 2022.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and Special Revenue Funds. Debt Service Funds do not have annual budgets but follow the requirements set at the time of bond issuance. Capital Projects Funds adopt project-length budgets. All annual appropriations lapse at fiscal year-end. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to September 15, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Informational meetings are held on the preliminary budget during the budget process with formal public hearings being conducted between November 29 and December 30 to obtain taxpayer comments.
- The budget is legally enacted through passage of a resolution prior to December 31.
- The City Council may authorize transfers of budgeted amounts between departments within any fund.
- Budgetary control is maintained at the department level within each fund. Also inherent in this controlling function is the management philosophy that the existence of a particular item or appropriation in the approved budget does not automatically mean that it will be spent. The budget process has flexibility in that, where need has been properly demonstrated, an adjustment can be made within the department budget by the City Administrator, or between departments by the City Council. Therefore, there is a constant review process and expenditures are not approved until it has been determined that: (1) adequate funds were appropriated, (2) the expenditure is still necessary, and (3) funds are available.

The City Council made no supplementary budgetary appropriations during the year.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2022, expenditures exceeded appropriations in the following departments (the legal level of budgetary control) of the City’s funds with budgets approved by the City Council. These over expenditures were funded by greater than anticipated revenues or fund balance.

General Fund	
Advisory commissions	\$ 47,408
Administration	\$ 16,195
Elections	\$ 92
Government buildings	\$ 52,040
Miscellaneous and contingency	\$ 5,010
Police	\$ 128,512
Public works administration	\$ 5,161
Vehicle maintenance	\$ 451
Forestry	\$ 26,494
Convention and visitors bureau	\$ 9,782
Police Forfeiture - other governmental funds	\$ 23,854
TIF District No. 6 - other governmental funds	\$ 2,855

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year-end, the City’s carrying amount of deposits was \$447,922 and the bank balance was \$419,724. Custodial credit risk is the risk that in the event of a financial institution failure, the City’s deposits may not be returned to it. Minnesota statutes require City deposits to be covered by FDIC deposit insurance or pledged collateral. All of the bank balance, as of year-end, was covered by federal depository insurance or by collateral held by the City’s agent in the City’s name. The following are other risks that deposits and investments may be subject to:

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the City’s investment in a single issuer. The City’s policy is to try to limit over-concentration in securities of a specific issuer or business sector excluding U.S. government backed securities. Investments in any one issuer that represent 5% or more of the City’s investments are as follows:

<u>Issuer</u>	<u>Amount</u>
Federal Home Loan Bank Notes & Bonds	\$ 11,761,935
Federal Farm Credit Bank Bonds	\$ 1,737,107

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The City’s policy is to never directly invest in securities maturing more than ten years from the date of purchase and to maintain an average weighted maturity up to three years to the extent possible.

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of an investment that is in the possession of an outside party. The City does not have a policy for custodial credit risk.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City’s policy is to limit the type of securities invested in to: U.S. government backed securities; commercial paper of A-1, P-1, F-1, D-1 or higher quality; Certificates of deposit; Bankers’ acceptances; Money market mutual funds regulated by the Securities and Exchange Commission with portfolios of only dollar denominated securities; and Local government investment pools either state administered or developed through joint powers statutes and other intergovernmental agreement legislation.

The following table presents the City’s investment balances at December 31, 2022, and information relating to interest and credit quality investment risks:

<u>Investment type</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value Measurement</u>	<u>Carrying (Fair) Value</u>
U.S. Government agency securities					
Federal Home Loan Mortgage Corporation	Aaa	Moody's	1.49	Level 2	\$ 466,358
Federal Home Loan Bank Notes & Bonds	Aa	S&P	3.13	Level 2	11,761,935
Federal Farm Credit Bank Bonds	Aa	S&P	2.18	Level 2	1,737,107
Negotiable certificates of deposit	Not Rated		2.43	Level 2	4,623,379
Investment pools/mutual funds					
4M fund	Not Rated		N/A	N/A	5,113,959
Wells Fargo Advantage 100% Treasury	Aaa	Moody's, S&P	N/A	Level 1	<u>13,462</u>
Total Investments					23,716,200
Deposits					447,922
Change funds					<u>483</u>
Total cash and investments					<u>\$ 24,164,605</u>

N/A - Not Applicable

The Minnesota Municipal Money Market (4M Fund) is an external investment pool not registered with the Securities and Exchange Commission (SEC) that follows the same regulatory rules of the SEC. The fair value of the position in the pool is the same as the value of the pool shares, which is based on an amortized cost method that approximates fair value. The 4M Fund is sponsored by the League of Minnesota Cities. Investments are purchased and regulated according to Minnesota Statutes. For this investment pool, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice required for the liquid class; the redemption notice period is 14 days for the Plus Class.

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables

Special assessment receivables are generally payable in equal annual installments of one to ten years plus interest. The interest rate is 5.5%. Based on the payment schedule for special assessment receivables, \$71,585 of the amount is not expected to be collected within the next year.

Unearned revenue of \$289,205 in the General Fund represents prepayment of rent due in future years and un-provisioned grant funds.

C. Lease Receivable

The City has entered into lease receivable agreements for water tower rental for cellular antennas, land rental for billboards, and space rental at the Community Center. The City has imputed an interest rate of 3.25% based on the estimated incremental borrowing rate as of December 31, 2022 with final maturities through 2037. During the current year, the City received principal and interest payments of \$228,908.

D. Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

1. Governmental Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 642,416	\$ -	\$ -	\$ 642,416
Land improvements	132,961	-	-	132,961
Construction in progress	393,592	2,113,342	-	2,506,934
Total capital assets, not being depreciated	<u>1,168,969</u>	<u>2,113,342</u>	<u>-</u>	<u>3,282,311</u>
Capital assets, being depreciated				
Buildings	18,310,620	142,066	74,500	18,378,186
Infrastructure	42,671,198	-	-	42,671,198
Equipment	8,027,478	441,999	-	8,469,477
Total capital assets, being depreciated	<u>69,009,296</u>	<u>584,065</u>	<u>74,500</u>	<u>69,518,861</u>
Less accumulated depreciation for				
Buildings	9,496,811	654,953	74,500	10,077,264
Infrastructure	16,052,016	1,642,787	-	17,694,803
Equipment	4,248,783	546,796	-	4,795,579
Total accumulated depreciation	<u>29,797,610</u>	<u>2,844,536</u>	<u>74,500</u>	<u>32,567,646</u>
Total capital assets, being depreciated, net	<u>39,211,686</u>	<u>(2,260,471)</u>	<u>-</u>	<u>36,951,215</u>
Governmental activities capital assets, net	<u>\$ 40,380,655</u>	<u>\$ (147,129)</u>	<u>\$ -</u>	<u>\$ 40,233,526</u>

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

2. Business-Type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 10,851	\$ -	\$ -	\$ 10,851
Construction in progress	5,936,147	1,215,195	443,969	6,707,373
Total capital assets, not being depreciated	<u>5,946,998</u>	<u>1,215,195</u>	<u>443,969</u>	<u>6,718,224</u>
Capital assets, being depreciated				
Buildings	4,845,700	-	-	4,845,700
Infrastructure	12,775,579	471,791	-	13,247,370
Equipment	2,765,702	16,238	-	2,781,940
Total capital assets, being depreciated	<u>20,386,981</u>	<u>488,029</u>	<u>-</u>	<u>20,875,010</u>
Less accumulated depreciation for				
Buildings	3,418,991	89,124	-	3,508,115
Infrastructure	9,265,244	158,487	-	9,423,731
Equipment	2,049,435	84,186	-	2,133,621
Total accumulated depreciation	<u>14,733,670</u>	<u>331,797</u>	<u>-</u>	<u>15,065,467</u>
Total capital assets, being depreciated, net	<u>5,653,311</u>	<u>156,232</u>	<u>-</u>	<u>5,809,543</u>
Business-type activities capital assets, net	<u>\$ 11,600,309</u>	<u>\$ 1,371,427</u>	<u>\$ 443,969</u>	<u>\$ 12,527,767</u>

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

Governmental activities	
General government	\$ 303,350
Public safety	147,962
Streets and highways	1,966,029
Culture and recreation	427,195
	<u>2,844,536</u>
Total depreciation expense – governmental activities	<u>\$ 2,844,536</u>
Business-type activities	
Water	\$ 186,181
Sanitary sewer	111,520
Storm water	34,096
	<u>331,797</u>
Total depreciation expense – business-type activities	<u>\$ 331,797</u>

The City’s commitment for uncompleted work at December 31, 2022 is \$2,080,737.

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund Transfers and Borrowings

Transfers are made in accordance with the budget or as approved by the City Council. Transfers are used to move restricted and unrestricted revenues from various funds to finance various programs that the government must account for in other funds in accordance with budgetary and statutory authorizations. Transfers to The Community Center fund support operation of City recreation programs, transfers to the EDA fund support economic development and business outreach, transfers to and from the Vehicle and Equipment fund support equipment purchases, and transfers to the General fund off-set indirect costs. The following is a summary of the 2022 transfers:

<u>Fund Making Transfer</u>	<u>Fund Receiving Transfer</u>	<u>Amount</u>
General Fund	Community Center other governmental funds	\$ 350,000
	EDA Fund	50,000
	Vehicle and Equipment Fund	300,000
	Special Projects other governmental funds	75,000
		<u>775,000</u>
TIF District No. 5 Fund	EDA Fund	<u>91,484</u>
Vehicle and Equipment Fund	General Fund	<u>26,000</u>
TIF District No. 6 other governmental funds	EDA Fund	<u>8,149</u>
Water Fund	General Fund	87,905
	Vehicle and Equipment Fund	70,000
		<u>157,905</u>
Sanitary Sewer Fund	General Fund	87,905
	Vehicle and Equipment Fund	55,000
		<u>142,905</u>
Storm Water Fund	General Fund	9,079
	Vehicle and Equipment Fund	35,000
		<u>44,079</u>
Street Light Fund	General Fund	<u>3,119</u>
Total		<u>\$ 1,248,641</u>

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and firefighting equipment. General obligation bonds outstanding have been issued for governmental activities and business-type activities. The City also sometimes participates in bonds and equipment certificates issued by the partner cities for the benefit of the Fire Department. General obligation bonds are direct obligations that pledge the full faith and credit of the City. These bonds generally mature over periods of five to twenty years. Bonds are usually structured so that the amount of principal maturing increases each year as the interest amount decreases. Outstanding bonded obligations are as follows:

- **G.O. Fire Improvement Refunding Bonds and Certificates** – These bonds and certificates were issued by the city of Blaine and the city of Spring Lake Park on behalf of the cities of Blaine, Spring Lake Park, and Mounds View to construct a fire station and purchase fire equipment for the Fire Department. The allocation of debt service payments and the remaining outstanding debt is adjusted annually between the three cities and is based upon a formula. The debt service is paid out of the General Fund.
- **G.O. Capital Improvement Plan Bonds** – These bonds were issued by the City to finance the construction of a public works facility. The debt service will be paid out of the G.O. CIP 2017A Debt Service Fund.
- **G.O. Water Revenue Bonds** – These bonds were issued by the City to finance the rehabilitation of water infrastructure including the three water treatment plants and the booster station. The debt service will be paid out of the Water enterprise fund.

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance – December 31, 2022</u>
Governmental activities				
2013 G.O. Fire Improvements Refunding Bonds	\$ 4,900,000	1.0–2.0%	2025	\$ 244,900
2018A G.O. Fire Equipment Certificates	1,070,000	3.0–5.0%	2023	35,650
2017A G.O. Capital Improvements Plan Bonds	6,000,000	2.7–3.5%	2038	<u>5,055,000</u>
Total governmental activities				<u>5,335,550</u>
Business-type activities				
2020A G.O. Water Revenue Bonds	5,830,000	1.0–2.0%	2036	<u>5,495,000</u>
Total				<u><u>\$ 10,830,550</u></u>

All bonds are backed by the full faith and credit of the City.

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

During the year ended December 31, 2022, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Reported in governmental activities					
General obligation bonds	\$ 5,622,400	\$ -	\$ 322,500	\$ 5,299,900	\$ 334,825
G.O. equipment certificates	106,175	-	70,525	35,650	35,650
Total OPEB liability	-	795,451	50,951	744,500	54,263
Net pension liability - PERA	2,232,629	8,302,253	552,655	9,982,227	-
Compensated absences	653,976	308,654	326,988	635,642	158,911
Subtotal	8,615,180	9,406,358	1,323,619	16,697,919	583,649
Reported in business-type activities					
G.O. water revenue bonds	5,830,000	-	335,000	5,495,000	350,000
Bond premium	253,426	-	18,102	235,324	-
Net pension liability - PERA	414,547	449,754	57,294	807,007	-
Compensated absences	110,302	58,093	55,150	113,245	28,311
Subtotal	6,608,275	507,847	465,546	6,650,576	378,311
Total	\$ 15,223,455	\$ 9,914,205	\$ 1,789,165	\$ 23,348,495	\$ 961,960

The General Fund is typically used to liquidate the liability for governmental compensated absences, total OPEB liability, and net pension liability.

The annual requirements to amortize all bonds and certificates outstanding at year-end are as follows:

Year Ending December 31,	Governmental Activities		Business-Type Activities	
	G.O. Bonds & Certificates		Revenue Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 370,475	\$ 142,907	\$ 350,000	\$ 83,223
2024	341,375	132,858	355,000	76,172
2025	353,700	123,257	360,000	69,023
2026	280,000	114,590	370,000	61,723
2027	285,000	106,962	375,000	54,272
2028-3032	1,545,000	413,312	1,995,000	162,462
3033-3037	1,775,000	189,888	1,690,000	39,721
3038	385,000	6,738	-	-
	\$ 5,335,550	\$ 1,230,512	\$ 5,495,000	\$ 546,596

G. Revenue Pledged

Future revenue pledged for the payment of long-term debt is as follows:

Debt Issue	Use of Proceeds	Revenue Pledged			Remaining Principal and Interest	Current Year	
		Type	Percent of Total Debt Service	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
Water revenue bonds of 2020A	Utility Improvements	Utility charges	100%	2020 - 2036	\$ 6,041,596	\$ 427,079	\$ 1,456,084

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Bond Issues

The aggregate amount of conduit debt outstanding at December 31, 2022 could not be determined. The original issued amounts total \$17,500,000. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements.

I. Other Long Term Debt

City employees participate in two state-wide, cost-sharing, multi-employer defined benefit pension plans administered by PERA. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended December, 31, 2022.

<u>Pension Plans</u>	<u>Net Pension Liabilities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
PERA - GERF	\$ 2,756,171	\$ 1,040,628	\$ 48,573	\$ 486,541
PERA - PEPFF	<u>8,033,063</u>	<u>5,697,961</u>	<u>61,720</u>	<u>827,959</u>
Total	<u>\$ 10,789,234</u>	<u>\$ 6,738,589</u>	<u>\$ 110,293</u>	<u>\$ 1,314,500</u>

NOTE 4 – OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City retains risk for the deductible portions of the insurance policies and for any exclusion from said policies. These amounts are considered to be immaterial to the financial condition of the City. There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for the past three fiscal years.

Workers' compensation is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to LMCIT. The City is subject to supplemental assessments if deemed necessary by LMCIT. LMCIT reinsures through Workers' Compensation Reinsurance Association as required by law. The City has a \$5,000 deductible for which it retains the risk. These deductibles are considered to be immaterial to the financial statements.

Property, casualty, and automobile insurance coverage are provided through a pooled self-insurance program through LMCIT. The City pays an annual premium to LMCIT. The City is subject to supplemental assessments if deemed necessary by LMCIT. LMCIT reinsures through commercial companies for claims in excess of various amounts. The City has a \$25,000 deductible for which it retains the risk. These deductibles are considered to be immaterial to the financial statements.

NOTE 4 – OTHER INFORMATION (CONTINUED)

B. Contingent Liabilities

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City's tax increment districts are subject to review by the state of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

Amounts recorded or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of claims which may be disallowed by the grantor agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

C. Tax Increment Pay-As-You-Go Financing Revenue Notes

The City has entered into private development agreements regarding certain tax increment properties. Contemplated in the development agreement was the reimbursement of the developer for special trunk assessments. The vehicle used for this reimbursement is called a tax increment revenue note.

This note provides for the payment of principal, equal to the developer's costs, plus interest at a set rate. Payments on the loan will be made at the lesser of the note payment or the actual net tax increment received (or a reduced percentage received in certain cases) during specific years as stated in the agreements. Payments are first applied to accrued interest and then to the principal balance. The note is canceled at the end of the agreement term, whether or not the note has been repaid. Any additional tax increments received in years following the term are retained by the City.

The outstanding principal balance as of December 31, 2022, for the two agreements was \$18,954,990. This amount is not included in long-term debt because of the nature of the note in that repayment is required only if sufficient tax increments are received. The City's position is that these are obligations to assign future and uncertain revenue sources and, as such, is not actual debt in substance.

D. Other Postemployment Benefits

1. Plan Description

The City provides post-employment insurance benefits to certain eligible employees through its OPEB Plan, a single-employer defined benefit plan administered by the City. All post-employment benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. No plan assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

NOTE 4 – OTHER INFORMATION (CONTINUED)

2. Benefits Provided

All retirees of the City upon retirement have the option under state law to continue their medical insurance coverage through the City from the time retirement until the employee reaches the age of eligibility for Medicare. For members of all employee groups, the retiree must pay the full premium to continue coverage for the medical and dental insurance. Per state statutes, the City is also required to contribute toward the cost of continued health insurance coverage for officers and firefighters disabled or killed in the line of duty.

The City is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees until the retiree reaches Medicare eligibility, whether the premiums are paid by the City or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an ‘implicit rate subsidy.’ This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the City’s younger and statistically healthier active employees.

3. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the City. The City’s current year required pay-as-you-go contributions to finance the benefits described in the previous section totaled \$54,263.

4. Membership

Membership in the plan consisted of the following as of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	4
Active plan members	<u>53</u>
Total members	<u><u>57</u></u>

5. Total OPEB Liability of the City

The City’s total OPEB liability of \$744,500 as of year-end was measured as of January 1, 2022 and was determined by an actuarial valuation as of that date.

6. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.00%
20-year municipal bond yield	2.00%
Inflation rate	2.00%
Healthcare cost trend rate	6.50%, grading to 5.00% over 6 years and then to 4% over the next 48 years

The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota city employees. The state pension plans base their assumptions on periodic experience studies. Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information, as well as for consistency with the other economic assumptions.

NOTE 4 – OTHER INFORMATION (CONTINUED)

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield rate of 2.00 percent, which was set by considering published rate information for 20-year high-quality, tax-exempt, general obligation municipal bonds as of the measurement date. This is the City’s first actuarial valuation of Other Post-Employment Benefits.

Mortality rates were based on the PUB-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.

Assumption changes since the prior measurement date are not applicable, this is the first actuarial valuation of Other Post-Employment Benefits.

7. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Beginning balance – January 1, 2022	\$ –
Prior year service cost and other adjustments	* 719,556
Changes for the year	
Service cost	60,796
Interest	15,099
Benefit payments	<u>(50,951)</u>
Total net changes	<u>744,500</u>
Ending balance – December 31, 2022	<u>\$ 744,500</u>

* The City’s obligations for OPEB were immaterial prior to fiscal 2022, with their ability to utilize age adjusted premiums. The City was required to utilize community rated blended premiums in the current year requiring implementation of GASB No. 75.

8. Total OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	1.00%	2.00%	3.00%
Total OPEB liability	\$ 796,712	\$ 744,500	\$ 695,509

NOTE 4 – OTHER INFORMATION (CONTINUED)

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease in Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB healthcare cost trend rate	5.50%, grading to 4.00% over 6 years and then to 3.00% over the next 48 years	6.50%, grading to 5.00% over 6 years and then to 4.00% over the next 48 years	7.50%, grading to 6.00% over 6 years and then to 5.00% over the next 48 years
Total OPEB liability	\$ 670,251	\$ 744,500	\$ 833,026

9. OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources

For the current year ended, the City recognized OPEB expense of \$744,500. As of year-end, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City’s contribution subsequent to the measurement date	\$ 54,263	\$ -

Deferred outflows of resources reported \$54,263 related to OPEB contributions subsequent to the measurement date that will be recognized as a reduction of total OPEB liability in the year ending December 31, 2023.

E. Defined Benefit Pension Plans – State-Wide

1. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (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.

A. 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. Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to a local relief associations that elected to merge with and transfer assets and administration to PERA.

NOTE 4 – OTHER INFORMATION (CONTINUED)

2. 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.

A. General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated 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 Coordinated members is 1.2 percent for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent 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. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

B. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months 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 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

NOTE 4 – OTHER INFORMATION (CONTINUED)

3. Contributions

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

A. General Employees Plan Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2022 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City’s contributions to the General Employees Fund for the year ended December 31, 2022, were \$194,901. The City’s contributions were equal to the required contributions as set by state statute.

B. Police and Fire Plan Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2022 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City’s contributions to the Police and Fire Fund for the year ended December 31, 2022, were \$381,542. The City’s contributions were equal to the required contributions as set by state statute.

4. Pension Costs

A. General Employees Fund Pension Costs

At December 31, 2022, the City reported a liability of \$2,756,171 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 \$80,757.

The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2022, the City’s proportion was 0.0348% which was an increase of 0.0041% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the City recognized pension expense of \$474,474 for its proportionate share of the General Employees Plan’s pension expense. In addition, the City recognized an additional \$12,067 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s contribution of \$16 million to the General Employees Fund.

At December 31, 2022, the City reported its proportionate share of the General Employees Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 23,022	\$ 25,762
Changes in actuarial assumptions	552,497	8,989
Net collective difference between projected and actual investment earnings	151,368	-
Changes in proportion	215,253	13,822
Contributions paid to PERA subsequent to the measurement date	98,488	-
Total	\$ 1,040,628	\$48,573

NOTE 4 – OTHER INFORMATION (CONTINUED)

The \$98,488 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension expense amount
2023	\$ 312,338
2024	334,682
2025	(2,702)
2026	<u>249,249</u>
Total	<u>\$ 893,567</u>

B. Police and Fire Fund Pension Costs

At December 31, 2022, the City reported a liability of \$8,033,063 for its proportionate share of the Police and Fire Fund’s net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2022, the City’s proportion was 0.1846% which was an increase of 0.0115% from its proportion measured as of June 30, 2021.

The State of Minnesota also contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2021. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. The State of Minnesota’s proportionate share of the net pension liability associated with the City totaled \$350,994. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota’s pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2022, the City recognized pension expense of \$759,875 for its proportionate share of the Police and Fire Plan’s pension expense. In addition, the City recognized an additional \$68,084 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City also recognized \$16,614 for the year ended December 31, 2022 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Fund.

NOTE 4 – OTHER INFORMATION (CONTINUED)

At December 31, 2022, the City reported its proportionate share of the Police and Fire Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 476,859	\$ -
Changes in actuarial assumptions	4,624,321	43,600
Net collective difference between projected and actual investment earnings	228,416	-
Changes in proportion	177,300	18,120
Contributions paid to PERA subsequent to the measurement date	191,065	-
Total	\$ 5,697,961	\$ 61,720

The \$191,065 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension expense amount
2023	\$ 1,087,131
2024	1,074,189
2025	950,333
2026	1,650,361
2027	683,162
Total	\$ 5,445,176

5. Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1 percent per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA’s experience.

NOTE 4 – OTHER INFORMATION (CONTINUED)

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience studies for the Police and Fire Plan were completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from MP-2020 to MP-2021.
- The single discount rate changed from 6.5 percent to 5.4 percent.

6. Long-term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%

7. Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.5 percent. 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 position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the Police and Fire Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in fiscal year ended June 30, 2061 for the Police and Fire Fund, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69 percent (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40 percent for the Police and Fire Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5 percent applied to all years of projected benefits through the point of asset depletion and 3.69 percent thereafter.

NOTE 4 – OTHER INFORMATION (CONTINUED)

8. 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:

Sensitivity of Net Pension Liability at Current Single Discount Rate

	General Employees Fund		Police and Fire Fund	
1% Lower	5.50%	\$ 4,353,517	4.40%	\$ 12,157,010
Current Discount Rate	6.50%	2,756,171	5.40%	8,033,063
1% Higher	7.50%	1,446,101	6.40%	4,699,098

9. 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.

F. Public Employees Defined Contribution Plan (Defined Contribution Plan)

Three City Council members of the City are covered by the Defined Contribution Plan, a multi-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until the time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary, which is matched by the elected official’s employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees, employer contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% of the assets in each member’s account annually.

	Contribution Amount		Percent of Covered Payroll		Required Rates
	Employees	Employer	Employees	Employer	
2022	\$ 1,050	\$ 1,050	5.0%	5.0%	5.0%

NOTE 4 – OTHER INFORMATION (CONTINUED)

G. Flexible Benefit Plan

The City has a flexible benefit plan that is classified as a “cafeteria plan” (the Plan) under section 125 of the Internal Revenue Code. All full-time employees of the City are eligible. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the Plan for health and dental insurance, medical expenses, and dependent care benefits. Payments are made from the plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant.

Before the beginning of the Plan year, which is from January 1 to December 31, each participant designates a total amount of pre-tax dollars to be contributed to the Plan during the year. At December 31, the City is contingently liable for claims against the total amount of participant’s annual contributions to the plan, whether or not such contributions have been made.

An independent contractor serves as trustee and handles all plan record keeping. Employee contributions are included as personal services expenditures in the funds the employee is charged to.

All property of the Plan and income attributable to that property is solely the property of the City subject to the claims of the City’s general creditors. Participants’ rights under the Plan are equal to those of general creditors of the City in an amount equal to the eligible healthcare and dependent care expenses incurred by the participants. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

H. Tax Abatement Agreements

The City, in order to spur economic development and redevelopment will enter into private development and redevelopment agreements to encourage a developer to construct, expand, or improve new or existing properties and buildings or clean-up and redevelop blighted areas. These agreements may in substance be a tax abatement but will depend on their individual circumstances. The City currently has two agreements that would be considered a tax abatement under GASB Statement 77.

In 2018, the City entered into a development agreement with Boulevard Apartments, Limited Partnership to construct a 60-unit workforce rental building. This site was previously 2 parcels of tax forfeited land and 2 residential parcels. The City will abate \$546,000 of the incremental taxes received through the execution of a tax increment revenue note to be retired over 15 years or sooner.

In 2005, the City entered into a development agreement with Medtronic, Inc. to purchase land held by the City and construct a corporate campus on the site. The site was previously a golf course owned by the City. The City used an economic development vehicle known as tax increment financing whereby tax increment revenue is generated on the incremental increase in value above a base value established on the date that the tax increment district is created. The City will abate 95% of the incremental taxes received through execution of a tax increment revenue note to be retired over the life of the district with district statutory decertification to occur in 2033 or sooner if the revenue note is retired.

The City is authorized to create a tax increment financing plan under Minnesota Statute 469.175. The criteria that must be met under the statute are that, in the opinion of the municipality:

- the proposed development or redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future; and

NOTE 4 – OTHER INFORMATION (CONTINUED)

- the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the plan. The requirements of this item do not apply if the district is a housing district;
- that the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole;
- that the tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the project by private enterprise;

The developer (Boulevard Apartments, LP) agreed to a number of restrictive covenants related to income limitations for residents of the rental building and is required to submit a report on compliance annually by January 31. The developer is in compliance. The City rebated \$74,473 to retire the revenue note in 2022.

The developer (Medtronic, Inc.) agreed to the material requirements to construct a minimum of 1.2 million square feet of office and laboratory space and employ a minimum of 1,500 employees at an average of \$34 per hour within two years of completion of the corporate campus and cause the continuous operation of the facility for five years after issuance of a certificate of occupancy. The developer has complied with all the requirements. The City rebated \$1,706,904 to retire the revenue note in 2022.

I. Net Investment in Capital Assets

Net position reported on the government-wide statement of net position at December 31, 2022 includes the following:

Governmental Activities:	
Capital assets net of depreciation	\$ 40,233,526
Less outstanding related long-term debt	(5,335,550)
Less related accounts/contracts payable	<u>(91,479)</u>
Total net investment in capital assets	<u>\$ 34,806,497</u>
Business-type Activities:	
Capital assets net of depreciation	\$ 12,527,767
Less related long-term debt excluding unspent proceeds	(5,495,000)
Less related accounts/contracts payable	(166,463)
Less unamortized original issue premium	<u>(235,324)</u>
Total net investment in capital assets	<u>\$ 6,630,980</u>

NOTE 5 – SUBSEQUENT EVENTS

New Accounting Standard

A new standard was issued by GASB for Subscription Based Information Technology Arrangements (SBITA's). A SBITA is a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange-like transaction. At the commencement of the subscription term, a government should recognize a subscription liability and an intangible right-to-use asset. This standard will be adopted by the City beginning in 2023, and will require the restatement of certain balances reported as of December 31, 2022. The effects of this change have not yet been determined and are not reflected in these financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

**City of Mounds View
Other Post-Employment Benefits Plan
Schedule of Changes in the City's Total
OPEB Liability and Related Ratios
Required Supplementary Information (Last Ten Years)***

	City Fiscal
	Year-End
	2022
Total OPEB liability	
Prior year service cost and other adjustments	\$ 719,556
Service cost	60,796
Interest	15,099
Benefit payments	(50,951)
Net change in total OPEB liability	744,500
 Total OPEB liability – beginning of year	 –
 Total OPEB liability – end of year	 \$ 744,500
 Covered-employee payroll	 \$ 4,538,061
 Total OPEB liability as a percentage of covered-employee payroll	 16.4%

Note 1: The City has not established a trust fund to finance GASB 75 related benefits.

Note 2: The City's obligation for other post-employment benefits were immaterial prior to 2022, with their ability to utilize age adjusted premiums. The City was required to utilize community rated blended premiums in fiscal 2022 requiring implementation of GASB No. 75.

* Schedules will be provided prospectively.

**Schedule of City of Mounds View Contributions
PERA General Employees Retirement Fund
Required Supplementary Information (Last Ten Years*)**

Fiscal Year Ending (for the Financial Reporting Period)	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
December 31, 2022	\$ 194,901	\$ 194,901	\$ -	\$ 2,598,681	7.50%
December 31, 2021	179,261	179,261	-	2,390,141	7.50%
December 31, 2020	160,346	160,346	-	2,137,943	7.50%
December 31, 2019	152,838	152,838	-	2,037,843	7.50%
December 31, 2018	142,769	142,769	-	1,903,591	7.50%
December 31, 2017	139,833	139,833	-	1,864,442	7.50%
December 31, 2016	147,699	147,699	-	1,969,324	7.50%
December 31, 2015	145,092	145,092	-	1,934,560	7.50%

**Schedule of City of Mounds View Contributions
PERA Police and Fire Retirement Fund
Required Supplementary Information (Last Ten Years*)**

Fiscal Year Ending (for the Financial Reporting Period)	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
December 31, 2022	\$ 381,542	\$ 381,542	\$ -	\$ 2,155,605	17.70%
December 31, 2021	375,790	375,790	-	2,123,108	17.70%
December 31, 2020	358,581	358,581	-	2,025,880	17.70%
December 31, 2019	322,054	322,054	-	1,900,022	16.95%
December 31, 2018	279,204	279,204	-	1,723,481	16.20%
December 31, 2017	258,079	258,079	-	1,593,084	16.20%
December 31, 2016	246,897	246,897	-	1,524,057	16.20%
December 31, 2015	244,551	244,551	-	1,509,576	16.20%

* Schedules will be provided prospectively.

**Schedule of City of Mounds View's and Nonemployer's Proportionate Share of Net Pension Liability
PERA General Employees Retirement Fund
Required Supplementary Information (Last Ten Years*)**

Fiscal Year Ending (for the Measurement Period)	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City of Mounds View (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated With the City of Mounds View (a+b)		Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2022	0.0348%	\$ 2,756,171	\$ 80,757	\$ 2,836,928	\$ 2,605,367	105.79%	76.67%	
June 30, 2021	0.0307%	\$ 1,311,028	\$ 40,115	\$ 1,351,143	\$ 2,208,105	59.37%	87.00%	
June 30, 2020	0.0279%	\$ 1,672,732	\$ 51,652	\$ 1,724,384	\$ 1,989,399	84.08%	79.06%	
June 30, 2019	0.0289%	\$ 1,597,817	\$ 49,665	\$ 1,647,482	\$ 2,045,469	78.11%	80.20%	
June 30, 2018	0.0267%	\$ 1,481,207	\$ 48,629	\$ 1,529,836	\$ 1,794,854	82.53%	79.50%	
June 30, 2017	0.0302%	\$ 1,927,948	\$ 24,234	\$ 1,952,182	\$ 1,944,862	99.13%	75.90%	
June 30, 2016	0.0320%	\$ 2,598,241	\$ 33,915	\$ 2,632,156	\$ 1,985,281	130.88%	68.90%	
June 30, 2015	0.0325%	\$ 1,684,318	\$ -	\$ 1,684,318	\$ 1,910,660	88.15%	78.19%	

**Schedule of City of Mounds View's and Nonemployer's Proportionate Share of Net Pension Liability
PERA Police and Fire Retirement Fund
Required Supplementary Information (Last Ten Years*)**

Fiscal Year Ending (for the Measurement Period)	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City of Mounds View (Asset) (a)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City of Mounds View (Asset) (a)		Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2022	0.1846%	\$ 8,033,063	\$ 350,994	\$ 8,384,057	\$ 2,226,856	360.74%	70.53%	
June 30, 2021	0.1731%	\$ 1,336,148	\$ 60,075	\$ 1,396,223	\$ 2,046,371	65.29%	93.66%	
June 30, 2020	0.1693%	\$ 2,231,556	\$ 52,575	\$ 2,284,131	\$ 1,911,207	116.76%	87.19%	
June 30, 2019	0.1727%	\$ 1,838,567	\$ -	\$ 1,838,567	\$ 1,819,880	101.03%	89.30%	
June 30, 2018	0.1565%	\$ 1,668,130	\$ -	\$ 1,668,130	\$ 1,694,461	98.45%	88.80%	
June 30, 2017	0.1510%	\$ 2,038,680	\$ -	\$ 2,038,680	\$ 1,545,377	131.92%	85.40%	
June 30, 2016	0.1590%	\$ 6,380,947	\$ -	\$ 6,380,947	\$ 1,533,300	416.16%	63.90%	
June 30, 2015	0.1570%	\$ 1,783,887	\$ -	\$ 1,783,887	\$ 1,440,337	123.85%	86.61%	

* Schedules will be provided prospectively.

CITY OF MOUNDS VIEW

Notes to Required Supplementary Information Year Ended December 31, 2022

Other Post-Employment Benefits Plan

2022 Changes

- The City's obligation for other post-employment benefits were immaterial prior to 2022, with their ability to utilize age adjusted premiums. The City was required to utilize community rated blended premiums in fiscal 2022 requiring implementation of GASB No. 75.

General Employees Fund

2022 Changes

Changes in Actuarial Assumptions:

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

2021 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 Changes

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% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 Changes

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.

Changes in Actuarial Assumptions

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

2018 Changes

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 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, 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.

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 Changes

Changes in Plan Provisions:

- The State's special funding contribution increased from \$6,000,000 to \$16,000,000.
- 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

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 Changes

Changes in Actuarial Assumptions:

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

2015 Changes

Changes in Plan Provisions:

- On January 1, 2015 the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6 million, which meets the special funding situation definition, is due September 2015.

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.

Police and Fire Fund

2022 Changes

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from MP-2020 to MP-2021.
- The single discount rate changed from 6.50 percent to 5.40 percent.

2021 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020 Changes

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2018 to MP-2019.

2019 Changes

Changes in Actuarial Assumptions:

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

2018 Changes

Changes in Plan Provisions:

- Postretirement benefit increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020.

- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2016 to MP-2017.

2017 Changes

Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65 percent to 60 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The Single Discount Rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016 Changes

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% 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 changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 Changes

Changes in Plan Provisions:

- The post-retirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.5%, to a fixed rate of 2.5%.

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 2037 and 2.5% per year thereafter.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF MOUNDS VIEW

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2022

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets				
Cash and temporary investments	\$ 639,673	\$ 387,003	\$ 1,665,026	\$ 2,691,702
Receivables				
Accounts	26,923	-	-	26,923
Intergovernmental	23,358	4,168	-	27,526
Delinquent taxes	-	706	-	706
Leases	76,173	-	-	76,173
	<u>76,173</u>	<u>-</u>	<u>-</u>	<u>76,173</u>
Total assets	<u>\$ 766,127</u>	<u>\$ 391,877</u>	<u>\$ 1,665,026</u>	<u>\$ 2,823,030</u>
Liabilities, Deferred Inflows and Fund Balances				
Liabilities				
Accounts/contracts payable	\$ 4,754	\$ -	\$ 24,561	\$ 29,315
Accrued wages and benefits	9,027	-	-	9,027
Due to other governments	14,970	-	-	14,970
Total liabilities	<u>28,751</u>	<u>-</u>	<u>24,561</u>	<u>53,312</u>
Deferred inflows of resources				
Unavailable revenue - taxes	-	706	-	706
Leases receivable for subsequent years	76,173	-	-	76,173
	<u>76,173</u>	<u>-</u>	<u>-</u>	<u>76,173</u>
Total deferred inflows of resources	76,173	706	-	76,879
Fund balances				
Restricted for				
Debt service	-	391,171	-	391,171
Tax increment	34,781	-	-	34,781
Parks and recreation	20,408	-	312,201	332,609
Communications	204,662	-	-	204,662
Public safety	37,376	-	-	37,376
Conservation	36,089	-	-	36,089
Assigned to				
Other capital projects	327,887	-	1,328,264	1,656,151
Total fund balances	<u>661,203</u>	<u>391,171</u>	<u>1,640,465</u>	<u>2,692,839</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 766,127</u>	<u>\$ 391,877</u>	<u>\$ 1,665,026</u>	<u>\$ 2,823,030</u>

CITY OF MOUNDS VIEW

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Year Ended December 31, 2022

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues				
Taxes				
Property	\$ -	\$ 404,683	\$ -	\$ 404,683
Tax increment	85,558	-	-	85,558
Franchise	109,091	-	-	109,091
Intergovernmental	54,518	-	47,500	102,018
Charges for services	408,709	-	-	408,709
Fines and forfeits	53,832	-	-	53,832
Investment earnings (charges)	(11,726)	(9,070)	(95,960)	(116,756)
Miscellaneous	2,769	-	425,945	428,714
Total revenues	<u>702,751</u>	<u>395,613</u>	<u>377,485</u>	<u>1,475,849</u>
Expenditures				
Current				
Public safety	28,554	-	-	28,554
Streets and highways	-	-	17,200	17,200
Sanitation	27,023	-	-	27,023
Culture and recreation	902,148	-	171,477	1,073,625
Economic development	76,809	-	-	76,809
Debt service				
Principal	-	245,000	-	245,000
Interest	-	150,352	-	150,352
Capital outlay				
Public safety	-	-	47,500	47,500
Culture and recreation	-	-	428,204	428,204
Total expenditures	<u>1,034,534</u>	<u>395,352</u>	<u>664,381</u>	<u>2,094,267</u>
Excess (deficiency) of revenues over (under) expenditures	(331,783)	261	(286,896)	(618,418)
Other financing sources				
Transfers in	350,000	-	75,000	425,000
Transfers out	(8,149)	-	-	(8,149)
Total other financing sources (uses)	<u>341,851</u>	<u>-</u>	<u>75,000</u>	<u>416,851</u>
Net change in fund balance	10,068	261	(211,896)	(201,567)
Fund balances - beginning	<u>651,135</u>	<u>390,910</u>	<u>1,852,361</u>	<u>2,894,406</u>
Fund balances – ending	<u>\$ 661,203</u>	<u>\$ 391,171</u>	<u>\$ 1,640,465</u>	<u>\$ 2,692,839</u>

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NONMAJOR SPECIAL REVENUE FUNDS

Nonmajor Special Revenue Funds are used to account for the proceeds of special revenue sources that are legally restricted to expenditures for particular purposes. The City maintained the following Nonmajor Special Revenue Funds:

Cable Television Fund – accounts for franchise taxes for services provided over the cable system and is restricted by the franchise agreement to the operation of the North Suburban Cable Commission and to local public service broadcasting.

Police Forfeiture Fund – accounts for usage of funds acquired under the federal and state Forfeiture/Equitable Sharing Program.

Community Center Fund – accounts for the operation of the City’s community center.

Lakeside Park Fund – accounts for the operation of a park under a cooperative agreement with the city of Spring Lake Park.

Recycling Grant Fund – accounts for a grant from Ramsey County to operate a recycling program within the City.

Tax Increment Financing District No. 6 – This fund accounts for tax increments collected from a housing project within the district that are used to retire the developer note.

CITY OF MOUNDS VIEW

Combining Balance Sheet Nonmajor Special Revenue Funds December 31, 2022

	Cable Television	Police Forfeiture	Community Center
Assets			
Cash and temporary investments	\$ 179,189	\$ 37,376	\$ 341,603
Receivables			
Accounts	26,923	-	-
Intergovernmental	-	-	-
Leases	-	-	76,173
	-	-	76,173
Total assets	\$ 206,112	\$ 37,376	\$ 417,776
Liabilities, Deferred Inflows, and Fund Balances			
Liabilities			
Accounts/contracts payable	\$ 1,077	\$ -	\$ 3,677
Accrued wages and benefits	373	-	8,480
Due to other governments	-	-	1,559
Total liabilities	1,450	-	13,716
Deferred inflows of resources			
Leases receivable for subsequent years	-	-	76,173
Fund balances			
Restricted for			
Tax increment	-	-	-
Parks and recreation	-	-	-
Communications	204,662	-	-
Public safety	-	37,376	-
Conservation	-	-	-
Assigned to - other capital projects	-	-	327,887
Total fund balances	204,662	37,376	327,887
Total liabilities, deferred inflows, and fund balances			
	\$ 206,112	\$ 37,376	\$ 417,776

Lakeside Park	Recycling Grant	Tax Increment Financing District No. 6	Total
\$ 33,819	\$ 12,905	\$ 34,781	\$ 639,673
-	-	-	26,923
-	23,358	-	23,358
-	-	-	76,173
<u>\$ 33,819</u>	<u>\$ 36,263</u>	<u>\$ 34,781</u>	<u>\$ 766,127</u>
\$ -	\$ -	\$ -	\$ 4,754
-	174	-	9,027
13,411	-	-	14,970
<u>13,411</u>	<u>174</u>	<u>-</u>	<u>28,751</u>
-	-	-	76,173
-	-	34,781	34,781
20,408	-	-	20,408
-	-	-	204,662
-	-	-	37,376
-	36,089	-	36,089
-	-	-	327,887
<u>20,408</u>	<u>36,089</u>	<u>34,781</u>	<u>661,203</u>
<u>\$ 33,819</u>	<u>\$ 36,263</u>	<u>\$ 34,781</u>	<u>\$ 766,127</u>

CITY OF MOUNDS VIEW

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Special Revenue Funds Year Ended December 31, 2022

	<u>Cable Television</u>	<u>Police Forfeiture</u>	<u>Community Center</u>
Revenues			
Taxes			
Tax increment	\$ -	\$ -	\$ -
Franchise	109,091	-	-
Intergovernmental	-	-	-
Charges for services	-	-	408,587
Fines and forfeits	-	53,832	-
Investment earnings (charges)	-	-	(10,139)
Miscellaneous	-	-	2,769
Total revenues	<u>109,091</u>	<u>53,832</u>	<u>401,217</u>
Expenditures			
Current			
Public safety	-	28,554	-
Sanitation	-	-	-
Culture and recreation	80,934	-	802,105
Economic development	-	-	-
Total expenditures	<u>80,934</u>	<u>28,554</u>	<u>802,105</u>
Excess (deficiency) of revenues over (under) expenditures	28,157	25,278	(400,888)
Other financing sources			
Transfers in	-	-	350,000
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>350,000</u>
Net change in fund balance	28,157	25,278	(50,888)
Fund balances - beginning	<u>176,505</u>	<u>12,098</u>	<u>378,775</u>
Fund balances – ending	<u>\$ 204,662</u>	<u>\$ 37,376</u>	<u>\$ 327,887</u>

Lakeside Park	Recycling Grant	Tax Increment Financing District No. 6	Total
\$ -	\$ -	\$ 85,558	\$ 85,558
-	-	-	109,091
23,000	31,518	-	54,518
122	-	-	408,709
-	-	-	53,832
(1,293)	-	(294)	(11,726)
-	-	-	2,769
<u>21,829</u>	<u>31,518</u>	<u>85,264</u>	<u>702,751</u>
-	-	-	28,554
-	27,023	-	27,023
19,109	-	-	902,148
-	-	76,809	76,809
<u>19,109</u>	<u>27,023</u>	<u>76,809</u>	<u>1,034,534</u>
2,720	4,495	8,455	(331,783)
-	-	-	350,000
-	-	(8,149)	(8,149)
-	-	(8,149)	341,851
2,720	4,495	306	10,068
17,688	31,594	34,475	651,135
<u>\$ 20,408</u>	<u>\$ 36,089</u>	<u>\$ 34,781</u>	<u>\$ 661,203</u>

CITY OF MOUNDS VIEW

**Cable Television Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Franchise	\$ 116,000	\$ 116,000	\$ 109,091	\$ (6,909)
Expenditures				
Current				
Culture and recreation				
Recreation	<u>115,806</u>	<u>115,806</u>	<u>80,934</u>	<u>34,872</u>
Net change in fund balance	194	194	28,157	27,963
Fund balance – beginning	<u>176,505</u>	<u>176,505</u>	<u>176,505</u>	<u>-</u>
Fund balance – ending	<u>\$ 176,699</u>	<u>\$ 176,699</u>	<u>\$ 204,662</u>	<u>\$ 27,963</u>

CITY OF MOUNDS VIEW

**Police Forfeiture Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeits	\$ 2,000	\$ 2,000	\$ 53,832	\$ 51,832
Expenditures				
Current				
Public safety				
Police	4,700	4,700	28,554	(23,854)
Net change in fund balance	(2,700)	(2,700)	25,278	27,978
Fund balance – beginning	12,098	12,098	12,098	-
Fund balance – ending	<u>\$ 9,398</u>	<u>\$ 9,398</u>	<u>\$ 37,376</u>	<u>\$ 27,978</u>

CITY OF MOUNDS VIEW

**Community Center Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 420,500	\$ 420,500	\$ 408,587	\$ (11,913)
Investment earnings (charges)	300	300	(10,139)	(10,439)
Miscellaneous	500	500	2,769	2,269
Total revenues	<u>421,300</u>	<u>421,300</u>	<u>401,217</u>	<u>(20,083)</u>
Expenditures				
Current				
Culture and recreation				
Recreation	<u>830,867</u>	<u>830,867</u>	<u>802,105</u>	<u>28,762</u>
Excess (deficiency) of revenues over expenditures	(409,567)	(409,567)	(400,888)	8,679
Other financing sources				
Transfers in	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>—</u>
Net change in fund balance	(59,567)	(59,567)	(50,888)	8,679
Fund balance – beginning	<u>375,775</u>	<u>378,775</u>	<u>378,775</u>	<u>—</u>
Fund balance – ending	<u>\$ 316,208</u>	<u>\$ 319,208</u>	<u>\$ 327,887</u>	<u>\$ 8,679</u>

CITY OF MOUNDS VIEW

**Lakeside Park Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 23,000	\$ 23,000	\$ 23,000	\$ -
Charges for services	-	-	122	122
Investment earnings (charges)	25	25	(1,293)	(1,318)
Miscellaneous	500	500	-	(500)
Total revenues	<u>23,525</u>	<u>23,525</u>	<u>21,829</u>	<u>(1,696)</u>
Expenditures				
Current				
Culture and recreation				
Recreation	<u>23,525</u>	<u>23,525</u>	<u>19,109</u>	<u>4,416</u>
Net change in fund balance	-	-	2,720	2,720
Fund balance – beginning	<u>17,688</u>	<u>17,688</u>	<u>17,688</u>	<u>-</u>
Fund balance – ending	<u>\$ 17,688</u>	<u>\$ 17,688</u>	<u>\$ 20,408</u>	<u>\$ 2,720</u>

CITY OF MOUNDS VIEW

**Recycling Grant Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 32,631	\$ 32,631	\$ 31,518	\$ (1,113)
Expenditures				
Current				
Sanitation	<u>32,631</u>	<u>32,631</u>	<u>27,023</u>	<u>5,608</u>
Net change in fund balance	-	-	4,495	4,495
Fund balance – beginning	<u>31,594</u>	<u>31,594</u>	<u>31,594</u>	<u>-</u>
Fund balance – ending	<u><u>\$ 31,594</u></u>	<u><u>\$ 31,594</u></u>	<u><u>\$ 36,089</u></u>	<u><u>\$ 4,495</u></u>

CITY OF MOUNDS VIEW

**Tax Increment Financing District No. 6
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes - tax increment	\$ 81,491	\$ 81,491	\$ 85,558	\$ 4,067
Investment earnings (charges)	200	200	(294)	(494)
Total revenues	<u>81,691</u>	<u>81,691</u>	<u>85,264</u>	<u>3,573</u>
Expenditures				
Current				
Economic development	<u>73,954</u>	<u>73,954</u>	<u>76,809</u>	<u>(2,855)</u>
Excess (deficiency) of revenues over (under) expenditures	7,737	7,737	8,455	718
Other financing sources (uses)				
Transfers out	<u>(8,149)</u>	<u>(8,149)</u>	<u>(8,149)</u>	<u>-</u>
Net change in fund balance	(412)	(412)	306	718
Fund balance – beginning	<u>34,475</u>	<u>34,475</u>	<u>34,475</u>	<u>-</u>
Fund balance – ending	<u>\$ 34,063</u>	<u>\$ 34,063</u>	<u>\$ 34,781</u>	<u>\$ 718</u>

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NONMAJOR DEBT SERVICE FUND

The Nonmajor Debt Service Fund accounts for the accumulation of resources and payment of bond principal and interest and related costs on long-term debt.

G.O. Capital Improvement Plan Bonds of 2017A – The G.O. Capital Improvement Plan Bonds of 2017A Debt Service Fund accounts for debt service activity related to bonds issued to construct the Public Works maintenance facility.

CITY OF MOUNDS VIEW

**Balance Sheet
Nonmajor Debt Service Fund
December 31, 2022**

	<u>G.O. Capital Improvement Plan Bonds of 2017A</u>
Assets	
Cash and temporary investments	\$ 387,003
Receivables	
Intergovernmental	4,168
Delinquent taxes	<u>706</u>
Total assets	<u><u>\$ 391,877</u></u>
Deferred inflows and fund balance	
Deferred inflow of resources	
Unavailable revenue - taxes	\$ 706
Fund balance	
Restricted for	
Debt service	<u>391,171</u>
Total deferred inflows and fund balance	<u><u>\$ 391,877</u></u>

CITY OF MOUNDS VIEW

**Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Debt Service Fund
Year Ended December 31, 2022**

	G.O. Capital Improvement Plan Bonds of 2017A
Revenues	
Taxes	
Property	\$ 404,683
Investment earnings (charges)	(9,070)
Total revenues	395,613
 Expenditures	
Debt service	
Principal	245,000
Interest	150,352
Total expenditures	395,352
 Net change in fund balance	261
 Fund balance – beginning	390,910
 Fund balance – ending	\$ 391,171

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NONMAJOR CAPITAL PROJECTS FUNDS

Nonmajor Capital Project Funds are used to account for the acquisition and construction of major capital facilities and capital equipment other than those financed by Proprietary Funds.

Park Dedication Fund – This fund accounts for park-land dedication funds paid when a major subdivision is initiated and will be used for future park improvements.

Special Projects Fund – This fund finances the construction of government buildings, park improvements, and some transportation projects, except any accounted for in the Proprietary Funds. The main source of funds has been periodic transfers of surpluses from the General Fund.

CITY OF MOUNDS VIEW

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2022**

	<u>Park Dedication</u>	<u>Special Projects</u>	<u>Total</u>
Assets			
Cash and temporary investments	<u>\$ 312,201</u>	<u>\$ 1,352,825</u>	<u>\$ 1,665,026</u>
Liabilities and Fund Balances			
Liabilities			
Accounts/contracts payable	\$ -	\$ 24,561	\$ 24,561
Fund balances			
Restricted for			
Parks and recreation	312,201	-	312,201
Assigned to			
Other capital projects	-	1,328,264	1,328,264
Total fund balances	<u>312,201</u>	<u>1,328,264</u>	<u>1,640,465</u>
Total liabilities and fund balances	<u>\$ 312,201</u>	<u>\$ 1,352,825</u>	<u>\$ 1,665,026</u>

CITY OF MOUNDS VIEW

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Capital Projects Funds Year Ended December 31, 2022

	Park Dedication	Special Projects	Total
Revenues			
Intergovernmental	\$ -	\$ 47,500	\$ 47,500
Investment earnings (charges)	(14,627)	(81,333)	(95,960)
Miscellaneous (primarily park dedication fees)	425,945	-	425,945
Total revenues	411,318	(33,833)	377,485
Expenditures			
Current			
Streets and highways	-	17,200	17,200
Culture and recreation	8,520	162,957	171,477
Capital outlay			
Public safety	-	47,500	47,500
Culture and recreation	286,138	142,066	428,204
Total expenditures	294,658	369,723	664,381
Excess (deficiency) of revenues over (under) expenditures	116,660	(403,556)	(286,896)
Other financing sources			
Transfers in	-	75,000	75,000
Net change in fund balance	116,660	(328,556)	(211,896)
Fund balances – beginning	195,541	1,656,820	1,852,361
Fund balances – ending	\$ 312,201	\$ 1,328,264	\$ 1,640,465

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SECTION III STATISTICAL SECTION (UNAUDITED)

This part of the City of Mounds View, Minnesota'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 of Mounds View, Minnesota's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	81
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	87
Debt Capacity These schedules 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.	92
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	97
Operation Information These schedules 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.	99

Sources: Unless otherwise noted, the information in these tables is derived from the Annual Comprehensive Financial Report for the relevant year.

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CITY OF MOUNDS VIEW

**Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 29,113,831	\$ 31,091,016	\$ 34,081,047	\$ 37,087,585	\$ 36,784,587	\$ 36,010,512	\$ 35,524,808	\$ 35,788,785	\$ 34,497,082	\$ 34,806,497
Restricted	4,961,119	4,657,172	3,455,542	2,965,913	3,148,142	3,298,426	2,828,405	2,997,756	3,009,328	3,266,043
Unrestricted	17,443,560	18,199,615	13,792,759	9,943,649	9,248,882	9,792,777	10,945,057	11,522,688	12,894,570	10,415,538
Total governmental activities net position	\$ 51,518,510	\$ 53,947,803	\$ 51,329,348	\$ 49,997,147	\$ 49,181,611	\$ 49,101,715	\$ 49,298,270	\$ 50,309,229	\$ 50,400,980	\$ 48,488,078
Business-type activities										
Net investment in capital assets	\$ 6,643,844	\$ 6,619,515	\$ 6,814,281	\$ 6,714,995	\$ 6,702,181	\$ 6,329,151	\$ 6,595,530	\$ 6,497,482	\$ 6,179,374	\$ 6,630,980
Unrestricted	5,018,324	4,856,016	4,013,515	4,075,782	4,455,356	5,122,447	5,312,231	5,594,896	6,418,574	5,628,694
Total business-type activities net position	\$ 11,662,168	\$ 11,475,531	\$ 10,827,796	\$ 10,790,777	\$ 11,157,537	\$ 11,451,598	\$ 11,907,761	\$ 12,092,378	\$ 12,597,948	\$ 12,259,674
Primary government										
Net investment in capital assets	\$ 35,757,675	\$ 37,710,531	\$ 40,895,328	\$ 43,802,580	\$ 43,486,768	\$ 42,339,663	\$ 42,120,338	\$ 42,286,267	\$ 40,676,456	\$ 41,437,477
Restricted	4,961,119	4,657,172	3,455,542	2,965,913	3,148,142	3,298,426	2,828,405	2,997,756	3,009,328	3,266,043
Unrestricted	22,461,884	23,055,631	17,806,274	14,019,431	13,704,238	14,915,224	16,257,288	17,117,584	19,313,144	16,044,232
Total primary government net position	\$ 63,180,678	\$ 65,423,334	\$ 62,157,144	\$ 60,787,924	\$ 60,339,148	\$ 60,553,313	\$ 61,206,031	\$ 62,401,607	\$ 62,998,928	\$ 60,747,752

CITY OF MOUNDS VIEW

**Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
General government	\$ 1,043,415	\$ 1,088,836	\$ 1,157,461	\$ 1,201,039	\$ 1,298,436	\$ 1,327,997	\$ 1,416,027	\$ 1,405,608	\$ 1,615,683	\$ 1,828,657
Public safety	2,838,418	2,927,551	3,291,339	4,061,286	3,653,742	3,523,790	3,994,122	3,869,349	3,705,080	5,127,145
Streets and highways	1,443,093	1,627,747	1,658,540	1,737,382	2,268,318	2,103,663	2,864,440	2,587,457	2,697,412	2,855,646
Sanitation	25,348	26,075	25,294	27,861	20,019	27,330	24,411	21,538	27,922	77,648
Culture and recreation	1,334,248	1,419,628	1,446,470	1,527,977	1,341,654	1,467,715	1,509,833	1,385,545	1,730,537	2,251,294
Economic development	1,818,565	1,885,105	1,879,233	2,406,007	2,078,756	2,211,174	2,325,182	2,252,409	2,416,894	2,600,676
Interest on long-term debt	66,116	118,888	55,847	36,180	100,802	225,377	212,833	185,731	152,116	157,280
Total governmental activities expenses	8,569,203	9,093,830	9,514,184	10,997,732	10,761,727	10,887,046	12,346,848	11,707,637	12,345,644	14,898,346
Business-type activities										
Water	1,031,766	1,011,194	1,011,893	1,000,744	968,475	996,602	1,005,538	1,130,502	1,093,538	1,266,600
Sanitary sewer	1,405,196	1,414,638	1,374,822	1,401,189	1,396,463	1,492,863	1,527,841	1,634,356	1,635,600	1,933,490
Storm water	157,882	230,580	200,942	194,152	227,621	233,995	266,924	374,867	288,349	345,701
Streetlight	96,574	68,768	182,563	82,900	87,804	87,165	87,693	107,904	95,709	115,962
Total business-type activities expenses	2,691,418	2,725,180	2,770,220	2,678,985	2,680,363	2,810,625	2,887,996	3,247,629	3,113,196	3,661,753
Total primary government expenses	\$ 11,260,621	\$ 11,819,010	\$ 12,284,404	\$ 13,676,717	\$ 13,442,090	\$ 13,697,671	\$ 15,234,844	\$ 14,955,266	\$ 15,458,840	\$ 18,560,099
Program revenues										
Government activities										
Charges for services										
General government	\$ 245,830	\$ 252,542	\$ 263,412	\$ 294,146	\$ 271,318	\$ 255,379	\$ 1,090,374	\$ 273,840	\$ 302,782	\$ 455,232
Culture and recreation	281,930	268,558	294,098	275,782	311,751	413,551	511,447	188,582	398,120	878,816
Economic development	300,785	298,085	212,240	191,801	326,132	314,047	376,105	273,070	302,680	444,784
Other activities	144,491	166,370	104,606	110,365	142,360	116,291	118,950	133,174	125,991	164,697
Operating grants and contributions	417,574	380,705	441,123	456,019	467,486	526,942	606,566	1,644,139	1,284,307	1,318,765
Capital grants and contributions	470,285	559,796	379,090	517,872	372,033	410,015	490,703	497,614	426,376	462,994
Total governmental activities program revenues	1,860,895	1,926,056	1,694,569	1,845,985	1,891,080	2,036,225	3,194,145	3,010,419	2,840,256	3,723,288
Business-type activities										
Charges for services										
Water	922,907	976,763	959,130	1,063,337	1,112,169	1,255,559	1,203,410	1,365,597	1,459,316	1,454,495
Sanitary sewer	1,235,478	1,356,000	1,400,087	1,471,301	1,599,427	1,678,163	1,738,097	1,866,735	1,918,051	2,006,717
Storm water	268,587	278,359	266,092	264,066	286,324	292,431	327,750	343,561	371,233	400,477
Street light	82,625	88,052	91,563	97,759	104,224	104,322	104,867	104,410	105,072	105,179
Operating grants and contributions	—	—	—	2,937	203	3,292	1,080	1,453	1,020	13,179
Capital grants and contributions	—	—	—	—	—	43,059	—	—	—	—
Total business-type activities program revenues	2,509,597	2,699,174	2,716,872	2,899,400	3,102,347	3,333,767	3,418,263	3,681,756	3,854,692	3,980,047
Total primary government program revenues	\$ 4,370,492	\$ 4,625,230	\$ 4,411,441	\$ 4,745,385	\$ 4,993,427	\$ 5,369,992	\$ 6,612,408	\$ 6,692,175	\$ 6,694,948	\$ 7,705,335
Net (expense)/revenue	\$ (6,708,308)	\$ (7,167,774)	\$ (7,819,615)	\$ (9,151,747)	\$ (8,870,647)	\$ (8,850,821)	\$ (9,152,703)	\$ (8,697,218)	\$ (9,505,388)	\$ (11,173,058)
Governmental activities	(181,821)	(26,006)	(53,348)	220,415	421,984	523,142	530,267	434,127	741,496	318,294
Business-type activities	\$ (6,890,129)	\$ (7,193,780)	\$ (7,872,963)	\$ (8,931,332)	\$ (8,448,663)	\$ (8,327,679)	\$ (8,622,436)	\$ (8,263,091)	\$ (8,763,892)	\$ (10,854,764)
Total primary government net expense										

CITY OF MOUNDS VIEW

Governmental Activities Tax Revenues By Source

Last Ten Fiscal Years

(Accrual Basis of Accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Tax Increments</u>	<u>Franchise Tax</u>	<u>Lodging Tax</u>	<u>Total</u>
2013	\$ 4,341,477	\$ 3,739,535	\$ 641,061	\$ 60,364	\$ 8,782,437
2014	4,328,302	1,966,286	800,402	66,367	7,161,357
2015	4,398,808	1,610,547	744,260	69,109	6,822,724
2016	4,322,667	1,555,581	727,229	67,408	6,672,885
2017	4,558,252	1,630,140	753,959	68,666	7,011,017
2018	4,950,678	1,670,422	799,948	77,115	7,498,163
2019	5,423,885	1,707,400	735,319	71,957	7,938,561
2020	5,760,429	1,771,496	720,241	29,264	8,281,430
2021	5,902,615	1,874,708	792,220	52,820	8,622,363
2022	6,027,539	1,884,269	960,125	60,446	8,932,379

CITY OF MOUNDS VIEW

**Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Assigned	\$ 6,462,763	\$ 6,250,280	\$ 6,166,302	\$ 5,906,709	\$ 5,765,648	\$ 5,587,607	\$ 5,463,724	\$ 5,482,115	\$ 5,073,391	\$ 4,879,607
Unassigned	3,097,666	3,334,542	3,448,111	3,538,754	3,710,891	3,952,927	4,127,062	4,662,432	5,037,325	5,273,021
Total General Fund	<u>\$ 9,560,429</u>	<u>\$ 9,584,822</u>	<u>\$ 9,614,413</u>	<u>\$ 9,445,463</u>	<u>\$ 9,476,539</u>	<u>\$ 9,540,534</u>	<u>\$ 9,590,786</u>	<u>\$ 10,144,547</u>	<u>\$ 10,110,716</u>	<u>\$ 10,152,628</u>
All other governmental funds										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,350
Restricted	3,277,870	2,987,847	1,782,701	2,965,913	3,147,858	3,367,273	2,894,413	3,060,558	3,068,738	3,224,470
Assigned	9,552,519	9,868,708	8,100,748	5,241,230	5,030,794	4,485,904	5,530,723	5,384,138	6,186,486	5,005,010
Unassigned	(3,661)	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 12,826,728</u>	<u>\$ 12,856,555</u>	<u>\$ 9,883,449</u>	<u>\$ 8,207,143</u>	<u>\$ 8,178,652</u>	<u>\$ 7,853,177</u>	<u>\$ 8,425,136</u>	<u>\$ 8,444,696</u>	<u>\$ 9,255,224</u>	<u>\$ 8,364,830</u>

CITY OF MOUNDS VIEW

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	\$ 8,796,617	\$ 7,197,519	\$ 6,805,517	\$ 6,676,733	\$ 7,007,896	\$ 7,495,877	\$ 7,949,935	\$ 8,277,905	\$ 8,618,920	\$ 8,968,242
Special assessments	187,388	54,396	67,085	41,923	27,670	22,047	24,176	31,818	22,774	21,379
Licenses and permits	210,774	246,970	204,844	184,499	310,965	312,047	348,201	269,446	294,605	374,631
Intergovernmental	1,083,961	1,315,314	1,416,279	1,624,550	1,512,865	1,680,480	1,764,992	2,951,621	2,539,520	2,630,146
Charges for services	277,373	264,865	281,039	298,003	309,373	363,621	409,801	240,741	382,062	475,670
Fines and forfeits	69,049	69,101	50,179	35,683	43,837	52,531	66,410	48,412	54,975	92,250
Investment earnings (charges)	(628,519)	1,025,931	212,392	171,852	208,491	228,999	438,096	271,838	(87,180)	(872,443)
Miscellaneous	419,990	622,087	346,562	348,177	383,946	426,697	1,295,483	308,544	386,037	998,559
Total revenues	10,416,633	10,796,183	9,383,897	9,381,420	9,805,043	10,582,299	12,297,094	12,400,325	12,211,713	12,688,434
Expenditures										
General government	885,717	937,782	989,052	1,007,715	1,091,571	1,107,761	1,196,376	1,177,348	1,323,638	1,363,084
Public safety	2,741,429	2,849,814	3,098,543	3,136,469	3,235,510	3,460,743	3,847,558	3,766,434	3,935,954	4,268,044
Streets and highways	589,264	694,781	576,629	604,294	873,006	709,953	991,106	764,675	804,956	762,035
Sanitation	24,989	26,033	24,868	27,563	19,196	27,975	24,396	22,434	28,555	27,023
Culture and recreation	962,921	987,599	1,012,160	1,077,863	926,124	1,030,967	1,111,348	1,024,628	1,328,468	1,670,211
Economic development	2,953,003	1,888,217	1,879,212	1,906,076	2,059,441	2,215,355	2,313,899	2,285,754	2,431,902	2,543,753
Capital outlay	4,080,595	3,343,582	5,279,794	4,742,796	7,740,035	2,343,410	1,776,159	2,031,977	1,239,409	2,697,407
Debt service										
Principal	324,934	280,636	383,864	180,658	143,296	150,898	420,450	897,302	402,551	393,025
Interest	70,116	122,504	60,576	43,733	106,489	268,709	215,646	188,668	155,116	160,342
Total expenditures	12,632,968	11,130,948	13,304,698	12,727,167	16,194,668	11,315,771	11,896,938	12,159,220	11,650,549	13,884,924
Excess (deficiency) of revenues over (under) expenditures	(2,216,335)	(334,765)	(3,920,801)	(3,345,747)	(6,389,625)	(733,472)	400,156	241,105	561,164	(1,196,490)
Other financing sources (uses)										
Transfers in	918,688	1,809,766	1,008,313	1,202,981	1,006,678	1,146,628	1,097,618	2,495,252	1,962,212	1,248,641
Transfers out	(378,606)	(1,420,781)	(812,783)	(905,456)	(901,098)	(849,827)	(875,563)	(2,163,036)	(1,746,679)	(900,633)
Debt issued, net of premium/discount	—	—	781,756	—	6,286,630	175,191	—	—	—	—
Total other financing sources (uses)	540,082	388,985	977,286	297,525	6,392,210	471,992	222,055	332,216	215,533	348,008
Net change in fund balances	\$(1,676,253)	\$ 54,220	\$(2,943,515)	\$(3,048,222)	\$ 2,585	\$(261,480)	\$ 622,211	\$ 573,321	\$ 776,697	\$(848,482)
Debt service as a percentage of noncapital expenditures	4.6%	5.2%	5.5%	2.8%	3.0%	4.7%	6.3%	10.7%	5.4%	4.9%

CITY OF MOUNDS VIEW

General Governmental Tax Revenues by Source Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Tax Increment</u>	<u>Franchise Tax</u>	<u>Lodging Tax</u>	<u>Total</u>
2013	\$ 4,354,084	\$ 3,741,108	\$ 641,061	\$ 60,364	\$ 8,796,617
2014	4,339,441	1,991,309	800,402	66,367	7,197,519
2015	4,381,601	1,610,547	744,260	69,109	6,805,517
2016	4,326,515	1,555,581	727,229	67,408	6,676,733
2017	4,555,131	1,630,140	753,959	68,666	7,007,896
2018	4,948,392	1,670,422	799,948	77,115	7,495,877
2019	5,435,259	1,707,400	735,319	71,957	7,949,935
2020	5,756,904	1,771,496	720,241	29,264	8,277,905
2021	5,899,172	1,874,708	792,220	52,820	8,618,920
2022	6,063,402	1,884,269	960,125	60,446	8,968,242

CITY OF MOUNDS VIEW

**Tax Capacity Value and Estimated Market Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year	Real Property		Personal Property		Fiscal Disparities	Total Taxable Tax Capacity	Total Direct Tax Rate	Market Value Tax Rate	Estimated Market Value (EMV)	Tax Capacity as a Percentage of EMV
	Residential Property	Commercial Property	Other	Other						
2013	\$ 4,097,960	\$ 2,088,738	\$ 1,588,763	\$ 150,983	\$ 86,280	\$ 8,012,724	50.422 %	0.02099 %	863,579,900	0.93 %
2014	3,958,510	3,215,212	1,587,047	154,507	38,319	8,953,595	44.301	0.02096	849,139,100	1.05
2015	4,349,593	3,408,647	1,673,154	160,728	49,810	9,641,932	42.886	0.02103	889,337,900	1.08
2016	4,555,818	3,650,240	1,768,381	165,194	187,379	10,327,012	40.105	0.02092	927,413,500	1.11
2017	4,895,771	3,743,244	2,035,576	176,236	503,814	11,354,641	37.980	0.02071	989,506,500	1.15
2018	5,328,381	4,062,680	2,278,877	184,690	525,648	12,380,276	37.742	0.02765	1,067,718,200	1.16
2019	6,009,045	4,317,399	1,874,373	174,238	487,051	12,862,106	38.009	0.02659	1,165,973,600	1.10
2020	6,769,153	4,484,731	2,086,323	166,302	424,280	13,930,789	36.675	0.02620	1,259,048,600	1.11
2021	7,079,938	4,744,944	2,347,808	182,785	425,547	14,781,022	35.569	0.02454	1,344,589,200	1.10
2022	7,656,137	4,859,382	3,323,405	107,501	488,905	16,435,330	35.179	0.02707	1,422,310,500	1.16

Source: Ramsey County

CITY OF MOUNDS VIEW

**Property Tax Rates (1)
Direct and Overlapping Governments
Last Ten Fiscal Years**

Year	City									
	General			Total Direct	Market Value Tax Rate (2)	Overlapping Rates				Total
	Basic Rate	Obligation Debt Service	%			Ramsey County	School District No. 621	Other Taxing Jurisdictions	%	
2013	46.194	4.228	50.422	0.02099	65.240	29.444	12.228	157.334		
2014	40.527	3.774	44.301	0.02096	63.735	29.734	11.764	149.534		
2015	42.886	-	42.886	0.02103	58.922	27.378	10.876	140.062		
2016	40.105	-	40.105	0.02092	58.885	26.245	10.742	135.977		
2017	37.980	-	37.980	0.02071	55.850	25.305	9.006	128.141		
2018	33.497	4.245	37.742	0.02765	53.962	28.464	8.249	128.417		
2019	33.670	4.339	38.009	0.02659	52.879	26.330	8.265	125.483		
2020	32.647	4.028	36.675	0.02620	52.302	24.964	8.249	122.190		
2021	31.841	3.728	35.569	0.02454	47.760	23.863	7.822	115.014		
2022	31.641	3.538	35.179	0.02707	48.067	23.420	9.971	116.637		

(1) Source: Ramsey County

(2) The City's market value tax rate is applied against a different base and thus is not included in the direct and overlapping rate total.

Note: Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners; for example, although the county property tax rates apply to all City property owners, Other Taxing Jurisdictions rates apply only to those property owners whose property is located within the jurisdiction boundaries.

CITY OF MOUNDS VIEW

Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayer	2022			2013		
	Tax Capacity Value	Rank	Percentage of Total Tax Capacity Value	Tax Capacity Value	Rank	Percentage of Total Tax Capacity Value
Medtronic, Inc.	\$ 2,818,836	1	17.15 %	\$2,160,228	1	26.96 %
Levitan Limited Partnership	521,745	2	3.17	262,106	4	3.27
ICON Owner Pool 3 Midwest/Southeast LLC	446,630	3	2.72	277,452	3	3.46
GIJV MN 5 LLC	399,264	4	2.43	411,892	2	5.14
Sysco	256,060	5	1.56	183,250	5	2.29
Crossroads Pointe MV LLC	248,375	6	1.51	-	-	-
Individual	225,214	7	1.37	110,594	10	1.38
SAIA Motor Freight Line LLC	182,048	8	1.11	-	-	-
GKI Industrial Minneapolis LLC	160,132	9	0.97	-	-	-
Mounds View Square Associates	153,616	10	0.93	121,824	8	1.52
AP Mounds View Limited	-	-	-	151,232	6	1.89
Xcel Energy	-	-	-	124,946	7	1.56
Multi Tech Systems, Inc	-	-	-	115,454	9	1.44
Total	\$ 5,411,920		32.93 %	\$3,918,978		48.91 %

Source: Ramsey County

CITY OF MOUNDS VIEW

**Property Tax Levies and Collections (1)
Last Ten Fiscal Years**

<u>Year</u>	<u>Tax Levy</u>	<u>Current Collections</u>		<u>Delinquent Collections and Adjustments</u>	<u>Total Collections</u>	<u>% of Levy</u>
		<u>Amount</u>	<u>% of Levy</u>			
2013	\$ 4,181,381	\$ 4,145,723	99.15 %	\$ 24,935	\$ 4,170,658	99.74 %
2014	4,265,010	4,225,053	99.06	13,255	4,238,308	99.37
2015	4,350,310	4,320,828	99.32	4,015	4,324,843	99.41
2016	4,393,813	4,336,994	98.71	26,848	4,363,842	99.32
2017	4,528,947	4,502,685	99.42	16,725	4,519,410	99.79
2018	4,973,985	4,933,166	99.18	(3,787)	4,929,379	99.10
2019	5,521,922	5,455,931	98.80	(10,776)	5,445,155	98.61
2020	5,678,877	5,652,066	99.53	(3,486)	5,648,580	99.47
2021	5,866,279	5,840,800	99.57	(23,297)	5,817,503	99.17
2022	6,178,870	6,112,859	98.93	-	6,112,859	98.93

- (1) Amounts include general property taxes and market value credits but exclude manufactured home taxes, special assessments, captured tax increment, and other miscellaneous state aids and credits.

CITY OF MOUNDS VIEW

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities				Percentage of Tax Capacity (1)	Per Capita (2)
	General		G.O. Fire		G.O.		Total Primary Government			
	Obligation Bonds	Equipment Certificates	Lease		Water Bonds	Lease				
2013	\$ 1,304,282	\$ 154,574	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,458,856	18.21	\$ 118
2014	1,073,928	104,292	-	-	-	-	-	1,178,220	13.16	96
2015	789,173	50,712	736,227	-	-	87,580	-	1,663,692	17.25	134
2016	715,601	-	679,853	-	-	80,861	-	1,476,315	14.30	114
2017	6,630,388	172,427	621,770	-	-	73,938	-	7,498,523	66.04	570
2018	6,568,762	318,189	561,927	-	-	66,805	-	7,515,683	60.71	564
2019	6,274,377	253,781	500,270	-	-	59,456	-	7,087,884	55.11	532
2020	5,951,149	179,977	-	6,101,528	-	-	-	12,232,654	87.81	905
2021	5,622,400	106,175	-	6,083,426	-	-	-	11,812,001	79.91	892
2022	5,299,900	35,650	-	5,730,324	-	-	-	11,065,874	67.33	843

(1) Tax capacity amounts exclude tax increment financing capacity and are adjusted for fiscal disparities.

(2) Population figures from Metropolitan Council Twin Cities Region Population and Household Estimates and US Census.

CITY OF MOUNDS VIEW

Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	G.O. Bonds and Certificates	Less Amounts Available in Debt Service Fund	Total	Percentage of Tax Capacity (1)	Per Capita (2)
2013	\$ 1,458,856	\$ 373,807	\$ 1,085,049	13.54 %	\$ 88
2014	1,178,220	232,174	946,046	10.57	77
2015	839,885	-	839,885	8.71	67
2016	715,601	-	715,601	6.93	55
2017	6,802,815	-	6,802,815	59.91	517
2018	6,886,951	322,522	6,564,429	53.02	493
2019	6,528,158	348,395	6,179,763	48.05	464
2020	12,232,654	373,850	11,858,804	85.13	878
2021	11,812,001	331,500	11,480,501	77.67	867
2022	11,065,874	332,744	10,733,130	65.31	819

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

(1) Tax capacity amounts exclude tax increment financing capacity and are adjusted for fiscal disparities.

(2) Population figures from Metropolitan Council Twin Cities Region Population and Household Estimates or the US census.

CITY OF MOUNDS VIEW

Direct and Overlapping (2) Governmental Activities Debt as of December 31, 2022

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Ramsey County	\$ 184,577,000 (2)	0.93 %	\$ 1,712,508
Ramsey County Library	23,110,000 (2)	3.80	878,462
Independent School district No. 621	195,570,000 (2)	12.03	23,522,189
Intermediate District No. 916	73,470,000 (2)	1.56	1,143,347
Metropolitan Council	1,796,428,968 (2)	0.28	<u>5,098,013</u>
Total overlapping debt			32,354,519
City of Mounds View	5,335,550	100.00%	<u>5,335,550</u>
Total direct and overlapping debt			<u><u>\$ 37,690,069</u></u>

Source: Ramsey County

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Mounds View. 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 are based upon percentage of tax capacity to the total.
- (2) Overlapping debt was not available for the period ending December 31, 2022 and reflects the Prior Year.

CITY OF MOUNDS VIEW

**Legal Debt Margin Information
Last Ten Fiscal Years**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 25,907,397	\$25,474,173	\$ 26,680,137	\$ 27,822,405	\$ 29,685,195	\$ 32,031,546	\$ 34,979,208	\$ 37,771,458	\$ 40,337,676	\$ 42,669,315
Total net debt applicable to limit	1,085,049	946,046	1,663,692	1,476,315	6,802,815	6,564,429	6,179,763	5,757,276	5,728,575	5,335,550
Legal debt margin	<u>\$ 24,822,348</u>	<u>\$24,528,127</u>	<u>\$ 25,016,445</u>	<u>\$ 26,346,090</u>	<u>\$ 22,882,380</u>	<u>\$ 25,467,117</u>	<u>\$ 28,799,445</u>	<u>\$ 32,014,182</u>	<u>\$ 34,609,101</u>	<u>\$ 37,333,765</u>

Total net debt applicable to the limit as a percentage of debt limit

	4.19%	3.71%	6.24%	5.31%	22.92%	20.49%	17.67%	15.24%	14.20%	12.50%
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Legal Debt Margin Calculation for Fiscal Year 2022

Estimated Market Value	\$1,422,310,500
Debt limit (3% of estimated market value)	42,669,315
Debt applicable to limit:	
City Debt	<u>5,335,550</u>
Legal debt margin	<u>\$ 37,333,765</u>

CITY OF MOUNDS VIEW

**Pledged-Revenue Coverage
Last Ten Fiscal Years**

G.O. Water Revenue Bonds (1)

Fiscal Year	Water Charges and Other	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2013	\$ 922,907	\$ 779,140	\$ 143,767	\$ 230,000	\$ 680	0.62
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	1,366,246	831,579	534,667	-	-	-
2021	1,459,780	821,707	638,073	-	56,526	11.29
2022	1,456,084	1,009,233	446,851	335,000	92,079	1.05

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

(1) During fiscal years 2014 - 2019, the City did not have any outstanding water revenue bonds.

CITY OF MOUNDS VIEW

Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Median Age (4)	Population (1)	Tax		Per Capita		Personal Income	Unemployment Rate (3)
			Capacity (2)	Capacity	Income (4)	Income		
2012	-	12,136	\$ 8,489,220	\$ 700	\$ -	\$ -	5.3 %	
2013	-	12,335	8,012,724	650	-	-	4.6	
2014	-	12,314	8,953,595	727	-	-	3.2	
2015	36.5	12,444	-	-	28,928	359,980,032	3.5	
2016	35.4	13,007	-	-	29,696	386,255,872	3.5	
2017	36.2	13,161	-	-	29,080	382,721,880	2.8	
2018	36.6	13,327	-	-	30,495	406,406,865	2.7	
2019	35.5	13,328	-	-	30,620	408,103,360	2.9	
2020	34.8	13,513	-	-	30,806	416,281,478	4.4	
2021	34.8	13,249	-	-	30,806	408,148,694	2.7	
2022	36.4	13,113	-	-	30,648	401,887,224	2.6	

Data Sources

- (1) Metropolitan Council
- (2) Ramsey County
- (3) U.S. Department of Labor, Bureau of Labor Statistics
- (4) U.S. Census Bureau

CITY OF MOUNDS VIEW

Principal Employers Current Year and Nine Years Ago

Employer	2022			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Medtronic, Inc.	4,200	1	62.35 %	3,356	1	51.85 %
Sysco Minnesota	495	2	7.35	517	2	7.99
Multi-Tech Systems	190	3	2.82	202	3	3.12
Midwest Medical Services	147	4	2.18	150	4	2.32
Allina Ambulance Service	145	5	2.15	–	–	–
Owens & Minor	124	6	1.84	110	6	1.70
Excel Engineering	109	7	1.62	56	10	0.87
Mounds View School District	105	8	1.56	96	8	1.48
Quanex	97	9	1.44	100	7	1.54
BioLife Plasma Service	94	10	1.40	–	–	–
Vitran Express	–	–	–	130	5	2.01
Mermaid Supper Club and Banquet Center	–	–	–	65	9	1.00
Total	5,706		84.71 %	4,782		73.88 %

Source: State Department of Employment and Economic Development, Metropolitan Council
and Mounds View Economic Development Authority

CITY OF MOUNDS VIEW

**Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years**

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government	6	6	6	6	6	6.5	6.5	6.5	6.5	6.5
Public safety										
Police										
Officers	19	19	19	19	19	21	21	21	21	21
Civilians	3	3	3	3	3	2	2	2	2	2
Highways and streets										
Administration/Engineering	4	4	4	4	4	4	4	4	4	4
Maintenance	3	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Culture and recreation										
Parks	2	2	2	2	2	2	2	3	3	3
Community center	1	1	1	1	1	1	1	2	4	6.50
Cable	1	1	1	1	1	1	-	-	-	-
Economic development										
EDA	1	0.75	0.75	0.75	1	1	1	1	1	1
Community development	4	4	4	4	4	4	4	4	4	4
Storm water	1	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Water	2	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.50
Sewer	2	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.50
Total	49.0	49.75	49.75	49.75	50.00	51.50	50.50	52.50	54.50	57.50

Source: Finance department

CITY OF MOUNDS VIEW

**Operating Indicators by Function
Last Ten Fiscal Years**

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety										
Police										
Physical arrests - Adults	462	407	236	214	251	433	628	269	322	250
Calls for service	6,673	9,955	11,268	9,979	12,215	11,007	12,313	10,324	13,368	11,832
Traffic citations	1,418	1,280	855	672	808	873	752	487	643	701
Accidents	265	230	127	281	214	267	267	146	194	186
Fire										
Number of calls answered	197	202	205	274	270	203	221	206	256	305
Inspections	21	14	70	93	53	60	142	131	196	188
Highways and streets										
Streets reconstructed (miles)	3.00	1.80	2.40	2.60	0.70	0.97	0.70	0.50	-	1.33
Pothole material (asphalt tons)	242	359	103	95	84	56	11	4.5	18.5	18.0
Economic development										
Building permits issued	345	384	412	431	459	351	423	401	360	326
Building permit value (thousands \$)	7,133	13,604	6,417	5,064	9,666	9,657	20,334	9,993	9,351	22,529
Water										
Water main breaks	7	5	3	7	8	9	9	5	8	9
Residential service line breaks	37	24	16	10	15	19	10	15	15	22
Average daily consumption (thousands of gallons)(billed)	1,112	1,035	1,012	1,021	1,018	1,081	936	1,017	1,058	975
Sanitary sewer										
Average daily sewage treatment (thousands of gallons)(MCES)	1,052	1,094	1,041	1,006	1,100	1,075	1,047	1,134	1,057	978

Sources: Various government departments

Note: Indicators are not available for the general government, culture and recreation, storm water and street light functions.
The City contracts with Metropolitan Council Environmental Services for sewage treatment.
The City contracts with Xcel Energy for street lights.

CITY OF MOUNDS VIEW

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	6	6	6	6	6	6	6	6	6	6
Fire stations	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	43.3	43.3	43.3	43.3	43.3	43.3	43.3	43.3	43.3	43.3
Traffic signals	10	10	10	10	10	10	10	10	10	10
Culture and recreation										
Parks acreage	123	123	123	123	123	123	123	123	123	123
Parks	11	11	11	11	11	11	11	11	11	11
Tennis courts	4	4	4	4	4	4	4	4	4	4
Basketball courts	9	9	9	9	9	9	9	9	9	9
Soccer fields	4	4	4	4	5	5	5	5	5	5
Volleyball courts	3	3	3	3	3	3	3	3	3	3
Disk golf courses	1	1	1	1	1	1	1	1	1	1
Ball fields	6	6	6	6	6	6	6	6	6	6
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	47.2	47.2	47.2	47.2	47.2	47.2	47.2	47.2	47.2	47.2
Fire hydrants	481	481	481	481	481	481	481	481	481	481
Maximum daily capacity (thousands of gallons)	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600
Sewer										
Sanitary sewers (miles)	44.7	44.7	44.7	44.7	44.7	44.7	44.7	44.7	44.7	44.7
Storm water										
Storm sewers (miles)	33.5	33.9	33.9	33.9	33.9	33.9	33.9	33.9	33.9	33.9
Street light										
Streetlights	275	275	275	275	275	275	275	275	275	275

Sources: Various city departments

Note: No capital asset indicators are available for the general government, sanitation, and economic development functions.

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