



**City of North St. Paul
City Council
Workshop Meeting Agenda**

**May 16, 2023
5:30 PM**

The City Council Meeting will be conducted on **May 16, 2023** at 5:30 p.m. in the City Council Chambers of City Hall, located at 2400 Margaret St., North St. Paul.

The City Council will also be meeting by interactive TV under Minn. Stat. 13D.02.

The **May 16, 2023** Zoom meeting can be accessed via:

<https://tinyurl.com/NSPCityCouncil>

(from a PC, Mac, tablet, iPhone or Android device) or by phone at 1-929-205-6099.

Participants accessing the meeting by phone please use the following meeting ID:
84409094358

You can also watch the meeting on our YouTube channel here:

tinyurl.com/NSPYouTube

I. Call to Order

II. Roll Call

Council Member Cole
Council Member Schweer
Council Member Wong
Council Member Nordby
Mayor Monge

III. Adopt Agenda

IV. Topic(s)

- A. Review of the 2022 Financial Report with the City's Audit Firm of Malloy, Montague, Karnowski, Radosovich & Co. P.A. (MMKR)
- B. Presentation of the draft Flood Resiliency Plan by WSB

V. Other Business

VI. Adjournment

The next regularly scheduled City Council Workshop meeting is June 6, 2023.

**To**

Honorable Mayor Monge and City Council

Date

May 16, 2023

Agenda Placement # IV.A

Topic(s)

Subject

Review of the 2022 Financial Report with the City's Audit Firm of Malloy, Montague, Karnowski, Radosevich & Co. P.A. (MMKR)

Background/Facts

Each year at the conclusion of their audit, the city's auditors review the Comprehensive Annual Financial Report (ACFR) with the city council. Jackie Huegel, Partner, with the City's auditing firm, Malloy Montague Karnowski Radosevich and Co. P.A. (MMKR) will present the 2022 Annual Comprehensive Finance Report (ACFR) and review their Management Report at the City Council Workshop on May 16, 2023.

Included with the council packet are four separate documents; the first document, and largest, is a copy of the Annual Comprehensive Financial Report, the second is auditor's Management Report, the third is the Special Purpose Audit Report including opinions on compliance with Government Auditing Standards and Legal Compliance, and the fourth is the Corrective Action Plan and Summary Schedule of Prior Audit Findings. The Annual Comprehensive Financial Report will also be posted on the on the City's website. Last year was the 35th consecutive year that the City of North St. Paul participated in and was awarded the Certificate of Achievement for Excellence in Financial Reporting program administered by the Governmental Finance Officers Association (GFOA). Staff believes that the current year's submission will also meet the requirements to receive the award.

Recommended Action

For City Council review.

Attachments

1. 2022 Annual Comprehensive Financial Report
2. 2022 Management Report
3. 2022 Special Purpose Audit Report
4. 2022 Corrective Action Plan and Summary Schedule of Prior Audit Findings

Respectfully submitted,
Daniel Winek, Finance Director

ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

City of North St. Paul, Minnesota

extraordinary.

CITY OF NORTH ST. PAUL
RAMSEY COUNTY, MINNESOTA

Annual Comprehensive
Financial Report

for the Fiscal Year Ended
December 31, 2022

Brian Frandle
City Manager

Report Prepared by
Department of Finance

Member of Government Finance Officers Association
of the United States and Canada

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CITY OF NORTH ST. PAUL

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INTRODUCTORY SECTION



May 9, 2023

To the Honorable Mayor, Council Members, and Citizens
City of North St. Paul
North St. Paul, Minnesota 55109

INTRODUCTION

The Annual Comprehensive Financial Report (ACFR) of the City of North St. Paul, Minnesota (the City) for the fiscal year ended December 31, 2022 is hereby submitted. The report was prepared in accordance with accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board.

The report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all 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 government'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 ACFR is complete and reliable, in all material respects.

The City's financial statements have been audited by Malloy, Montague, Karnowski, Radosevich & Co., P.A., a firm of licensed 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 City's financial statements for the fiscal 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.

-i-



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 auditors.

Accounting for all of the City's activities is centralized under the finance department. The finance department has been delegated the responsibility for maintaining the integrity of city financial data reported. In fulfilling this responsibility, the finance department has prepared the accompanying financial statements.

Providing reliable financial information requires the establishment of accounting records adequately supported by internal controls. City administration believes the existing internal controls are adequate to provide reasonable assurance that city assets are safeguarded against loss and that financial records are reliable for preparing financial statements and maintaining accountability for assets.

PROFILE OF THE GOVERNMENT

The City, incorporated in 1887, is located in northeastern Ramsey County, and is a first ring northern suburb of the Minneapolis-St. Paul metropolitan area. This area is considered the major population and economic growth area in the state, and among the highly ranked economic growth areas in the country. The City encompasses an area 3.5 square miles and serves an estimated population of 12,395. The City is empowered to levy a property tax on both real and certain personal properties located within its borders.

The City operates as a Statutory Plan B City, the council-manager form of government, under Minnesota law. Policymaking is vested in a City Council consisting of the mayor and four councilmembers. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the city manager and the city attorney. The city manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, for hiring staff, and appointing the heads to various departments. The mayor and councilmembers each serve four-year terms.

The City provides a full complement of municipal services. This includes public safety (police, fire, and code enforcement), public works (engineering and streets), parks and recreation, community development, and general government. The City also operates a number of enterprise activities including electric, water, surface water, waste water, fiber optic, and solid waste. Further information regarding city services can be obtained from the City's website at www.northstpaul.org.

The North St. Paul Housing and Redevelopment Authority (HRA) is a separate legal entity organized pursuant to Minnesota Statutes, Section 469, and is included as a blended component unit. The HRA is considered a component unit because the governing body is comprised of the City Council. Also, the HRA is in a relationship of financial benefit or burden with the City.

The North St. Paul Economic Development Authority (EDA) is a separate legal entity organized pursuant to Minnesota Statutes, Section 469, and is included as a discretely presented component unit. The EDA is considered a component unit because the governing body is comprised of two City Council members with all other members being appointed by the City Council. Also, the EDA is in a relationship of financial benefit or burden with the City.

The North St. Paul Fire Department Relief Association is a separate legal entity, and is included only in the government-wide financial statements. Additional information on this legally separate entity can be found in Note 9 of the notes to the financial statements.



The annual budget serves as the foundation for the City's financial planning and control. All departments of the City submit requests for appropriations to the city manager in June of each year. The city manager uses these requests as the starting point for developing their recommended budget. The city manager then presents the recommended budget to the City Council for review. The City will adopt a proposed preliminary tax levy prior to September 30. According to Minnesota Statutes, this proposed preliminary tax levy can be subsequently decreased, but not increased (the state does allow a few exceptions) when it is adopted as a final tax levy in December. The City Council is required to hold a public hearing on the proposed budget and to adopt a final budget by December 31, the close of the City's fiscal year.

The appropriated budget is prepared by fund, department, and activity. The city manager may make transfers between departments or activities. Transfers between funds must be approved by the City Council. Budget-to-actual comparisons are formally prepared quarterly for the City Council and management. For the General Fund, this comparison is presented in Statement 7 as part of the basic financial statements for governmental funds.

LOCAL ECONOMY

The City is located within Ramsey County and is part of the Minneapolis-St. Paul seven county metropolitan area; an economically diverse environment with an equally diverse labor force. Early in 2022, the unemployment rate for Ramsey County was 3.4 percent, compared to the national rate of 4.4 percent. At the end of 2022, the unemployment rate for Ramsey County decreased to 2.8 percent, compared to the national rate of 3.3 percent. The Minneapolis-St. Paul-Bloomington area consumer price index was up 5.1 percent for 2022, compared to 6.4 percent nationally. These figures display the strength of the local economy compared to the national average.

The City's tax base is comprised mainly of residential property. The 10 largest taxpayers make up about 10.5 percent of the City's estimated market value. This provides the City with a stable source of property tax revenue. The City's largest private employers are Berwald Roofing and Target Stores, Inc. Berwald Roofing employs approximately 177 people. Target Stores, Inc. employs approximately 172 people and is part of a large national chain of stores.

Because of the fully developed nature of the community, the opportunity for expanding tax base is limited. As the development of the former Anchor Block site is completed, the City's focus is on the redevelopment of underutilized properties, both residential and commercial. Specific focus is directed at the redevelopment of the City's historical downtown district, with additional residential units and a restaurant.

LONG-TERM PLANNING AND MAJOR INITIATIVES

Factors Affecting Financial Condition

The City is committed to maintaining a strong financial condition, while continuing to provide public services to its residents and businesses. The City's financial position, as reflected in the financial statements presented in the reports, is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Financial Planning

The City places a high priority on planning for future growth. Staff uses different long-range revenue and expenditure models during the annual preparation of a biennial budget plan for the General Fund, Housing Redevelopment Authority, Community Center, Park, Economic Development Authority, and enterprise funds. The biennial budget process allows for the assurance that any change to revenues or expenditures is sustainable in the successive year. Furthermore, the City Council and staff compile a 10-year Capital Improvement Plan (CIP), which addresses the future building and infrastructure projects necessary to address the new residential and commercial property outlined in the City's 2040 Comprehensive Plan.



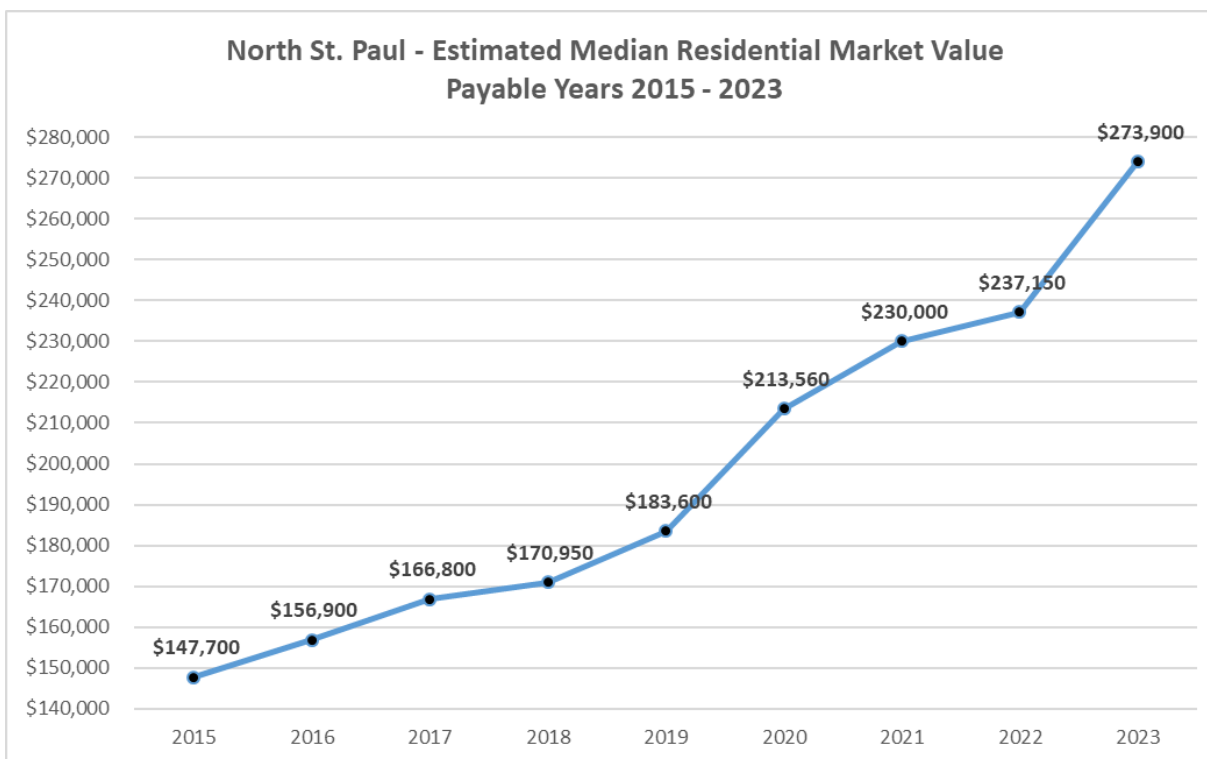
The City maintains several internal service funds, including equipment, city mechanic, insurance, information technology, and building maintenance. The funding for these programs is through the internal service fund rate charges, which are determined by departmental use, replacement plans, and determination of the remaining life. The internal service funds continue to be reviewed and updated as community needs and City Council directives are considered during each budget cycle.

Related to the establishment of multiple tax increment financing (TIF) districts, the City has entered into several pay-as-you-go notes (the “tax abatements”) (see Note 14) with private developers to facilitate certain development and redevelopment projects within the City. But for the use of tax increment financing and the City financing of a portion of the extraordinary costs related to the projects, the development/redevelopment activities would not have occurred. The tax abatements have resulted in substantial taxable value increases for the City that will assist with long-term financial planning of financing required capital improvements, while maintaining level annual levies and tax rate. Once decertified, the captured tax capacity of the TIF districts have resulted (and will continue in the future as newer districts are decertified) to enhance and diversify the City’s tax base.

Housing Values

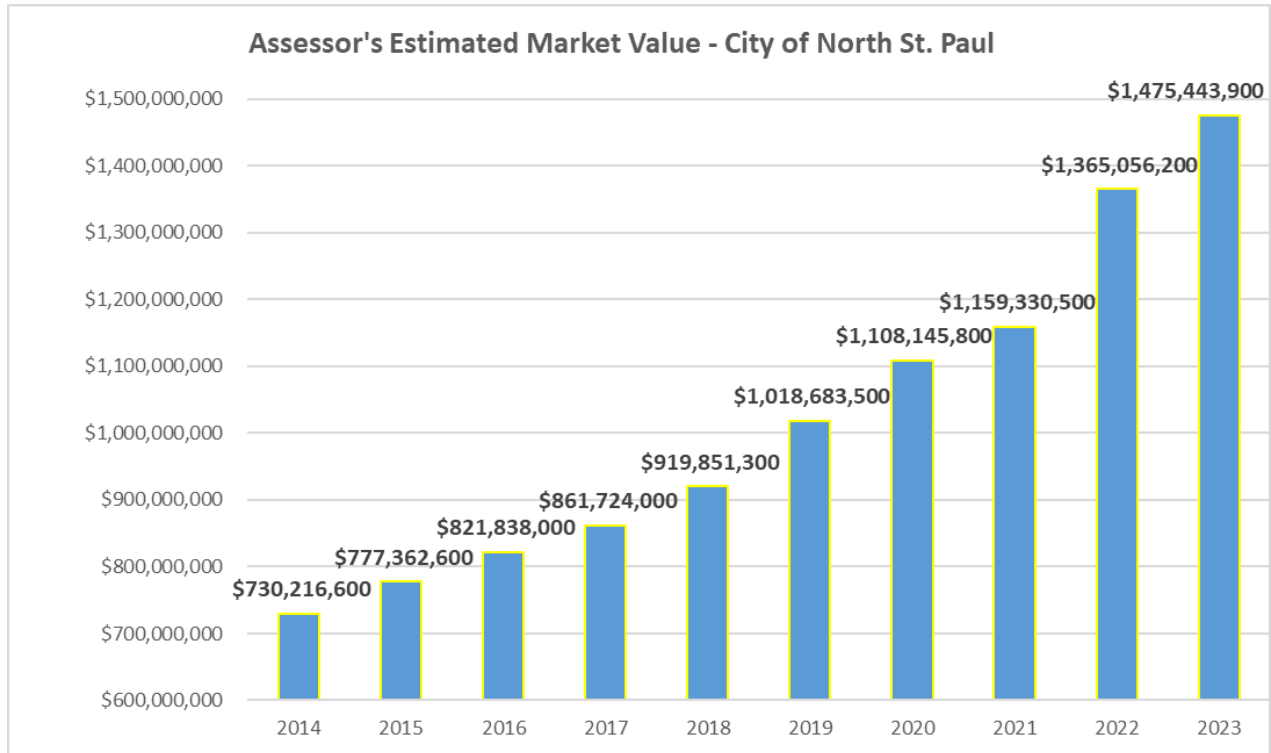
Home values in the City are continuing a positive trend, reflecting the recovery of the housing market. The assessor’s estimated residential market values increased on the median valued home approximately 3.1 percent for 2022 taxes payable. Since 2013, the City has the largest cumulative increase in residential market values of any city/township within Ramsey County. Preliminary assessor values for 2023 continue this positive trend with an increase of 15.5 percent.

Increase (Decline) in Median Residential Value	
2016	6.2%
2017	6.3%
2018	2.5%
2019	7.4%
2020	16.3%
2021	7.7%
2022	3.1%
2023 Prelim	15.5%



Market Values

The City consistently adds new tax base each year. The 2022 assessed value added \$52.3 million of new value to the City's tax base, which is expected to grow with redevelopment projects currently underway or recently completed. Total market value increased by \$205.7 million in 2022, resulting from improved market conditions. Conditions are expected to continue improving, with preliminary County Assessor data for 2023 assessed values showing an estimated market value of \$1.5 billion. Total market value increased by \$110.4 million, of which \$17.5 million results from new construction.



Major Initiatives

Redevelopment Master Plan

In 2022, the City updated the 2013 Redevelopment Master Plan, a document focused on revitalizing the traditional commercial hub of the City. The plan provides a framework to guide decisions about public infrastructure and private redevelopment initiatives. The plan is a visionary tool that is intended to be embraced and actively used by the community. Ultimately, it will aid City leaders and future businesses and developers understand the City's long-range development goals for downtown North St. Paul.

Development Projects

Lillie Redevelopment

The Lillie Redevelopment Project is a proposed 82-unit apartment complex to be located at the site of the former Lillie Newspaper. This redevelopment site is located at the northeast corner of 7th Avenue East and Helen Street. The project received four grant awards as well as the creation of a tax increment district.



M&I Townhomes

M&I Homes has completed the last phase of its development off McKnight Road and South Avenue. The City has issued the final building permits and the company completed the project in late 2022. This project contains 100 townhomes.

Anchor Block Site

Work on the Anchor Block is now completed with the construction of Extra Space Storage, Kwik Trip, and Anchor View Apartments with 128 apartment units. As part of the project, the City installed new water, sewer, and electric utilities to service the new development. This development project was completed in May 2022.

7th Street Townhomes

Work has started to add 18 townhomes to the newly mapped Kari Lane off 7th Street. The project also includes adding some new single-family homes along 6th Street. The City has completed the water, sewer, and electric work in the area to accommodate the new build. Construction is underway with new residents expected to move in early June 2023.

Student-Built Housing

The City purchased and demolished a dilapidated home at 2172 Eldridge Avenue East. The City Council approved a lot split on the property allowing the Student-Built Home program to construct one home in 2023 and another home in 2024. The current home under construction will be available for purchase early this fall.

Infrastructure Improvements

Electric Utility Improvements

The Electric Utility upgraded the City's distribution system to the residents in the neighborhood bordered by Beam Avenue, Helen Street, and 17th Avenue. Contractors bored new conduit allowing City electrical staff to relocate the high voltage power lines from the rear power poles and move it underground to the City's right-of-way. This utility project will minimize future power outages and significantly reduce future maintenance needs and tree trimming.

McKnight Watermain Improvement

In anticipation of planned work along McKnight Road from Ramsey County, the City adjusted its construction plans to replace its existing watermain along McKnight Road from 11th Avenue East to 17th Avenue East in preparation for the County's scheduled work.

Downtown Street Improvement Project

The City experienced record-breaking development during the 2020–2021 construction season. The City invested heavily on the Downtown Street Improvement Project that delivered significant upgrades to our water, sanitary sewer, electric, and communications infrastructure along 7th Avenue East. In addition to the utility upgrades, the City reconstructed 7th Avenue East from Margaret Street to the Lillie property. A new concrete roadway was constructed and new sidewalks and streetscapes were installed. The project reached its conclusion in late 2021 as the Sentinel Residence is completed and the final stretch of sidewalks and streetscape were installed. This project contains 89 market rate apartments with an additional 4,200 square feet of ground level commercial retail space.

As part of the 2022 street improvement project, the City is constructing its municipal parking lot off 7th Avenue to improve parking and pedestrian flow, while adding increased lighting and green spaces to the project. The City is also installing electric vehicle charging stations in anticipation of resident demands.



The City's CIP includes work to finish the 7th Avenue road reconstruction in the remaining area between Margaret Street from 4th Avenue north to the alley, 4th Avenue between Helen Street and Margaret Street, and Helen Street between 4th Avenue and Seppala Boulevard. When completed, this project will provide new utilities and roadways through the entire downtown business district.

Residential Street Improvements

The City completed the 2022 street and utility improvement projects that impacted three residential areas of the City, including work along Ariel Street in collaboration with the City of Maplewood. Public Works staff also continue to complete mill and overlay work on select residential streets as outlined in the City's 2020 street maintenance plans. City engineers continue to study and rate the remaining streets in the City to make plans for future improvements.

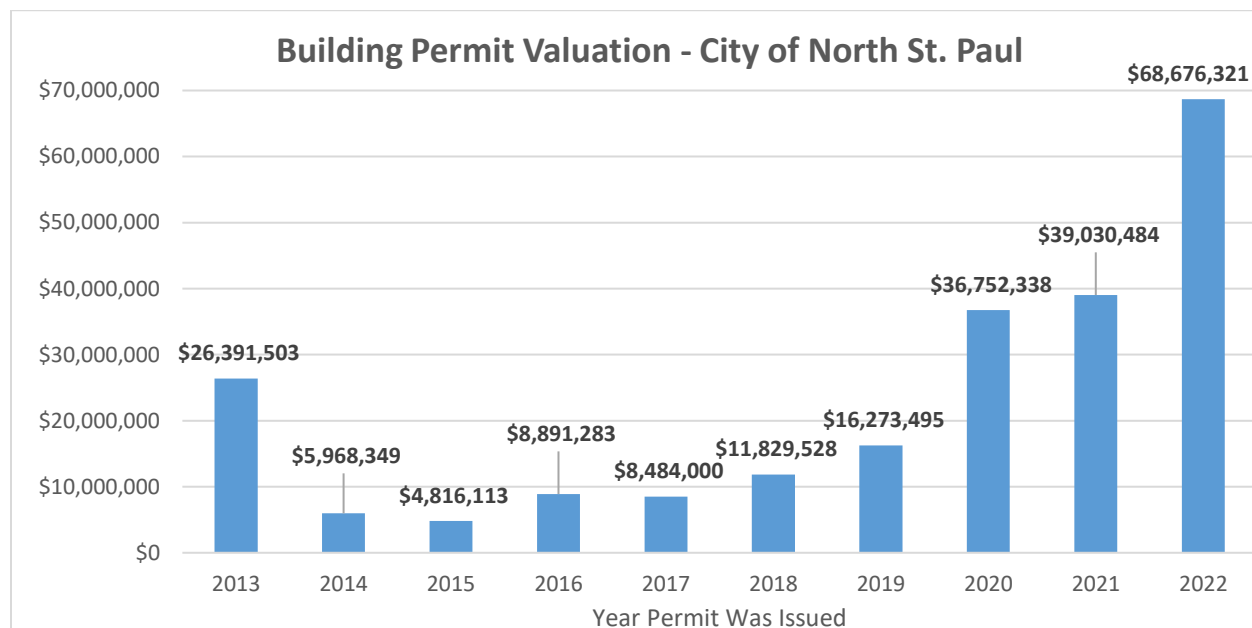
Capital Improvement Plan Update

Staff has updated the City's current CIP to span 10 years in 2021, an update to the five-year view that had historically been presented. The 10-year CIP identifies immediate needs, but also seeks to capture long-term capital needs throughout the City.

These initiatives will enhance the tax base, increase job opportunities, and provide amenities desired by the residents.

Building Permit Valuation

From 2013 to 2019, building permit valuation averaged \$11.8 million annually. In 2021, the building permit valuation was \$39.0 million, mainly as a result of the mixed-use redevelopment project on the former city hall site, an indoor climate-controlled storage facility on the north side of the former Anchor Block site, and continuation of the townhome project that began in 2019. The 2022 building permit valuation remained strong at \$68.7 million, with permits for an addition to the North St. Paul High School and city-wide roof and siding replacements due to the major hail storm in May of 2022. The City expects 2023 permit valuations to be similar to the 2013 to 2019 average, as the remaining development projects will be completed.



Long-Term Financial Planning

In developing the annual budget, the City follows five core fiscal principals. These include:

- Focus on the provision of basic city services and fund their provision at adequate levels.
- Estimate anticipated revenues at realistic levels.
- Retain adequate reserves to protect against fiscal uncertainty.
- Anticipate continued community growth and program capital improvements to serve our growing community.
- Demonstrate strong stewardship of existing infrastructure and plan for its repair/replacement in a proactive manner.

Each year, the City updates a five-year Pavement Management Plan (PMP). The PMP is a five-year plan that identifies the City's infrastructure that is in need of repair or reconstruction and the estimated costs associated with each project.

The City also maintains internal service funds for the replacement of various capital assets. The Equipment Fund maintains reserves for the replacement of the City's fleet and heavy equipment. The Building Maintenance Fund was established for maintenance and upkeep of city owned properties.

Relevant Financial Policies

In past years, the state has reduced aid to local governments during economic downturns. The City's policy is to anticipate less than full payment of future aid and will construct future budgets with reduced amounts of aid payments.



AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its ACFR for the fiscal year ended December 31, 2021. This certificate is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a certificate, a governmental unit must publish an easily readable and efficiently organized ACFR, whose contents comply with rigorous standards of the program. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. The certificate is valid for a period of one year only. The City has received this certificate for the last 35 consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not have been accomplished without the efficient services of the entire staff of the finance department and the assistance of the independent auditors.

We want to express our appreciation to the mayor and the members of the City Council for their continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Brian Frandle
City Manager





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of North Saint Paul
Minnesota**

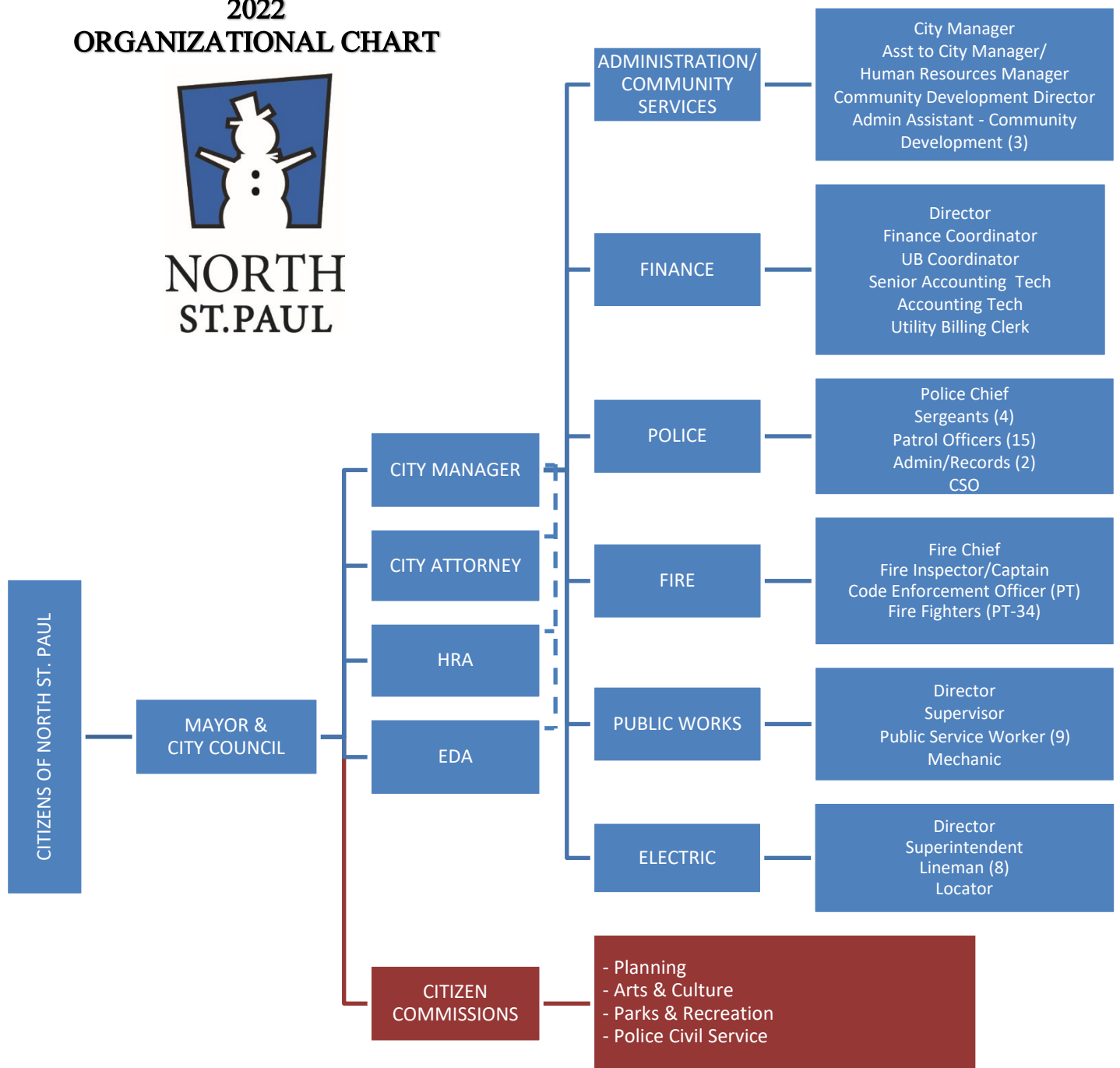
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

2022 ORGANIZATIONAL CHART



CITY OF NORTH ST. PAUL

Elected Officials and Appointed Personnel
December 31, 2022

ELECTED OFFICIALS

		<u>Term Expires</u>
Terry Furlong	Mayor	December 31, 2022
Tim Cole	Councilmember	December 31, 2024
Candy Petersen	Councilmember	December 31, 2022
Scott Thorsen	Councilmember	December 31, 2022
Lisa Wong	Councilmember	December 31, 2024

APPOINTED PERSONNEL

Brian Frandle	City Manager
Dan Winek	Finance Director
Phil Baebenroth	Police Chief
Jason Mallinger	Fire Chief
Ron Ritchie	Public Works Director
John Wick	Electric Director
Brandy Howe	Community Development Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the City Council and Management
City of North St. Paul, Minnesota

OPINIONS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of North St. Paul, 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, the discretely presented component unit, 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 comparison for the General Fund 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 for 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 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 May 9, 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
May 9, 2023

CITY OF NORTH ST. PAUL

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

As management of the City of North St. Paul, Minnesota (the City), we have provided readers of the City's financial statements with 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, located earlier in this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$57,565,550 (*net position*). Of this amount, \$17,272,603 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors; \$6,605,820 is restricted for specific purposes (*restricted net position*); and \$33,687,127 represents the net investment in capital assets. The City's total net position increased \$2,329,097 during the year ended December 31, 2022.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,849,230, an increase of \$2,723,919.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,170,579, or 46 percent, of total General Fund expenditures based on 2023 budgeted expenditure levels.
- As described in Note 1 of the notes to basic financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, during the fiscal year ended December 31, 2022. This standard changed the way lease transactions are reported by the City, but did not result in a restatement of net position in the current year.

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 include 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.

These financial statements include not only the City itself (known as the primary government), but also the North St. Paul Housing and Redevelopment Authority (HRA) and the North St. Paul Economic Development Authority (EDA). The HRA has been presented as a blended component unit on the City's financial statements and the EDA has been presented as a discretely presented component unit on the City's financial statements in accordance with accounting principles generally accepted in the United States of America.

Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all of the City’s assets, 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 City’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 property taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, parks and recreation, and economic development. The business-type activities of the City include electric, water, surface water, waste water, fiber optic, and solid waste operations.

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 government-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. Both the governmental funds Balance Sheet and 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 funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Anchor Block North – Housing Tax Increment Special Revenue Fund, and the Street Improvement Revolving Capital Projects Fund, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Housing Redevelopment Authority Fund, Community Center Fund, Park Fund, and the discretely presented component unit – the EDA. A budgetary comparison statement has been provided for these funds to demonstrate compliance with these budgets.

Proprietary Funds – The City maintains two different types of proprietary funds. 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 electric, water, surface water, waste water, fiber optic, and solid waste operations. Internal service funds are accounting devices used to accumulate and allocate costs internally among the City’s various functions. The City uses internal service funds to account for its equipment, city mechanic, insurance, information technology, and building maintenance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the electric, water, surface water, waste water, fiber optic, and solid waste operations, all of which are considered to be major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Notes to Basic Financial Statements – The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements, the financial section also presents required supplementary information, and the combining and individual fund statements and schedules (presented as supplementary information) referred to earlier in connection with nonmajor governmental funds, internal service funds, and the funds of the discretely presented component unit, which are presented immediately following the basic financial statements.

Further, a statistical section has been included as part of the Annual Comprehensive Financial Report (ACFR) to facilitate additional analysis, and is the third and final section of the report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City’s financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$57,565,550 at the close of the most recent fiscal year.

By far, the largest portion of the City’s net position reflects its net investment in capital assets (e.g., land, buildings and structures, furniture and equipment, and infrastructure) 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 are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of North St. Paul's Net Position

Table 1
Summary of Net Position
as of December 31, 2022 and 2021

	Governmental Activities		Business-Type Activities		Totals – Primary Government	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 24,374,851	\$ 19,139,998	\$ 28,682,807	\$ 24,152,165	\$ 53,057,658	\$ 43,292,163
Capital assets, net	39,719,799	38,534,709	18,446,519	17,971,949	58,166,318	56,506,658
Total assets	\$ 64,094,650	\$ 57,674,707	\$ 47,129,326	\$ 42,124,114	\$ 111,223,976	\$ 99,798,821
Deferred outflows of resources						
Pension plan deferments	\$ 5,212,485	\$ 2,633,930	\$ 583,072	\$ 769,603	\$ 5,795,557	\$ 3,403,533
OPEB plan deferments	52,750	30,061	27,185	14,746	79,935	44,807
Total deferred outflows of resources	\$ 5,265,235	\$ 2,663,991	\$ 610,257	\$ 784,349	\$ 5,875,492	\$ 3,448,340
Total assets and deferred outflows of resources	\$ 69,359,885	\$ 60,338,698	\$ 47,739,583	\$ 42,908,463	\$ 117,099,468	\$ 103,247,161
Liabilities						
Other liabilities	\$ 3,478,244	\$ 2,543,656	\$ 2,090,775	\$ 1,842,308	\$ 5,569,019	\$ 4,385,964
Noncurrent liabilities	30,397,043	21,213,651	19,480,611	15,707,712	49,877,654	36,921,363
Total liabilities	\$ 33,875,287	\$ 23,757,307	\$ 21,571,386	\$ 17,550,020	\$ 55,446,673	\$ 41,307,327
Deferred inflows of resources						
Lease revenue for subsequent years	\$ 2,190,285	\$ –	\$ –	\$ –	\$ 2,190,285	\$ –
Pension plan deferments	527,973	3,897,470	73,395	1,055,946	601,368	4,953,416
State aid received for subsequent years	1,295,592	1,749,965	–	–	1,295,592	1,749,965
Total deferred inflows of resources	\$ 4,013,850	\$ 5,647,435	\$ 73,395	\$ 1,055,946	\$ 4,087,245	\$ 6,703,381
Net position						
Net investment in capital assets	\$ 27,356,833	\$ 27,299,383	\$ 6,330,294	\$ 7,092,785	\$ 33,687,127	\$ 34,392,168
Restricted	6,605,820	6,291,329	–	–	6,605,820	6,291,329
Unrestricted	(2,491,905)	(2,656,756)	19,764,508	17,209,712	17,272,603	14,552,956
Total net position	\$ 31,470,748	\$ 30,933,956	\$ 26,094,802	\$ 24,302,497	\$ 57,565,550	\$ 55,236,453
Total liabilities, deferred inflows of resources, and net position	\$ 69,359,885	\$ 60,338,698	\$ 47,739,583	\$ 42,908,463	\$ 117,099,468	\$ 103,247,161

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$17,272,603 may be used to meet the City'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 for the City as a whole.

There was an increase in net position in the governmental activities of \$536,792 and an increase in the business-type activities of \$1,792,305, for a total increase of \$2,329,097 in net position. The increase in current assets and deferred inflows of resources in the current year is mainly due to recording a lease receivable and deferred inflow relating to the implementation of GASB Statement No. 87, as the City is the lessor in agreements that conveys the right to use space owned by the City. The change in the City's share of the Public Employees Retirement Association (PERA) pension plan contributed to the change in deferred outflows of resources, noncurrent liabilities, and deferred inflows of resources.

City of North St. Paul's Change in Net Position

Table 2
Change in Net Position
for the Years Ended December 31, 2022 and 2021

	Governmental Activities		Business-Type Activities		Total – Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	\$ 1,696,728	\$ 1,500,816	\$ 17,940,689	\$ 17,191,410	\$ 19,637,417	\$ 18,692,226
Operating grants and contributions	631,090	880,202	69,777	49,224	700,867	929,426
Capital grants and contributions	448,478	373,618	–	–	448,478	373,618
General revenues						
Property taxes	7,147,994	6,481,133	–	–	7,147,994	6,481,133
Franchise taxes	563,490	490,483	–	–	563,490	490,483
Grants and contributions not restricted to specific programs	1,661,614	1,685,861	–	–	1,661,614	1,685,861
Other	199,242	203,525	–	–	199,242	203,525
Investment earnings (charges)	(229,980)	(4,873)	(105,684)	158,534	(335,664)	153,661
Total revenues	12,118,656	11,610,765	17,904,782	17,399,168	30,023,438	29,009,933
Expenses						
General government	1,813,006	1,328,371	–	–	1,813,006	1,328,371
Public safety	5,718,250	3,826,009	–	–	5,718,250	3,826,009
Public works	2,976,157	2,135,103	–	–	2,976,157	2,135,103
Parks and recreation	666,685	470,618	–	–	666,685	470,618
Economic development	549,676	560,016	–	–	549,676	560,016
Interest and fiscal charges	648,090	624,528	–	–	648,090	624,528
Electric	–	–	10,286,514	9,090,803	10,286,514	9,090,803
Water	–	–	1,209,955	1,028,804	1,209,955	1,028,804
Surface water	–	–	666,147	562,073	666,147	562,073
Waste water	–	–	2,067,753	1,760,265	2,067,753	1,760,265
Fiber optic	–	–	145,320	141,471	145,320	141,471
Solid waste	–	–	946,788	938,234	946,788	938,234
Total expenses	12,371,864	8,944,645	15,322,477	13,521,650	27,694,341	22,466,295
Increase in net position before transfers	(253,208)	2,666,120	2,582,305	3,877,518	2,329,097	6,543,638
Transfers	790,000	921,412	(790,000)	(921,412)	–	–
Change in net position	536,792	3,587,532	1,792,305	2,956,106	2,329,097	6,543,638
Net position – beginning	30,933,956	27,346,424	24,302,497	21,346,391	55,236,453	48,692,815
Net position – ending	\$ 31,470,748	\$ 30,933,956	\$ 26,094,802	\$ 24,302,497	\$ 57,565,550	\$ 55,236,453

Governmental Activities – The City's net position for governmental activities increased by \$536,792, or 1.7 percent, after \$790,000 of net transfers from business-type activities. Key elements of this increase are seen in the table above.

Revenues increased overall by \$507,891, or 4.4 percent.

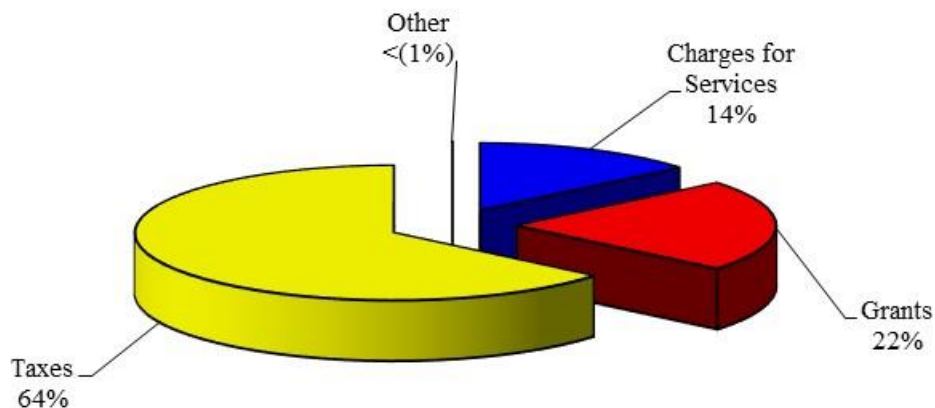
- The largest change occurred in property taxes, due to the increase in the levied amount approved by the City Council.

Expenses increased overall by \$3,427,219, or 38.3 percent.

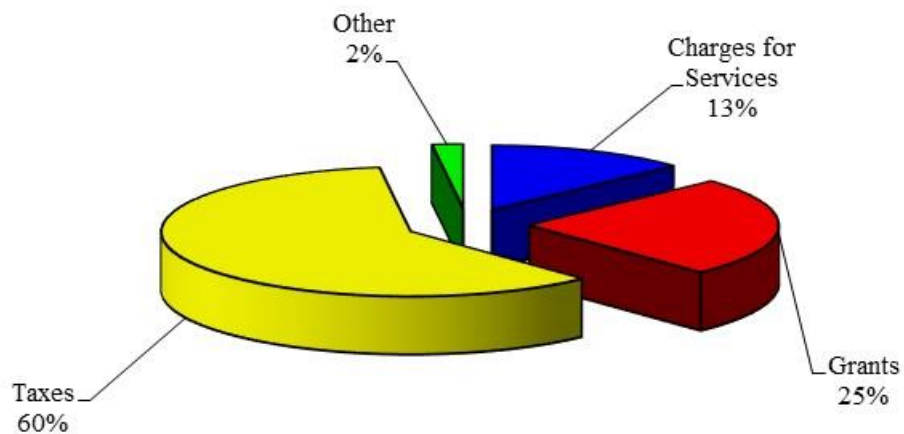
- The City experienced the largest increase within the public safety function, mainly due to increased personal service costs in the police protection department and increased contractual services in the inspections department, due to more building permits in the current year. The City also experienced an increase in expense relating to the City's share of the PERA pension plan liabilities, which impacted all functions.

As seen in the following graph, taxes make up about 64 percent of the total revenues for 2022. Grants (operating, capital, and unrestricted grants and contributions), including state aids, such as local government aid, make up about 22 percent of the total and are followed by charges for services at 14 percent of the total.

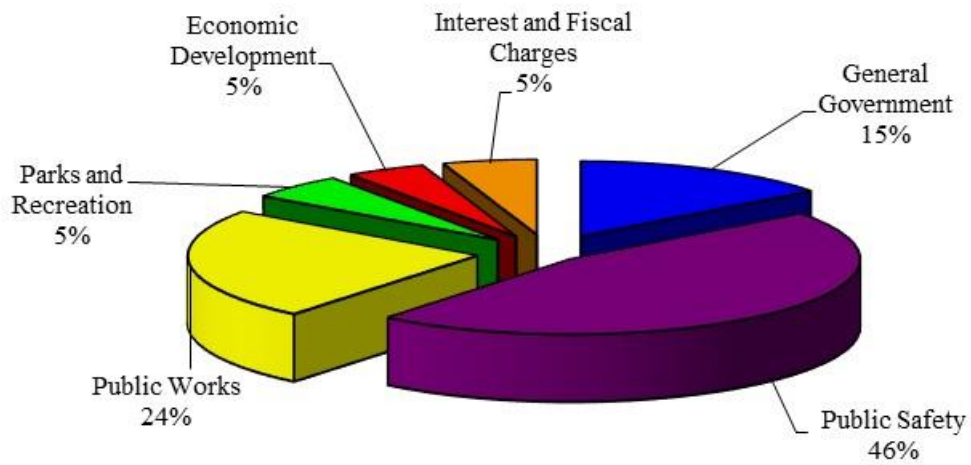
2022 Revenues by Source – Governmental Activities



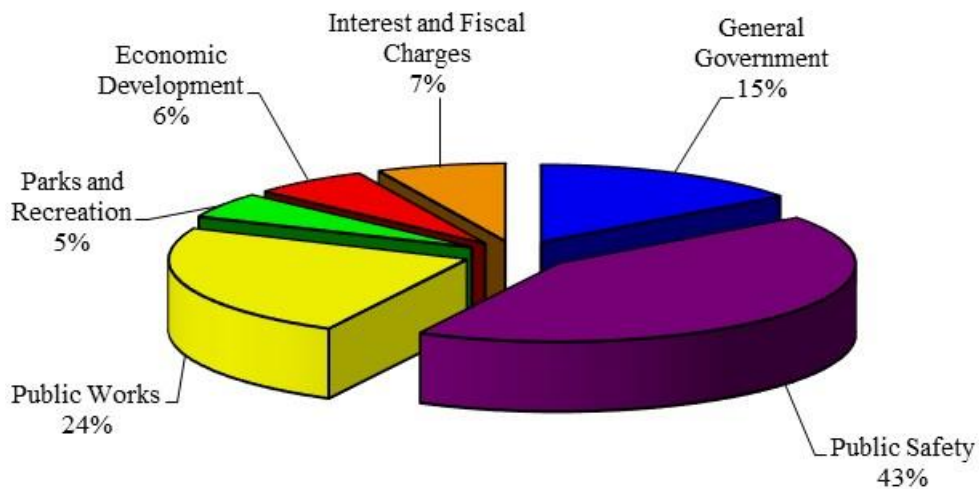
2021 Revenues by Source – Governmental Activities



2022 Expenses – Governmental Activities



2021 Expenses – Governmental Activities

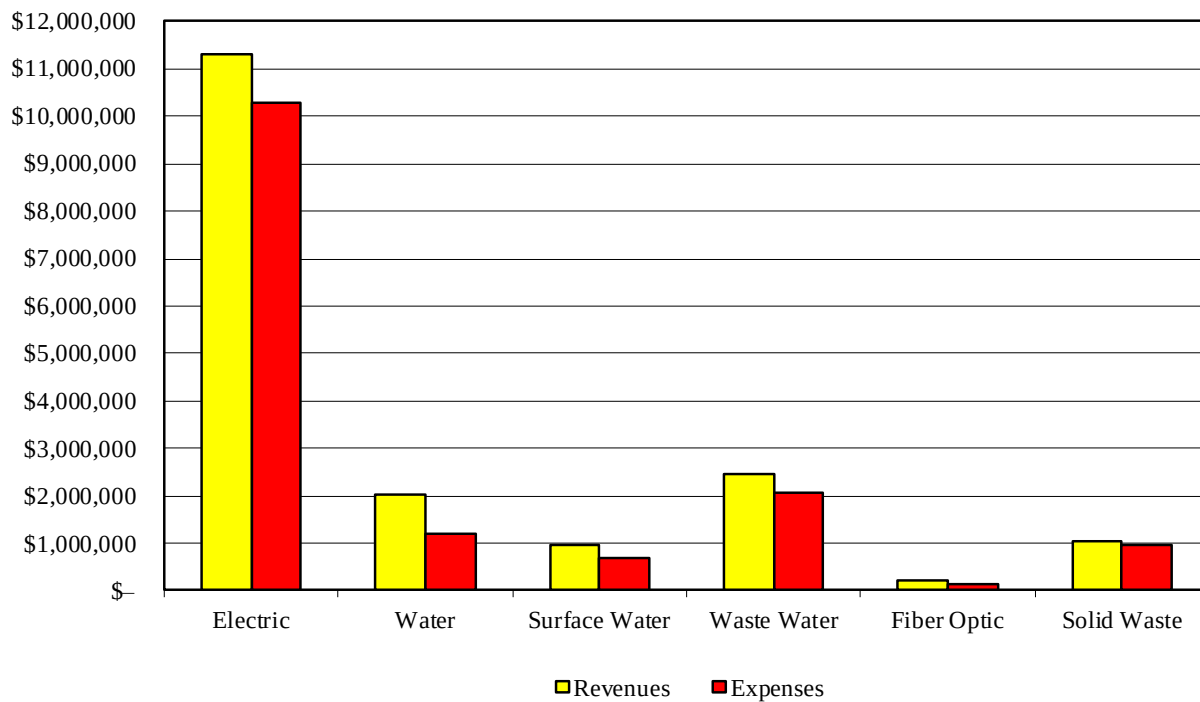


The expenses in the graphs above for governmental activities show the amounts spent on different activities for 2022 and 2021.

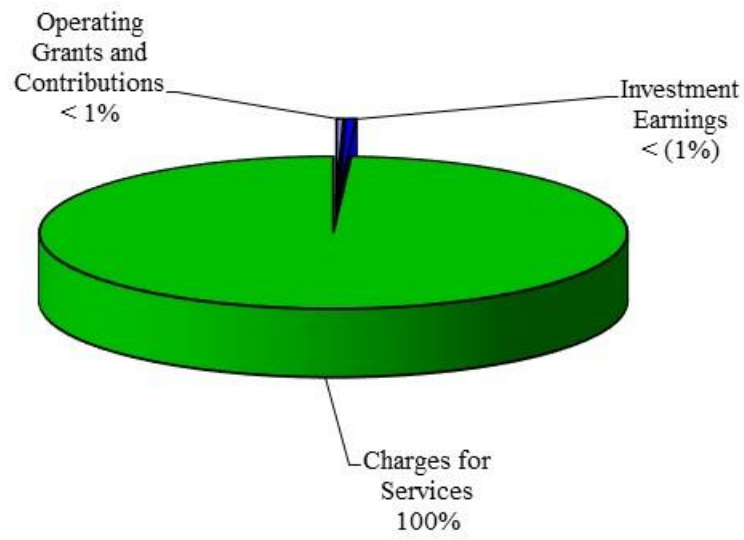
Business-Type Activities – Business-type activities increased the City’s total net position by \$1,792,305. Key elements of the business-type activities are as follows:

- Charges for services for business-type activities include charges for electric, water, surface water, waste water, fiber optic, and solid waste. The graph below shows the relationship between the program revenues and expenses for the various activities.
- Electric expenses increased \$1,195,711, directly related to the increased charges for services in this fund.
- About 67 percent of all business-type activity expenses are from the electric operations.
- Overall, business-type activities generated an increase in net position before transfers of \$2,582,305. After considering transfers to governmental activities totaling \$790,000, net position increased by \$1,792,305.

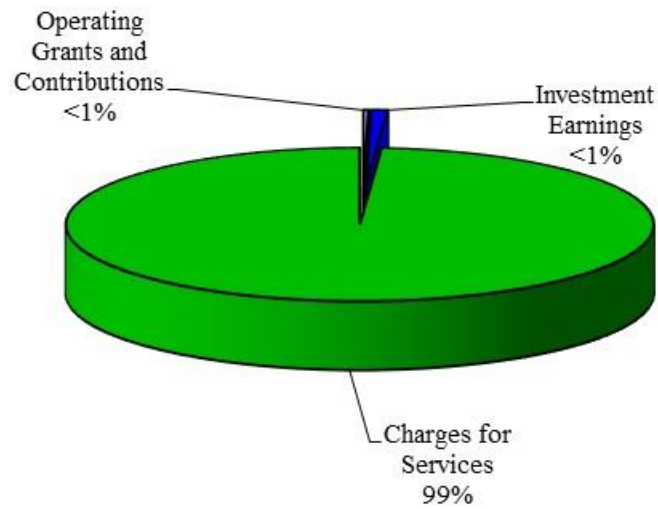
Revenues and Expenses – Business-Type Activities



2022 Revenues by Source – Business-Type Activities



2021 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 currently available resources. Such information is useful in assessing the City's financing requirements. In particular, 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 \$12,849,230, an increase of \$2,723,919 in comparison with the prior year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the General Fund was \$4,324,825. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 46 percent of the subsequent year budgeted expenditures.

Total fund balance for the City's General Fund increased by \$636,481 during 2022. Key factors in this increase are as follows:

- The City adopted a balanced budget prior to the start of the current year.
- The City experienced favorable variances in both revenues and expenditures in the current year. These variances were spread across all revenue categories and expenditure functions.
- The City has a fund balance policy that will strive to maintain a minimum unassigned General Fund balance of 40 percent of the subsequent year's budgeted expenditures for working capital in the current year and in future years, will strive to maintain a minimum unassigned General Fund balance of 50 percent of the subsequent year's budgeted expenditures for working capital.

The Anchor Block North – Housing Tax Increment Special Revenue Fund equity decreased \$116,530, ending the year with a deficit fund balance of \$2,937,254. The decrease was mainly due to the interest paid on the interfund loan in the current year. The remaining deficit will be eliminated as tax increment funds are received as a result of development.

The Street Improvement Revolving Capital Project Fund equity increased by \$2,607,579, ending the year with a fund balance of \$3,391,962. The increase was mainly due to the issuance of the 2022A General Obligation Bonds, which were issued for street construction projects.

Proprietary Funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City is required to adopt a budget for the General Fund prior to the beginning of its fiscal year. During the year, the City amended the budget, increasing both revenues and expenditures by \$610,000.

Revenues were over budget by \$311,401, mainly in taxes, intergovernmental, and licenses and permits. Conservative budgeting in these areas contributed to the favorable revenue variance. General Fund expenditures recognized favorable budget variances in each function, with total expenditures ending the year \$325,080, or 3.8 percent, under budget. General government and public safety expenditures were under budget, mainly due to vacant positions in the current year. Parks and recreation expenditures were under budget, due to savings in contractual services. After the variance in net transfers, the City's General Fund ended the year \$636,481 more than anticipated in the budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City's investment in capital assets for its governmental and business-type activities as of December 31, 2022 amounts to \$58,166,318 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and structures, furniture and equipment, and infrastructure.

City of North St. Paul's Capital Assets

Table 3 Capital Assets						
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Capital assets						
Land	\$ 3,926,167	\$ 3,926,167	\$ 331,728	\$ 331,728	\$ 4,257,895	\$ 4,257,895
Construction in progress	2,865,950	3,222,216	1,365,165	2,614,197	4,231,115	5,836,413
Buildings and structures	20,987,743	20,987,743	5,040,830	5,040,830	26,028,573	26,028,573
Furniture and equipment	5,655,325	5,249,784	3,042,206	3,185,525	8,697,531	8,435,309
Infrastructure	31,082,298	28,141,982	26,276,705	23,638,792	57,359,003	51,780,774
Less accumulated depreciation	(24,797,684)	(22,993,183)	(17,610,115)	(16,839,123)	(42,407,799)	(39,832,306)
Total capital assets, net of depreciation	<u>\$ 39,719,799</u>	<u>\$ 38,534,709</u>	<u>\$ 18,446,519</u>	<u>\$ 17,971,949</u>	<u>\$ 58,166,318</u>	<u>\$ 56,506,658</u>

The changes presented in the table above reflect the ongoing activity and completion of projects within the City during fiscal year 2022. The majority of the activity in construction in progress is for street and utility improvements in recent years.

Additional information on the City's capital assets can be found in Note 5 of the notes to basic financial statements.

Long-Term Debt – At the end of the current fiscal year, the City had total bonded debt outstanding of \$36,960,000. A portion of this comprises general obligation debt backed solely by the full faith and credit of the City. The remainder of the City's bonded debt represents bonds secured by special assessments, tax increment, specified revenue sources, and general obligation levy, if necessary.

City of North St. Paul's Noncurrent Liabilities

Table 4
Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
G.O. tax increment bonds	\$ 7,210,000	\$ 7,310,000	\$ –	\$ –	\$ 7,210,000	\$ 7,310,000
General obligation bonds	13,304,597	10,899,873	–	–	13,304,597	10,899,873
Utility revenue bonds	–	–	16,445,403	13,800,127	16,445,403	13,800,127
Premium	572,085	541,527	522,223	473,127	1,094,308	1,014,654
Total OPEB liability	710,116	182,896	365,979	89,716	1,076,095	272,612
Net pension liability	7,961,780	1,790,234	1,954,789	1,086,073	9,916,569	2,876,307
Compensated absences	638,465	489,121	192,217	258,669	830,682	747,790
Total	<u>\$30,397,043</u>	<u>\$21,213,651</u>	<u>\$19,480,611</u>	<u>\$15,707,712</u>	<u>\$49,877,654</u>	<u>\$36,921,363</u>

The City's total bonded debt increased by \$4,950,000, or 15.5 percent, during 2022. This increase was due to the City issuing \$9,995,000 in 2022A General Obligation Bonds offset by scheduled debt service payments. The City's most recent bond rating by Standard & Poor's was AA.

The increase in the total OPEB liability in the current year is mainly due to differences between expected and actual experience as calculated in the actuarial valuation.

The difference in the net pension liability reflects the change in the City's proportionate share of the state-wide pension obligations for the PERA.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3.0 percent of its total market valuation. A complete calculation of the City's legal debt margin can be found in the statistical section of this report.

Additional information on the City's long-term debt can be found in Note 6 of the notes to basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Early in 2022, the unemployment rate for Ramsey County (which includes the City) was 3.4 percent, compared to the national rate of 4.4 percent. At the end of 2022, the unemployment rate for Ramsey County decreased to 2.8 percent, compared to the national rate of 3.3 percent.
- The Minneapolis-St. Paul-Bloomington area consumer price index was up 5.1 percent for 2022, compared to 6.4 percent nationally.
- The state is in a budget year with a significant budget surplus. It is unlikely that the City will see a reduction in anticipated aid payments in the next state budget cycle.
- Preliminary assessor values for taxes payable in 2023 increased 15.5 percent.
- The City increased its levy 12.6 percent for taxes payable in 2023, while keeping the EDA the same and reducing the HRA levy to zero. This had an overall levy impact to residents of an 8.5 percent increase.
- The City tax rate for taxes payable in 2023 decreased 3.2 percent.

REQUESTS FOR INFORMATION

This ACFR is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this ACFR, or requests for additional financial information, should be addressed to the Finance Department, City of North St. Paul, 2400 Margaret Street, North St. Paul, Minnesota 55109.

BASIC FINANCIAL STATEMENTS

The basic financial statements, including the accompanying notes, constitute the core of the Annual Comprehensive Financial Report's financial section. This section presents the minimum combination of financial statements and note disclosures required for fair presentation in conformity with accounting principles generally accepted in the United States of America.

The following statements are presented:

Government-Wide Financial Statements

- Statement of Net Position

- Statement of Activities

Fund Financial Statements

- Balance Sheet – Governmental Funds

- Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds

- Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

- Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds

- Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund

Proprietary Funds

- Statement of Net Position

- Statement of Revenues, Expenses, and Changes in Net Position

- Statement of Cash Flows

Notes to Basic Financial Statements

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CITY OF NORTH ST. PAUL

Statement 1

Statement of Net Position
as of December 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Authority
Assets				
Cash and investments	\$ 24,094,738	\$ 20,046,165	\$ 44,140,903	\$ 419,057
Receivables				
Interest	105,794	124,515	230,309	2,091
Accounts	185,986	2,670,458	2,856,444	—
Loan	48,351	—	48,351	—
Taxes	140,596	—	140,596	—
Special assessments	852,470	42,467	894,937	—
Lease	2,190,285	—	2,190,285	—
Internal balances	(5,081,932)	5,081,932	—	—
Inventory	—	435,429	435,429	—
Prepaid items	81,749	88,341	170,090	—
Assets held for resale	1,052,528	—	1,052,528	49,248
Net pension asset	704,286	—	704,286	—
Restricted assets – temporarily restricted				
Cash and investments for debt service	—	193,500	193,500	—
Capital assets				
Not depreciated	6,792,117	1,696,893	8,489,010	—
Depreciated	32,927,682	16,749,626	49,677,308	—
Total capital assets, net of depreciation	39,719,799	18,446,519	58,166,318	—
Total assets	64,094,650	47,129,326	111,223,976	470,396
Deferred outflows of resources				
Pension plan deferments	5,212,485	583,072	5,795,557	—
OPEB plan deferments	52,750	27,185	79,935	—
Total deferred outflows of resources	5,265,235	610,257	5,875,492	—
Total assets and deferred outflows of resources	\$ 69,359,885	\$ 47,739,583	\$ 117,099,468	\$ 470,396
Liabilities				
Accounts and contracts payable	\$ 852,612	\$ 951,728	\$ 1,804,340	\$ 12,000
Accrued salaries and employee benefits payable	124,215	42,406	166,621	2,033
Accrued interest payable	261,946	227,803	489,749	—
Due to other governments	438,033	517,619	955,652	—
Customer deposits	307,588	202,614	510,202	—
Unearned revenue	1,493,850	148,605	1,642,455	—
Net pension liability				
Due in more than one year	7,961,780	1,954,789	9,916,569	—
Total OPEB liability				
Due in more than one year	710,116	365,979	1,076,095	—
Bonds and compensated absences payable				
Due within one year	1,703,695	1,700,203	3,403,898	—
Due in more than one year	20,021,452	15,459,640	35,481,092	—
Total liabilities	33,875,287	21,571,386	55,446,673	14,033
Deferred inflows of resources				
Lease revenue for subsequent years	2,190,285	—	2,190,285	—
Pension plan deferments	527,973	73,395	601,368	—
State aid received for subsequent years	1,295,592	—	1,295,592	—
Total deferred inflows of resources	4,013,850	73,395	4,087,245	—
Net position				
Net investment in capital assets	27,356,833	6,330,294	33,687,127	—
Restricted for				
Housing Redevelopment Authority	1,636,203	—	1,636,203	—
Tax increment	1,464,656	—	1,464,656	—
Police forfeiture	10,698	—	10,698	—
Cable PEG fees	43,513	—	43,513	—
Debt service	2,983,406	—	2,983,406	—
Pension benefits	467,344	—	467,344	—
Economic Development Authority	—	—	—	456,363
Unrestricted	(2,491,905)	19,764,508	17,272,603	—
Total net position	31,470,748	26,094,802	57,565,550	456,363
Total liabilities, deferred inflows of resources, and net position	\$ 69,359,885	\$ 47,739,583	\$ 117,099,468	\$ 470,396

See notes to basic financial statements

CITY OF NORTH ST. PAUL

Statement of Activities
Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 1,813,006	\$ 341,716	\$ —	\$ —
Public safety	5,718,250	102,658	479,632	—
Public works	2,853,488	976,441	151,458	448,478
Parks and recreation	666,685	275,913	—	—
Economic development	549,676	—	—	—
Interest and fiscal charges	770,759	—	—	—
Total governmental activities	12,371,864	1,696,728	631,090	448,478
Business-type activities				
Electric	10,286,514	11,282,305	22,937	—
Water	1,209,955	2,021,685	14,937	—
Surface water	666,147	957,409	696	—
Waste water	2,067,753	2,457,962	755	—
Fiber optic	145,320	213,176	—	—
Solid waste	946,788	1,008,152	30,452	—
Total business-type activities	15,322,477	17,940,689	69,777	—
Total primary government	\$ 27,694,341	\$ 19,637,417	\$ 700,867	\$ 448,478
Component unit				
Economic development authority	\$ 252,830	\$ —	\$ —	\$ —

General revenues
 Property taxes
 Franchise taxes
 Grants and contributions not restricted
 to specific programs
 Other general revenues
 Investment earnings (charges)
 Gain on disposal of capital assets
Transfers
 Total general revenues and transfers

Change in net position

Net position – beginning

Net position – ending

Statement 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Economic Development Authority
\$ (1,471,290)	\$ —	\$ (1,471,290)	\$ —
(5,135,960)	—	(5,135,960)	—
(1,277,111)	—	(1,277,111)	—
(390,772)	—	(390,772)	—
(549,676)	—	(549,676)	—
(770,759)	—	(770,759)	—
(9,595,568)	—	(9,595,568)	—
—	1,018,728	1,018,728	—
—	826,667	826,667	—
—	291,958	291,958	—
—	390,964	390,964	—
—	67,856	67,856	—
—	91,816	91,816	—
—	2,687,989	2,687,989	—
(9,595,568)	2,687,989	(6,907,579)	—
—	—	—	(252,830)
7,147,994	—	7,147,994	200,907
563,490	—	563,490	—
1,661,614	—	1,661,614	—
175,317	—	175,317	1,934
(229,980)	(105,684)	(335,664)	(6,653)
23,925	—	23,925	—
790,000	(790,000)	—	—
10,132,360	(895,684)	9,236,676	196,188
536,792	1,792,305	2,329,097	(56,642)
30,933,956	24,302,497	55,236,453	513,005
\$ 31,470,748	\$ 26,094,802	\$ 57,565,550	\$ 456,363

CITY OF NORTH ST. PAUL

Balance Sheet
Governmental Funds
as of December 31, 2022

	001	210	022
		Special Revenue – TIF 4-10 Anchor Block North – Housing Tax Increment	Capital Projects – Street Improvement Revolving
	<u>General</u>		
Assets			
Cash and investments	\$ 4,715,246	\$ –	\$ 4,079,818
Receivables			
Interest	19,311	–	15,202
Accounts	170,443	–	–
Loan	–	–	–
Taxes	76,081	–	–
Special assessments	2,703	–	134,453
Lease	2,190,285	–	–
Prepaid items	21,021	–	–
Assets held for resale	–	–	–
Advance to other funds	32,368	–	–
	<u>7,227,458</u>	<u>–</u>	<u>4,229,473</u>
Total assets	<u>\$ 7,227,458</u>	<u>\$ –</u>	<u>\$ 4,229,473</u>
Liabilities			
Accounts and contracts payable	\$ 122,541	\$ 1,409	\$ 292,697
Accrued salaries and employee benefits payable	115,470	–	–
Due to other governments	19,031	–	413,834
Customer deposits	307,588	–	–
Unearned revenue	96,690	–	–
Advance from other funds	–	2,935,845	–
Total liabilities	<u>661,320</u>	<u>2,937,254</u>	<u>706,531</u>
Deferred inflows of resources			
Lease revenue for subsequent years	2,190,285	–	–
Unavailable revenue – loan receivable	–	–	–
Unavailable revenue – property taxes	48,401	–	–
Unavailable revenue – special assessments	2,627	–	130,980
State aid received for subsequent years	–	–	–
Total deferred inflows of resources	<u>2,241,313</u>	<u>–</u>	<u>130,980</u>
Fund balances (deficits)			
Nonspendable	53,389	–	–
Restricted	–	–	2,364,183
Committed	–	–	–
Assigned	100,857	–	1,027,779
Unassigned	4,170,579	(2,937,254)	–
Total fund balances (deficits)	<u>4,324,825</u>	<u>(2,937,254)</u>	<u>3,391,962</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,227,458</u>	<u>\$ –</u>	<u>\$ 4,229,473</u>

See notes to basic financial statements

Statement 3

<u>Nonmajor</u>	<u>Total</u>
\$ 11,439,786	\$ 20,234,850
51,679	86,192
14,821	185,264
48,351	48,351
64,515	140,596
715,314	852,470
—	2,190,285
—	21,021
1,052,528	1,052,528
—	32,368
<u>\$ 13,386,994</u>	<u>\$ 24,843,925</u>
\$ 405,453	\$ 822,100
1,095	116,565
5,096	437,961
—	307,588
1,397,160	1,493,850
1,400,967	4,336,812
<u>3,209,771</u>	<u>7,514,876</u>
—	2,190,285
48,351	48,351
56,899	105,300
706,684	840,291
1,295,592	1,295,592
<u>2,107,526</u>	<u>4,479,819</u>
—	53,389
5,597,840	7,962,023
3,777,432	3,777,432
1,363,739	2,492,375
<u>(2,669,314)</u>	<u>(1,435,989)</u>
<u>8,069,697</u>	<u>12,849,230</u>
<u>\$ 13,386,994</u>	<u>\$ 24,843,925</u>

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CITY OF NORTH ST. PAUL

Statement 4

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

Total fund balances – governmental funds \$ 12,849,230

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 governmental funds.

Cost of capital assets	60,821,472
Less accumulated depreciation	(22,722,468)

Net pension assets are included in net position, but are excluded from fund balances because they do not represent financial resources.

704,286

Long-term liabilities are not payable with current financial resources and, therefore, are not reported in governmental funds.

Bonds	(20,514,597)
Unamortized premiums	(572,085)
Compensated absences	(638,465)
Total OPEB liability	(710,116)
Net pension liability	(7,961,780)

Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.

(261,946)

Internal service funds are used by management to charge certain costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

Internal service fund net position	5,523,501
Internal balances for internal services used by business-type activities	(777,488)

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 of resources – pension plan deferments	5,212,485
Deferred outflows of resources – OPEB plan deferments	52,750
Deferred inflows of resources – pension plan deferments	(527,973)
Deferred inflows of resources – unavailable revenues	993,942

Total net position – governmental activities	\$ 31,470,748
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CITY OF NORTH ST. PAUL

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

	001	210	022
		Special Revenue – TIF 4-10 Anchor Block North – Housing Tax Increment	Capital Projects – Street Improvement Revolving
	<u>General</u>		
Revenues			
Taxes	\$ 5,064,246	\$ –	\$ –
Special assessments	1,897	–	46,304
Licenses and permits	1,024,746	–	–
Intergovernmental	1,716,959	–	39,564
Charges for services	77,658	–	–
Fines and forfeits	22,080	–	–
Investment earnings (charges)	(49,345)	–	27,668
Other	185,973	–	–
Total revenues	<u>8,044,214</u>	<u>–</u>	<u>113,536</u>
Expenditures			
Current			
General government	1,221,240	–	–
Public safety	5,244,127	–	–
Public works	1,326,130	–	–
Parks and recreation	426,236	–	–
Economic development	–	3,100	–
Capital outlay	–	–	2,059,232
Debt service			
Principal	–	–	–
Interest and fiscal charges	–	113,430	122,669
Total expenditures	<u>8,217,733</u>	<u>116,530</u>	<u>2,181,901</u>
Excess (deficiency) of revenues over expenditures	(173,519)	(116,530)	(2,068,365)
Other financing sources (uses)			
Bonds issued	–	–	4,590,000
Premium on bonds issued	–	–	85,944
Payment on refunded debt	–	–	–
Transfers in	810,000	–	–
Transfers out	–	–	–
Total other financing sources (uses)	<u>810,000</u>	<u>–</u>	<u>4,675,944</u>
Net change in fund balances	636,481	(116,530)	2,607,579
Fund balances (deficits)			
Beginning of year	<u>3,688,344</u>	<u>(2,820,724)</u>	<u>784,383</u>
End of year	<u>\$ 4,324,825</u>	<u>\$ (2,937,254)</u>	<u>\$ 3,391,962</u>

See notes to basic financial statements

Statement 5

Nonmajor	Total
\$ 2,706,282	\$ 7,770,528
167,834	216,035
—	1,024,746
972,280	2,728,803
150,000	227,658
—	22,080
(147,636)	(169,313)
228,570	414,543
<u>4,077,330</u>	<u>12,235,080</u>
117,926	1,339,166
99,775	5,343,902
—	1,326,130
161,424	587,660
511,498	514,598
761,515	2,820,747
1,305,276	1,305,276
523,527	759,626
<u>3,480,941</u>	<u>13,997,105</u>
596,389	(1,762,025)
—	4,590,000
—	85,944
(980,000)	(980,000)
1,226,939	2,036,939
<u>(1,246,939)</u>	<u>(1,246,939)</u>
<u>(1,000,000)</u>	<u>4,485,944</u>
(403,611)	2,723,919
<u>8,473,308</u>	<u>10,125,311</u>
<u>\$ 8,069,697</u>	<u>\$ 12,849,230</u>

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CITY OF NORTH ST. PAUL

Statement 6

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

Total net change in fund balances – governmental funds	\$ 2,723,919
Amounts reported for governmental activities in the Statement of Activities are different because:	
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 outlay	2,584,050
Depreciation expense	(1,613,721)
Net pension assets are only recorded in the government-wide financial statements as they are not current financial resources to governmental funds.	
	160,292
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any affect on net position. Other long-term adjustments are also made between the governmental funds and the Statement of Activities for debt premiums, compensated absences, pension liabilities, and OPEB obligations.	
Debt issued	(4,590,000)
Principal payments for debt	2,285,276
Debt premiums	(30,558)
Compensated absences	(149,344)
Total OPEB liability	(527,220)
Net pension liability	(6,171,546)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	
	(66,519)
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 of resources – pension plan deferments	2,578,555
Deferred outflows of resources – OPEB plan deferments	22,689
Deferred inflows of resources – pension plan deferments	3,369,497
Deferred inflows of resources – unavailable revenues	(206,447)
Internal service funds are used by management to charge certain costs to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities in the government-wide financial statements.	
Internal service fund activity	267,978
Internal balances for internal service activity for business-type activities	(100,109)
Change in net position – governmental activities	<u>\$ 536,792</u>

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CITY OF NORTH ST. PAUL

Statement 7

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenues				
Taxes	\$ 4,869,679	\$ 4,869,679	\$ 5,064,246	\$ 194,567
Special assessments	—	—	1,897	1,897
Licenses and permits	362,050	932,050	1,024,746	92,696
Intergovernmental	1,582,307	1,622,307	1,716,959	94,652
Charges for services	33,500	33,500	77,658	44,158
Fines and forfeits	33,000	33,000	22,080	(10,920)
Investment earnings (charges)	4,529	4,529	(49,345)	(53,874)
Other	237,748	237,748	185,973	(51,775)
Total revenues	<u>7,122,813</u>	<u>7,732,813</u>	<u>8,044,214</u>	<u>311,401</u>
Expenditures				
Current				
General government	1,313,761	1,313,761	1,221,240	(92,521)
Public safety	4,755,982	5,365,982	5,244,127	(121,855)
Public works	1,349,214	1,349,214	1,326,130	(23,084)
Parks and recreation	513,856	513,856	426,236	(87,620)
Total expenditures	<u>7,932,813</u>	<u>8,542,813</u>	<u>8,217,733</u>	<u>(325,080)</u>
Excess (deficiency) of revenues over expenditures	(810,000)	(810,000)	(173,519)	636,481
Other financing sources (uses)				
Transfers in	<u>810,000</u>	<u>810,000</u>	<u>810,000</u>	<u>—</u>
Net change in fund balances	<u>\$ —</u>	<u>\$ —</u>	636,481	<u>\$ 636,481</u>
Fund balances				
Beginning of year			<u>3,688,344</u>	
End of year			<u>\$ 4,324,825</u>	

CITY OF NORTH ST. PAUL

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

	Business-Type Activities – Enterprise Funds			
	Major Funds			
	050 Electric	048 Water	052 Surface Water	049 Waste Water
Assets				
Current assets				
Cash and investments	\$ 4,814,992	\$ 7,515,912	\$ 3,984,049	\$ 2,965,060
Receivables				
Interest	46,949	33,328	21,725	18,091
Accounts	1,609,182	274,821	155,526	403,372
Special assessments	116	19,742	1,362	18,114
Inventory	435,429	–	–	–
Prepaid items	–	–	–	88,341
Total current assets	6,906,668	7,843,803	4,162,662	3,492,978
Noncurrent assets				
Cash and investments restricted for debt service	193,500	–	–	–
Advances to other funds	4,304,444	–	1,028,677	1,028,677
Capital assets				
Land	154,948	–	176,780	–
Construction in progress	–	652,798	352,877	359,490
Buildings and structures	2,490,117	1,192,912	–	1,357,801
Furniture and equipment	1,626,300	277,933	335,551	802,422
Infrastructure	1,724,924	9,312,177	5,287,105	7,721,767
Less accumulated depreciation	(4,969,178)	(5,502,775)	(2,105,722)	(4,397,827)
Total capital assets (net of accumulated depreciation)	1,027,111	5,933,045	4,046,591	5,843,653
Total noncurrent assets	5,525,055	5,933,045	5,075,268	6,872,330
Total assets	12,431,723	13,776,848	9,237,930	10,365,308
Deferred outflows of resources				
Pension plan deferments	425,534	58,828	47,366	51,344
OPEB plan deferments	19,520	3,133	2,102	2,430
Total deferred outflows of resources	445,054	61,961	49,468	53,774
Total assets and deferred outflows of resources	\$ 12,876,777	\$ 13,838,809	\$ 9,287,398	\$ 10,419,082
Current liabilities				
Accounts and contracts payable	\$ 492,452	\$ 54,047	\$ 53,879	\$ 303,066
Accrued salaries and employee benefits payable	29,925	4,315	3,515	3,830
Accrued interest payable	11,625	82,775	65,321	66,631
Due to other governments	65,161	351,290	10,007	46,986
Customer deposits	193,104	–	–	9,510
Unearned revenue	–	–	–	–
Compensated absences payable – current	132,836	6,263	6,263	–
Bonds payable – current	150,000	462,549	344,830	545,862
Total current liabilities	1,075,103	961,239	483,815	975,885
Noncurrent liabilities				
Advances from other funds	–	–	–	–
Compensated absences payable	19,121	13,867	13,867	–
Total OPEB liability	262,782	42,183	28,301	32,713
Net pension liability	1,426,630	197,226	158,797	172,136
Bonds payable	315,000	5,571,868	4,293,945	5,125,010
Total noncurrent liabilities	2,023,533	5,825,144	4,494,910	5,329,859
Total liabilities	3,098,636	6,786,383	4,978,725	6,305,744
Deferred inflows of resources				
Pension plan deferments	53,565	7,405	5,962	6,463
Net position				
Net investment in capital assets	1,027,111	1,080,401	1,514,253	1,112,410
Unrestricted	8,697,465	5,964,620	2,788,458	2,994,465
Total net position	9,724,576	7,045,021	4,302,711	4,106,875
Total liabilities, deferred inflows of resources, and net position	\$ 12,876,777	\$ 13,838,809	\$ 9,287,398	\$ 10,419,082

Net position – total enterprise funds

Adjustment to reflect the consolidation of the internal
service fund activities related to enterprise funds

Net position – business-type activities

Statement 8

054 Fiber Optic	053 Solid Waste	Total	Governmental Activities – Internal Service
\$ –	\$ 766,152	\$ 20,046,165	\$ 3,859,888
–	4,422	124,515	19,602
11,231	216,326	2,670,458	722
–	3,133	42,467	–
–	–	435,429	–
–	–	88,341	60,728
11,231	990,033	23,407,375	3,940,940
–	–	193,500	–
–	–	6,361,798	–
–	–	331,728	–
–	–	1,365,165	–
–	–	5,040,830	–
–	–	3,042,206	3,696,011
2,230,732	–	26,276,705	–
(634,613)	–	(17,610,115)	(2,075,216)
1,596,119	–	18,446,519	1,620,795
1,596,119	–	25,001,817	1,620,795
1,607,350	990,033	48,409,192	5,561,735
–	–	583,072	–
–	–	27,185	–
–	–	610,257	–
\$ 1,607,350	\$ 990,033	\$ 49,019,449	\$ 5,561,735
\$ –	\$ 48,284	\$ 951,728	\$ 30,512
–	821	42,406	7,650
–	1,451	227,803	–
–	44,175	517,619	72
–	–	202,614	–
148,605	–	148,605	–
–	–	145,362	–
–	51,600	1,554,841	–
148,605	146,331	3,790,978	38,234
2,057,354	–	2,057,354	–
–	–	46,855	–
–	–	365,979	–
–	–	1,954,789	–
–	106,962	15,412,785	–
2,057,354	106,962	19,837,762	–
2,205,959	253,293	23,628,740	38,234
–	–	73,395	–
1,596,119	–	6,330,294	1,620,795
(2,194,728)	736,740	18,987,020	3,902,706
(598,609)	736,740	25,317,314	5,523,501
\$ 1,607,350	\$ 990,033	\$ 49,019,449	\$ 5,561,735
		\$ 25,317,314	
		777,488	
		\$ 26,094,802	

CITY OF NORTH ST. PAUL

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

	Business-Type Activities – Enterprise Funds			
	Major Funds			
	050 Electric	048 Water	052 Surface Water	049 Waste Water
Operating revenue				
Charges for services	\$ 11,204,731	\$ 2,015,352	\$ 957,289	\$ 2,445,225
Other services	77,574	6,333	120	12,737
Total operating revenue	11,282,305	2,021,685	957,409	2,457,962
Operating expenses				
Personal services	1,889,636	323,878	247,404	270,908
Professional services	634,605	359,456	97,955	146,376
Purchased utilities	7,220,020	–	–	1,082,216
Materials and supplies	476,870	82,255	4,989	39,193
Insurance	–	–	–	–
Other	20,985	96	–	121,651
Total operating expenses	10,242,116	765,685	350,348	1,660,344
Operating income before depreciation	1,040,189	1,256,000	607,061	797,618
Depreciation	108,310	266,541	175,438	270,316
Operating income	931,879	989,459	431,623	527,302
Nonoperating revenues (expenses)				
Intergovernmental	22,937	14,937	696	755
Investment earnings (charges)	22,998	(60,241)	(20,892)	(33,293)
Franchise tax	–	–	–	–
Gain on disposal of capital assets	22,338	–	–	–
Other	–	–	–	–
Interest expense	(29,561)	(188,344)	(148,461)	(146,666)
Total nonoperating revenue (expenses)	38,712	(233,648)	(168,657)	(179,204)
Income before transfers	970,591	755,811	262,966	348,098
Transfers out	(300,000)	(205,000)	(80,000)	(145,000)
Change in net position	670,591	550,811	182,966	203,098
Net position				
Beginning of year	9,053,985	6,494,210	4,119,745	3,903,777
End of year	\$ 9,724,576	\$ 7,045,021	\$ 4,302,711	\$ 4,106,875

Change in net position – total enterprise funds

Adjustment to reflect the consolidation of the internal
service fund activities related to enterprise funds

Change in net position – business-type activities

Statement 9

<u>054</u>		<u>053</u>	Total	Governmental
Fiber Optic		Solid Waste		Activities – Internal Service
\$	213,176	\$ 1,004,764	\$ 17,840,537	\$ 1,669,905
	–	3,388	100,152	–
	<u>213,176</u>	<u>1,008,152</u>	<u>17,940,689</u>	<u>1,669,905</u>
	–	49,811	2,781,637	–
100,881	869,866	2,209,139	566,788	
–	237	8,302,473	–	
–	8,750	612,057	255,127	
–	–	–	441,311	
–	16,385	159,117	–	
<u>100,881</u>	<u>945,049</u>	<u>14,064,423</u>	<u>1,263,226</u>	
112,295	63,103	3,876,266	406,679	
<u>44,439</u>	<u>–</u>	<u>865,044</u>	<u>316,941</u>	
67,856	63,103	3,011,222	89,738	
–	30,452	69,777	–	
–	(14,256)	(105,684)	(60,667)	
–	–	–	190,207	
–	–	22,338	23,925	
–	–	–	24,775	
–	(2,425)	(515,457)	–	
<u>–</u>	<u>13,771</u>	<u>(529,026)</u>	<u>178,240</u>	
67,856	76,874	2,482,196	267,978	
<u>–</u>	<u>(60,000)</u>	<u>(790,000)</u>	<u>–</u>	
67,856	16,874	1,692,196	267,978	
<u>(666,465)</u>	<u>719,866</u>	<u>23,625,118</u>	<u>5,255,523</u>	
<u>\$ (598,609)</u>	<u>\$ 736,740</u>	<u>\$ 25,317,314</u>	<u>\$ 5,523,501</u>	
		\$ 1,692,196		
		<u>100,109</u>		
		<u>\$ 1,792,305</u>		

CITY OF NORTH ST. PAUL

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

	Business-Type Activities – Enterprise Funds			
	Major Funds			
	050 Electric	048 Water	052 Surface Water	049 Waste Water
Cash flows from operating activities				
Cash received from customers	\$ 11,265,769	\$ 2,035,542	\$ 974,141	\$ 2,464,265
Cash receipts on interfund services provided	–	–	–	–
Cash payments to suppliers	(8,589,461)	(485,815)	(161,691)	(1,624,690)
Cash payments to employees for services	(1,746,673)	(269,994)	(209,154)	(230,734)
Net cash flows from operating activities	929,635	1,279,733	603,296	608,841
Cash flows from noncapital financing activities				
Grants received	22,937	14,937	696	755
Franchise tax received	–	–	–	–
Cash received from other funds	–	–	50,462	50,462
Cash paid to other funds	(42,811)	–	–	–
Transfers out	(300,000)	(205,000)	(80,000)	(145,000)
Net cash flows from noncapital financing activities	(319,874)	(190,063)	(28,842)	(93,783)
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	–	(301,156)	(329,067)	(96,082)
Proceeds from the disposal of capital assets	71,605	–	–	–
Proceeds from issuance of revenue bonds	–	2,261,446	2,113,846	1,130,766
Payment on bonds	(145,000)	(919,399)	(707,832)	(935,893)
Interest paid	(33,186)	(172,267)	(128,613)	(152,915)
Net cash flows from capital and related financing activities	(106,581)	868,624	948,334	(54,124)
Cash flows from investing activities				
Interest received (charged) on investments	4,378	(78,115)	(33,377)	(42,132)
Net change in cash and cash equivalents	507,558	1,880,179	1,489,411	418,802
Cash and investments				
Beginning of year	4,500,934	5,635,733	2,494,638	2,546,258
End of year	<u>\$ 5,008,492</u>	<u>\$ 7,515,912</u>	<u>\$ 3,984,049</u>	<u>\$ 2,965,060</u>
Reconciliation of cash and cash equivalents				
Cash and investments	\$ 4,814,992	\$ 7,515,912	\$ 3,984,049	\$ 2,965,060
Cash and investments restricted for debt service	193,500	–	–	–
Cash and cash equivalents per Statement of Net Position	<u>\$ 5,008,492</u>	<u>\$ 7,515,912</u>	<u>\$ 3,984,049</u>	<u>\$ 2,965,060</u>
Reconciliation of operating income to net cash flows from operating activities				
Operating income	\$ 931,879	\$ 989,459	\$ 431,623	\$ 527,302
Adjustments to reconcile operating income to net cash flows from operating activities				
Depreciation	108,310	266,541	175,438	270,316
Other	–	–	–	–
Change in assets, deferred outflows, liabilities, and deferred inflows				
Accounts receivable	(22,891)	12,198	16,279	729
Special assessments receivable	80	1,659	453	1,574
Inventory	(73,032)	–	–	–
Prepaid items	–	53	–	(88,341)
Deferred outflows	144,941	10,483	8,987	9,681
Accounts and contracts payable	(164,520)	(34,310)	(59,282)	8,718
Accrued salaries and employee benefits payable	2,992	1,084	644	483
Customer deposits	6,275	–	–	4,000
Due to other governments	571	(9,751)	535	(155,631)
Unearned revenue	–	–	–	–
Total OPEB liability	199,100	32,451	20,641	24,071
Net pension liability	608,792	97,251	78,081	84,592
Compensated absences	(71,276)	2,412	2,412	–
Deferred inflows	(741,586)	(89,797)	(72,515)	(78,653)
Net cash flows from operating activities	<u>\$ 929,635</u>	<u>\$ 1,279,733</u>	<u>\$ 603,296</u>	<u>\$ 608,841</u>
Noncash investing, capital, and financing activities				
Payments of capital assets on account	<u>\$ –</u>	<u>\$ (367,548)</u>	<u>\$ (38,791)</u>	<u>\$ (256,237)</u>
Amortization of bond premium	<u>\$ –</u>	<u>\$ 17,917</u>	<u>\$ 13,337</u>	<u>\$ 19,454</u>

See notes to basic financial statements

Statement 10

054 Fiber Optic	053 Solid Waste	Total	Governmental Activities – Internal Service
\$ 207,108	\$ 990,338	\$ 17,937,163	\$ –
–	–	–	1,754,056
(106,184)	(969,076)	(11,936,917)	(1,306,959)
–	(49,411)	(2,505,966)	–
100,924	(28,149)	3,494,280	447,097
–	30,452	69,777	–
–	–	–	190,207
–	–	100,924	–
(100,924)	–	(143,735)	–
–	(60,000)	(790,000)	–
(100,924)	(29,548)	(763,034)	190,207
–	–	(726,305)	(531,702)
–	–	71,605	23,925
–	–	5,506,058	–
–	(51,600)	(2,759,724)	–
–	(4,109)	(491,090)	–
–	(55,709)	1,600,544	(507,777)
–	(15,614)	(164,860)	(68,069)
–	(129,020)	4,166,930	61,458
–	895,172	16,072,735	3,798,430
\$ –	\$ 766,152	\$ 20,239,665	\$ 3,859,888
\$ –	\$ 766,152	\$ 20,046,165	\$ 3,859,888
–	–	193,500	–
\$ –	\$ 766,152	\$ 20,239,665	\$ 3,859,888
\$ 67,856	\$ 63,103	\$ 3,011,222	\$ 89,738
44,439	–	865,044	316,941
–	–	–	24,775
7,437	(18,358)	(4,606)	51,726
–	544	4,310	–
–	–	(73,032)	–
–	–	(88,288)	12,141
–	–	174,092	–
(5,303)	(35,088)	(289,785)	(55,926)
–	400	5,603	7,650
–	–	10,275	–
–	(38,750)	(203,026)	52
(13,505)	–	(13,505)	–
–	–	276,263	–
–	–	868,716	–
–	–	(66,452)	–
–	–	(982,551)	–
\$ 100,924	\$ (28,149)	\$ 3,494,280	\$ 447,097
\$ –	\$ –	\$ (662,576)	\$ –
\$ –	\$ 1,254	\$ 51,962	\$ –

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CITY OF NORTH ST. PAUL

Notes to Basic Financial Statements
as of December 31, 2022

Index to Notes

Note Number	Title
1	Significant Accounting Policies
2	Deposits and Investments
3	Lease Receivable
4	Interfund Transactions
5	Capital Assets
6	Long-Term Debt
7	Defined Benefit Pension Plans
8	Defined Benefit Pension Plans – State-Wide
9	Defined Benefit Pension Plans – Fire Relief Association
10	Other Post-Employment Benefits (OPEB) Plan
11	Stewardship and Accountability
12	Net Position/Fund Balances
13	Jointly Governed Organization
14	Tax Abatement Agreements
15	Commitments and Contingencies
16	Subsequent Events

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The City of North St. Paul, Minnesota (the City) operates under “Optional Plan B” as defined in Minnesota Statutes, Chapter 412. Under this plan, the government of the City is run by a council composed of an elected mayor and four councilmembers. The City Council exercises legislative authority and determines all matters of policy. The city manager, who is appointed by the City Council, is responsible for the proper administration of all affairs relating to the City.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements include the City (the primary government) and its component units. Component units are legally separate entities for which the primary government is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit’s board, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally dependent upon by the potential component unit.

The North St. Paul Housing and Redevelopment Authority (HRA) is a legally separate organization created in accordance with Minnesota Statutes § 469. The HRA is fiscally dependent upon the City for any funding shortfalls, is governed by a Board consisting of the City Council members, with management of the City having operational responsibility for the component unit. Therefore, the HRA is included as a component unit of the City. The HRA’s financial data has been blended with that of the City (i.e., reported as though its funds were funds of the City). The HRA does not issue separate financial statements.

The North St. Paul Economic Development Authority (EDA) is a legally separate organization and assists the City with economic development activities within the City. The purpose of the EDA is to support and benefit the City’s ongoing activities of improvement and development. The governing body consists of seven members, two of which are City Council members. The mayor appoints all EDA commissioners with approval by the City Council. The City has the ability to impose its will on the EDA and periodically provides subsidies to support the EDA when it experiences operating deficits that are not financed by other means. Due to the EDA Governing Board not being substantively the same as the City’s, the EDA is a discretely presented component unit in these financial statements. The EDA does not issue separate financial statements.

C. Service Area

The City’s utilities service area includes parts of the cities of Maplewood and Oakdale. The utilities provided are electric, water, and waste water. All revenues received and expenses paid in relation to the services provided to this extended service area are included in the accompanying financial statements.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all of the financial activities of the City. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which significantly rely upon sales, fees, and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported as general revenues.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, charges between the City's enterprise funds and other functions are not eliminated, as that would distort the direct costs and program revenues reported in those functions. Depreciation expense is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

E. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, transactions are recorded in the following manner:

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year-end. 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. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Major revenue that is susceptible to accrual includes property taxes, special assessments, intergovernmental revenue, charges for services, and interest earned on investments. Major revenue that is not susceptible to accrual includes licenses and permits, fees, and miscellaneous revenue. Such revenue is recorded only when received because it is not measurable until collected.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term obligations, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds.

Proprietary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, similar to the government-wide financial statements. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. The operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses that do not meet this definition are reported as nonoperating revenues and expenses.

Aggregated information for the internal service funds is reported in a single column in the proprietary fund financial statements. Because the principal user of the internal services is the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Description of Funds

The City reports the following major governmental funds:

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

TIF 4-10 Anchor Block North – Housing Tax Increment Special Revenue Fund – This fund administers the resources for the development of this tax increment district.

Street Improvement Revolving Capital Projects Fund – This fund administers resources for street improvement projects.

The City reports the following major enterprise funds:

Electric Fund – The Electric Fund accounts for the activities of the City's electric distribution operations.

Water Fund – The Water Fund accounts for the activities of the City's water distribution operations.

Surface Water Fund – The Surface Water Fund accounts for the activities of the City's surface water management operations.

Waste Water Fund – The Waste Water Fund accounts for the activities of the City's waste water processing operations.

Fiber Optic Fund – The Fiber Optic Fund accounts for the activities of the City's telecommunication operations.

Solid Waste Fund – The Solid Waste Fund accounts for the activities of the City's solid waste collection operations.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the City reports the following fund type:

Internal Service Funds – Internal service funds account for the financing of goods and services provided to other departments or agencies of the City on a cost-reimbursement basis. The City utilizes an Equipment Internal Service Fund, City Mechanic Internal Service Fund, Insurance Internal Service Fund, Information Technology Internal Service Fund, and Building Maintenance Internal Service Fund in managing city operations.

F. Cash and Investments

Cash and investments include balances that are combined and invested to the extent available in various securities as authorized by state law. Allocations of pooled investment earnings to the respective funds is based on participation by each fund. Restricted cash and investments for debt service in the Electric Fund include balances held in an account in accordance with debt agreements to subsidize potential deficiencies from the Electric Fund operation that could adversely affect debt service payments. Interest on restricted cash and investments is allocated directly to the applicable fund.

The City generally reports investments at fair value. The Minnesota Municipal Money Market (4M) Fund is an external investment pool regulated by Minnesota Statutes that is not registered with the Securities and Exchange Commission (SEC), but 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.

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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; and 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 2 for the City's recurring fair value measurements as of year-end.

G. Receivables

Utility and miscellaneous accounts receivable are reported at gross. Since the City is generally able to certify delinquent amounts to the county for collection as special assessments, no allowance for uncollectible accounts has been provided on current receivables. The City has recorded a \$30,000 allowance for the amount of utility receivables that remain delinquent after having been certified to the county. The only receivables not expected to be collected within one year are lease receivable, property taxes receivable, and special assessments receivable.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Interfund Receivables and Payables

In the fund financial statements, activity between funds that is representative of lending or borrowing arrangements is reported as either “due to/from other funds” (current portion) or “advances to/from other funds.” All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

I. 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 the levies over all taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the City on that date. Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes are due in full on May 15. The county provides tax settlements to cities and other taxing districts three times a year: in July, December, and January.

Property taxes are recognized as revenue in the year levied in the government-wide financial statements and proprietary fund financial statements. In the governmental fund financial statements, taxes are recognized as revenue when received in cash or within 60 days after year-end. Taxes which remain unpaid on December 31 are classified as delinquent taxes receivable and are offset by a deferred inflow of resources in the governmental fund financial statements.

J. Special Assessments

Special assessments primarily represent the financing for public improvements paid for by benefiting property owners. As previously mentioned under receivables, the City is also generally able to certify delinquent amounts to the county for collection as special assessments. Special assessments are recorded as receivables upon certification to the county. Special assessments are recognized as revenue in the year levied in the government-wide financial statements and proprietary fund financial statements. In the governmental fund financial statements, special assessments are recognized as revenue when received in cash or within 60 days after year-end. Governmental fund special assessments receivable, which remain unpaid on December 31, are offset by a deferred inflow of resources in the governmental fund financial statements. Delinquent assessments receivable at December 31, 2022 totaled \$12,066.

K. Inventories

Inventories of the proprietary funds are stated at cost for supplies and at the lower of cost or acquisition value for inventory held for resale, cost being determined by the first-in, first-out method.

L. Prepaid Items

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Capital Assets

Capital assets, which include property, buildings, improvements, equipment, and infrastructure assets (roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value on the date of donation. The City defines capital assets as those with an initial, individual cost greater than \$25,000 for real or personal property and \$125,000 for infrastructure items. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Capital assets are recorded in the government-wide and proprietary fund financial statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Capital assets not being depreciated include land and construction in progress.

The estimated useful lives are as follows:

Buildings and structures	10–40 years
Furniture and equipment	5–15 years
Infrastructure	20–50 years

N. Compensated Absences

It is the City's policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits. In the government-wide and proprietary fund financial statements, sick leave is accrued as used or when it becomes likely that it will be paid as termination pay, while vacation is accrued when incurred. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

O. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, if material, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position or balance sheets will sometimes report separate sections for deferred outflows or inflows of resources. These separate financial statement elements represent a consumption or acquisition of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of financial resources (revenue) until then.

The City reports deferred outflows and inflows of resources related to pensions and other post-employment benefits (OPEB) in the government-wide and enterprise funds Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, net collective difference between projected and actual investment earnings, changes in proportion, and 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 and OPEB standards.

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 from loans, property taxes, and special assessments arises under a modified accrual basis of accounting and is reported only in the governmental funds Balance Sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City also reports deferred inflows of resources related to state aid entitlements received for subsequent years in the government-wide and governmental funds Balance Sheet. This item is deferred and recognized as an inflow of resources in the period that the resources are appropriated.

Q. State-Wide Pension Plans

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 the PERA's fiduciary net position have been determined on the same basis as they are reported by the 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.

R. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements for the General Fund, Housing Redevelopment Authority Fund, Community Center Fund, Park Fund, and the Economic Development Authority Fund:

1. The city manager submits a proposed operating budget for the fiscal year commencing the following January 1 to the City Council. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. The budgets are legally enacted through passage of a resolution by the City Council. Budgetary control is achieved in debt service funds through general obligation bond indenture provisions. Budgetary control for capital projects funds and special revenue funds are accomplished through the use of project controls, not legally enacted budgets.
4. The budgets are adopted using the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America.
5. Budgetary control is maintained at the department level. Also, inherent in this controlling function is management's 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 manager, 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.

During the budget year, supplemental appropriations can be authorized by the City Council. The amounts shown in the financial statements as "final budgeted amounts" represent the original budgeted amount and all revisions made during the year. Budgeted expenditure appropriations lapse at year-end, but may be adopted in the subsequent year.

S. Assets Held for Resale

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

T. 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 government-wide cash and investment management pool is considered to be cash equivalent.

U. Net Position and Flow Assumptions

In the government-wide and proprietary fund financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other elements of net position that do not meet the definition of "restricted" or "net investment in capital assets."

The City applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Fund Balance Classifications and 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. 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 resolution 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.
- **Assigned** – Consists of internally imposed constraints for amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. Assigned amounts represent intended uses established by the City Council itself or by an official to which the City Council delegates the authority by resolution. Pursuant to City Council resolution, the city manager and/or finance director are authorized to establish assignments of fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- **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, the City first uses restricted resources, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use, the City uses resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

W. Restricted Assets

Restricted assets are cash, investments, and interest accrued thereon, if applicable; the use of which is limited by external requirements, such as a bond indenture or trust agreement.

X. 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. The City participates in the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool for its general property and casualty, workers' compensation, and other miscellaneous insurance coverages. The LMCIT operates as a common risk management and insurance program for Minnesota cities. The City pays an annual premium to the LMCIT for insurance coverage. The LMCIT agreement provides that the trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits. The City also carries commercial insurance for certain other risks of loss. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. There were no significant reductions in the City's insurance coverage in the current year.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Y. Use of Estimates

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

Z. 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 this new GASB statement in the current year resulted in the City reporting a new lease receivable and deferred inflows of resources, but did not require a restatement of net position. See Note 3 for additional detail on this change in the current year.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

Cash and investments at year-end consist of the following:

Deposits	\$ 4,433,465
Investments	40,318,195
Cash on hand	<u>1,800</u>
Total	<u>\$ 44,753,460</u>

Cash and investments are included on the basic financial statements as follows:

Statement of Net Position	
Primary government	
Cash and investments	\$ 44,140,903
Restricted assets – temporarily restricted	
Cash and investments for debt service	193,500
Component unit	
Cash and investments	<u>419,057</u>
Total	<u>\$ 44,753,460</u>

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Deposits

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council, including checking accounts and certificates of deposit.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The City has no additional deposit policies addressing custodial credit risk.

At year-end, the carrying amount of the City’s deposits was \$4,433,465, while the balance on the bank records was \$4,772,553. At December 31, 2022, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the City’s agent in the City’s name.

C. Investments

The City has the following investments at year-end:

Investment Type	Credit Risk		Fair Value Measurements Using	Interest Risk – Maturity Duration in Years		Total
	Rating	Agency		Less Than 1	1 to 5	
U.S. treasuries	AAA	Moody’s	Level 1	\$ 1,961,240	\$ 3,805,470	\$ 5,766,710
U.S. agencies	AA	S&P	Level 2	8,073,800	2,896,410	10,970,210
U.S. agencies	AAA	Moody’s	Level 2	2,285,515	–	2,285,515
Municipal securities	AA	Moody’s	Level 2	914,886	2,105,531	3,020,417
Municipal securities	A	Moody’s	Level 2	400,384	117,075	517,459
Municipal securities	AAA	S&P	Level 2	–	1,767,111	1,767,111
Municipal securities	AA	S&P	Level 2	957,945	5,793,388	6,751,333
Negotiable certificates of deposit	N/R	N/A	Level 2	3,342,386	2,334,257	5,676,643
				<u>\$ 17,936,156</u>	<u>\$ 18,819,242</u>	36,755,398
Investment pools/mutual funds						
First American Treasury Obligation Fund	AAA	S&P	Level 1	N/A	N/A	3,146,016
Minnesota Municipal Money Market Fund	N/R	N/A	N/A	N/A	N/A	416,781
Total investments						<u>\$ 40,318,195</u>

N/A – Not Applicable

N/R – Not Rated

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policies do not further address this risk, but typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the City's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. The City's investment policies do not further address credit risk.

Concentration Risk – This is the risk associated with investing a significant portion of the City's investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. At December 31, 2022, the City had 9.0 percent of its portfolio invested with Federal Home Loan Bank, 9.0 percent with Fannie Mae, and 5.5 percent with Federal Farm Credit Bank. The City's investment policies do not limit the concentration of investments.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City's investment policy notes the City will not directly invest in securities maturing more than 10 years from the date of purchase.

NOTE 3 – LEASE RECEIVABLE

The City has entered into lease receivable agreements for cell tower rental space on city property. These leases are reported using an incremental borrowing rate of 3.30 percent with a final maturity in fiscal 2046. During the current year, the City received principal and interest payments on these leases of \$161,238.

NOTE 4 – INTERFUND TRANSACTIONS

A. Advances To and Advances From Other Funds

Advances to and from other funds at year-end were as follows:

Advances To Other Funds	Advances From Other Funds			
	Governmental		Proprietary	Total
	TIF 4-10 Anchor Block North – Housing Tax Increment	Nonmajor	Fiber Optic	
Governmental				
General	\$ –	\$ 32,368	\$ –	\$ 32,368
Proprietary				
Electric	2,935,845	1,368,599	–	4,304,444
Surface Water	–	–	1,028,677	1,028,677
Waste Water	–	–	1,028,677	1,028,677
Total	<u>\$ 2,935,845</u>	<u>\$ 1,400,967</u>	<u>\$ 2,057,354</u>	<u>\$ 6,394,166</u>

Advances to and from other funds are utilized for cash flow purposes to eliminate cash balance deficits.

B. Interfund Transfers

Interfund transfers for the year were as follows:

Transfers Out	Transfers In		
	Governmental		Total
	General	Nonmajor	
Governmental			
Nonmajor	\$ 20,000	\$ 1,226,939	\$ 1,246,939
Proprietary			
Electric	300,000	–	300,000
Water	205,000	–	205,000
Surface Water	80,000	–	80,000
Waste Water	145,000	–	145,000
Solid Waste	60,000	–	60,000
Total	<u>\$ 810,000</u>	<u>\$ 1,226,939</u>	<u>\$ 2,036,939</u>

Transfers are made in accordance with budget appropriations or as approved by the City Council for special funding of city activities.

NOTE 5 – CAPITAL ASSETS

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

A. Changes in Capital Assets Used in Governmental Activities

	Beginning Balance	Additions	Deletions	Completed Construction	Ending Balance
Capital assets, not being depreciated					
Land	\$ 3,926,167	\$ –	\$ –	\$ –	\$ 3,926,167
Construction in progress	3,222,216	2,584,050	–	(2,940,316)	2,865,950
Total capital assets, not being depreciated	7,148,383	2,584,050	–	(2,940,316)	6,792,117
Capital assets, depreciated					
Buildings and structures	20,987,743	–	–	–	20,987,743
Furniture and equipment	5,249,784	531,702	(126,161)	–	5,655,325
Infrastructure	28,141,982	–	–	2,940,316	31,082,298
Total capital assets, depreciated	54,379,509	531,702	(126,161)	2,940,316	57,725,366
Less accumulated depreciation on					
Buildings and structures	8,174,913	523,754	–	–	8,698,667
Furniture and equipment	3,335,898	357,128	(126,161)	–	3,566,865
Infrastructure	11,482,372	1,049,780	–	–	12,532,152
Total accumulated depreciation	22,993,183	1,930,662	(126,161)	–	24,797,684
Total capital assets, depreciated, net	31,386,326	(1,398,960)	–	2,940,316	32,927,682
Net capital assets	\$ 38,534,709	\$ 1,185,090	\$ –	\$ –	\$ 39,719,799

B. Changes in Capital Assets Used in Business-Type Activities

	Beginning Balance	Additions	Deletions	Completed Construction	Ending Balance
Capital assets, not being depreciated					
Land	\$ 331,728	\$ –	\$ –	\$ –	\$ 331,728
Construction in progress	2,614,197	1,388,881	–	(2,637,913)	1,365,165
Total capital assets, not being depreciated	2,945,925	1,388,881	–	(2,637,913)	1,696,893
Capital assets, depreciated					
Buildings and structures	5,040,830	–	–	–	5,040,830
Furniture and equipment	3,185,525	–	(143,319)	–	3,042,206
Infrastructure	23,638,792	–	–	2,637,913	26,276,705
Total capital assets, depreciated	31,865,147	–	(143,319)	2,637,913	34,359,741
Less accumulated depreciation on					
Buildings and structures	3,573,917	67,881	–	–	3,641,798
Furniture and equipment	2,311,389	134,366	(94,052)	–	2,351,703
Infrastructure	10,953,817	662,797	–	–	11,616,614
Total accumulated depreciation	16,839,123	865,044	(94,052)	–	17,610,115
Total capital assets, depreciated, net	15,026,024	(865,044)	(49,267)	2,637,913	16,749,626
Net capital assets	\$ 17,971,949	\$ 523,837	\$ (49,267)	\$ –	\$ 18,446,519

NOTE 5 – CAPITAL ASSETS (CONTINUED)

C. Depreciation Expense by Function

Depreciation expense was charged to the following functions:

Governmental activities	
General government	\$ 295,590
Public safety	21,032
Public works	1,234,698
Parks and recreation	62,401
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>316,941</u>
Total depreciation expense – governmental activities	<u><u>\$ 1,930,662</u></u>
Business-type activities	
Electric	\$ 108,310
Water	266,541
Surface water	175,438
Waste water	270,316
Fiber optic	<u>44,439</u>
Total depreciation expense – business-type activities	<u><u>\$ 865,044</u></u>

NOTE 6 – LONG-TERM DEBT

A. Components of Long-Term Debt

	Original Issue	Interest Rate	Issue Date	Final Maturity Date	Balance – End of Year
Governmental activities					
General obligation bonds					
Tax Increment Refunding Bonds of 2015A	\$ 1,595,000	2.000–3.000%	2015	2032	\$ 885,000
Improvement Bonds of 2016A	\$ 2,640,000	2.000–2.100%	2016	2032	1,800,000
Tax Abatement Bonds of 2016A	\$ 1,240,000	2.000–2.500%	2016	2037	975,000
Capital Improvement Refunding Bonds of 2016B	\$ 2,430,000	2.000%	2016	2025	1,255,000
Improvement Bonds of 2017A	\$ 1,051,380	1.650–3.000%	2017	2033	779,597
Improvement Bonds of 2018A	\$ 3,475,000	3.000–5.000%	2018	2034	2,945,000
Taxable Tax Increment Bonds of 2020A	\$ 6,325,000	2.000–3.000%	2020	2048	6,325,000
Improvement Refunding Bonds of 2021A	\$ 960,000	2.000%	2021	2030	960,000
Improvement Bonds of 2022A	\$ 4,590,000	3.050–4.000%	2022	2042	4,590,000
Premium					572,085
Compensated absences					638,465
Total governmental activities					<u>\$ 21,725,147</u>
Business-type activities					
Electric Utility Revenue Bonds of 2009C	\$ 1,935,000	2.750–6.000%	2009	2025	\$ 465,000
General obligation bonds					
Utility Revenue Refunding Bonds of 2015A	\$ 4,650,000	2.000–3.000%	2015	2027	1,970,000
Utility Revenue Bonds of 2016A	\$ 3,605,000	2.000–2.100%	2016	2032	2,515,000
Utility Revenue Bonds of 2017A	\$ 438,620	1.650–3.000%	2017	2033	60,403
Utility Revenue Bonds of 2018A	\$ 3,465,000	3.000–5.000%	2018	2034	2,980,000
Utility Revenue Bonds of 2020B	\$ 1,830,000	2.000–3.000%	2020	2035	1,615,000
Utility Revenue Refunding Bonds of 2021A	\$ 1,435,000	2.000%	2021	2030	1,435,000
Utility Revenue Bonds of 2022A	\$ 5,405,000	3.050–4.000%	2022	2042	5,405,000
Premium					522,223
Compensated absences					192,217
Total business-type activities					<u>\$ 17,159,843</u>
Total government-wide activities					<u>\$ 38,884,990</u>

B. Changes in Long-Term Debt

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities					
G.O. tax increment bonds	\$ 7,310,000	\$ –	\$ 100,000	\$ 7,210,000	\$ 145,000
General obligation bonds	10,899,873	4,590,000	2,185,276	13,304,597	1,235,159
Premium	541,527	85,944	55,386	572,085	–
Total bonds	18,751,400	4,675,944	2,340,662	21,086,682	1,380,159
Compensated absences	489,121	472,880	323,536	638,465	323,536
Total governmental activities	19,240,521	5,148,824	2,664,198	21,725,147	1,703,695
Business-type activities					
Utility revenue bonds	13,800,127	5,405,000	2,759,724	16,445,403	1,554,841
Premium	473,127	101,058	51,962	522,223	–
Total bonds	14,273,254	5,506,058	2,811,686	16,967,626	1,554,841
Compensated absences	258,669	78,912	145,364	192,217	145,362
Total business-type activities	14,531,923	5,584,970	2,957,050	17,159,843	1,700,203
Total government-wide	<u>\$ 33,772,444</u>	<u>\$ 10,733,794</u>	<u>\$ 5,621,248</u>	<u>\$ 38,884,990</u>	<u>\$ 3,403,898</u>

NOTE 6 – LONG-TERM DEBT (CONTINUED)

C. Minimum Debt Payments

Minimum annual payments required to retire bonds are as follows:

Year Ending December 31,	Governmental Activities				Business-Type Activities	
	Tax Increment		General Obligation		Utility Revenue	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 145,000	\$ 188,816	\$ 1,235,159	\$ 401,321	\$ 1,554,841	\$ 495,773
2024	295,000	183,041	1,225,038	345,645	1,554,962	421,357
2025	300,000	174,979	1,239,915	310,384	1,590,085	370,984
2026	310,000	166,560	829,788	278,760	1,245,212	326,326
2027	320,000	157,723	859,658	250,490	1,280,342	287,309
2028–2032	1,380,000	664,400	4,276,229	872,544	5,088,771	981,113
2033–2037	1,205,000	515,851	2,208,810	382,868	2,441,190	434,236
2038–2042	1,360,000	357,688	1,430,000	126,158	1,690,000	149,391
2043–2047	1,555,000	160,436	–	–	–	–
2048	340,000	4,845	–	–	–	–
Total	<u>\$ 7,210,000</u>	<u>\$ 2,574,339</u>	<u>\$ 13,304,597</u>	<u>\$ 2,968,170</u>	<u>\$ 16,445,403</u>	<u>\$ 3,466,489</u>

D. Descriptions of Long-Term Debt

- **General Obligation Tax Increment Bonds** – The City has established tax increment financing districts and has issued general obligation tax increment bonds in accordance with Minnesota Statutes. It is anticipated that the tax increment revenues, derived from the captured assessed value of property in the tax increment district, will provide substantially all funds necessary to retire the bond principal and interest. In addition, future tax levies may be placed on the tax rolls annually as scheduled for supplementary financing.
- **General Obligation Bonds** – These bonds were issued for the construction of municipal buildings and streets, which also benefit the City as a whole and, therefore, are repaid from ad valorem levies and other sources.
- **Utility Revenue Bonds** – Electric, Water, Surface Water, Waste Water, and Solid Waste Enterprise Fund revenues will be used to repay this debt. The liability is recorded in the applicable enterprise fund.

During 2010, the City transferred an asset from the enterprise funds to the governmental funds totaling \$4,274,827. The City issued utility revenue bonds and electric utility revenue bonds to fund part of this project. With the transfer of the asset, the City no longer includes the related debt in its calculation of net investment in capital assets, causing the City's unrestricted net position to decrease.

- **Other Long-Term Liabilities** – The City provides its employees with various benefits, including compensated absences, pension benefits, and OPEB as further described elsewhere in these notes. The General, Electric, Water, Surface Water, and Waste Water Funds will be used to liquidate these liabilities.

NOTE 6 – LONG-TERM DEBT (CONTINUED)

E. Refunding Bond Activity

In November 2021, the City issued \$2,395,000 of General Obligation Refunding Bonds, Series 2021A. The proceeds of this issue were used to refund, in advance of their stated maturities, the remaining maturities of the City's General Obligation Bonds, Series 2014A on February 1, 2022. This current refunding reduced the City's total future debt service payments by \$274,612, and resulted in a present value savings of approximately \$266,286.

F. Arbitrage Rebate

The Tax Reform Act of 1986 requires governmental entities to pay to the federal government income earned on the proceeds from the issuance of debt in excess of interest costs, pending the expenditure of the borrowed funds. This rebate of interest income (known as arbitrage) applies to governmental debt issued after August 31, 1986. In the opinion of management, any obligation would be immaterial.

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
Tax Increment Refunding Bonds of 2015A	Street and site improvements	Tax increment financing	100%	2015–2032	\$ 985,519	\$ 123,813	\$ 283,022
Tax Increment Revenue Bonds of 2020A	Street and site improvements	Tax increment financing	100%	2020–2048	\$ 8,798,820	\$ 167,785	\$ 123,396
Electric Utility Revenue Bonds of 2009C	Utility improvements	Utility charges	100%	2009–2025	\$ 507,450	\$ 177,250	\$ 11,282,305
Utility Revenue Refunding Bonds of 2015A	Utility improvements	Utility charges	100%	2015–2027	\$ 2,073,106	\$ 515,338	\$ 6,445,208
Utility Revenue Bonds of 2016A	Utility improvements	Utility charges	100%	2016–2032	\$ 2,778,310	\$ 277,960	\$ 5,437,056
Utility Revenue Bonds of 2017A	Utility improvements	Utility charges	100%	2017–2033	\$ 69,797	\$ 6,345	\$ 3,415,371
Utility Revenue Bonds of 2018A	Utility improvements	Utility charges	100%	2018–2034	\$ 3,615,541	\$ 300,994	\$ 5,437,056
Utility Revenue Bonds of 2020B	Utility improvements	Utility charges	100%	2020–2035	\$ 1,857,275	\$ 140,650	\$ 5,437,056
Utility Revenue Refunding Bonds of 2021A	Utility improvements	Utility charges	100%	2021–2030	\$ 1,553,850	\$ 20,170	\$ 5,437,056
Utility Revenue Bonds of 2022A	Utility improvements	Utility charges	100%	2022–2042	\$ 7,456,563	\$ –	\$ 5,437,056

H. Bond Ratings

The City's most recent bond rating by Standard & Poor's was AA.

NOTE 7 – DEFINED BENEFIT PENSION PLANS

Employees of the City participate in three defined benefit pension plans. Two of the plans are state-wide, cost-sharing, multiple-employer defined benefit pension plans administered by the PERA of Minnesota; the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF). The third is a single-employer defined benefit pension plan administered through the North St. Paul Fire Department Relief Association (the Association). The details of the City's participation in each of these plans are presented later in these notes. The following table summarizes the impact of these plans on the City's government-wide financial statements:

Pension Plans	Net Pension Asset	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA – GERF	\$ –	\$ 3,175,934	\$ 947,315	\$ 119,245	\$ 389,096
PERA – PEPFF	–	6,740,635	4,754,816	151,755	525,757
Fire Relief	704,286	–	93,426	330,368	(13,815)
Total – all pensions	<u>\$ 704,286</u>	<u>\$ 9,916,569</u>	<u>\$ 5,795,557</u>	<u>\$ 601,368</u>	<u>\$ 901,038</u>

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

The City participates in the following cost-sharing, multiple-employer defined benefit pension plans administered by the PERA of Minnesota. The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. The PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City are covered by the GERF. The GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Public Employees Police and Fire Fund (PEPFF)

The Public Employees Police and Fire Fund (PEPFF), 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 PEPFF also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to the PERA.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

B. Benefits Provided

The PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statutes 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.

1. GERS Benefits

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 the 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 Plan 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 Plan 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 age 66.

Benefit increases are provided to benefit recipients each January. The post-retirement increase is equal to 50.0 percent of the cost of living adjustment (COLA) announced by the Social Security Administration, with a minimum increase of at least 1.0 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.

2. PEPFF Benefits

Benefits for the PEPFF members first hired after June 30, 2010 but before July 1, 2014, vest on a prorated basis from 50.0 percent after five years, up to 100.0 percent after 10 years of credited service. Benefits for the PEPFF members first hired after June 30, 2014 vest on a prorated basis from 50.0 percent after 10 years, up to 100.0 percent after 20 years of credited service. The annuity accrual rate is 3.0 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 post-retirement increase is fixed at 1.0 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 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

C. Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

1. GERF 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 GERF for the year ended December 31, 2022, were \$239,407. The City's contributions were equal to the required contributions as set by state statutes.

2. PEPFF 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 PEPFF for the year ended December 31, 2022, were \$351,119. The City's contributions were equal to the required contributions as set by state statutes.

D. Pension Costs

1. GERF Pension Costs

At December 31, 2022, the City reported a liability of \$3,175,934 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction, due to the state of Minnesota's contribution of \$16.0 million. The state of Minnesota is considered a nonemployer 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 \$92,938. 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 the 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 the PERA's participating employers. The City's proportionate share was 0.0401 percent at the end of the measurement period and 0.0410 percent for the beginning of the period.

The amount recognized by the City as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ 3,175,934
State's proportionate share of the net pension liability associated with the City	\$ 92,938

For the year ended December 31, 2022, the City recognized pension expense of \$375,175 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$13,921 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16.0 million to the GERF.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

At December 31, 2022, the City reported its proportionate share of the GERS'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	\$ 26,528	\$ 34,794
Changes in actuarial assumptions	734,416	13,658
Net collective difference between projected and actual investment earnings	34,569	—
Changes in proportion	23,498	70,793
Contributions paid to the PERA subsequent to the measurement date	128,304	—
Total	<u>\$ 947,315</u>	<u>\$ 119,245</u>

A total of \$128,304 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 ending December 31, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2023	\$ 271,353
2024	\$ 261,093
2025	\$ (119,897)
2026	\$ 287,217

2. PEPFF Pension Costs

At December 31, 2022, the City reported a liability of \$6,740,635 for its proportionate share of the PEPFF'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 proportion of the net pension liability was based on the City's contributions received by the 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 the PERA's participating employers. The City's proportionate share was 0.1549 percent at the end of the measurement period and 0.1458 percent for the beginning of the period.

The state of Minnesota contributed \$18.0 million to the PEPFF in the plan fiscal year ended June 30, 2022. The contribution consisted of \$9.0 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9.0 million direct state aid was paid on October 1, 2021. Thereafter, by October 1 of each year, the state will pay \$9.0 million to the PEPFF until full funding is reached or July 1, 2048, whichever is earlier. The \$9.0 million in supplemental state aid will continue until the fund is 90.0 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90.0 percent funded, whichever occurs later.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

The state of Minnesota is included as a nonemployer 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 \$9.0 million in direct state aid. 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 \$468,626 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$57,131 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the contribution of \$9.0 million to the PEPFF.

The amount recognized by the City as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ 6,740,635
State's proportionate share of the net pension liability associated with the City	\$ 294,529

The state of Minnesota is not included as a nonemployer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9.0 million in supplemental state aid. The City recognized \$13,941 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 PEPFF.

At December 31, 2022, the City reported its proportionate share of the PEPFF'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	\$ 403,916	\$ –
Changes in actuarial assumptions	3,885,315	40,750
Net collective difference between projected and actual investment earnings	197,869	–
Changes in proportion	77,366	111,005
Contributions paid to the PERA subsequent to the measurement date	190,350	–
Total	<u>\$ 4,754,816</u>	<u>\$ 151,755</u>

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

A total of \$190,350 reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2023	\$ 854,382
2024	\$ 858,925
2025	\$ 763,746
2026	\$ 1,363,112
2027	\$ 572,546

E. Long-Term Expected Return on Investments

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	33.50 %	5.10 %
International equity	16.50	5.30 %
Fixed income	25.00	0.75 %
Private markets	25.00	5.90 %
Total	<u>100.00 %</u>	

F. Actuarial Methods and 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 6.50 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 6.50 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 1.00 percent per year and that increase was used in the valuation.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.00 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 3.00 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 the PERA's experience.

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

The following changes in actuarial assumptions occurred in 2022:

1. GERP

CHANGES IN ACTUARIAL ASSUMPTIONS

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

2. PEPFF

CHANGES IN ACTUARIAL ASSUMPTIONS

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

G. Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.50 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, projected benefit payments exceed the fund's 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 6.50 percent applied to all years of projected benefits through the point of asset depletion and 3.69 percent thereafter.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

H. Pension Liability Sensitivity

The following table 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:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	5.50%	6.50%	7.50%
The City's proportionate share of the GERF net pension liability	\$ 5,016,553	\$ 3,175,934	\$ 1,666,341
PEPFF discount rate	4.40%	5.40%	6.40%
The City's proportionate share of the PEPFF net pension liability (asset)	\$ 10,201,088	\$ 6,740,635	\$ 3,943,068

I. Pension Plan Fiduciary Net Position

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION

A. Plan Description

All members of the North St. Paul Fire Department (the Department) are covered by a defined benefit plan administered by the North St. Paul Fire Department Relief Association (the Association). As of the most recent valuation, the plan covered 29 active firefighters and 6 vested terminated firefighters whose pension benefits are deferred. The plan is a single-employer retirement plan and is established and administered in accordance with Minnesota Statutes, Chapter 69.

The Association maintains a separate Special Fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (Chapter 261 as amended by Chapter 509 of Minnesota Statutes 1980). Funds are also derived from investment income.

NOTE 9 – DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION (CONTINUED)

B. Benefits Provided

A firefighter who completes at least 20 years as an active member of the Department is entitled, after age 50, to a full service pension upon retirement.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as described by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years, and have completed at least 10 years of active membership, are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable nonforfeitable percentage of pension.

C. Contributions

Minnesota Statutes, Chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings, and, if necessary, employer contributions as specified in Minnesota Statutes and voluntary city contributions (if applicable). Required employer contributions are calculated annually based on statutory provisions. The City had no required contribution as set by state statutes. The City made a voluntary contribution to the plan for the year ended December 31, 2022 totaling \$14,113. Furthermore, the firefighter has no obligation to contribute to the plan.

D. Pension Costs

At December 31, 2022, the City reported a net pension asset of \$704,286 for the plan. The net pension asset was measured as of December 31, 2021. The total pension liability used to calculate the net pension asset in accordance with GASB Statement No. 68 was determined by applying an actuarial formula to specific census data certified by the Department as of December 31, 2021.

For the year ended December 31, 2022, the City recognized negative pension expense of \$13,815. The City also recognized \$73,275 as revenue for the state of Minnesota's on-behalf contributions to the Department.

**NOTE 9 – DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION
(CONTINUED)**

The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning balance – January 1, 2022	\$ 1,069,834	\$ 1,613,828	\$ (543,994)
Changes for the year			
Service cost	65,287	–	65,287
Interest	50,599	–	50,599
Contributions (state and local)	–	73,275	(73,275)
Contributions (donations and other income)	–	5,461	(5,461)
Net investment income	–	207,942	(207,942)
Benefit payments	(342,650)	(342,650)	–
Administrative costs	–	(10,500)	10,500
Total net changes	<u>(226,764)</u>	<u>(66,472)</u>	<u>(160,292)</u>
Ending balance – December 31, 2022	<u>\$ 843,070</u>	<u>\$ 1,547,356</u>	<u>\$ (704,286)</u>

At December 31, 2022, the City reported 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	\$ 20,295	\$ 131,295
Changes in actuarial assumptions	59,018	16,765
Differences between projected and actual investment earnings	–	182,308
Contributions subsequent to the measurement date	<u>14,113</u>	<u>–</u>
Total	<u>\$ 93,426</u>	<u>\$ 330,368</u>

A total of \$14,113 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 ending December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2023	\$ (42,132)
2024	\$ (91,084)
2025	\$ (48,514)
2026	\$ (35,682)
2027	\$ (8,776)
Thereafter	\$ (24,867)

**NOTE 9 – DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION
(CONTINUED)**

E. Actuarial Methods and Assumptions

The total pension liability at December 31, 2021 was determined using the entry-age normal actuarial cost method and the following actuarial assumptions:

Retirement eligibility at 100 percent service pension at age 50 with 20 years of service, early vested retirement at age 50 with 10 years of service reduced by 4 percent for each year of service less than 20 years and eligibility for deferred service pension payable at age 50 with 20 years of service	
Inflation rate	2.25% per year
Cost of living increases	Zero percent per year
Investment rate of return	5.25%
20-year municipal bond yield	2.00%

The 5.25 percent long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using the plan's target investment allocation, along with long-term return expectations by asset class. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

The target allocation and best-estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Nominal Rate of Return</u>
Domestic equity	42.00 %	4.42 %	6.67 %
International equity	19.00	4.91 %	7.16 %
Fixed income	32.00	1.00 %	3.25 %
Real estate and alternatives	1.00	3.98 %	6.23 %
Cash and equivalents	6.00	(0.33) %	1.92 %
Total	<u>100.00 %</u>		5.25 %

F. Discount Rate

The discount rate used to measure the total pension liability was 5.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in state statutes. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive 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.

**NOTE 9 – DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION
(CONTINUED)**

G. Pension Liability (Asset) Sensitivity

The following presents the City’s net pension liability (asset) for the plan, calculated using the discount rate disclosed in the preceding section, as well as what the City’s net pension liability (asset) would be if it were calculated using a discount rate 1 percent lower or 1 percent higher than the current discount rate:

	1% Decrease in Discount Rate (4.25%)	Current Discount Rate (5.25%)	1% Increase in Discount Rate (6.25%)
Net pension liability (asset)	\$ (649,311)	\$ (704,286)	\$ (755,233)

H. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report. This report may be obtained by writing to the North St. Paul Fire Department Relief Association, 2400 Margaret Street, North St. Paul, Minnesota 55109.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The City provides post-employment benefits to certain eligible employees through the City’s 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.

B. Benefits Provided

All retirees of the City have the option under state law to continue their medical insurance coverage through the City from the time of 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 medical and dental insurance. Per state statutes, the City is also required to contribute towards 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.

C. 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 \$79,935.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

D. Membership

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

Retirees and beneficiaries receiving benefits	8
Active plan members	<u>54</u>
Total members	<u><u>62</u></u>

E. Total OPEB Liability of the City

The City's total OPEB liability of \$1,076,095 as of year-end was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, using the entry-age method. The valuation utilized the alternative measurement method allowed for employers with fewer than 100 plan participants. The following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Discount rate	1.84%
20-year municipal bond yield	1.84%
Inflation rate	2.50%
Medical trend rate	6.80%, grading to 3.90% over 53 years

Since the Plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield.

Mortality rates were based on the Pub-2010 Public Safety Mortality Tables with projected mortality improvements based on Scale MP-2020, and other adjustments for the police and fire employees. Mortality rates for the general employees were based on Pub-2010 General Mortality Tables with projected mortality improvements based on Scale MP-2020, and other adjustments.

G. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Beginning balance – January 1, 2022	\$ 272,612
Changes for the year	
Service cost	14,998
Interest	5,361
Differences between expected and actual experience	781,846
Changes of assumptions	40,426
Benefit payments	<u>(39,148)</u>
Total net changes	<u>803,483</u>
Ending balance – December 31, 2022	<u><u>\$ 1,076,095</u></u>

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 2.00 percent to 1.84 percent.
- The inflation rate was changed from 2.25 percent to 2.50 percent.
- The healthcare trend rates, mortality tables, and payroll growth rates were updated for changes in recent studies and inflationary adjustments.

H. 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	0.84%	1.84%	2.84%
Total OPEB liability	\$ 1,169,249	\$ 1,076,095	\$ 993,752

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:

	<u>1% Decrease in Healthcare Cost Trend Rate</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
OPEB healthcare cost trend rate	5.80% grading to 2.90% over 53 years	6.80% grading to 3.90% over 53 years	7.80% grading to 4.90% over 53 years
Total OPEB liability	\$ 994,665	\$ 1,076,095	\$ 1,167,827

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

For the current year ended, the City recognized OPEB expense of \$842,631. As of year-end, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City's contributions subsequent to the measurement date	<u>\$ 79,935</u>	<u>\$ —</u>

A total of \$79,935 reported as deferred outflows of resources related to OPEB resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending December 31, 2023.

NOTE 11 – STEWARDSHIP AND ACCOUNTABILITY

A. Deficit Fund Equity

The following funds have a deficit fund equity at December 31, 2022:

	<u>Amount</u>
Governmental	
Special revenue fund	
TIF 4-10 Anchor Block North – Housing Tax Increment	\$ 2,937,254
Nonmajor funds	
Special revenue funds	
TIF 4-9 Margaret Street Tax Increment	\$ 42,549
TIF 4-10 Anchor Block North – Soils Tax Increment	\$ 1,368,599
Capital projects fund	
Municipal State Aid	\$ 1,258,166
Proprietary	
Enterprise fund	
Fiber Optic	\$ 598,609

The deficit in the TIF 4-10 Anchor Block North – Housing Tax Increment Special Revenue Fund will be reduced and eliminated as tax increment funds are received as a result of development.

The deficit in the TIF 4-9 Margaret Street Tax Increment Special Revenue Fund will be reduced and eliminated as tax increment funds are received as a result of development.

The deficit in the TIF 4-10 Anchor Block North – Soils Tax Increment Special Revenue Fund will be reduced and eliminated as tax increment funds are received as a result of development.

The deficit in the Municipal State Aid Capital Projects Fund will be reduced and eliminated as the City recognizes its annual allocation of funding each year.

The deficit in the Fiber Optic Fund will be reduced and eliminated as operations become established and continue to progress.

B. Expenditures Exceeding Appropriations

For the year ended December 31, 2022, actual expenditures exceeded budgeted expenditures in the following fund:

	<u>Amount</u>
Nonmajor governmental	
Community Center	\$ 11,424

Expenditures in excess of appropriations were financed by revenues in excess of budget and available fund balance.

NOTE 12 – NET POSITION/FUND BALANCES

A. Net Investment in Capital Assets

The government-wide statement of net position at December 31, 2022 includes the City's net investment in capital assets calculated as follows:

	Governmental Activities	Business-Type Activities	Total
Net investment in capital assets:			
Capital assets			
Nondepreciable	\$ 6,792,117	\$ 1,696,893	\$ 8,489,010
Depreciable, net of accumulated depreciation	32,927,682	16,749,626	49,677,308
Less capital related long-term debt outstanding	(13,876,682)	(15,841,947)	(29,718,629)
Less capital related accounts/contracts payable	(850,467)	(662,576)	(1,513,043)
Plus unspent bond proceeds	2,364,183	4,388,298	6,752,481
Total net investment in capital assets	<u>\$ 27,356,833</u>	<u>\$ 6,330,294</u>	<u>\$ 33,687,127</u>

B. Governmental Fund Balance Classifications

At December 31, 2022, the City had the following governmental fund balances:

	General	TIF 4-10 Anchor Block North – Housing Tax Increment	Street Improvement Revolving	Nonmajor	Total
Nonspendable					
Prepaid items	\$ 21,021	\$ –	\$ –	\$ –	\$ 21,021
Advance to other funds	32,368	–	–	–	32,368
Total nonspendable	<u>53,389</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>53,389</u>
Restricted					
HRA	–	–	–	1,584,549	1,584,549
Tax increment	–	–	–	1,411,060	1,411,060
Police forfeiture	–	–	–	10,698	10,698
Cable PEG fees	–	–	–	43,513	43,513
Street improvements	–	–	2,364,183	–	2,364,183
Debt service	–	–	–	2,548,020	2,548,020
Total restricted	<u>–</u>	<u>–</u>	<u>2,364,183</u>	<u>5,597,840</u>	<u>7,962,023</u>
Committed					
Asset preservation	–	–	–	1,645,947	1,645,947
Street maintenance	–	–	–	2,131,485	2,131,485
Total committed	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,777,432</u>	<u>3,777,432</u>
Assigned					
Fire relief	40,159	–	–	–	40,159
Community events	60,698	–	–	–	60,698
Community center	–	–	–	145,396	145,396
Street improvements	–	–	1,027,779	–	1,027,779
Permanent improvement revolving	–	–	–	404,337	404,337
Opioid response	–	–	–	78	78
Pandemic response	–	–	–	13,679	13,679
Park improvements	–	–	–	800,249	800,249
Total assigned	<u>100,857</u>	<u>–</u>	<u>1,027,779</u>	<u>1,363,739</u>	<u>2,492,375</u>
Unassigned	<u>4,170,579</u>	<u>(2,937,254)</u>	<u>–</u>	<u>(2,669,314)</u>	<u>(1,435,989)</u>
Total	<u>\$ 4,324,825</u>	<u>\$ (2,937,254)</u>	<u>\$ 3,391,962</u>	<u>\$ 8,069,697</u>	<u>\$ 12,849,230</u>

NOTE 12 – NET POSITION/FUND BALANCES (CONTINUED)

C. Minimum Fund Balance Policy

The City Council has formally adopted a fund balance policy that limits the amount of unassigned fund balance for the General Fund. The policy establishes the City will strive to maintain a minimum unassigned General Fund balance of 40 percent of the subsequent year's budgeted expenditures for working capital in the current year and in future years, will strive to maintain a minimum unassigned General Fund balance of 50 percent of the subsequent year's budgeted expenditures for working capital. At December 31, 2022, the unassigned fund balance for the General Fund was 46 percent of the subsequent year's budgeted expenditures.

NOTE 13 – JOINTLY GOVERNED ORGANIZATION

The City, in conjunction with seven other municipalities that provide distribution of electric services, created the Minnesota Municipal Power Agency (MMPA). The MMPA began operations on July 1, 1995. The MMPA purchases power that is purchased and distributed by the eight municipalities that operate electric distribution systems. The MMPA's Board of Directors is comprised of one member from each participating entity. Except for minimum purchase requirements, no participant has any obligation, entitlement, or residual interest. The City's purchases of power from the MMPA for the year ended December 31, 2022 were \$7,220,020. This agreement became effective on July 1, 1995 and shall remain in effect through October 31, 2040, and if it is not then terminated by at least five years' prior written notice given by either party to the other, it shall continue in full force and effect until so terminated.

NOTE 14 – 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 five agreements that would be considered a tax abatement under GASB Statement No. 77.

In 2006, the City entered into a development agreement with Gervais Court Properties, LLC to assist the developer with the financing of certain costs of a project constructed within the development district. For this agreement, 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 make annual installment payments to reimburse the landowner and developer for site acquisition and improvement costs through September 1, 2023. The outstanding principal balance as of December 31, 2022 for this agreement was \$27,000 and the City made payments totaling \$27,000 in the current year.

In 2009, the City entered into a development agreement with Flex Holding, LLC to assist the developer with the financing of certain costs of a project constructed within the development district. In 2013, the City entered into a second development agreement with Flex Holding, LLC. For both of these agreements, 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 90 percent of the incremental taxes received through execution of a tax increment revenue note to be retired in 2022. The outstanding principal balance as of December 31, 2022 on these agreements were \$0 and the City rebated \$63,331 in the current year.

NOTE 14 – TAX ABATEMENT AGREEMENTS (CONTINUED)

In 2013, the City entered into a development agreement with Helen Street Senior Housing, LLC to assist the developer with the financing of certain costs of a project constructed within the development district. For this agreement, 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 90 percent of the incremental taxes received through execution of a tax increment revenue note to be retired in 2032. The outstanding principal balance as of December 31, 2022 for this agreement was \$1,657,048 and the City rebated \$279,467 in the current year.

In 2019, the City entered into a development agreement with M/I Homes Minneapolis/St. Paul, LLC to assist the developer with the financing of certain costs of a project constructed within the development district. For this agreement, 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 90 percent of the incremental taxes received through execution of a tax increment revenue note to be retired in 2042. The outstanding principal balance as of December 31, 2022 for this agreement was \$3,050,000 and the City rebated \$97,100 in the current year.

The City is authorized to create a tax increment financing plan under Minnesota Statutes, Chapter 469.175. The criteria that must be met under the statutes 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;
- 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;
- The tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole; and
- 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.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Funding

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.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

B. Legal Claims

The City has the usual and customary type of miscellaneous legal claims pending at year-end. Although the outcome of these lawsuits is not presently determinable, the City's management believes that the City will not incur any material monetary loss resulting from these claims. No loss has been recorded on the City's financial statements relating to these claims.

C. Tax Increment Districts

The City's tax increment districts are subject to review by the Minnesota Office of the State Auditor. 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.

D. Construction Contracts

The City has several outstanding contracts at year-end. A liability for work completed has been recorded as contracts payable. The City's commitment for uncompleted work on these contracts at December 31, 2022 is \$326,993.

NOTE 16 – SUBSEQUENT EVENTS

New Accounting Standard

A new standard was issued by the GASB for Subscription Based Information Technology Arrangements (SBITAs). An SBITA is a contract that conveys control of the right to use another party's information technology (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. The effects of this change have not yet been determined and are not reflected in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH ST. PAUL

North St. Paul Fire Department Relief Association
Schedule of Changes in the City's Net
Pension Liability and Related Ratios
December 31, 2022

City financial statement year ended December 31,	Fiscal Year							
	2015	2016	2017	2018	2019	2020	2021	2022
Measurement period – December 31,	2014	2015	2016	2017	2018	2019	2020	2021
Total pension liability								
Service cost	\$ 44,596	\$ 49,217	\$ 59,100	\$ 53,518	\$ 53,145	\$ 52,189	\$ 55,318	\$ 65,287
Interest	57,027	61,325	68,098	76,514	87,458	82,452	72,689	50,599
Differences between expected and actual experience	–	–	37,947	–	(89,257)	–	(89,832)	–
Changes of assumptions	–	(9,781)	(11,354)	(11,126)	11,318	10,830	53,863	–
Changes of benefit terms	55,211	89,727	30,905	–	–	–	35,255	–
Benefit payments, including refunds of member contributions	(97,000)	(82,672)	(183,083)	–	–	(177,800)	(330,328)	(342,650)
Net change in total pension liability	59,834	107,816	1,613	118,906	62,664	(32,329)	(203,035)	(226,764)
Total pension liability – beginning of year	954,365	1,014,199	1,122,015	1,123,628	1,242,534	1,305,198	1,272,869	1,069,834
Total pension liability – end of year	1,014,199	1,122,015	1,123,628	1,242,534	1,305,198	1,272,869	1,069,834	843,070
Plan fiduciary net position								
Contributions – employer	39,982	21,000	22,000	34,504	40,481	22,000	4,950	–
Contributions – nonemployer (state and local)	55,788	59,922	60,125	59,121	60,649	63,515	71,317	73,275
Projected investment earnings	77,887	28,294	21,230	27,270	25,162	30,826	20,689	19,564
Asset gain/(loss)	(2,543)	(66,762)	52,391	152,792	(165,023)	276,812	139,078	188,378
Benefit payments, including refunds of member contributions	(97,000)	(82,672)	(183,083)	–	–	(177,800)	(330,328)	(342,650)
Administrative expenses	(8,700)	(8,950)	(9,350)	(9,500)	(9,700)	(9,950)	(10,150)	(10,500)
Other	–	2,800	1,848	2,259	2,110	2,462	2,979	5,461
Net change in plan fiduciary net position	65,414	(46,368)	(34,839)	266,446	(46,321)	207,865	(101,465)	(66,472)
Plan fiduciary net position – beginning of year	1,303,096	1,368,510	1,322,142	1,287,303	1,553,749	1,507,428	1,715,293	1,613,828
Plan fiduciary net position – end of year	1,368,510	1,322,142	1,287,303	1,553,749	1,507,428	1,715,293	1,613,828	1,547,356
Net pension liability (asset)	<u>\$ (354,311)</u>	<u>\$ (200,127)</u>	<u>\$ (163,675)</u>	<u>\$ (311,215)</u>	<u>\$ (202,230)</u>	<u>\$ (442,424)</u>	<u>\$ (543,994)</u>	<u>\$ (704,286)</u>
Fiduciary net position as a percentage of the total pension liability	<u>134.94%</u>	<u>117.84%</u>	<u>114.57%</u>	<u>125.05%</u>	<u>115.49%</u>	<u>134.76%</u>	<u>150.85%</u>	<u>183.54%</u>

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a December 31, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

CITY OF NORTH ST. PAUL

North St. Paul Fire Department Relief Association
 Schedule of City Contributions and Nonemployer Contributing Entities
 December 31, 2022

Year Ended December 31,	City Contributions			Nonemployer Contribution State 2% Fire Aid
	Statutorily Determined Contribution	Actual Contribution	Contribution Excess	
2014	\$ —	\$ 39,982	\$ 39,982	\$ 55,788
2015	—	21,000	21,000	59,922
2016	—	22,000	22,000	60,125
2017	—	34,504	34,504	59,121
2018	—	40,481	40,481	60,649
2019	—	22,000	22,000	63,515
2020	—	4,950	4,950	71,317
2021	—	—	—	73,275
2022	—	14,113	14,113	78,887

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a December 31, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

CITY OF NORTH ST. PAUL

PERA – General Employees Retirement Fund
Schedule of City's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended December 31, 2022

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the City's Share of the State of Minnesota's Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	06/30/2015	0.0453%	\$ 2,347,682	\$ –	\$ 2,347,682	\$ 2,663,600	88.14%	78.20%
12/31/2016	06/30/2016	0.0464%	\$ 3,767,450	\$ 49,198	\$ 3,816,648	\$ 2,879,758	130.83%	68.90%
12/31/2017	06/30/2017	0.0449%	\$ 2,866,385	\$ 36,082	\$ 2,902,467	\$ 2,889,113	99.21%	75.90%
12/31/2018	06/30/2018	0.0431%	\$ 2,391,010	\$ 78,405	\$ 2,469,415	\$ 2,901,027	82.42%	79.50%
12/31/2019	06/30/2019	0.0407%	\$ 2,250,212	\$ 69,997	\$ 2,320,209	\$ 2,887,303	77.93%	80.20%
12/31/2020	06/30/2020	0.0424%	\$ 2,542,074	\$ 78,375	\$ 2,620,449	\$ 2,979,851	85.31%	79.10%
12/31/2021	06/30/2021	0.0410%	\$ 1,750,884	\$ 53,402	\$ 1,804,286	\$ 2,923,369	59.89%	87.00%
12/31/2022	06/30/2022	0.0401%	\$ 3,175,934	\$ 92,938	\$ 3,268,872	\$ 3,000,929	105.83%	76.70%

PERA – General Employees Retirement Fund
Schedule of City Contributions
Year Ended December 31, 2022

City Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 209,393	\$ 209,393	\$ –	\$ 2,791,911	7.50%
12/31/2016	\$ 217,300	\$ 217,300	\$ –	\$ 2,890,723	7.52%
12/31/2017	\$ 215,196	\$ 215,196	\$ –	\$ 2,869,280	7.50%
12/31/2018	\$ 218,577	\$ 218,577	\$ –	\$ 2,928,097	7.46%
12/31/2019	\$ 216,451	\$ 216,451	\$ –	\$ 2,886,215	7.50%
12/31/2020	\$ 227,088	\$ 227,088	\$ –	\$ 3,027,832	7.50%
12/31/2021	\$ 220,066	\$ 220,066	\$ –	\$ 2,934,208	7.50%
12/31/2022	\$ 239,407	\$ 239,407	\$ –	\$ 3,192,087	7.50%

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

CITY OF NORTH ST. PAUL

PERA – Public Employees Police and Fire Fund
Schedule of City's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended December 31, 2022

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the City's Share of the State of Minnesota's Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	06/30/2015	0.1610%	\$ 1,829,337	\$ –	\$ 1,829,337	\$ 1,464,630	124.90%	86.60%
12/31/2016	06/30/2016	0.1620%	\$ 6,501,343	\$ –	\$ 6,501,343	\$ 1,560,254	416.68%	63.90%
12/31/2017	06/30/2017	0.1580%	\$ 2,133,189	\$ –	\$ 2,133,189	\$ 1,620,507	131.64%	85.40%
12/31/2018	06/30/2018	0.1559%	\$ 1,661,734	\$ –	\$ 1,661,734	\$ 1,643,072	101.14%	88.80%
12/31/2019	06/30/2019	0.1612%	\$ 1,716,138	\$ –	\$ 1,716,138	\$ 1,700,395	100.93%	89.30%
12/31/2020	06/30/2020	0.1528%	\$ 2,014,069	\$ 47,448	\$ 2,061,517	\$ 1,722,778	116.91%	87.20%
12/31/2021	06/30/2021	0.1458%	\$ 1,125,423	\$ 50,578	\$ 1,176,001	\$ 1,722,082	65.35%	93.70%
12/31/2022	06/30/2022	0.1549%	\$ 6,740,635	\$ 294,529	\$ 7,035,164	\$ 1,846,321	365.08%	70.50%

PERA – Public Employees Police and Fire Fund
Schedule of City Contributions
Year Ended December 31, 2022

City Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 236,884	\$ 236,884	\$ –	\$ 1,462,066	16.20%
12/31/2016	\$ 263,721	\$ 263,721	\$ –	\$ 1,627,910	16.20%
12/31/2017	\$ 263,983	\$ 263,983	\$ –	\$ 1,629,522	16.20%
12/31/2018	\$ 268,898	\$ 268,898	\$ –	\$ 1,660,140	16.20%
12/31/2019	\$ 289,482	\$ 289,482	\$ –	\$ 1,707,735	16.95%
12/31/2020	\$ 309,731	\$ 309,731	\$ –	\$ 1,748,712	17.71%
12/31/2021	\$ 317,544	\$ 317,544	\$ –	\$ 1,793,418	17.71%
12/31/2022	\$ 351,119	\$ 351,119	\$ –	\$ 1,983,723	17.70%

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

CITY OF NORTH ST. PAUL

Other Post-Employment Benefits Plan
Schedule of Changes in the City's Total
OPEB Liability and Related Ratios
Year Ended December 31, 2022

City financial statement year ended December 31, Measurement period – December 31,	Fiscal Year				
	2018 2017	2019 2018	2020 2019	2021 2020	2022 2021
Total OPEB liability					
Service cost	\$ 19,631	\$ 22,435	\$ 22,226	\$ 12,810	\$ 14,998
Interest	20,889	18,864	20,614	7,306	5,361
Differences between expected and actual experience	–	–	(338,228)	4,065	781,846
Changes of assumptions	16,149	(12,602)	54,180	11,066	40,426
Benefit payments	(37,784)	(37,868)	(47,650)	(31,014)	(39,148)
Net change in total OPEB liability	18,885	(9,171)	(288,858)	4,233	803,483
Total OPEB liability – beginning of year	547,523	566,408	557,237	268,379	272,612
Total OPEB liability – end of year	<u>\$ 566,408</u>	<u>\$ 557,237</u>	<u>\$ 268,379</u>	<u>\$ 272,612</u>	<u>\$ 1,076,095</u>
Covered-employee payroll	<u>\$ 4,088,418</u>	<u>\$ 4,215,283</u>	<u>\$ 4,543,426</u>	<u>\$ 4,690,819</u>	<u>\$ 4,501,970</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>13.9%</u>	<u>13.2%</u>	<u>5.9%</u>	<u>5.8%</u>	<u>23.9%</u>

Note 1: The City has not established a trust fund to finance GASB Statement No. 75 related benefits.

Note 2: The City implemented GASB Statement No. 75 in fiscal 2018. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

CITY OF NORTH ST. PAUL

Notes to Required Supplementary Information
December 31, 2022

NORTH ST. PAUL FIRE DEPARTMENT RELIEF ASSOCIATION

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate decreased from 6.25 percent to 5.25 percent.
- The inflation rate decreased from 2.50 percent to 2.25 percent.
- The mortality and withdrawal assumptions were updated from the rates used in the July 1, 2018 Minnesota PERA Police and Fire Plan actuarial valuation to the rates used in the July 1, 2020 Minnesota PERA Police and Fire Plan actuarial valuation.

2021 CHANGES IN PLAN PROVISIONS

- The lump sum pension increased from \$5,200 per year of service to \$5,400 per year of service.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate decreased from 6.50 percent to 6.25 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate decreased from 6.75 percent to 6.50 percent.
- The inflation rate decreased from 2.75 percent to 2.50 percent.
- The mortality and withdrawal assumptions were updated from the rates used in the July 1, 2016 Minnesota PERA Police and Fire Plan actuarial valuation to the rates used in the July 1, 2018 Minnesota PERA Police and Fire Plan actuarial valuation.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate increased from 6.50 percent to 6.75 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate increased from 6.25 percent to 6.50 percent.

2017 CHANGES IN PLAN PROVISIONS

- The lump sum pension increased from \$5,000 per year of service to \$5,200 per year of service.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate increased from 6.00 percent to 6.25 percent.

2016 CHANGES IN PLAN PROVISIONS

- The lump sum pension increased from \$4,300 per year of service to \$5,000 per year of service.

2015 CHANGES IN PLAN PROVISIONS

- The lump sum pension increased from \$4,000 per year of service to \$4,300 per year of service.

CITY OF NORTH ST. PAUL

Notes to Required Supplementary Information (continued)
December 31, 2022

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 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 IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- 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 percent 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 two through five, 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 MP-2018 to 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 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

2020 CHANGES IN PLAN PROVISIONS

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

CITY OF NORTH ST. PAUL

Notes to Required Supplementary Information (continued)
December 31, 2022

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES 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.

2018 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 zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement 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.

CITY OF NORTH ST. PAUL

Notes to Required Supplementary Information (continued)
December 31, 2022

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

2017 CHANGES IN PLAN PROVISIONS

- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018, and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21.0 million to \$31.0 million in calendar years 2019 to 2031. The state's contribution changed from \$16.0 million to \$6.0 million in calendar years 2019 to 2031.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035, and 2.50 percent per year thereafter, to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2035, and 2.50 percent per year thereafter.

2015 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 \$892.0 million. Upon consolidation, state and employer contributions were revised; the state's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

CITY OF NORTH ST. PAUL

Notes to Required Supplementary Information (continued)
December 31, 2022

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 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 IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

CITY OF NORTH ST. PAUL

Notes to Required Supplementary Information (continued)
December 31, 2022

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND (CONTINUED)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

- Post-retirement 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 100.00 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 zero 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.

2017 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 CSA load was 30.00 percent for vested and nonvested deferred members. The CSA has been changed to 33.00 percent for vested members, and 2.00 percent for nonvested 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 3.00 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 65.00 percent to 60.00 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.

CITY OF NORTH ST. PAUL

Notes to Required Supplementary Information (continued)
December 31, 2022

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND (CONTINUED)

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037, and 2.50 percent per year thereafter, to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent.
- The single discount rate changed from 7.90 percent to 5.60 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2037, and 2.50 percent per year thereafter.

2015 CHANGES IN PLAN PROVISIONS

- The post-retirement benefit increase to be paid after attainment of the 90.00 percent funding threshold was changed from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.

OTHER POST-EMPLOYMENT BENEFITS PLAN

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.00 percent to 1.84 percent.
- The inflation assumption was changed from 2.25 percent to 2.50 percent.
- The healthcare trend rates, mortality tables, and payroll growth rates were updated for changes in recent studies and inflationary adjustments.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.75 percent to 2.00 percent.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.71 percent to 2.75 percent.
- Assumed retirement age for nonpolice employees was changed from 64 to 62.
- The inflation assumption was changed from 2.75 percent to 2.25 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.31 percent to 3.71 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.50 percent to 3.31 percent.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

The statements that follow are to provide further detail and support additional analysis for the City's nonmajor special revenue, debt service, and capital projects funds.

CITY OF NORTH ST. PAUL

Statement 11

Nonmajor Governmental Funds
Combining Balance Sheet
as of December 31, 2022

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and investments	\$ 3,705,932	\$ 2,531,407	\$ 5,202,447	\$ 11,439,786
Receivables				
Interest	14,460	8,459	28,760	51,679
Accounts	12,981	—	1,840	14,821
Loan	48,351	—	—	48,351
Taxes	61,342	3,173	—	64,515
Special assessments	—	705,288	10,026	715,314
Assets held for resale	1,052,528	—	—	1,052,528
Total assets	\$ 4,895,594	\$ 3,248,327	\$ 5,243,073	\$ 13,386,994
Liabilities				
Accounts and contracts payable	\$ 193,673	\$ 2,975	\$ 208,805	\$ 405,453
Accrued salaries and employee benefits payable	1,095	—	—	1,095
Due to other governments	5,096	—	—	5,096
Unearned revenue	1,391,688	—	5,472	1,397,160
Advance from other funds	1,400,967	—	—	1,400,967
Total liabilities	2,992,519	2,975	214,277	3,209,771
Deferred inflows of resources				
Unavailable revenue – loan receivable	48,351	—	—	48,351
Unavailable revenue – property taxes	56,899	—	—	56,899
Unavailable revenue – special assessments	—	697,332	9,352	706,684
State aid received for subsequent years	—	—	1,295,592	1,295,592
Total deferred inflows of resources	105,250	697,332	1,304,944	2,107,526
Fund balances (deficits)				
Restricted	3,049,820	2,548,020	—	5,597,840
Committed	—	—	3,777,432	3,777,432
Assigned	159,153	—	1,204,586	1,363,739
Unassigned	(1,411,148)	—	(1,258,166)	(2,669,314)
Total fund balances	1,797,825	2,548,020	3,723,852	8,069,697
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,895,594	\$ 3,248,327	\$ 5,243,073	\$ 13,386,994

CITY OF NORTH ST. PAUL

Statement 12

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

	Special Revenue	Debt Service	Capital Projects	Total
Revenue				
Taxes	\$ 1,076,338	\$ 1,629,944	\$ –	\$ 2,706,282
Special assessments	–	162,577	5,257	167,834
Intergovernmental	–	–	972,280	972,280
Charges for services	150,000	–	–	150,000
Investment earnings (charges)	(37,645)	(25,468)	(84,523)	(147,636)
Other	108,441	–	120,129	228,570
Total revenue	<u>1,297,134</u>	<u>1,767,053</u>	<u>1,013,143</u>	<u>4,077,330</u>
Expenditures				
Current				
General government	117,926	–	–	117,926
Public safety	99,775	–	–	99,775
Parks and recreation	161,424	–	–	161,424
Economic development	511,498	–	–	511,498
Capital outlay	–	–	761,515	761,515
Debt service				
Principal	–	1,305,276	–	1,305,276
Interest and fiscal charges	57,364	466,163	–	523,527
Total expenditures	<u>947,987</u>	<u>1,771,439</u>	<u>761,515</u>	<u>3,480,941</u>
Excess (deficiency) of revenues over expenditures	349,147	(4,386)	251,628	596,389
Other financing sources (uses)				
Payment on refunded debt	–	(980,000)	–	(980,000)
Transfers in	1,100,000	126,939	–	1,226,939
Transfers out	(886,939)	(280,000)	(80,000)	(1,246,939)
Total other financing sources (uses)	<u>213,061</u>	<u>(1,133,061)</u>	<u>(80,000)</u>	<u>(1,000,000)</u>
Net change in fund balances	562,208	(1,137,447)	171,628	(403,611)
Fund balances				
Beginning of year	<u>1,235,617</u>	<u>3,685,467</u>	<u>3,552,224</u>	<u>8,473,308</u>
End of year	<u>\$ 1,797,825</u>	<u>\$ 2,548,020</u>	<u>\$ 3,723,852</u>	<u>\$ 8,069,697</u>

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NONMAJOR SPECIAL REVENUE FUNDS

Nonmajor special revenue funds are used to account for specific revenue sources that are restricted or committed to expenditures for specified purposes.

Nonmajor special revenue funds presently established are as follows:

- **Housing Redevelopment Authority Fund** – Administers the resources for the rehabilitation of various blighted properties within the City.
- **Community Center Fund** – Administers the resources received and expended for the Community Center.
- **Police Forfeiture Fund** – Administers the resources received through court ordered forfeitures.
- **TIF 4-5 Reflex Medical Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **TIF 4-4 Charles Street Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **TIF 4-6 Helen Street Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **TIF 4-7 Anchor Block South Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **TIF 4-8 7th and Margaret Street Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **TIF 4-9 Margaret Street Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **TIF 4-10 Anchor Block North – Soils Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **TIF Pool** – Administers the resources received from other tax increment districts to be spent for tax increment financing eligible expenditures.
- **Cable PEG Fees Fund** – Administers the resources received and expended for PEG access facilities and equipment.
- **Opioid Response Fund** – Administers the resources received from a class action lawsuit.
- **Pandemic Response Fund** – Administers the resources received and expended for the COVID-19 pandemic.

CITY OF NORTH ST. PAUL

Nonmajor Special Revenue Funds
Combining Balance Sheet
as of December 31, 2022

	101	002	026	039	046	032	207
	Housing Redevelopment Authority	Community Center	Police Forfeiture	TIF 4-5 Reflex Medical Tax Increment	TIF 4-4 Charles Street Tax Increment	TIF 4-6 Helen Street Tax Increment	TIF 4-7 Anchor Block South – Tax Increment
Assets							
Cash and investments	\$ 563,552	\$ 169,091	\$ 10,385	\$ 48,510	\$ 18,479	\$ 136,045	\$ 115,061
Receivables							
Interest	2,294	1,005	313	368	1,814	2,642	270
Accounts	502	–	–	–	–	–	–
Loan	48,351	–	–	–	–	–	–
Taxes	5,279	–	–	–	19,644	–	36,419
Assets held for resale	1,052,528	–	–	–	–	–	–
Total assets	\$ 1,672,506	\$ 170,096	\$ 10,698	\$ 48,878	\$ 39,937	\$ 138,687	\$ 151,750
Liabilities							
Accounts and contracts payable	\$ 35,208	\$ 24,700	\$ –	\$ –	\$ –	\$ 117,571	\$ –
Accrued salaries and employee benefits payable	1,095	–	–	–	–	–	–
Due to other governments	–	–	–	424	658	380	2,194
Unearned revenue	–	–	–	–	–	–	–
Advance from other funds	–	–	–	–	–	–	–
Total liabilities	36,303	24,700	–	424	658	117,951	2,194
Deferred inflows of resources							
Unavailable revenue – loan receivable	48,351	–	–	–	–	–	–
Unavailable revenue – property taxes	3,303	–	–	–	17,481	–	36,115
Total deferred inflows of resources	51,654	–	–	–	17,481	–	36,115
Fund balances (deficits)							
Restricted for Housing Redevelopment Authority	1,584,549	–	–	–	–	–	–
Restricted for tax increment	–	–	–	48,454	21,798	20,736	113,441
Restricted for police forfeiture	–	–	10,698	–	–	–	–
Restricted for cable PEG fees	–	–	–	–	–	–	–
Assigned for community center	–	145,396	–	–	–	–	–
Assigned for opioid response	–	–	–	–	–	–	–
Assigned for pandemic response	–	–	–	–	–	–	–
Unassigned	–	–	–	–	–	–	–
Total fund balances (deficits)	1,584,549	145,396	10,698	48,454	21,798	20,736	113,441
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,672,506	\$ 170,096	\$ 10,698	\$ 48,878	\$ 39,937	\$ 138,687	\$ 151,750

Statement 13

208 TIF 4-8 7th and Margaret Street Tax Increment	209 TIF 4-9 Margaret Street Tax Increment	211 TIF 4-10 Anchor Block North – Soils Tax Increment	212 TIF Pool	235 Cable PEG Fees	298 Opioid Response	299 Pandemic Response	Total
\$ 107,466	\$ –	\$ –	\$ 1,100,000	\$ 37,509	\$ 25,075	\$ 1,374,759	\$ 3,705,932
–	–	–	–	143	7	5,604	14,460
–	–	–	–	12,479	–	–	12,981
–	–	–	–	–	–	–	48,351
–	–	–	–	–	–	–	61,342
–	–	–	–	–	–	–	1,052,528
<u>\$ 107,466</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 1,100,000</u>	<u>\$ 50,131</u>	<u>\$ 25,082</u>	<u>\$ 1,380,363</u>	<u>\$ 4,895,594</u>
\$ –	\$ 9,576	\$ –	\$ –	\$ 6,618	\$ –	\$ –	\$ 193,673
–	–	–	–	–	–	–	1,095
835	605	–	–	–	–	–	5,096
–	–	–	–	–	25,004	1,366,684	1,391,688
–	32,368	1,368,599	–	–	–	–	1,400,967
835	42,549	1,368,599	–	6,618	25,004	1,366,684	2,992,519
–	–	–	–	–	–	–	48,351
–	–	–	–	–	–	–	56,899
–	–	–	–	–	–	–	105,250
–	–	–	–	–	–	–	1,584,549
106,631	–	–	1,100,000	–	–	–	1,411,060
–	–	–	–	–	–	–	10,698
–	–	–	–	43,513	–	–	43,513
–	–	–	–	–	–	–	145,396
–	–	–	–	–	78	–	78
–	–	–	–	–	–	13,679	13,679
–	(42,549)	(1,368,599)	–	–	–	–	(1,411,148)
106,631	(42,549)	(1,368,599)	1,100,000	43,513	78	13,679	1,797,825
<u>\$ 107,466</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 1,100,000</u>	<u>\$ 50,131</u>	<u>\$ 25,082</u>	<u>\$ 1,380,363</u>	<u>\$ 4,895,594</u>

CITY OF NORTH ST. PAUL

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

	101	002	026	039	046	032	207
	Housing Redevelopment Authority	Community Center	Police Forfeiture	TIF 4-5 Reflex Medical Tax Increment	TIF 4-4 Charles Street Tax Increment	TIF 4-6 Helen Street Tax Increment	TIF 4-7 Anchor Block South – Tax Increment
Revenues							
Taxes	\$ 203,793	\$ –	\$ –	\$ 56,721	\$ 147,091	\$ 289,047	\$ 207,405
Charges for services	–	150,000	–	–	–	–	–
Investment earnings (charges)	(8,090)	(2,988)	(1,545)	(923)	(6,514)	(8,407)	(251)
Other	108,441	–	–	–	–	–	–
Total revenues	304,144	147,012	(1,545)	55,798	140,577	280,640	207,154
Expenditures							
Current							
General government	–	–	–	–	–	–	–
Public safety	–	–	99,775	–	–	–	–
Parks and recreation	–	161,424	–	–	–	–	–
Economic development	45,990	–	–	64,453	28,355	255,544	99,991
Debt service							
Interest and fiscal charges	–	–	–	–	–	–	–
Total expenditures	45,990	161,424	99,775	64,453	28,355	255,544	99,991
Excess (deficiency) of revenues over expenditures	258,154	(14,412)	(101,320)	(8,655)	112,222	25,096	107,163
Other financing sources (uses)							
Transfers in	–	–	–	–	–	–	–
Transfers out	(20,000)	–	–	–	(416,939)	(450,000)	–
Total other financing sources (uses)	(20,000)	–	–	–	(416,939)	(450,000)	–
Net change in fund balances	238,154	(14,412)	(101,320)	(8,655)	(304,717)	(424,904)	107,163
Fund balances (deficits)							
Beginning of year	1,346,395	159,808	112,018	57,109	326,515	445,640	6,278
End of year	\$ 1,584,549	\$ 145,396	\$ 10,698	\$ 48,454	\$ 21,798	\$ 20,736	\$ 113,441

208 TIF 4-8 7th and Margaret Street Tax Increment	209 TIF 4-9 Margaret Street Tax Increment	211 TIF 4-10 Anchor Block North – Soils Tax Increment	212 TIF Pool	235 Cable PEG Fees	298 Opioid Response	299 Pandemic Response	Total
\$ –	\$ –	\$ 122,564	\$ –	\$ 49,717	\$ –	\$ –	\$ 1,076,338
–	–	–	–	–	–	–	150,000
1,818	–	–	–	(294)	78	(10,529)	(37,645)
–	–	–	–	–	–	–	108,441
1,818	–	122,564	–	49,423	78	(10,529)	1,297,134
–	–	–	–	34,330	–	83,596	117,926
–	–	–	–	–	–	–	99,775
–	–	–	–	–	–	–	161,424
2,587	10,878	3,700	–	–	–	–	511,498
–	1,240	56,124	–	–	–	–	57,364
2,587	12,118	59,824	–	34,330	–	83,596	947,987
(769)	(12,118)	62,740	–	15,093	78	(94,125)	349,147
–	–	–	1,100,000	–	–	–	1,100,000
–	–	–	–	–	–	–	(886,939)
–	–	–	1,100,000	–	–	–	213,061
(769)	(12,118)	62,740	1,100,000	15,093	78	(94,125)	562,208
107,400	(30,431)	(1,431,339)	–	28,420	–	107,804	1,235,617
\$ 106,631	\$ (42,549)	\$ (1,368,599)	\$ 1,100,000	\$ 43,513	\$ 78	\$ 13,679	\$ 1,797,825

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NONMAJOR DEBT SERVICE FUNDS

Nonmajor debt service funds are used to account for the accumulation of resources for and the payment of principal, interest, and related costs on long-term general obligation debt of governmental funds. The individual nonmajor debt service funds are presented to distinguish between the various bond issues.

CITY OF NORTH ST. PAUL

Nonmajor Debt Service Funds
Combining Balance Sheet
as of December 31, 2022

	076	183	184	045	078	071
	G.O. Tax Abatement Bonds of 2004A	G.O. Building Refunding Bonds of 2012A	G.O. Bonds of 2014A	Penn Place TIF G.O. Refunding Bonds of 2015A	Charles Street TIF G.O. Refunding Bonds of 2015A	G.O. Bonds of 2016A
Assets						
Cash and investments	\$ 45,597	\$ 100,451	\$ 64,819	\$ 16,121	\$ 66	\$ 310,714
Receivables						
Interest	240	538	385	1,090	—	999
Taxes	—	—	—	3,173	—	—
Special assessments	—	—	150,787	—	—	211,850
Total assets	<u>\$ 45,837</u>	<u>\$ 100,989</u>	<u>\$ 215,991</u>	<u>\$ 20,384</u>	<u>\$ 66</u>	<u>\$ 523,563</u>
Liabilities						
Accounts and contracts payable	\$ —	\$ —	\$ —	\$ 1,807	\$ 66	\$ 83
Deferred inflows of resources						
Unavailable revenue – special assessments	—	—	150,055	—	—	210,809
Fund balances						
Restricted for debt service	<u>45,837</u>	<u>100,989</u>	<u>65,936</u>	<u>18,577</u>	<u>—</u>	<u>312,671</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 45,837</u>	<u>\$ 100,989</u>	<u>\$ 215,991</u>	<u>\$ 20,384</u>	<u>\$ 66</u>	<u>\$ 523,563</u>

075	084	074	309	308	321	322	
G.O. Abatement Bonds of 2016A	G.O. Capital Improvement Plan Refunding Bonds of 2016B	G.O. Bonds of 2017A	G.O. Bonds of 2018A	G.O. TIF Bonds Uptown Commons of 2020A	G.O. Refunding Bonds of 2021A	G.O. Bonds of 2022A	Total
\$ 41,583	\$ 828,791	\$ 240,563	\$ 404,591	\$ 43,276	\$ 93,742	\$ 341,093	\$ 2,531,407
—	2,880	994	1,333	—	—	—	8,459
—	—	—	—	—	—	—	3,173
—	—	130,848	211,803	—	—	—	705,288
<u>\$ 41,583</u>	<u>\$ 831,671</u>	<u>\$ 372,405</u>	<u>\$ 617,727</u>	<u>\$ 43,276</u>	<u>\$ 93,742</u>	<u>\$ 341,093</u>	<u>\$ 3,248,327</u>
\$ —	\$ 330	\$ 110	\$ 83	\$ 330	\$ 83	\$ 83	\$ 2,975
—	—	127,928	208,540	—	—	—	697,332
<u>41,583</u>	<u>831,341</u>	<u>244,367</u>	<u>409,104</u>	<u>42,946</u>	<u>93,659</u>	<u>341,010</u>	<u>2,548,020</u>
<u>\$ 41,583</u>	<u>\$ 831,671</u>	<u>\$ 372,405</u>	<u>\$ 617,727</u>	<u>\$ 43,276</u>	<u>\$ 93,742</u>	<u>\$ 341,093</u>	<u>\$ 3,248,327</u>

CITY OF NORTH ST. PAUL

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

	076	183	184	045	078	071
	G.O. Tax Abatement Bonds of 2004A	G.O. Building Refunding Bonds of 2012A	G.O. Bonds of 2014A	Penn Place TIF G.O. Refunding Bonds of 2015A	Charles Street TIF G.O. Refunding Bonds of 2015A	G.O. Bonds of 2016A
Revenues						
Taxes	\$ —	\$ —	\$ —	\$ 135,931	\$ —	\$ 156,789
Special assessments	—	—	27,876	—	—	56,988
Investment earnings (charges)	(786)	(3,482)	(2,072)	(3,574)	—	(2,364)
Total revenues	(786)	(3,482)	25,804	132,357	—	211,413
Expenditures						
Debt service						
Principal retirement	—	—	310,000	65,000	35,000	170,000
Interest and fiscal charges	—	3,100	18,475	14,589	11,939	38,235
Total expenditures	—	3,100	328,475	79,589	46,939	208,235
Excess (deficiency) of revenues over expenditures	(786)	(6,582)	(302,671)	52,768	(46,939)	3,178
Other financing sources (uses)						
Payment on refunded debt	—	—	—	—	—	—
Transfers in	—	—	—	—	46,939	—
Transfers out	—	—	—	(280,000)	—	—
Total other financing sources (uses)	—	—	—	(280,000)	46,939	—
Net change in fund balances	(786)	(6,582)	(302,671)	(227,232)	—	3,178
Fund balances						
Beginning of year	46,623	107,571	368,607	245,809	—	309,493
End of year	\$ 45,837	\$ 100,989	\$ 65,936	\$ 18,577	\$ —	\$ 312,671

075	084	074	309	308	321	322	
G.O. Abatement Bonds of 2016A	G.O. Capital Improvement Plan Refunding Bonds of 2016B	G.O. Bonds of 2017A	G.O. Bonds of 2018A	G.O. TIF Bonds Uptown Commons of 2020A	G.O. Refunding Bonds of 2021A	G.O. Bonds of 2022A	Total
\$ -	\$ 456,855	\$ 63,004	\$ 244,983	\$ 123,396	\$ 107,893	\$ 341,093	\$ 1,629,944
-	-	32,782	44,931	-	-	-	162,577
569	(7,383)	(2,881)	(4,363)	718	150	-	(25,468)
569	449,472	92,905	285,551	124,114	108,043	341,093	1,767,053
55,000	400,000	70,276	200,000	-	-	-	1,305,276
22,041	29,931	23,793	116,257	168,115	19,605	83	466,163
77,041	429,931	94,069	316,257	168,115	19,605	83	1,771,439
(76,472)	19,541	(1,164)	(30,706)	(44,001)	88,438	341,010	(4,386)
-	-	-	-	-	(980,000)	-	(980,000)
80,000	-	-	-	-	-	-	126,939
-	-	-	-	-	-	-	(280,000)
80,000	-	-	-	-	(980,000)	-	(1,133,061)
3,528	19,541	(1,164)	(30,706)	(44,001)	(891,562)	341,010	(1,137,447)
38,055	811,800	245,531	439,810	86,947	985,221	-	3,685,467
\$ 41,583	\$ 831,341	\$ 244,367	\$ 409,104	\$ 42,946	\$ 93,659	\$ 341,010	\$ 2,548,020

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NONMAJOR CAPITAL PROJECTS FUNDS

Nonmajor capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Nonmajor capital projects funds presently established are as follows:

- **Park Fund** – Administers the resources for the improvement of the parks.
- **Park Dedication Fund** – Administers the resources for park dedication fees collected.
- **Permanent Improvement Revolving Fund** – Administers the resources for city street projects that do not involve bonded financing.
- **Asset Preservation Fund** – Administers resources for one-time projects and/or capital expenditures that reinvest in the community.
- **Street Maintenance Fund** – Administers local government aid resources to be used for street maintenance projects associated with street upgrades and preservation.
- **Municipal State Aid Fund** – Administers the resources for street improvement projects funded by municipal state aid.

CITY OF NORTH ST. PAUL

Nonmajor Capital Projects Funds
Combining Balance Sheet
as of December 31, 2022

	063	034	061	010
	Park	Park Dedication	Permanent Improvement Revolving	Asset Preservation
Assets				
Cash and investments	\$ 567,382	\$ 244,026	\$ 401,562	\$ 1,637,312
Receivables				
Interest	2,797	1,274	2,101	8,635
Accounts	1,840	—	—	—
Special assessments	—	—	10,026	—
Total assets	<u>\$ 572,019</u>	<u>\$ 245,300</u>	<u>\$ 413,689</u>	<u>\$ 1,645,947</u>
Liabilities				
Accounts and contracts payable	\$ 11,598	\$ —	\$ —	\$ —
Unearned revenue	5,472	—	—	—
Total liabilities	<u>17,070</u>	<u>—</u>	<u>—</u>	<u>—</u>
Deferred inflows of resources				
Unavailable revenue –				
special assessments	—	—	9,352	—
State aid received for subsequent years	—	—	—	—
Total deferred inflows of resources	<u>—</u>	<u>—</u>	<u>9,352</u>	<u>—</u>
Fund balances				
Committed for asset preservation	—	—	—	1,645,947
Committed for street maintenance	—	—	—	—
Assigned for permanent improvement revolving	—	—	404,337	—
Assigned for park improvements	554,949	245,300	—	—
Unassigned	—	—	—	—
Total fund balances	<u>554,949</u>	<u>245,300</u>	<u>404,337</u>	<u>1,645,947</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 572,019</u>	<u>\$ 245,300</u>	<u>\$ 413,689</u>	<u>\$ 1,645,947</u>

Statement 17

011	450	
Street Maintenance	Municipal State Aid	Total
\$ 2,315,895	\$ 36,270	\$ 5,202,447
12,797	1,156	28,760
—	—	1,840
—	—	10,026
<u>\$ 2,328,692</u>	<u>\$ 37,426</u>	<u>\$ 5,243,073</u>
\$ 197,207	\$ —	\$ 208,805
—	—	5,472
197,207	—	214,277
—	—	9,352
—	1,295,592	1,295,592
—	1,295,592	1,304,944
—	—	1,645,947
2,131,485	—	2,131,485
—	—	404,337
—	—	800,249
—	(1,258,166)	(1,258,166)
<u>2,131,485</u>	<u>(1,258,166)</u>	<u>3,723,852</u>
<u>\$ 2,328,692</u>	<u>\$ 37,426</u>	<u>\$ 5,243,073</u>

CITY OF NORTH ST. PAUL

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

	063	034	061	010
	Park	Park Dedication	Permanent Improvement Revolving	Asset Preservation
Revenues				
Special assessment	\$ —	\$ —	\$ 5,257	\$ —
Intergovernmental	100,000	—	—	—
Investment earnings (charges)	(8,686)	(4,034)	(6,809)	(28,205)
Other				
Donations	1,365	—	—	—
Miscellaneous	78,900	5,400	—	—
Total revenues	<u>171,579</u>	<u>1,366</u>	<u>(1,552)</u>	<u>(28,205)</u>
Expenditures				
Capital outlay	<u>2,050</u>	<u>—</u>	<u>—</u>	<u>144</u>
Excess (deficiency) of revenues over expenditures	169,529	1,366	(1,552)	(28,349)
Other financing sources (uses)				
Transfers out	<u>(80,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	89,529	1,366	(1,552)	(28,349)
Fund balances				
Beginning of year	<u>465,420</u>	<u>243,934</u>	<u>405,889</u>	<u>1,674,296</u>
End of year	<u>\$ 554,949</u>	<u>\$ 245,300</u>	<u>\$ 404,337</u>	<u>\$ 1,645,947</u>

Statement 18

011	450	
Street Maintenance	Municipal State Aid	Total
<u> </u>	<u> </u>	<u> </u>
\$ —	\$ —	\$ 5,257
417,907	454,373	972,280
(41,758)	4,969	(84,523)
—	—	1,365
—	34,464	118,764
<u>376,149</u>	<u>493,806</u>	<u>1,013,143</u>
 759,321	 —	 761,515
<u> </u>	<u> </u>	<u> </u>
(383,172)	493,806	251,628
—	—	(80,000)
<u> </u>	<u> </u>	<u> </u>
(383,172)	493,806	171,628
 2,514,657	 (1,751,972)	 3,552,224
<u> </u>	<u> </u>	<u> </u>
<u>\$ 2,131,485</u>	<u>\$ (1,258,166)</u>	<u>\$ 3,723,852</u>

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GENERAL FUND

The General Fund accounts for revenue and expenditures used to carryout basic governmental activities of the City, such as general government, public safety, public works, and parks and recreation. Revenues are recorded by source (i.e., taxes, licenses and permits, fines and forfeits, service charges, etc.). General Fund expenditures are primarily for current day-to-day operations and operating equipment, and are recorded by major functional classifications and by operating departments. This fund accounts for all financial transactions not properly accounted for in another fund.

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

(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022		Over (Under) Budget	2021
	Final Budget	Actual		Actual
Revenues				
Taxes				
Property taxes				
Current	\$ 4,449,679	\$ 4,515,859	\$ 66,180	\$ 4,024,769
Delinquent	(25,000)	(15,103)	9,897	10,239
Electric franchise	280,000	285,311	5,311	277,684
Gas franchise	85,000	167,697	82,697	100,598
Cable franchise	80,000	110,482	30,482	112,201
Total taxes	4,869,679	5,064,246	194,567	4,525,491
Special assessments	–	1,897	1,897	2,485
Licenses and permits				
Liquor and beer licenses	42,000	44,583	2,583	37,725
Cigarette licenses	2,000	2,400	400	2,400
Contractor licenses	10,000	15,565	5,565	8,495
Garbage haulers licenses	3,000	2,640	(360)	3,520
Miscellaneous licenses	18,500	14,940	(3,560)	23,535
Building permits	779,550	800,490	20,940	470,636
Electrical inspections	15,000	27,106	12,106	24,556
Heating and air conditioning permits	22,500	50,256	27,756	61,640
Plumbing permits	13,000	30,232	17,232	22,613
Rental inspection	25,000	25,165	165	35,463
Miscellaneous permits	1,500	11,369	9,869	6,635
Total licenses and permits	932,050	1,024,746	92,696	697,218
Intergovernmental				
Local Government Aid	1,289,147	1,289,147	–	1,381,596
State aid police	139,000	163,602	24,602	158,572
State aid fire	61,000	80,117	19,117	76,275
Liaison officer	74,160	84,744	10,584	79,691
Other grants	59,000	99,349	40,349	57,772
Total intergovernmental	1,622,307	1,716,959	94,652	1,753,906

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2022
(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			2021
	Final Budget	Actual	Over (Under) Budget	Actual
Revenues (continued)				
Charges for services				
Administration charges	14,500	45,803	31,303	19,049
Searches	4,000	4,320	320	5,130
Recreation	15,000	27,535	12,535	13,823
Total charges for services	33,500	77,658	44,158	38,002
Fines and forfeits	33,000	22,080	(10,920)	30,805
Investment earnings (charges)	4,529	(49,345)	(53,874)	9
Other				
Antenna income	218,748	161,238	(57,510)	232,770
Donations	—	3,315	3,315	4,300
Sales of property	—	567	567	2,382
Miscellaneous	19,000	20,853	1,853	23,376
Total other	237,748	185,973	(51,775)	262,828
Total revenues	7,732,813	8,044,214	311,401	7,310,744
Expenditures				
Current				
General government				
City Council				
Personal services	26,155	24,638	(1,517)	23,858
Materials and supplies	150	356	206	195
Contractual services	77,567	45,829	(31,738)	66,231
Other	—	68	68	—
Total City Council	103,872	70,891	(32,981)	90,284
Administration				
Personal services	192,783	190,866	(1,917)	151,699
Materials and supplies	1,020	1,018	(2)	1,019
Contractual services	301,546	298,540	(3,006)	294,007
Capital outlay	—	—	—	205
Total administration	495,349	490,424	(4,925)	446,930

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2022
(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			2021
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
General government (continued)				
Finance				
Personal services	310,497	242,634	(67,863)	269,826
Materials and supplies	1,841	3,022	1,181	674
Contractual services	67,109	52,323	(14,786)	48,597
Total finance	379,447	297,979	(81,468)	319,097
Elections				
Contractual services	31,664	37,428	5,764	35,409
Community events				
Contractual services	—	22,891	22,891	6,312
Community services				
Personal services	177,297	188,650	11,353	162,031
Materials and supplies	4,090	4,083	(7)	3,193
Contractual services	122,042	108,687	(13,355)	112,309
Capital outlay	—	207	207	205
Total community services	303,429	301,627	(1,802)	277,738
Total general government	1,313,761	1,221,240	(92,521)	1,175,770
Public safety				
Police protection				
Personal services	2,761,175	2,746,499	(14,676)	2,566,251
Materials and supplies	99,170	156,308	57,138	97,984
Contractual services	587,347	586,475	(872)	547,549
Capital outlay	4,200	—	(4,200)	5,604
Total police protection	3,451,892	3,489,282	37,390	3,217,388

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2022
(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			2021
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Public safety (continued)				
Fire				
Personal services	757,937	687,791	(70,146)	651,989
Materials and supplies	57,270	48,697	(8,573)	58,748
Contractual services	306,264	309,773	3,509	282,492
Capital outlay	—	—	—	205
Total fire	1,121,471	1,046,261	(75,210)	993,434
Inspections				
Contractual services	792,619	708,584	(84,035)	339,338
Total public safety	5,365,982	5,244,127	(121,855)	4,550,160
Public works				
Street maintenance				
Personal services	555,307	515,320	(39,987)	467,424
Materials and supplies	187,153	171,496	(15,657)	149,727
Contractual services	376,098	414,931	38,833	303,992
Total street maintenance	1,118,558	1,101,747	(16,811)	921,143
Urban forestry				
Personal services	114,972	109,088	(5,884)	105,496
Materials and supplies	14,835	12,727	(2,108)	10,569
Contractual services	55,849	42,989	(12,860)	43,785
Capital outlay	45,000	59,579	14,579	24,159
Total urban forestry	230,656	224,383	(6,273)	184,009
Total public works	1,349,214	1,326,130	(23,084)	1,105,152

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2022
(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			2021
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Parks and recreation				
Parks maintenance				
Personal services	235,709	228,845	(6,864)	214,580
Materials and supplies	84,199	70,450	(13,749)	74,625
Contractual services	144,826	119,544	(25,282)	105,037
Capital outlay	25,500	1,806	(23,694)	–
Total parks maintenance	490,234	420,645	(69,589)	394,242
Recreation				
Personal services	6,080	1,313	(4,767)	–
Materials and supplies	9,657	3,637	(6,020)	–
Contractual services	7,885	641	(7,244)	618
Total recreation	23,622	5,591	(18,031)	618
Total parks and recreation	513,856	426,236	(87,620)	394,860
Total expenditures	8,542,813	8,217,733	(325,080)	7,225,942
Excess (deficiency) of revenues over expenditures	(810,000)	(173,519)	636,481	84,802
Other financing sources (uses)				
Transfers in	810,000	810,000	–	810,000
Transfers out	–	–	–	(50,000)
Total other financing sources (uses)	810,000	810,000	–	760,000
Net change in fund balances	–	636,481	636,481	844,802
Fund balance				
Beginning of year	3,688,344	3,688,344	–	2,843,542
End of year	\$ 3,688,344	\$ 4,324,825	\$ 636,481	\$ 3,688,344

CITY OF NORTH ST. PAUL

Statement 20

General Fund
Balance Sheet by Account
as of December 31, 2022

	General Revenue	Community Event	Fire Relief	Total
Assets				
Cash and investments	\$ 4,615,172	\$ 60,365	\$ 39,709	\$ 4,715,246
Receivables				
Interest	18,528	333	450	19,311
Accounts	170,443	—	—	170,443
Taxes	76,081	—	—	76,081
Special assessments	2,703	—	—	2,703
Lease	2,190,285	—	—	2,190,285
Prepaid items	21,021	—	—	21,021
Advance to other funds	32,368	—	—	32,368
Total assets	<u>\$ 7,126,601</u>	<u>\$ 60,698</u>	<u>\$ 40,159</u>	<u>\$ 7,227,458</u>
Liabilities				
Accounts and contracts payable	\$ 122,541	\$ —	\$ —	\$ 122,541
Accrued salaries and employee benefits payable	115,470	—	—	115,470
Due to other governments	19,031	—	—	19,031
Customer deposits	307,588	—	—	307,588
Unearned revenue	96,690	—	—	96,690
Total liabilities	661,320	—	—	661,320
Deferred inflows of resources				
Lease revenue for subsequent years	2,190,285	—	—	2,190,285
Unavailable revenue – property taxes	48,401	—	—	48,401
Unavailable revenue – special assessments	2,627	—	—	2,627
Total deferred inflows of resources	2,241,313	—	—	2,241,313
Fund balances				
Nonspendable	53,389	—	—	53,389
Assigned	—	60,698	40,159	100,857
Unassigned	4,170,579	—	—	4,170,579
Total fund balances	4,223,968	60,698	40,159	4,324,825
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,126,601</u>	<u>\$ 60,698</u>	<u>\$ 40,159</u>	<u>\$ 7,227,458</u>

CITY OF NORTH ST. PAUL

Statement 21

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances by Account
Year Ended December 31, 2022

	General Revenue	Community Event	Fire Relief	Total
Revenue				
Taxes	\$ 5,064,246	\$ —	\$ —	\$ 5,064,246
Special assessments	1,897	—	—	1,897
Licenses and permits	1,024,746	—	—	1,024,746
Intergovernmental	1,713,729	—	3,230	1,716,959
Charges for services	60,123	17,535	—	77,658
Fines and forfeits	22,080	—	—	22,080
Investment earnings (charges)	(46,631)	(1,095)	(1,619)	(49,345)
Other	185,973	—	—	185,973
Total revenue	8,026,163	16,440	1,611	8,044,214
Expenditures				
Current				
General government	1,198,349	22,891	—	1,221,240
Public safety	5,149,627	—	94,500	5,244,127
Public works	1,326,130	—	—	1,326,130
Parks and recreation	426,236	—	—	426,236
Total expenditures	8,100,342	22,891	94,500	8,217,733
Excess (deficiency) of revenues over expenditures	(74,179)	(6,451)	(92,889)	(173,519)
Other financing sources (uses)				
Transfers in	719,000	—	91,000	810,000
Net change in fund balances	644,821	(6,451)	(1,889)	636,481
Fund balances				
Beginning of year	3,579,147	67,149	42,048	3,688,344
End of year	\$ 4,223,968	\$ 60,698	\$ 40,159	\$ 4,324,825

CITY OF NORTH ST. PAUL

Statement 22

Housing Redevelopment Authority Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Year Ended December 31, 2022

(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			2021
	Final Budget	Actual	Over (Under) Budget	Actual
Revenues				
Taxes	\$ 205,007	\$ 203,793	\$ (1,214)	\$ 189,845
Investment earnings (charges)	–	(8,090)	(8,090)	(290)
Other	460,000	108,441	(351,559)	87,569
Total revenues	665,007	304,144	(360,863)	277,124
Expenditures				
Current				
Economic development	645,007	45,990	(599,017)	50,095
Excess (deficiency) of revenues over expenditures	20,000	258,154	238,154	227,029
Other financing sources (uses)				
Transfers out	(20,000)	(20,000)	–	(20,000)
Net change in fund balances	\$ –	238,154	\$ 238,154	207,029
Fund balance				
Beginning of year		1,346,395		1,139,366
End of year		\$ 1,584,549		\$ 1,346,395

CITY OF NORTH ST. PAUL

Statement 23

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

(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			2021
	Final Budget	Actual	Over (Under) Budget	Actual
Revenues				
Charges for services	\$ 150,000	\$ 150,000	\$ –	\$ 144,839
Investment earnings (charges)	–	(2,988)	(2,988)	49
Total revenues	150,000	147,012	(2,988)	144,888
Expenditures				
Current				
Parks and recreation	150,000	161,424	11,424	51,562
Net change in fund balances	\$ –	(14,412)	\$ (14,412)	93,326
Fund balances				
Beginning of year		159,808		66,482
End of year		\$ 145,396		\$ 159,808

CITY OF NORTH ST. PAUL

Statement 24

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

(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			2021
	Final Budget	Actual	Over (Under) Budget	Actual
Revenues				
Intergovernmental	\$ 100,000	\$ 100,000	\$ –	\$ 100,000
Investment earnings (charges)	–	(8,686)	(8,686)	(55)
Other	–	80,265	80,265	57,456
Total revenues	100,000	171,579	71,579	157,401
Expenditures				
Capital outlay				
Parks and recreation	2,500	2,050	(450)	8,796
Excess (deficiency) of revenues over expenditures	97,500	169,529	72,029	148,605
Other financing sources (uses)				
Transfers out	(80,000)	(80,000)	–	–
Net change in fund balances	\$ 17,500	89,529	\$ 72,029	148,605
Fund balances				
Beginning of year		465,420		316,815
End of year		\$ 554,949		\$ 465,420

INTERNAL SERVICE FUNDS

Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City utilizes an Equipment Internal Service Fund, a City Mechanic Internal Service Fund, an Insurance Internal Service Fund, an Information Technology Internal Service Fund, and a Building Maintenance Internal Service Fund in managing city operations.

CITY OF NORTH ST. PAUL

Statement 25

Internal Service Funds
Combining Statement of Net Position
as of December 31, 2022

	097	098	096	095	099	
	Equipment	City Mechanic	Insurance	Information Technology	Building Maintenance	Total
Assets						
Current assets						
Cash and investments	\$ 3,158,219	\$ 46,198	\$ 241,637	\$ 221,536	\$ 192,298	\$ 3,859,888
Receivables						
Interest	16,588	209	1,138	874	793	19,602
Accounts	—	—	722	—	—	722
Prepaid items	—	—	53,842	4,144	2,742	60,728
Total current assets	<u>3,174,807</u>	<u>46,407</u>	<u>297,339</u>	<u>226,554</u>	<u>195,833</u>	<u>3,940,940</u>
Noncurrent assets						
Capital assets						
Furniture and equipment	3,696,011	—	—	—	—	3,696,011
Less accumulated depreciation	<u>(2,075,216)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,075,216)</u>
Total capital assets	<u>1,620,795</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,620,795</u>
Total assets	<u>\$ 4,795,602</u>	<u>\$ 46,407</u>	<u>\$ 297,339</u>	<u>\$ 226,554</u>	<u>\$ 195,833</u>	<u>\$ 5,561,735</u>
Current liabilities						
Accounts and contracts payable	\$ 1,580	\$ 1,340	\$ —	\$ 2,147	\$ 25,445	\$ 30,512
Accrued salaries and employee benefits payable	—	—	7,650	—	—	7,650
Due to other governments	—	—	—	72	—	72
Total current liabilities	<u>1,580</u>	<u>1,340</u>	<u>7,650</u>	<u>2,219</u>	<u>25,445</u>	<u>38,234</u>
Net position						
Investment in capital assets	1,620,795	—	—	—	—	1,620,795
Unrestricted	<u>3,173,227</u>	<u>45,067</u>	<u>289,689</u>	<u>224,335</u>	<u>170,388</u>	<u>3,902,706</u>
Total net position	<u>4,794,022</u>	<u>45,067</u>	<u>289,689</u>	<u>224,335</u>	<u>170,388</u>	<u>5,523,501</u>
Total liabilities and net position	<u>\$ 4,795,602</u>	<u>\$ 46,407</u>	<u>\$ 297,339</u>	<u>\$ 226,554</u>	<u>\$ 195,833</u>	<u>\$ 5,561,735</u>

CITY OF NORTH ST. PAUL

Statement 26

Internal Service Funds
Combining Statement of Revenues,
Expenses, and Change in Net Position
Year Ended December 31, 2022

	097	098	096	095	099	
	<u>Equipment</u>	<u>City Mechanic</u>	<u>Insurance</u>	<u>Information Technology</u>	<u>Building Maintenance</u>	<u>Total</u>
Operating revenues						
Charges for services	\$ 507,463	\$ 37,000	\$ 502,563	\$ 380,359	\$ 242,520	\$ 1,669,905
Operating expenses						
Professional services	—	411	—	315,310	251,067	566,788
Materials and supplies	112,811	25,300	—	—	117,016	255,127
Insurance	—	—	441,311	—	—	441,311
Total operating expenses	<u>112,811</u>	<u>25,711</u>	<u>441,311</u>	<u>315,310</u>	<u>368,083</u>	<u>1,263,226</u>
Operating income (loss) before depreciation	394,652	11,289	61,252	65,049	(125,563)	406,679
Depreciation	<u>316,941</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>316,941</u>
Operating income (loss)	77,711	11,289	61,252	65,049	(125,563)	89,738
Nonoperating revenues						
Investment earnings (charges)	(53,650)	(527)	(2,791)	(1,987)	(1,712)	(60,667)
Electric franchise tax	—	—	—	—	190,207	190,207
Gain on disposal of capital assets	23,925	—	—	—	—	23,925
Other	15,733	—	9,042	—	—	24,775
Total nonoperating revenues	<u>(13,992)</u>	<u>(527)</u>	<u>6,251</u>	<u>(1,987)</u>	<u>188,495</u>	<u>178,240</u>
Change in net position	63,719	10,762	67,503	63,062	62,932	267,978
Net position						
Beginning of year	<u>4,730,303</u>	<u>34,305</u>	<u>222,186</u>	<u>161,273</u>	<u>107,456</u>	<u>5,255,523</u>
End of year	<u>\$ 4,794,022</u>	<u>\$ 45,067</u>	<u>\$ 289,689</u>	<u>\$ 224,335</u>	<u>\$ 170,388</u>	<u>\$ 5,523,501</u>

CITY OF NORTH ST. PAUL

Statement 27

Internal Service Funds
Combining Statement of Cash Flows
Year Ended December 31, 2022

	097 Equipment	098 City Mechanic	096 Insurance	095 Information Technology	099 Building Maintenance	Total
Cash flows from operating activities						
Cash receipts on interfund services provided	\$ 523,196	\$ 37,000	\$ 570,981	\$ 380,359	\$ 242,520	\$ 1,754,056
Cash paid to suppliers	(158,431)	(26,492)	(426,277)	(317,235)	(378,524)	(1,306,959)
Net cash flows from operating activities	364,765	10,508	144,704	63,124	(136,004)	447,097
Cash flows from noncapital financing activities						
Electric franchise tax received	—	—	—	—	190,207	190,207
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	(531,702)	—	—	—	—	(531,702)
Proceeds from the disposal of capital assets	23,925	—	—	—	—	23,925
Net cash flows from capital and related financing activities	(507,777)	—	—	—	—	(507,777)
Cash flows from investing activities						
Interest received (charged) on investments	(58,762)	(736)	(3,757)	(2,540)	(2,274)	(68,069)
Net change in cash and cash equivalents	(201,774)	9,772	140,947	60,584	51,929	61,458
Cash and cash equivalents						
Beginning of year	3,359,993	36,426	100,690	160,952	140,369	3,798,430
End of year	<u>\$ 3,158,219</u>	<u>\$ 46,198</u>	<u>\$ 241,637</u>	<u>\$ 221,536</u>	<u>\$ 192,298</u>	<u>\$ 3,859,888</u>
Reconciliation of operating income (loss) to net cash flows from operating activities						
Operating income (loss)	\$ 77,711	\$ 11,289	\$ 61,252	\$ 65,049	\$ (125,563)	\$ 89,738
Adjustments to reconcile operating income (loss) to net cash flows from operating activities						
Depreciation	316,941	—	—	—	—	316,941
Other revenue	15,733	—	9,042	—	—	24,775
Change in assets and liabilities						
Accounts receivable	—	—	51,726	—	—	51,726
Prepaid items	—	—	16,521	(4,144)	(236)	12,141
Accounts and contracts payable	(45,620)	(781)	(1,487)	2,147	(10,185)	(55,926)
Accrued salaries and employee benefits payable	—	—	7,650	—	—	7,650
Due to other governments	—	—	—	72	(20)	52
Total adjustments	287,054	(781)	83,452	(1,925)	(10,441)	357,359
Net cash flows from operating activities	<u>\$ 364,765</u>	<u>\$ 10,508</u>	<u>\$ 144,704</u>	<u>\$ 63,124</u>	<u>\$ (136,004)</u>	<u>\$ 447,097</u>

DISCRETELY PRESENTED COMPONENT UNIT – EDA

The following financial statements present the fund-based financial information for the North St. Paul Economic Development Authority (EDA). The EDA utilizes one General Fund to administer the resources for the EDA within the City.

CITY OF NORTH ST. PAUL

Statement 28

Economic Development Authority
 (Discretely Presented Component Unit)
 Balance Sheet
 as of December 31, 2022

Assets	
Cash and investments	\$ 419,057
Receivables	
Interest	2,091
Assets held for resale	<u>49,248</u>
Total assets	<u><u>\$ 470,396</u></u>
Liabilities	
Accounts and contracts payable	\$ 12,000
Accrued salaries and employee benefits payable	<u>2,033</u>
Total liabilities	<u>14,033</u>
Fund balances	
Restricted for Economic Development Authority	<u>456,363</u>
Total liabilities and fund balances	<u><u>\$ 470,396</u></u>

CITY OF NORTH ST. PAUL

Statement 29

Economic Development Authority
 (Discretely Presented Component Unit)
 Statement of Revenues, Expenditures, and
 Change in Fund Balances – Budget and Actual
 Year Ended December 31, 2022

	Final Budget	Actual	Over (Under) Budget
Revenues			
Taxes	\$ 200,907	\$ 200,907	\$ –
Investment earnings (charges)	–	(6,653)	(6,653)
Miscellaneous	–	1,934	1,934
Total revenues	<u>200,907</u>	<u>196,188</u>	<u>(4,719)</u>
Expenditures			
Current			
Economic development	<u>263,377</u>	<u>252,830</u>	<u>(10,547)</u>
Net change in fund balances	<u>\$ (62,470)</u>	<u>(56,642)</u>	<u>\$ 5,828</u>
Fund balances			
Beginning of year		<u>513,005</u>	
End of year		<u>\$ 456,363</u>	

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STATISTICAL
SECTION
(UNAUDITED)

STATISTICAL SECTION

(UNAUDITED)

This part of the City of North St. Paul's (the City) Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information. This information has not been audited by the independent auditor.

The contents of the statistical section include:

Financial Trends – These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in a historical perspective.

Revenue Capacity – These schedules contain information to assist the reader in assessing the City's most significant local revenue source—property taxes.

Debt Capacity – These tables present information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information – These tables offer economic and demographic indicators that are commonly used for financial analysis and that can assist the reader in understanding the City's present and ongoing financial status.

Operating Information – These tables contain service and infrastructure indicators that can assist the reader in understanding how the information in the City's ACFR relates to the services the City provides and the activities it performs.

Source – Unless otherwise noted, the information in these tables is derived from the ACFR for the relevant year.

CITY OF NORTH ST. PAUL

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

	2013	2014	2015	Fiscal Year 2016
Governmental activities				
Net investment in capital assets	\$ 19,051,478	\$ 18,499,040	\$ 18,732,114	\$ 18,613,487
Restricted	2,685,809	3,083,209	3,734,922	4,343,924
Unrestricted	<u>2,211,236</u>	<u>3,473,659</u>	<u>1,113,925</u>	<u>1,535,730</u>
Total governmental activities net position	<u>\$ 23,948,523</u>	<u>\$ 25,055,908</u>	<u>\$ 23,580,961</u>	<u>\$ 24,493,141</u>
Business-type activities				
Net investment in capital assets	\$ 7,158,035	\$ 5,050,697	\$ 5,230,857	\$ 5,361,800
Unrestricted	<u>4,250,023</u>	<u>4,560,899</u>	<u>3,946,517</u>	<u>4,870,810</u>
Total business-type activities net position	<u>\$ 11,408,058</u>	<u>\$ 9,611,596</u>	<u>\$ 9,177,374</u>	<u>\$ 10,232,610</u>
Primary government				
Net investment in capital assets	\$ 26,209,513	\$ 23,549,737	\$ 23,962,971	\$ 23,975,287
Restricted	2,685,809	3,083,209	3,734,922	4,343,924
Unrestricted	<u>6,461,259</u>	<u>8,034,558</u>	<u>5,060,442</u>	<u>6,406,540</u>
Total primary government net position	<u>\$ 35,356,581</u>	<u>\$ 34,667,504</u>	<u>\$ 32,758,335</u>	<u>\$ 34,725,751</u>

Note 1: The City implemented GASB Statement No. 68 in fiscal 2015. The City reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position. Prior year information has not been restated.

Note 2: The City implemented GASB Statement No. 75 in fiscal 2018. The City reported a change in accounting principle as a result of implementing this standard that decreased net position by \$418,070. Prior year information has not been restated.

Table 1

2017	2018	2019	2020	2021	2022
\$ 19,304,556	\$ 18,936,454	\$ 20,896,337	\$ 23,925,494	\$ 27,299,383	\$ 27,356,833
5,086,728	5,905,069	6,313,242	6,750,568	6,291,329	6,605,820
1,906,846	3,798,923	1,913,208	(3,329,638)	(2,656,756)	(2,491,905)
<u>\$ 26,298,130</u>	<u>\$ 28,640,446</u>	<u>\$ 29,122,787</u>	<u>\$ 27,346,424</u>	<u>\$ 30,933,956</u>	<u>\$ 31,470,748</u>
\$ 5,125,174	\$ 5,118,537	\$ 5,230,430	\$ 6,715,226	\$ 7,092,785	\$ 6,330,294
7,364,722	9,430,795	12,047,528	14,631,165	17,209,712	19,764,508
<u>\$ 12,489,896</u>	<u>\$ 14,549,332</u>	<u>\$ 17,277,958</u>	<u>\$ 21,346,391</u>	<u>\$ 24,302,497</u>	<u>\$ 26,094,802</u>
\$ 24,429,730	\$ 24,054,991	\$ 26,126,767	\$ 30,640,720	\$ 34,392,168	\$ 33,687,127
5,086,728	5,905,069	6,313,242	6,750,568	6,291,329	6,605,820
9,271,568	13,229,718	13,960,736	11,301,527	14,552,956	17,272,603
<u>\$ 38,788,026</u>	<u>\$ 43,189,778</u>	<u>\$ 46,400,745</u>	<u>\$ 48,692,815</u>	<u>\$ 55,236,453</u>	<u>\$ 57,565,550</u>

CITY OF NORTH ST. PAUL

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

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental activities				
General government	\$ 1,264,749	\$ 1,048,772	\$ 2,548,971	\$ 2,635,566
Public safety	3,434,875	3,143,696	2,706,191	4,237,119
Public works	1,933,101	2,466,394	1,655,722	1,576,435
Parks and recreation	520,989	385,973	457,126	544,721
Economic development	169,026	394,293	109,130	184,357
Interest and fiscal charges	342,214	346,375	356,642	412,714
Total governmental activities expenses	<u>7,664,954</u>	<u>7,785,503</u>	<u>7,833,782</u>	<u>9,590,912</u>
Business-type activities				
Electric	7,720,874	8,723,726	8,447,378	8,443,299
Water	1,253,111	1,139,639	1,168,913	1,110,248
Surface water	483,987	394,302	401,214	428,295
Waste water	1,282,431	1,260,549	1,480,667	1,620,631
Fiber optic	173,268	226,918	130,473	167,886
Solid waste	949,179	863,961	1,186,419	835,013
Total business-type activities expenses	<u>11,862,850</u>	<u>12,609,095</u>	<u>12,815,064</u>	<u>12,605,372</u>
Total primary government expenses	<u>\$ 19,527,804</u>	<u>\$ 20,394,598</u>	<u>\$ 20,648,846</u>	<u>\$ 22,196,284</u>
Program revenues				
Governmental activities				
Charges for services				
General government	\$ 362,839	\$ 305,751	\$ 287,497	\$ 298,971
Public safety	149,689	124,973	127,217	107,199
Public works	147,646	230,044	143,158	182,465
Parks and recreation	274,041	172,060	199,228	193,670
Operating grants and contributions	733,851	431,658	407,347	445,180
Capital grants and contributions	57,958	730,920	128,637	701,665
Total governmental activities program revenues	<u>1,726,024</u>	<u>1,995,406</u>	<u>1,293,084</u>	<u>1,929,150</u>
Business-type activities				
Charges for services				
Electric	8,875,437	9,000,195	9,090,354	9,226,380
Water	1,408,464	1,431,055	1,601,572	1,676,387
Surface water	575,374	581,341	613,555	669,380
Waste water	1,555,043	1,653,655	1,832,948	2,060,406
Fiber optic	118,059	104,472	108,615	145,673
Solid waste	1,056,099	1,100,932	1,128,070	1,084,284
Operating grants and contributions	84,609	109,690	80,666	178,469
Capital grants and contributions	—	—	—	—
Total business-type activities program revenues	<u>13,673,085</u>	<u>13,981,340</u>	<u>14,455,780</u>	<u>15,040,979</u>
Total primary government program revenues	<u>\$ 15,399,109</u>	<u>\$ 15,976,746</u>	<u>\$ 15,748,864</u>	<u>\$ 16,970,129</u>

Table 2
Page 1 of 2

2017	2018	2019	2020	2021	2022
\$ 2,500,256	\$ 1,852,924	\$ 1,559,014	\$ 1,484,870	\$ 1,328,371	\$ 1,813,006
3,802,714	4,006,547	4,087,960	4,298,332	3,826,009	5,718,250
1,512,014	1,790,048	2,104,125	1,712,876	2,135,103	2,853,488
439,167	636,499	586,040	577,988	470,618	666,685
472,262	508,783	3,028,759	7,263,908	560,016	549,676
409,252	415,264	383,719	701,700	624,528	770,759
9,135,665	9,210,065	11,749,617	16,039,674	8,944,645	12,371,864
8,329,029	8,960,653	8,098,292	7,950,155	9,090,803	10,286,514
752,207	938,780	1,105,399	1,008,677	1,028,804	1,209,955
538,861	642,322	480,131	462,958	562,073	666,147
1,484,530	1,744,588	1,817,051	1,814,166	1,760,265	2,067,753
154,236	181,099	138,423	140,622	141,471	145,320
987,790	991,685	1,492,205	906,762	938,234	946,788
12,246,653	13,459,127	13,131,501	12,283,340	13,521,650	15,322,477
<u>\$ 21,382,318</u>	<u>\$ 22,669,192</u>	<u>\$ 24,881,118</u>	<u>\$ 28,323,014</u>	<u>\$ 22,466,295</u>	<u>\$ 27,694,341</u>
\$ 371,906	\$ 340,303	\$ 498,603	\$ 360,872	\$ 400,827	\$ 341,716
119,264	124,392	129,933	52,571	106,480	102,658
257,790	298,035	580,660	820,311	631,019	976,441
228,307	169,999	263,985	194,967	362,490	275,913
490,623	615,246	648,171	2,621,998	880,202	631,090
720,308	1,292,586	588,053	670,265	373,618	448,478
2,188,198	2,840,561	2,709,405	4,720,984	2,754,636	2,776,296
9,534,315	10,149,233	9,284,280	9,275,594	10,416,983	11,282,305
1,787,727	1,823,416	1,853,028	2,015,977	2,138,165	2,021,685
727,237	820,017	881,196	925,883	946,086	957,409
2,105,749	2,198,476	2,325,937	2,477,861	2,482,664	2,457,962
148,684	141,209	218,655	213,804	208,915	213,176
1,099,506	1,135,528	1,106,983	985,699	998,597	1,008,152
48,752	61,976	341,895	63,645	49,224	69,777
—	—	—	753,848	—	—
15,451,970	16,329,855	16,011,974	16,712,311	17,240,634	18,010,466
<u>\$ 17,640,168</u>	<u>\$ 19,170,416</u>	<u>\$ 18,721,379</u>	<u>\$ 21,433,295</u>	<u>\$ 19,995,270</u>	<u>\$ 20,786,762</u>

CITY OF NORTH ST. PAUL

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

	Fiscal Year			
	2013	2014	2015	2016
Net (expense) revenue				
Governmental activities	\$ (5,938,930)	\$ (5,790,097)	\$ (6,540,698)	\$ (7,661,762)
Business-type activities	<u>1,810,235</u>	<u>1,372,245</u>	<u>1,640,716</u>	<u>2,435,607</u>
Total primary government net expense	<u>\$ (4,128,695)</u>	<u>\$ (4,417,852)</u>	<u>\$ (4,899,982)</u>	<u>\$ (5,226,155)</u>
General revenues and other changes in net position				
Governmental activities				
Property taxes	\$ 3,706,365	\$ 3,838,375	\$ 3,885,640	\$ 4,546,034
Franchise taxes	435,582	522,358	563,829	544,367
Unrestricted grants and contributions	1,882,736	1,900,433	1,828,503	1,919,280
Other general revenues	29,041	52,840	4,606	38,802
Investment earnings (charges)	(41,785)	97,640	88,086	76,459
Transfers	<u>453,175</u>	<u>970,000</u>	<u>1,205,589</u>	<u>1,449,000</u>
Total governmental activities	<u>6,465,114</u>	<u>7,381,646</u>	<u>7,576,253</u>	<u>8,573,942</u>
Business-type activities				
Investment earnings (charges)	(57,131)	83,333	96,825	68,629
Transfers	<u>(453,175)</u>	<u>(970,000)</u>	<u>(1,205,589)</u>	<u>(1,449,000)</u>
Total business-type activities	<u>(510,306)</u>	<u>(886,667)</u>	<u>(1,108,764)</u>	<u>(1,380,371)</u>
Total primary government	<u>\$ 5,954,808</u>	<u>\$ 6,494,979</u>	<u>\$ 6,467,489</u>	<u>\$ 7,193,571</u>
Change in net position				
Governmental activities	\$ 526,184	\$ 1,591,549	\$ 1,035,555	\$ 912,180
Business-type activities	<u>1,299,929</u>	<u>485,578</u>	<u>531,952</u>	<u>1,055,236</u>
Total primary government	<u>\$ 1,826,113</u>	<u>\$ 2,077,127</u>	<u>\$ 1,567,507</u>	<u>\$ 1,967,416</u>

Table 2
Page 2 of 2

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ (6,947,467)	\$ (6,369,504)	\$ (9,040,212)	\$(11,318,690)	\$ (6,190,009)	\$ (9,595,568)
<u>3,205,317</u>	<u>2,870,728</u>	<u>2,880,473</u>	<u>4,428,971</u>	<u>3,718,984</u>	<u>2,687,989</u>
<u>\$ (3,742,150)</u>	<u>\$ (3,498,776)</u>	<u>\$ (6,159,739)</u>	<u>\$ (6,889,719)</u>	<u>\$ (2,471,025)</u>	<u>\$ (6,907,579)</u>
\$ 5,111,242	\$ 5,496,782	\$ 5,809,709	\$ 6,348,187	\$ 6,481,133	\$ 7,147,994
531,178	431,469	421,413	437,835	490,483	563,490
1,812,458	1,838,514	1,843,392	1,800,995	1,685,861	1,661,614
126,853	212,024	124,510	81,834	203,525	199,242
123,925	174,935	460,597	186,263	(4,873)	(229,980)
<u>1,046,800</u>	<u>841,130</u>	<u>862,932</u>	<u>687,213</u>	<u>921,412</u>	<u>790,000</u>
8,752,456	8,994,854	9,522,553	9,542,327	9,777,541	10,132,360
98,769	164,874	597,528	326,675	158,534	(105,684)
<u>(1,046,800)</u>	<u>(841,130)</u>	<u>(862,932)</u>	<u>(687,213)</u>	<u>(921,412)</u>	<u>(790,000)</u>
<u>(948,031)</u>	<u>(676,256)</u>	<u>(265,404)</u>	<u>(360,538)</u>	<u>(762,878)</u>	<u>(895,684)</u>
<u>\$ 7,804,425</u>	<u>\$ 8,318,598</u>	<u>\$ 9,257,149</u>	<u>\$ 9,181,789</u>	<u>\$ 9,014,663</u>	<u>\$ 9,236,676</u>
\$ 1,804,989	\$ 2,625,350	\$ 482,341	\$ (1,776,363)	\$ 3,587,532	\$ 536,792
<u>2,257,286</u>	<u>2,194,472</u>	<u>2,615,069</u>	<u>4,068,433</u>	<u>2,956,106</u>	<u>1,792,305</u>
<u>\$ 4,062,275</u>	<u>\$ 4,819,822</u>	<u>\$ 3,097,410</u>	<u>\$ 2,292,070</u>	<u>\$ 6,543,638</u>	<u>\$ 2,329,097</u>

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CITY OF NORTH ST. PAUL

Table 3

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
2013	\$ 3,706,365	\$ 435,582	\$ 4,141,947
2014	3,838,375	522,358	4,360,733
2015	3,885,640	563,829	4,449,469
2016	4,546,034	544,367	5,090,401
2017	5,111,242	531,178	5,642,420
2018	5,496,782	431,469	5,928,251
2019	5,809,709	421,413	6,231,122
2020	6,348,187	437,835	6,786,022
2021	6,481,133	490,483	6,971,616
2022	7,147,994	563,490	7,711,484

CITY OF NORTH ST. PAUL

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

	Fiscal Year			
	2013	2014	2015	2016
General Fund				
Nonspendable	\$ 12,521	\$ 2,910	\$ 1,800	\$ 23,492
Assigned	943,890	—	31,455	25,230
Unassigned	1,278,326	1,682,876	1,725,949	1,713,152
Total General Fund	<u>\$ 2,234,737</u>	<u>\$ 1,685,786</u>	<u>\$ 1,759,204</u>	<u>\$ 1,761,874</u>
All other governmental funds				
Nonspendable	\$ 3	\$ —	\$ —	\$ —
Restricted	2,805,663	3,577,232	3,089,182	6,554,769
Committed	17,068	1,470,423	2,042,917	2,369,282
Assigned	708,899	572,634	607,146	1,166,478
Unassigned, reported in Other governmental funds	(122,942)	(126,182)	(103,906)	(113,371)
Total all other governmental funds	<u>\$ 3,408,691</u>	<u>\$ 5,494,107</u>	<u>\$ 5,635,339</u>	<u>\$ 9,977,158</u>
Total all governmental funds				
Nonspendable	\$ 12,524	\$ 2,910	\$ 1,800	\$ 23,492
Restricted	2,805,663	3,577,232	3,089,182	6,554,769
Committed	17,068	1,470,423	2,042,917	2,369,282
Assigned	1,652,789	572,634	638,601	1,191,708
Unassigned, reported in General Fund	1,278,326	1,682,876	1,725,949	1,713,152
Other governmental funds	(122,942)	(126,182)	(103,906)	(113,371)
Total all governmental funds	<u>\$ 5,643,428</u>	<u>\$ 7,179,893</u>	<u>\$ 7,394,543</u>	<u>\$ 11,739,032</u>

Table 4

2017	2018	2019	2020	2021	2022
\$ 26,016	\$ 24,135	\$ 154,851	\$ 53,828	\$ 81,527	\$ 53,389
23,261	19,985	17,740	88,565	109,197	100,857
1,708,472	1,788,706	2,182,986	2,701,149	3,497,620	4,170,579
<u>\$ 1,757,749</u>	<u>\$ 1,832,826</u>	<u>\$ 2,355,577</u>	<u>\$ 2,843,542</u>	<u>\$ 3,688,344</u>	<u>\$ 4,324,825</u>
\$ —	\$ —	\$ —	\$ 683	\$ 102	\$ —
7,114,605	9,661,240	5,816,806	5,912,546	6,232,816	7,962,023
3,196,670	3,774,915	4,217,917	4,026,933	4,188,953	3,777,432
996,304	1,931,788	1,758,664	1,943,532	2,049,562	2,391,518
(6,954)	(48,623)	(1,571,775)	(5,093,538)	(6,034,466)	(5,606,568)
<u>\$ 11,300,625</u>	<u>\$ 15,319,320</u>	<u>\$ 10,221,612</u>	<u>\$ 6,790,156</u>	<u>\$ 6,436,967</u>	<u>\$ 8,524,405</u>
\$ 26,016	\$ 24,135	\$ 154,851	\$ 54,511	\$ 81,629	\$ 53,389
7,114,605	9,661,240	5,816,806	5,912,546	6,232,816	7,962,023
3,196,670	3,774,915	4,217,917	4,026,933	4,188,953	3,777,432
1,019,565	1,951,773	1,776,404	2,032,097	2,158,759	2,492,375
1,708,472	1,788,706	2,182,986	2,701,149	3,497,620	4,170,579
(6,954)	(48,623)	(1,571,775)	(5,093,538)	(6,034,466)	(5,606,568)
<u>\$ 13,058,374</u>	<u>\$ 17,152,146</u>	<u>\$ 12,577,189</u>	<u>\$ 9,633,698</u>	<u>\$ 10,125,311</u>	<u>\$ 12,849,230</u>

CITY OF NORTH ST. PAUL

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

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Taxes	\$ 4,204,967	\$ 4,366,055	\$ 4,453,106	\$ 5,083,188
Special assessments	32,978	260,366	125,435	303,753
Licenses and permits	215,313	293,691	241,532	275,704
Intergovernmental	2,643,668	2,298,181	2,219,522	2,358,025
Charges for services	298,480	198,806	214,366	188,516
Fines and forfeits	84,592	61,758	50,850	34,824
Investment earnings (charges)	(29,281)	78,708	63,514	65,760
Other	361,919	379,683	257,538	329,038
Total revenues	7,812,636	7,937,248	7,625,863	8,638,808
Expenditures				
Current				
General government	1,056,706	828,533	2,093,492	2,107,655
Public safety	3,330,340	3,235,138	3,136,479	3,453,098
Public works	1,272,887	1,498,650	792,389	902,417
Parks and recreation	413,634	357,404	568,318	351,891
Other	35,000	35,000	—	—
Economic development	166,860	363,347	81,715	172,600
Capital outlay	165,764	2,238,418	1,036,298	3,677,596
Debt service				
Principal	670,000	760,000	775,000	1,010,000
Interest	430,759	328,208	386,549	366,628
Total expenditures	7,541,950	9,644,698	8,870,240	12,041,885
Excess of revenues over (under) expenditures	270,686	(1,707,450)	(1,244,377)	(3,403,077)
Other financing sources (uses)				
Bonds issued	—	2,360,000	—	3,880,000
Refunding bonds issued	—	—	1,595,000	2,430,000
Contract for deed issued	—	—	—	—
Premium (discount) on bonds issued	—	71,655	36,316	208,277
Payments to refunded bond escrow agent	(3,655,000)	—	(1,575,000)	—
Transfers in	521,355	2,433,320	1,681,475	2,143,316
Transfers out	(68,180)	(1,620,794)	(278,764)	(914,027)
Total other financing sources (uses)	(3,201,825)	3,244,181	1,459,027	7,747,566
Net change in fund balances	\$ (2,931,139)	\$ 1,536,731	\$ 214,650	\$ 4,344,489
Debt service as a percentage of noncapital expenditures	14.8%	14.2%	15.1%	16.0%

Table 5

2017	2018	2019	2020	2021	2022
\$ 5,643,488	\$ 5,923,559	\$ 6,243,978	\$ 6,775,208	\$ 6,973,458	\$ 7,770,528
313,972	557,833	264,614	233,359	206,135	216,035
302,716	355,448	631,259	630,386	697,218	1,024,746
2,646,164	2,673,823	2,951,440	3,865,688	2,559,942	2,728,803
207,009	156,811	215,238	130,683	182,841	227,658
37,032	38,536	33,274	27,025	30,805	22,080
100,440	148,593	375,949	143,101	(3,722)	(169,313)
415,313	497,783	584,626	1,815,409	983,103	414,543
9,666,134	10,352,386	11,300,378	13,620,859	11,629,780	12,235,080
2,142,817	1,435,772	1,325,646	1,521,706	1,216,523	1,339,166
3,582,576	3,939,849	4,329,230	4,625,522	4,550,160	5,343,902
884,974	1,021,445	1,093,499	1,069,926	1,105,152	1,326,130
374,020	522,972	509,206	569,370	446,422	587,660
—	18,006	—	—	—	—
442,989	450,164	3,034,873	7,104,185	447,696	514,598
1,507,700	1,654,658	4,299,602	5,669,116	1,243,775	2,820,747
1,020,000	1,265,000	1,348,553	2,744,028	3,213,926	1,305,276
434,638	434,329	462,658	674,408	710,441	759,626
10,389,714	10,742,195	16,403,267	23,978,261	12,934,095	13,997,105
(723,580)	(389,809)	(5,102,889)	(10,357,402)	(1,304,315)	(1,762,025)
1,051,380	3,475,000	—	6,325,000	—	4,590,000
—	—	—	—	960,000	—
—	—	2,075,000	—	—	—
40,155	226,760	—	122,131	45,928	85,944
—	—	(2,410,000)	—	—	(980,000)
1,387,155	1,157,039	1,012,932	1,787,397	912,658	2,036,939
(435,768)	(375,218)	(150,000)	(820,617)	(122,658)	(1,246,939)
2,042,922	4,483,581	527,932	7,413,911	1,795,928	4,485,944
\$ 1,319,342	\$ 4,093,772	\$ (4,574,957)	\$ (2,943,491)	\$ 491,613	\$ 2,723,919
16.1%	18.3%	14.5%	18.6%	32.9%	18.1%

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CITY OF NORTH ST. PAUL

Table 6

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Electric Franchise</u>	<u>Gas Franchise</u>	<u>Cable Franchise</u>	<u>Total</u>
2013	\$ 3,769,385	\$ 283,302	\$ 107,017	\$ 45,263	\$ 4,204,967
2014	3,843,697	344,743	132,899	44,716	4,366,055
2015	3,889,277	375,224	109,676	78,929	4,453,106
2016	4,538,821	346,059	83,298	115,010	5,083,188
2017	5,112,310	368,484	90,270	72,424	5,643,488
2018	5,492,090	244,007	102,973	84,489	5,923,559
2019	5,822,565	227,068	100,065	94,280	6,243,978
2020	6,337,373	275,660	83,977	78,198	6,775,208
2021	6,482,975	277,684	100,598	112,201	6,973,458
2022	7,207,038	285,311	167,697	110,482	7,770,528

CITY OF NORTH ST. PAUL

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

Fiscal Year	Tax Capacity (1)					
	Real Property		Personal Property	Less Tax Exempt Real Property	Fiscal Disparities Distribution	
	Residential Property	Commercial Property				
2013	\$ 5,388,769	\$ 1,624,210	\$ 91,614	\$ (846,062)	\$ 1,978,627	
2014	5,245,026	1,591,017	93,742	(805,980)	2,017,025	
2015	5,690,060	1,591,017	98,878	(751,660)	2,267,716	
2016	6,217,732	1,572,193	100,787	(924,565)	2,298,449	
2017	6,718,235	1,582,800	111,924	(969,996)	2,419,838	
2018	7,065,334	1,720,882	108,396	(1,028,487)	2,559,341	
2019	7,678,389	1,782,523	98,904	(1,110,250)	2,681,211	
2020	8,750,806	1,762,170	100,246	(1,181,531)	2,817,225	
2021	9,687,274	1,801,666	116,468	(1,282,119)	2,738,340	
2022	10,214,854	1,888,979	118,204	(1,570,784)	2,930,417	

- (1) Tax rates are expressed in terms of “net tax capacity.” A property’s tax capacity is determined by multiplying its taxable market value by a state determined class rate. Class rates vary by property type and change periodically based on state legislation.

Source: Ramsey County

Table 7

<u>Total Tax Capacity Value</u>	<u>Total Direct Tax Rate</u>	<u>Total Estimated Market Value</u>	<u>Tax Capacity Value as a Percentage of Market Value</u>
\$ 8,237,158	36.719 %	\$ 703,251,000	1.2 %
8,140,830	36.185	688,371,700	1.2
8,896,011	35.169	730,216,600	1.2
9,264,596	38.707	777,362,600	1.2
9,862,801	41.919	821,838,000	1.2
10,425,466	42.515	861,724,000	1.2
11,130,777	43.834	919,851,300	1.2
12,248,916	40.732	1,018,683,500	1.2
13,061,629	38.219	1,108,145,800	1.2
13,581,670	44.140	1,164,673,600	1.2

CITY OF NORTH ST. PAUL

Table 8

Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Direct Rates (1)			Overlapping			Total Direct and Overlapping Rates
	General Levy	Debt Levy	City Total	County	School District	Special District	
2013	26.060 %	10.659 %	36.719 %	65.240 %	32.552 %	13.597 %	148.108 %
2014	25.681	10.504	36.185	63.735	37.643	13.610	151.173
2015	27.012	8.157	35.169	58.922	36.008	12.718	142.817
2016	27.095	11.612	38.707	58.885	35.706	12.638	145.936
2017	31.215	10.704	41.919	55.850	33.798	12.029	143.596
2018	31.980	10.535	42.515	53.962	30.284	12.270	139.031
2019	33.095	10.739	43.834	52.880	29.226	13.446	139.386
2020	32.045	8.687	40.732	52.302	32.689	12.591	138.314
2021	29.997	8.222	38.219	47.760	32.007	12.611	130.597
2022	35.918	8.222	44.140	47.226	32.329	12.756	136.451

(1) Tax rates per \$100 of tax capacity.

Source: Ramsey County

CITY OF NORTH ST. PAUL

Table 9Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2022			2013		
	Estimated Market Value	Rank	Percentage of Total Estimated Market Value	Estimated Market Value	Rank	Percentage of Total Estimated Market Value
Cedarview Commons	\$ 19,138,600	1	1.64 %	\$ 10,798,100	2	1.54 %
Helen Street Senior Housing, LLC	17,672,000	2	1.52	—		—
Franklyn Park Apartments	14,154,500	3	1.22	7,159,800	4	1.02
LHB Properties, LLC	11,622,200	4	1.00	5,667,700	6	0.81
Cottages of North St. Paul	11,053,400	5	0.95	5,831,900	5	0.83
Berwald Investment Company	9,794,700	6	0.84	7,640,200	3	1.09
Bigos Regency Park, LLC	9,498,400	7	0.82	4,723,500	7	0.67
Target Stores, Inc.	9,131,400	8	0.78	10,979,800	1	1.56
North St Paul Land Dev. Co., LLC	9,076,200	9	0.78	—		—
IP4 AF St. Paul, LLC	5,391,500	10	0.46	—		—
Baypointe Investment Partnership, LLC	—	—	—	4,478,700	8	0.64
Gervais Court Properties, LLC	—	—	—	3,874,300	9	0.55
PMP Enterprise, LLC & Co.	—	—	—	3,831,300	10	0.54
Total	<u>\$ 116,532,900</u>		<u>10.01 %</u>	<u>\$ 64,985,300</u>		<u>9.24 %</u>

Source: Ramsey County Department of Property Taxation

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CITY OF NORTH ST. PAUL

Table 10Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year (1)	Collected Within the Fiscal Year of the Levy (2)		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 3,373,711	\$ 3,342,142	99.1 %	\$ 31,569	\$ 3,373,711	100.0 %
2014	3,658,474	3,622,632	99.0	35,842	3,658,474	100.0
2015	3,876,496	3,842,585	99.1	33,911	3,876,496	100.0
2016	4,186,996	4,148,345	99.1	36,667	4,185,012	100.0
2017	4,768,855	4,728,652	99.2	36,931	4,765,583	99.9
2018	5,144,397	5,093,568	99.0	48,496	5,142,064	100.0
2019	5,545,599	5,504,917	99.3	39,181	5,544,098	100.0
2020	5,828,387	5,783,121	99.2	40,493	5,823,614	99.9
2021	5,864,589	5,823,146	99.3	30,798	5,853,944	99.8
2022	6,226,210	6,224,303	100.0	—	6,224,303	100.0

(1) Includes fiscal disparity revenues.

(2) Includes fiscal disparity revenues and is net of county/state adjustments.

CITY OF NORTH ST. PAUL

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities							Total
	General Obligation Bonds	Special Assessment Bonds	Tax Increment Bonds	Tax Abatement Bonds	Capital Improvement Bonds	Contract for Deed	Premiums	
2013	\$ 3,760,000	\$ —	\$ 1,725,000	\$ 455,000	\$ 4,240,000	\$ —	\$ —	\$ 10,180,000
2014	3,410,000	2,360,000	1,650,000	395,000	3,965,000	—	66,878	11,846,878
2015	3,055,000	2,360,000	1,595,000	335,000	3,680,000	—	96,281	11,121,281
2016	2,695,000	4,815,000	1,490,000	1,510,000	5,815,000	—	297,645	16,622,645
2017	2,325,000	5,686,380	1,395,000	1,445,000	5,505,000	—	312,858	16,669,238
2018	1,950,000	8,811,380	1,295,000	1,330,000	5,180,000	—	512,167	19,078,547
2019	1,575,000	8,397,827	1,195,000	1,210,000	2,430,000	2,075,000	470,543	17,353,370
2020	1,195,000	7,852,299	7,410,000	1,085,000	2,050,000	871,500	546,688	21,010,487
2021	960,000	7,254,873	7,310,000	1,030,000	1,655,000	—	541,527	18,751,400
2022	5,550,000	5,524,597	7,210,000	975,000	1,255,000	—	572,085	21,086,682

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

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

Table 11

Revenue Bonds	Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)		Per Capita (1)
	Capital Loans	Premiums	Total				
\$ 7,350,000	\$ 589,029	\$ —	\$ 7,939,029	\$ 18,119,029	4.09 %	\$	1,560
9,410,000	361,294	—	9,771,294	21,618,172	4.64		1,809
11,435,000	123,136	117,264	11,675,400	22,796,681	4.67		1,899
14,360,000	—	205,469	14,565,469	31,188,114	9.24		2,577
11,663,620	—	206,372	11,869,992	28,539,230	7.93		2,365
14,198,620	—	409,430	14,608,050	33,686,597	8.79		2,784
13,137,173	—	374,677	13,511,850	30,865,220	8.07		2,538
13,767,701	—	451,017	14,218,718	35,229,205	8.83		2,897
13,800,127	—	473,127	14,273,254	33,024,654	8.44		2,671
16,445,403	—	522,223	16,967,626	38,054,308	9.70		3,070

CITY OF NORTH ST. PAUL

Table 12Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Premiums/ (Discounts)	Less Amounts Available in Debt Service Funds (3)	Total	Percentage of Estimated Market Value of Property (1)	Per Capita (2)
2013	\$ 8,000,000	\$ —	\$ 1,074,211	\$ 6,925,789	0.98 %	\$ 596
2014	7,375,000	—	1,253,419	6,121,581	0.89	512
2015	6,735,000	—	1,312,400	5,422,600	0.74	452
2016	8,510,000	110,519	3,875,411	4,745,108	0.61	392
2017	7,830,000	98,239	3,902,113	4,026,126	0.49	334
2018	7,130,000	85,960	3,935,715	3,280,245	0.38	271
2019	4,005,000	73,680	1,615,940	2,462,740	0.27	203
2020	3,245,000	61,400	1,685,808	1,620,592	0.16	133
2021	2,615,000	89,945	1,797,021	907,924	0.08	73
2022	6,805,000	154,209	1,266,010	5,693,199	0.49	459

(1) See the Schedule of Tax Capacity Value and Estimated Actual Value of Taxable Property for property value data.

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

(3) The City is using governmental net position restricted for debt service. We believe this to be the best amount available to present a consistent net amount when refunding bonds are held for payment, which are not restricted on government-wide financial statements, due to conversion for full accrual accounting.

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

CITY OF NORTH ST. PAUL

Table 13

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Direct debt			
City of North St. Paul	\$ 21,086,682	100.0 %	\$ 21,086,682
Overlapping debt			
Independent School District No. 622	366,000,000	11.3	41,358,000
Ramsey County	176,402,000	3.0	5,292,060
Ramsey County Library	25,185,000	3.7	931,845
Metropolitan Council	1,688,625,662	1.5	25,329,385
Total overlapping debt			<u>72,911,290</u>
Total direct and overlapping debt			<u>\$ 93,997,972</u>

- (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the entity's taxable assessed value that is within the City's boundaries and dividing it by the entity's total taxable assessed value.

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. This process recognizes that, when considering the City'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.

Source: Ramsey County

CITY OF NORTH ST. PAUL

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Debt limit	\$ 20,097,530	\$ 20,651,151	\$ 21,906,498	\$ 23,320,878
Total net debt applicable to the limit	<u>6,925,789</u>	<u>6,121,581</u>	<u>5,422,600</u>	<u>4,634,589</u>
Legal debt margin	<u>\$ 13,171,741</u>	<u>\$ 14,529,570</u>	<u>\$ 16,483,898</u>	<u>\$ 18,686,289</u>
Total net debt applicable to the limit as a percentage of debt limit	34.46%	29.64%	24.75%	19.87%

Note: Under Minnesota state law, the City's net debt cannot exceed 3 percent of the estimated market value.

Table 14

2017	2018	2019	2020	2021	2022
\$ 24,655,140	\$ 25,851,720	\$ 27,595,539	\$ 30,560,505	\$ 33,244,374	\$ 34,940,208
3,927,887	3,194,285	2,389,060	1,559,192	817,979	5,538,990
<u>\$ 20,727,253</u>	<u>\$ 22,657,435</u>	<u>\$ 25,206,479</u>	<u>\$ 29,001,313</u>	<u>\$ 32,426,395</u>	<u>\$ 29,401,218</u>
15.93%	12.36%	8.66%	5.10%	2.46%	15.85%

Legal Debt Margin Calculation for Fiscal Year 2022

Market value	\$ 1,164,673,600
Debt limit (3 percent of market value)	34,940,208
Debt applicable to the limit	
General obligation bonds	6,805,000
Less amount set aside for repayment of general obligation debt	<u>(1,266,010)</u>
Total net debt applicable to the limit	<u>5,538,990</u>
Legal debt margin	<u>\$ 29,401,218</u>

CITY OF NORTH ST. PAUL

Table 15Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Revenue Bonds					Coverage
	Operating Revenues	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2013	\$ 13,555,026	\$ 10,671,672	\$ 2,883,354	\$ 475,000	\$ 334,487	3.56
2014	13,760,220	11,598,333	2,161,887	500,000	351,253	2.54
2015	14,260,639	11,932,652	2,327,987	505,000	369,682	2.66
2016	14,706,437	11,604,993	3,101,444	680,000	425,394	2.81
2017	15,254,109	11,398,378	3,855,731	680,000	295,905	3.95
2018	16,121,710	12,341,182	3,780,528	930,000	352,495	2.95
2019	15,449,750	12,111,198	3,338,552	1,061,447	358,074	2.35
2020	15,666,843	11,487,636	4,179,207	1,199,472	389,812	2.63
2021	16,979,565	12,448,171	4,531,394	1,402,574	413,225	2.50
2022	17,727,513	13,963,542	3,763,971	1,124,724	491,090	2.33

Note 1: Includes Electric, Water, Surface Water, Waste Water, and Solid Waste Funds. Operating expenses do not include interest or depreciation.

Note 2: The 2015, 2017, and 2022 principal payments do not include the refunded portion of bonds paid.

CITY OF NORTH ST. PAUL

Table 16Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2013	11,618	\$ 442,831,688	\$ 38,116	33.7	10,912	4.2 %
2014	11,951	466,089,000	39,000	33.7	10,727	3.2
2015	12,006	488,211,984	40,664	38.5	10,715	3.1
2016	12,104	337,520,040	27,885	38.5	10,669	3.5
2017	12,069	359,994,132	29,828	38.2	10,480	2.8
2018	12,099	383,223,726	31,674	38.2	10,633	2.7
2019	12,159	382,412,709	31,451	37.9	10,624	2.9
2020	12,161	398,990,249	32,809	34.9	10,454	4.7
2021	12,364	391,370,056	31,654	*	10,221	2.6
2022	12,395	392,351,330	31,654	32.1	10,013	2.8

* Information not available for the fiscal year 2021.

Data sources:

- (1) Census Reporter
- (2) U.S. Census Bureau; Information prior to 2016 from Minnesota Department of Economic Security
- (3) Independent School District No. 622 Annual Comprehensive Financial Report
- (4) Minnesota Department of Economic Security – Ramsey County – December 2022

CITY OF NORTH ST. PAUL

Table 17Principal Employers
Current Year and Nine Years Ago

Employer	2022		2013	
	Employees	Rank	Employees	Rank
Independent School District No. 622	1,829	1	1,550	1
Berwald Roofing	177	2	160	3
Target Stores, Inc.	172	3	267	2
REM Ramsey	95	4	—	—
City of North St. Paul	93	5	54	4
T.A. Schifsky	70	6	50	5
Rust-Oleum	65	7	—	—
Rock Solid	50	8	—	—
Ideal Credit Union	47	9	—	—
Anderson Cabinet	21	10	—	—
Lillie Suburban Newspapers	—	—	50	5
McPhillips	—	—	50	5
Postal Employees Credit Union	—	—	49	8
Custom Millwork	—	—	39	9
Aetrium	—	—	20	10
Total	2,619		2,289	

Note: The percentage of total city employment is unavailable.

Source: Baker Tilly Bond Consultants – September 2021

CITY OF NORTH ST. PAUL

Table 18Full-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	7	13	13	13	14	15	15	11	11	12
Public safety										
Police										
Officers	15	15	18	17	18	17	17	18	19	19
Civilians	2	3	3	4	4	4	2	2	2	2
Fire										
Firefighters and officers	3	3	4	4	4	4	4	4	4	4
Highways and streets										
Engineering	2	1	—	—	—	—	—	—	—	—
Maintenance	8	3	4	4	4	4	4	4	4	4
Parks and recreation	1	4	4	4	4	4	4	4	4	4
Water	5	3	3	3	3	3	3	3	3	3
Electric	9	11	12	12	13	12	10	11	11	11
Total	52	55	61	61	64	63	59	57	58	59

Source: Various government departments

CITY OF NORTH ST. PAUL

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Function				
Police				
Parking violations	798	629	838	740
Traffic violations	1,446	839	902	596
Fire				
Number of calls answered	1,055	999	1,071	1,243
Rental inspections	81	189	169	243
Code compliance cases	176	177	612	700
Commercial inspections	6	—	1	21
Highways and streets				
Street resurfacing (miles)	—	1.8	0.5	1.6
Tons of asphalt used	231.3	431.1	468.0	579.7
Water				
New connections	11	4	12	21
Water main breaks	20	8	4	8
Average daily consumption (thousands of gallons)	1,066	909	900	972

Source: Various government departments

Table 19

2017	2018	2019	2020	2021	2022
1,054	937	753	590	283	237
690	560	592	512	263	239
1,319	1,318	1,355	1,478	1,566	1,605
382	297	274	173	164	157
447	468	295	257	172	113
145	31	35	27	51	37
1.9	0.3	2.6	1.0	2.0	2.0
616.0	729.8	925.0	460.0	625.0	500.0
9	4	46	37	60	128
6	12	6	10	9	7
973	1,104	840	900	1,074	1,020

CITY OF NORTH ST. PAUL

Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Function				
Public safety				
Police				
Stations	1	1	1	1
Patrol units	10	10	10	10
Fire stations	1	1	1	1
Highways and streets				
Streets (miles)	45	45	45	45
Streetlights/security lights	626	630	630	630
Traffic signals	1	1	1	1
Parks and recreation				
Parks acreage	140	140	140	140
Parks	13	13	13	13
Swimming beach	1	1	1	1
Tennis courts	9	9	9	9
Water				
Water mains (miles)	44	44	44	44
Fire hydrants	609	609	609	609
Gallons sold per year (thousands of gallons)	389,142	330,467	328,624	273,021
Sewer				
Sanitary sewers (miles)	43	43	43	43
Storm sewers (miles)	21	21	21	21
Electric				
Number of distribution stations	1	1	1	1
Miles of service lines	69	70	70	70

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

Source: Various government departments

Table 20

2017	2018	2019	2020	2021	2022
1	1	1	1	1	1
10	10	10	9	10	12
1	1	1	1	1	1
45	45	45	45	45	45
630	630	639	647	652	652
1	1	1	1	1	1
140	140	140	140	140	140
13	13	13	13	13	13
1	1	1	1	1	1
9	9	9	9	9	2
44	44	62	63	64	64
609	609	622	645	650	650
362,558	403,082	306,547	328,529	392,354	372,418
43	43	46	47	47	47
21	21	44	45	45	45
1	1	1	1	1	1
70	71	72	73	73	74

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Management Report
for
City of North St. Paul, Minnesota
December 31, 2022

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To the City Council and Management
City of North St. Paul, Minnesota

We have prepared this management report in conjunction with our audit of the City of North St. Paul, Minnesota's (the City) financial statements for the year ended December 31, 2022. We have organized this report into the following sections:

- Audit Summary
- Governmental Funds Overview
- Enterprise Funds Overview
- Government-Wide Financial Statements
- Accounting and Auditing Updates

We would be pleased to further discuss any of the information contained in this report or any other concerns that you would like us to address. We would also like to express our thanks for the courtesy and assistance extended to us during the course of our audit.

The purpose of this report is solely to provide those charged with governance of the City, management, and those who have responsibility for oversight of the financial reporting process comments resulting from our audit process and information relevant to city finances in Minnesota. Accordingly, this report is not suitable for any other purpose.

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

Minneapolis, Minnesota
May 9, 2023

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AUDIT SUMMARY

The following is a summary of our audit work, key conclusions, and other information that we consider important or that is required to be communicated to the City Council, administration, or those charged with governance of the City.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2022. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously discussed and coordinated in order to obtain sufficient audit evidence and complete an effective audit.

AUDIT OPINION AND FINDINGS

Based on our audit of the City's financial statements for the year ended December 31, 2022:

- We have issued an unmodified opinion on the City's basic financial statements. Our report included a paragraph emphasizing the City's implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, during the year. Our opinion was not modified with respect to this matter.
- We reported one matter involving the City's internal control over financial reporting that we consider to be a significant deficiency. Due to the limited size of the City's office staff, the City has limited segregation of duties in certain areas.
- The results of our testing disclosed no instances of noncompliance required to be reported under *Government Auditing Standards*.
- We reported one finding based on our testing of the City's compliance with Minnesota laws and regulations. We noted that 5 of 40 disbursements tested were not paid within the 35-day period as required by Minnesota Statutes §471.425, Subd. 2.

FOLLOW-UP ON PRIOR YEAR FINDINGS AND RECOMMENDATIONS

As a part of our audit of the City's financial statements for the year ended December 31, 2022, we performed procedures to follow-up on the findings and recommendations that resulted from our prior year audit. We reported the following findings that were corrected by the City in the current year:

- The City has written policies and procedures over several areas. During our audit testing in 2021, we noted certain credit card transactions were not in compliance with city purchasing policies and lacked invoices and receipts to support the items charged in the bill from the credit card company resulting in a significant deficiency in internal control over financial reporting. We are pleased to report this is not a finding in the current year.
- Minnesota Statutes annually require that, prior to completing an initial investment transaction with each broker, cities provide to that broker a written statement of investment restrictions and that the broker acknowledge receipt of the investment restrictions and agree to handle the City's account in accordance with the restrictions. The City did not obtain such certifications from one of its investment brokers in 2021. We are pleased to report this is not a finding in the current year.
- Minnesota Statutes require a City Council to authorize the use of a credit card by any city employee otherwise authorized to make a purchase on behalf of the City. If a city employee makes or directs a purchase by credit card that is not approved by the City Council, the employee is personally liable for the amount of the purchase. A purchase by credit card must otherwise comply with all statutes, rules, and/or city policy applicable to city purchases. Certain credit card purchases in 2021 lacked proper supporting documentation to be in compliance with city policy and statutory requirements. We are pleased to report this is not a finding in the current year.

OTHER OBSERVATIONS AND RECOMMENDATIONS

- **Individual Fund Deficits** – As reported in the City's Annual Comprehensive Financial Report as of December 31, 2022, the City has three special revenue funds that have a deficit fund equity totaling \$4,348,402, one capital projects fund deficit totaling \$1,258,166, and one enterprise fund deficit totaling \$598,609. There are several reasons that may cause individual funds to end a given period in a deficit position. For instance, the timing of related funding resources (future levy authority), may lag behind related expenditures made. While we understand that the City approves all disbursements and reviews the cash and equity positions of all funds, we recommend that the City match the timing of related resources with related expenditures as much as possible to limit the deficit balances at any given moment.

The deficit in the three special revenue funds is in tax increment districts, which all have interfund borrowing outstanding at year-end. We comment on this subject to emphasize the importance of adequate planning, projecting, and monitoring of these funds, due to the significance of the deficit balances.

- **Fiber Optic Fund** – The Fiber Optic Fund has generated a significant deficit unrestricted net position balance, due to cash borrowings from the Surface Water and Waste Water Funds, used to finance required debt payments and capital asset purchases. As of December 31, 2022, the Fiber Optic Fund's unrestricted component of net position has a deficit of \$2,194,728. It is important that the City review potential revenue streams for future years to ensure that this fund will be self-sustaining and not put any additional burden on other funds of the City.
- **Deposit and Escrow Reconciliation** – Internal controls, processes, and procedures are never perfected and need to be continually reviewed. During our inquiries and testing, we noted that customer deposit and escrow accounts were not reconciled as of year-end. Control procedures, such as periodic and year-end account and subledger reconciliations, must be performed regularly, accurately, and in a timely manner. We recommend the City review its policies and procedures over customer deposit and escrow accounts to verify proper reconciliations are completed.

- **Employee Personnel Files** – Internal controls, processes, and procedures are never perfected and need to be continually reviewed. During our inquiries and testing, we noted that the City files payroll and benefit deduction support with the payroll records when the forms were completed and/or changed instead of in an employee personnel file. While the City was able to provide supporting documentation for our payroll testing to limit our reporting to a management report comment, these forms were not provided timely due to city employees having to sort through payroll records to find the correct forms. We recommend that the City update their processes and procedures in this area to file all payroll and benefit forms and support in an employee personnel file.
- **Deposit Sweep Account** – Minnesota Statutes § 118A.03 requires banks holding local government entity deposits to protect the deposits from custodial credit risk (the risk of loss in the event of a bank failure) by providing adequate insurance, bond, or pledged collateral to cover amounts “on deposit at the close of the financial institution’s banking day.” Some banks utilize arrangements under which governmental entities’ deposit balances in excess of Federal Deposit Insurance Corporation limits are swept out of their depository accounts daily into other investments or to depository accounts at other banks.

An issue has arisen with some sweep account arrangements, caused by a lag between the timing of when the primary bank’s records show the funds being swept out of its account and when the receiving bank’s records acknowledge receipt of the funds. If the receiving bank’s records do not show the transferred funds arriving the same business day as the primary bank shows them being swept out, the funds in transit would legally still be considered in the custody of the primary depository at the end of the banking day. This would potentially subject any excess deposits to custodial credit risk and not complying with statutory requirements. The Minnesota Office of the State Auditor (OSA) has added audit requirements to test such sweep arrangements in their *Legal Compliance Audit Guide*. In addition, recent bank failures have placed additional emphasis on the importance of protecting local government deposits from custodial credit risk. We recommend the City review the terms of any sweep arrangement it has in place or is considering and verify that the financial institutions on both sides of the sweep transaction are recognizing the transfer of funds the same banking day.

- **Credit Card Transactions** – Minnesota cities have the authority to make purchases using credit cards issued on behalf of their city. Credit card purchases are becoming more commonplace, especially with the proliferation of e-commerce, and have consequently been garnering increased scrutiny from oversight agencies. The statutes authorizing credit card use by cities restrict their use to purchases made on behalf of a city, do not permit personal use of the credit card by the card user, and specify they should only be used by employees authorized to make purchases. Employees are personally liable for unauthorized credit card purchases.

Purchases made with credit cards must comply with other applicable state laws, including the requirement that all claims presented for payment must be in writing and itemized. In its Statement of Position (SOP) on credit card use, the OSA has clarified that the statement from the credit card company lacks sufficient detail to comply with this requirement and, therefore, “public entities using credit cards must retain the invoices and receipts needed to support the items charged in the bill from the credit card company.” The SOP also states that the individual vendors providing the goods or services should be listed on the claims list provided to a city council for review and approval, rather than the credit card company.

While the authorized use of a credit card to make small purchases offers advantages, such as convenience and expedited purchasing, the ability of the credit card users to make a city liable for purchases that are improper or not in compliance with statutory requirements is an added risk related to such transactions. The OSA recommends that a robust credit card policy be established by public entities allowing credit card purchases, which clearly delineates the requirements for use, supporting documentation required, and the review and approval process for credit card purchases. The OSA also recommends that cities obtain signed written acknowledgement of the policy from all authorized card users.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 of the notes to basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2022. However, the City implemented the following governmental accounting standard during the fiscal year:

- As described in Note 1 of the notes to basic financial statements, the City implemented GASB Statement No. 87, *Leases*, during fiscal year ended December 31, 2022. This standard changed the way lease transactions are reported by the City, but did not result in a restatement of net position in the current year.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

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

- **Total Other Post-Employment Benefit (OPEB) and Net Pension Liabilities** – The City has recorded liabilities and activity for other post-employment benefits (OPEB) and pension benefits. These obligations are calculated using actuarial methodologies described in GASB Statement Nos. 68 and 75. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, proportionate share, and employee turnover.
- **Depreciation** – Management's estimates of depreciation expense are based on the estimated useful lives of the assets.
- **Compensated Absences** – Management's estimate is based on current rates of pay and unused compensated absence balances.
- **Value of Land Held for Resale** – Management's estimates of these assets are based on net realizable value (lower of cost or acquisition value).

We evaluated the key factors and assumptions used by management to develop these accounting estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures included in the notes to the basic financial statements related to OPEB and pension benefits are particularly sensitive, due to the materiality of the liabilities, and the large and complex estimates involved in determining the disclosures.

The financial statement disclosures are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of audit procedures that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this report, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated May 9, 2023.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

We applied certain limited procedures to the management's discussion and analysis (MD&A) and the pension and OPEB-related required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

We were not engaged to report on the introductory section and the statistical section, which accompany the financial statements, but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

GOVERNMENTAL FUNDS OVERVIEW

This section of the report provides you with an overview of the financial trends and activities of the City's governmental funds, which includes the General, special revenue, debt service, and capital project funds. These funds are used to account for the basic services the City provides to all of its citizens, which are financed primarily with property taxes. The governmental fund information in the City's financial statements focuses on budgetary compliance and the sufficiency of each governmental fund's current assets to finance its current liabilities.

PROPERTY TAXES

Minnesota cities rely heavily on local property tax levies to support their governmental fund activities. For the 2021 fiscal year, local ad valorem property tax levies provided 44.0 percent of the total governmental fund revenues for cities over 2,500 in population, and 35.5 percent for cities under 2,500 in population. Total property taxes levied by all Minnesota cities for taxes payable in 2022 increased 5.9 percent compared to the prior year, and 4.2 percent for taxes payable in 2023.

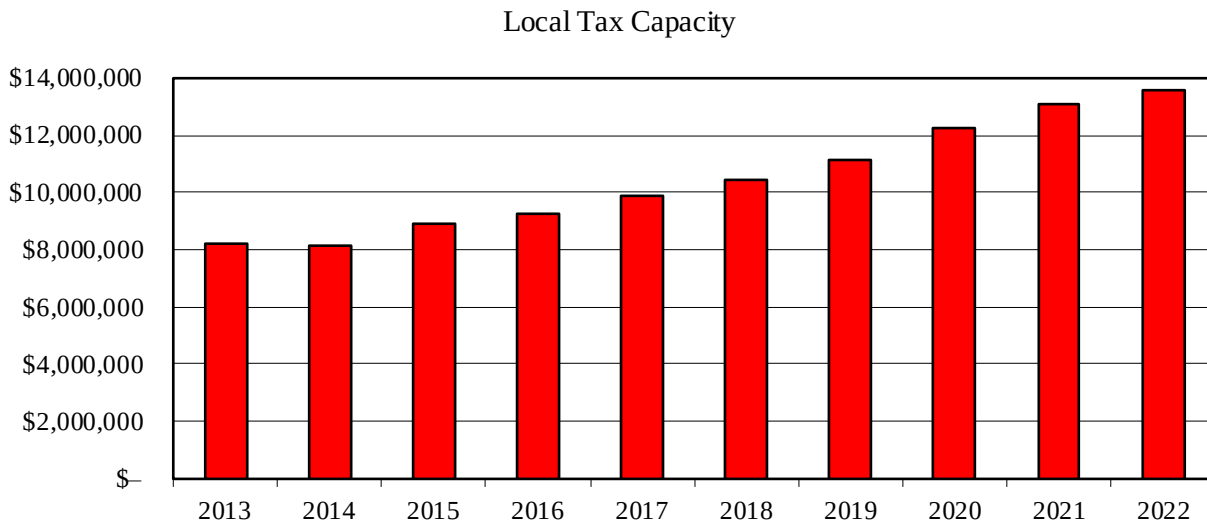
The total tax capacity value of property in Minnesota cities increased about 5.6 percent for the 2022 levy year. The tax capacity values used for levying property taxes are based on the assessed market values for the previous fiscal year (e.g., tax capacity values for taxes levied in 2022 were based on assessed market values as of January 1, 2021), so the trend of change in these tax capacity values lags somewhat behind the housing market and economy in general.

The City's taxable market value increased 8.8 percent for taxes payable in 2021 and 5.1 percent for taxes payable in 2022. The following graph shows the City's changes in taxable market value over the past 10 years:



Tax capacity is considered the actual base available for taxation. It is calculated by applying the state's property classification system to each property's market value. Each property classification, such as commercial or residential, has a different calculation and uses different rates. Consequently, a city's total tax capacity will change at a different rate than its total market value, as tax capacity is affected by the proportion of its tax base that is in each property classification from year-to-year, as well as legislative changes to tax rates. The City's tax capacity increased 6.6 percent for 2021 and 4.0 percent for 2022.

The following graph shows the City's change in tax capacities over the past 10 years:



The following table presents the average tax rates applied to city residents for each of the last three levy years:

Rates Expressed as a Percentage of Net Tax Capacity			
	City of North St. Paul		
	2020	2021	2022
Average tax rate			
City	40.7	38.2	44.1
County	52.3	47.8	47.2
School	32.7	32.0	32.3
Special taxing	12.6	12.6	12.8
Total	138.3	130.6	136.4

The total average tax rate increased from the prior year, mainly due to an increase in the city rate.

GOVERNMENTAL FUND BALANCES

The following table summarizes the changes in the fund balances of the City's governmental funds during the year ended December 31, 2022, presented both by fund balance classification and by major fund:

Governmental Funds Change in Fund Balance			
	Fund Balance as of December 31,		
	2022	2021	Change
Fund balances of governmental funds			
Total by classification			
Nonspendable	\$ 53,389	\$ 81,629	\$ (28,240)
Restricted	7,962,023	6,232,816	1,729,207
Committed	3,777,432	4,188,953	(411,521)
Assigned	2,492,375	2,158,759	333,616
Unassigned	(1,435,989)	(2,536,846)	1,100,857
Total governmental funds	<u>\$ 12,849,230</u>	<u>\$ 10,125,311</u>	<u>\$ 2,723,919</u>
Total by fund			
General	\$ 4,324,825	\$ 3,688,344	\$ 636,481
TIF 4-10 Anchor Block North – Housing Tax Increment	(2,937,254)	(2,820,724)	(116,530)
Street Improvement Revolving	3,391,962	784,383	2,607,579
Nonmajor	8,069,697	8,473,308	(403,611)
Total governmental funds	<u>\$ 12,849,230</u>	<u>\$ 10,125,311</u>	<u>\$ 2,723,919</u>

In total, the fund balances of the City's governmental funds increased by \$2,723,919 during the year ended December 31, 2022. The increase is due largely to the increase in restricted funds in the Street Improvement Revolving Capital Projects Fund. This increase was the result of bond proceeds exceeding current year spending on street projects. The increase in unassigned is due to the improved financial position in the General Fund in the current year.

GOVERNMENTAL FUND REVENUES

The following table presents the per capita revenue of the City's governmental funds for the past three years, along with state-wide averages.

We have included the most recent comparative state-wide averages available from the OSA to provide a benchmark for interpreting the City's data. The amounts received from the typical major sources of governmental fund revenue will naturally vary between cities based on factors such as a city's stage of development, location, size and density of its population, property values, services it provides, and other attributes. It will also differ from year-to-year, due to the effect of inflation and changes in its operation. Also, certain data in these tables may be classified differently than how they appear in the City's financial statements in order to be more comparable to the state-wide information, particularly in separating capital expenditures from current expenditures.

We have designed this section of our management report using per capita data in order to better identify unique or unusual trends and activities of the City. We intend for this type of comparative and trend information to complement, rather than duplicate, information in the MD&A. An inherent difficulty in presenting per capita information is the accuracy of the population count, which for most years is based on estimates.

Governmental Funds Revenue per Capita With State-Wide Averages by Population Class						
Year Population	State-Wide			City of North St. Paul		
	December 31, 2021			2020	2021	2022
	2,500–10,000	10,000–20,000	20,000–100,000	12,161	12,364	12,395
Property taxes	\$ 560	\$ 529	\$ 557	\$ 468	\$ 469	\$ 504
Tax increments	38	36	49	53	55	77
Franchise and other taxes	52	66	53	36	40	45
Special assessments	59	41	56	19	17	17
Licenses and permits	45	46	53	52	56	83
Intergovernmental revenues	421	293	202	318	207	220
Charges for services	135	111	110	11	15	18
Other	60	39	26	163	82	22
Total revenue	<u>\$ 1,370</u>	<u>\$ 1,161</u>	<u>\$ 1,106</u>	<u>\$ 1,120</u>	<u>\$ 941</u>	<u>\$ 986</u>

The City generated \$12,235,080 of total revenue in its governmental funds in 2022, an increase of \$605,300 (5.2 percent) from the prior year. The City's per capita governmental funds revenue for 2022 was \$986, an increase of \$45 from the prior year, including the effect of a change in estimated population. The largest changes occurred with increases in property taxes, licenses and permits, and tax increments. Property tax revenues increased with the increased property tax levy approved by the City Council. Licenses and permits increased with more building activity in the current year. The increase in tax increments is due to increased valuations and the first year of increment received on certain districts. These increases were offset by the decrease in other revenues, due to a gain on the sale of assets held for resale in the tax increment districts in the prior year and decreased investment earnings.

GOVERNMENTAL FUND EXPENDITURES

The expenditures of governmental funds will also vary from state-wide averages and from year-to-year, based on the City's circumstances. Expenditures are classified into three types as follows:

- **Current** – These are typically the general operating type expenditures occurring on an annual basis and are primarily funded by general sources, such as taxes and intergovernmental revenues.
- **Capital Outlay and Construction** – These expenditures do not occur on a consistent basis, more typically fluctuating significantly from year-to-year. Many of these expenditures are project-oriented and are often funded by specific sources that have benefited from the expenditure, such as special assessment improvement projects.
- **Debt Service** – Although the expenditures for debt service may be relatively consistent over the term of the respective debt, the funding source is the important factor. Some debt may be repaid through specific sources, such as special assessments or redevelopment funding, while other debt may be repaid with general property taxes.

The City's expenditures per capita of its governmental funds for the past three years, together with comparative state-wide averages, are presented in the following table:

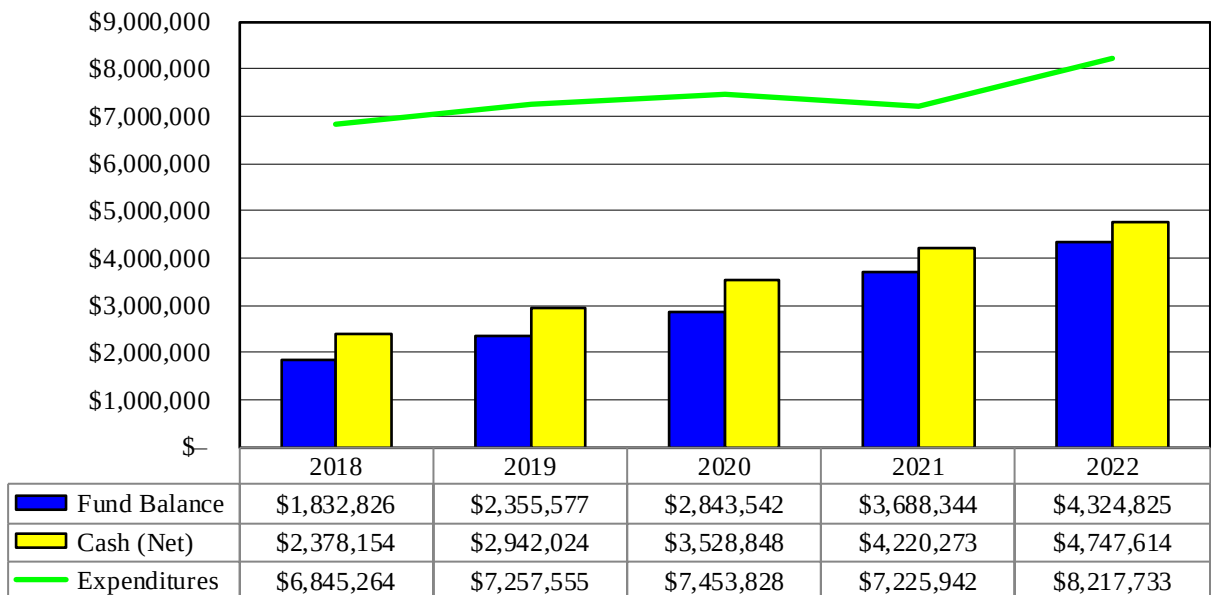
Governmental Funds Expenditures per Capita With State-Wide Averages by Population Class							
Year Population	State-Wide			City of North St. Paul			
	December 31, 2021			2020	2021	2022	
	2,500–10,000	10,000–20,000	20,000–100,000	12,161	12,364	12,395	
Current							
General government	\$ 168	\$ 131	\$ 116	\$ 125	\$ 98	\$ 108	
Public safety	327	296	327	380	368	431	
Streets and highways	144	124	112	88	89	107	
Parks and recreation	108	124	107	47	36	47	
All other	101	79	77	584	36	42	
Total current	848	754	739	1,224	627	735	
Capital outlay and construction	525	407	317	466	101	228	
Debt service							
Principal	168	161	110	226	260	105	
Interest and fiscal	48	41	34	55	57	61	
Total debt service	216	202	144	281	317	166	
Total expenditures	\$ 1,589	\$ 1,363	\$ 1,200	\$ 1,971	\$ 1,045	\$ 1,129	

Total expenditures in the City's governmental funds for 2022 were \$13,997,105, an increase of \$1,063,010 (8.2 percent). The City's per capita governmental funds total expenditures increased \$84, or 8.0 percent. This increase was mainly in public safety current expenditures and capital outlay and construction. Public safety expenditures increased \$63 per capita, due to police protection personal service costs and contractual services in the inspections department with more building permits issued in the current year. Capital outlay and construction increased \$127 per capita, due to increased street improvement projects in the current year. These increases were offset by a decrease in debt service of \$151 per capita, due to the contract for deed paid in the prior year and the early pay off of a bond in the prior year with city funds.

GENERAL FUND

The City's General Fund accounts for the financial activity of the basic services provided to the community. The primary services included within this fund are the administration of the municipal operation, police and fire protection, building inspection, streets and highway maintenance, and parks and recreation. The graph below illustrates the change in the General Fund financial position over the last five years. We have also included a line representing annual expenditures to reflect the change in the size of the General Fund operation over the same period.

General Fund Financial Position
Years Ended December 31,



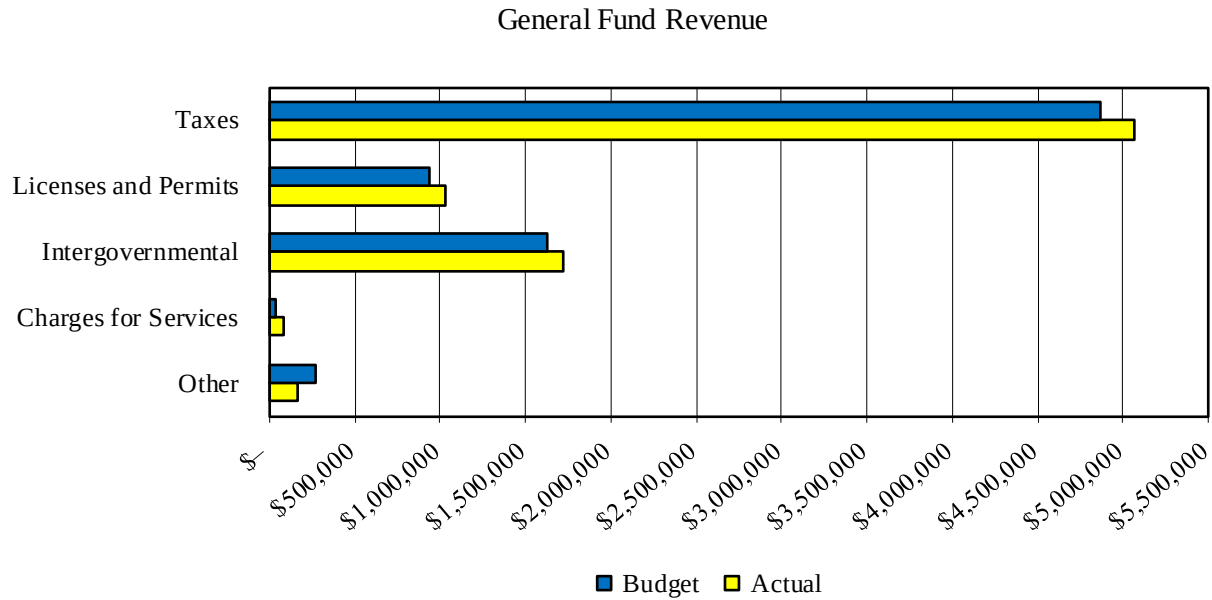
The City's General Fund cash and investment balance (net of borrowing) at December 31, 2022 was \$4,747,614, an increase of \$527,341 from the previous year. Total fund balance at December 31, 2022 was \$4,324,825, an increase of \$636,481 from the prior year.

The level of General Fund balance is greatly attributed to the City's fund balance policies, as well as the general budgeting policies. These policies have allowed the City to provide funding for the General Fund operations, as well as equipment replacement and street improvement programs without disrupting the General Fund's financial position or having to issue debt for these types of projects.

As the graph illustrates, the City has generally been able to maintain stable cash and fund balance levels as the volume of financial activity has fluctuated. This is an important factor because a government, like any organization, requires a certain amount of equity to operate. A healthy financial position allows the City to avoid volatility in tax rates; helps minimize the impact of state funding changes; allows for the adequate and consistent funding of services, repairs, and unexpected costs; and is a factor in determining the City's bond rating and resulting interest costs. Maintaining an adequate fund balance has become increasingly important given the fluctuations in state funding for cities in recent years.

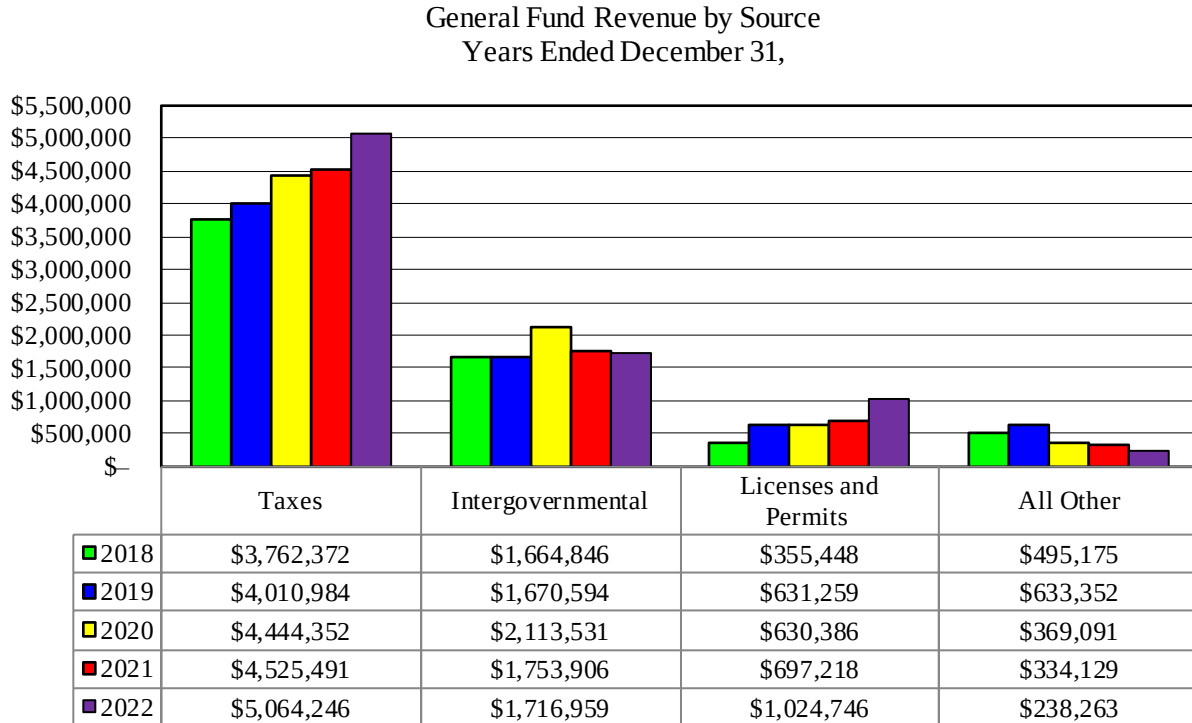
Current city policy allows fund balance in the General Fund to grow to a minimum of 40 percent of the subsequent year's budgeted expenditures in the current year and 50 percent in future years, while the State Auditor recommends that cities maintain an unrestricted fund balance that is between 35 percent and 50 percent of total current expenditures. At December 31, 2022, the unassigned fund balance for the General Fund was 46 percent of the subsequent year's budgeted expenditures. The City should review the level of fund balance on an ongoing basis to determine the optimal level for efficient operations.

The following graph reflects the City's General Fund revenue sources compared to budget for 2022:



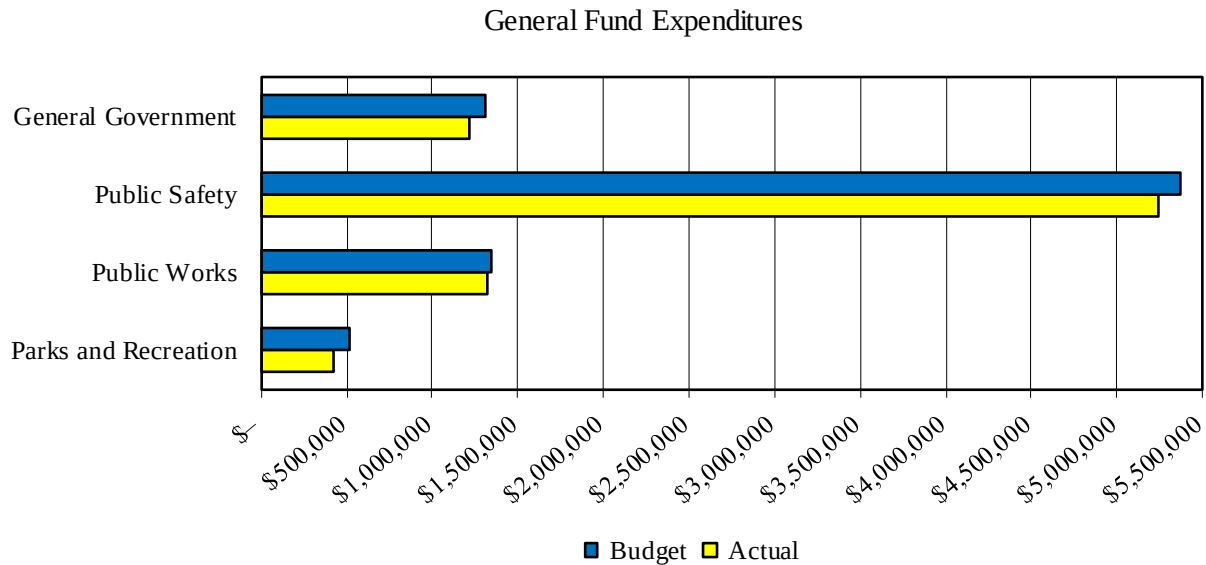
Total General Fund revenues for 2022 were \$8,044,214, an increase of \$733,470 from the previous year, and were \$311,401 (4.0 percent) over budget. The largest variances were in taxes, intergovernmental revenues, and licenses and permits, which were \$194,567, \$94,652, and \$92,696, respectively, above anticipated levels, due in part to conservative budgeting.

The following graph presents the City's General Fund revenue by source for the last five years:



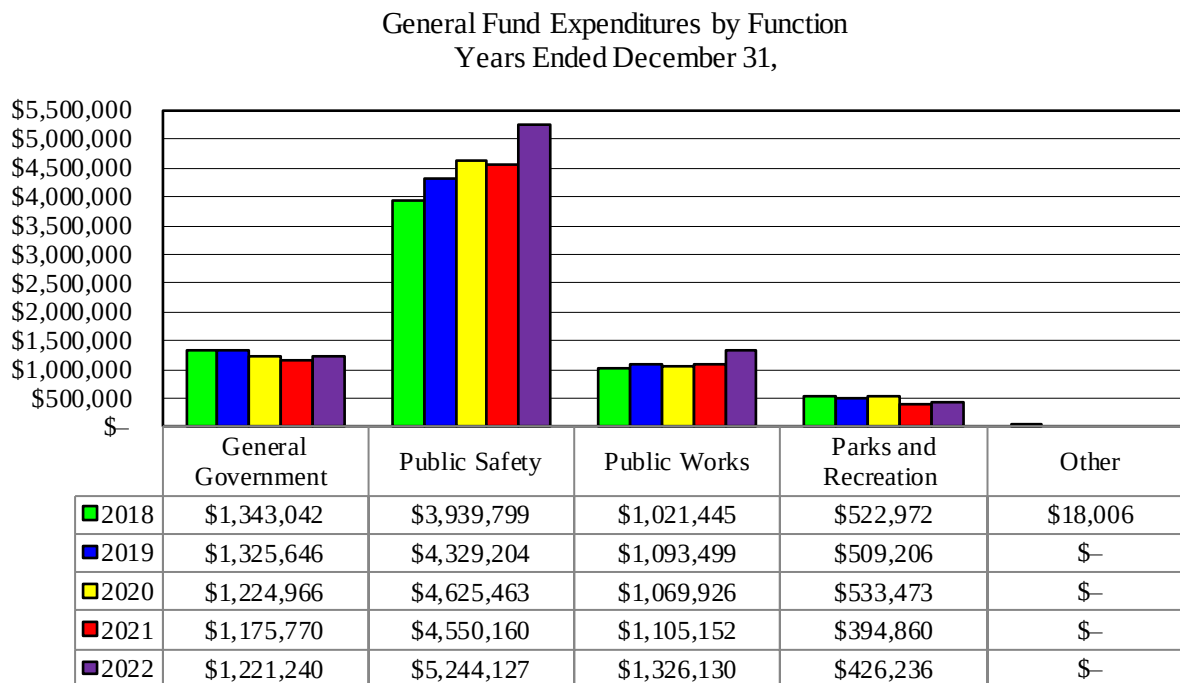
The General Fund is primarily financed by property and other taxes, along with local government aid, to operate activities in this fund. The largest change occurred in taxes and licenses and permits. Tax revenues increased \$538,755 due to an increase in the property tax levy approved by the City Council for 2022. The increased licenses and permits of \$327,528, are a result of more building activity.

The following graph reflects the City's General Fund expenditures compared to budget for 2022:



Total General Fund expenditures for 2022 were \$8,217,733, an increase of \$991,791 (13.7 percent) from the previous year, and \$325,080 (3.8 percent) under budget. The largest variances occurred in the public safety and general government functions. Public safety expenditures were under budget \$121,855, mainly in the fire department and inspections department due to vacant positions in the current year. General government expenditures were \$92,521 under budget, mainly in the finance department due to vacant positions.

The following graph provides you with the components of the City's General Fund spending for the past five years:



Typical to other cities we audit, public safety costs comprise the largest portion of General Fund spending. The largest increase in the current year was in public safety, which increased \$693,967, mainly in personal service costs in the police protection department and contractual services in the inspections department with more building permits issued in the current year.

ENTERPRISE FUNDS OVERVIEW

The City maintains several enterprise funds to account for services the City provides that are financed primarily through fees charged to those utilizing the service. This section of the report provides you with an overview of the financial trends and activities of the City's enterprise funds, which include the Electric, Water, Surface Water, Waste Water, Fiber Optic, and Solid Waste Funds.

The utility funds comprise a considerable portion of the City's activities. These funds help to defray overhead and administrative costs and provide additional support to general government operations by way of annual transfers. We understand that the City is proactive in reviewing these activities on an ongoing basis and we want to reiterate the importance of continually monitoring these operations. Over the years, we have emphasized to our city clients the importance of these utility operations being self-sustaining, preventing additional burdens on general government funds. This would include the accumulation of net position for future capital improvements and to provide a cushion in the event of a negative trend in operations.

ENTERPRISE FUNDS FINANCIAL POSITION

The following table summarizes the changes in the financial position of the City's enterprise funds during the year ended December 31, 2022, presented both by classification and by fund:

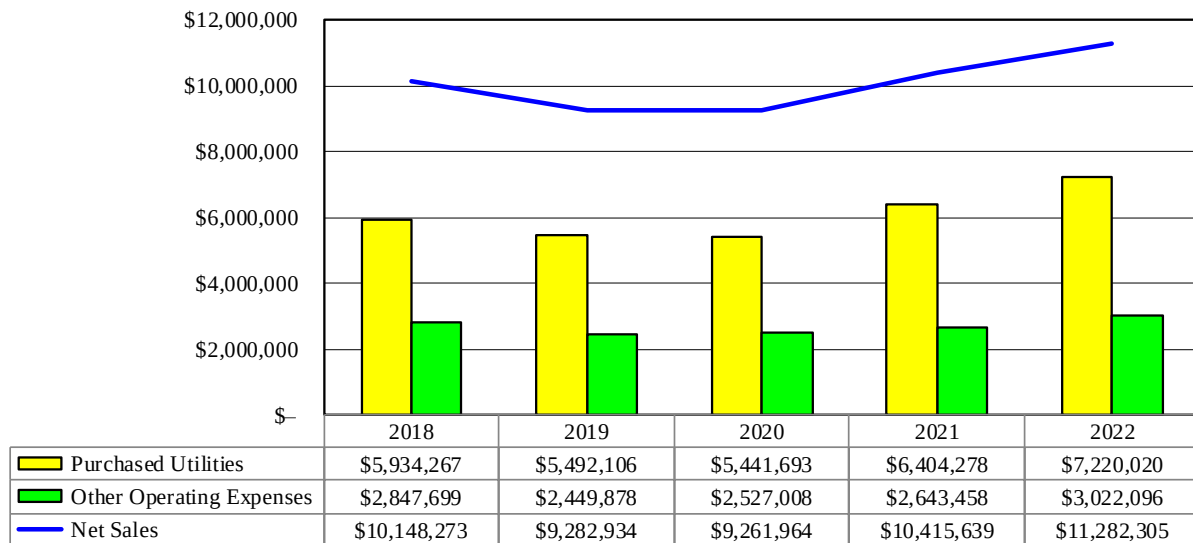
Enterprise Funds Change in Financial Position			
	Net Position as of December 31,		
	2022	2021	Change
Net position of enterprise funds			
Total by classification			
Net investment in capital assets	\$ 6,330,294	\$ 7,092,785	\$ (762,491)
Unrestricted	18,987,020	16,532,333	2,454,687
Total enterprise funds	<u>\$ 25,317,314</u>	<u>\$ 23,625,118</u>	<u>\$ 1,692,196</u>
Total by fund			
Electric	\$ 9,724,576	\$ 9,053,985	\$ 670,591
Water	7,045,021	6,494,210	550,811
Surface Water	4,302,711	4,119,745	182,966
Waste Water	4,106,875	3,903,777	203,098
Fiber Optic	(598,609)	(666,465)	67,856
Solid Waste	736,740	719,866	16,874
Total enterprise funds	<u>\$ 25,317,314</u>	<u>\$ 23,625,118</u>	<u>\$ 1,692,196</u>

In total, the net position of the City's enterprise funds increased by \$1,692,196 during the year ended December 31, 2022. This increase is mainly in unrestricted net position, due to positive operating results in the enterprise funds.

ELECTRIC FUND

The following graph and table present comparative data for Electric Fund operations:

Electric Fund Operations
Years Ended December 31,



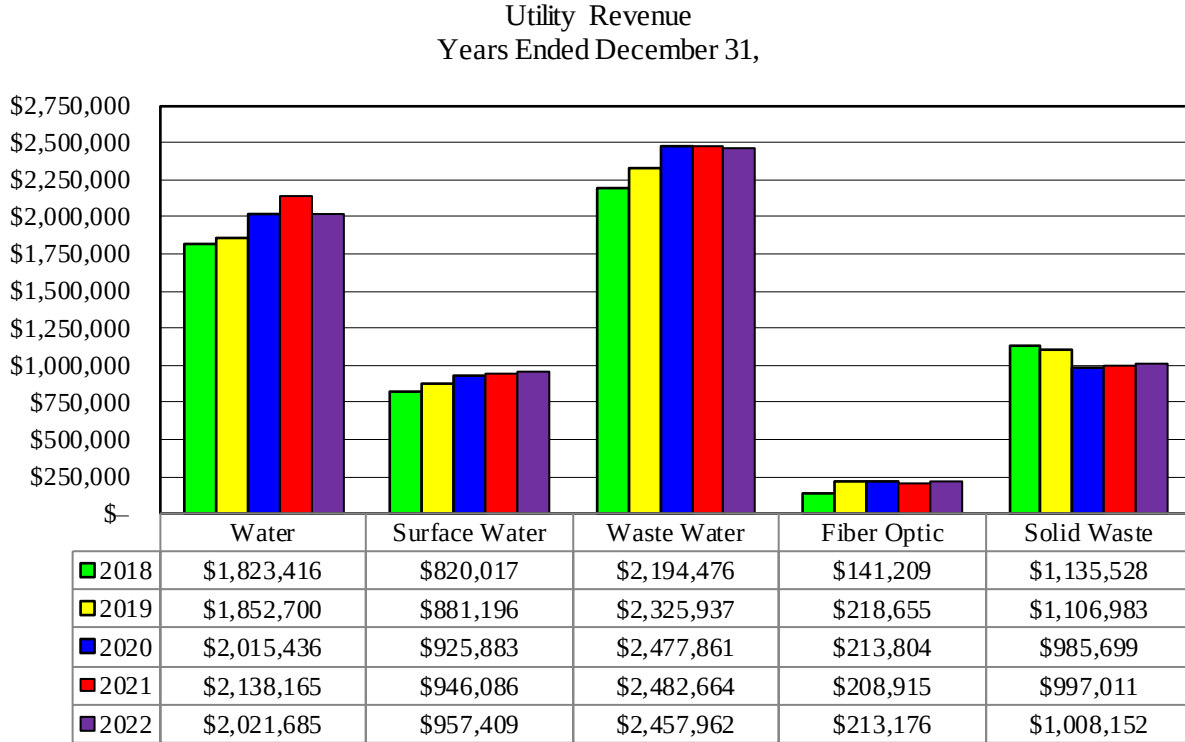
	2018	2019	2020	2021	2022
Total operating revenue	\$ 10,148,273	\$ 9,282,934	\$ 9,261,964	\$ 10,415,639	\$ 11,282,305
Purchased utilities	5,934,267	5,492,106	5,441,693	6,404,278	7,220,020
Gross profit	4,214,006	3,790,828	3,820,271	4,011,361	4,062,285
Other operating expenses	(2,847,699)	(2,449,878)	(2,527,008)	(2,643,458)	(3,022,096)
Depreciation	(85,306)	(101,290)	(103,739)	(114,831)	(108,310)
Interest expense	(64,256)	(55,443)	(52,352)	(40,624)	(29,561)
Other income	97,891	244,957	235,481	170,848	68,273
Income before transfers	1,314,636	1,429,174	1,372,653	1,383,296	970,591
Net transfers in (out)	(351,130)	(372,932)	(300,000)	(431,412)	(300,000)
Change in net position	\$ 963,506	\$ 1,056,242	\$ 1,072,653	\$ 951,884	\$ 670,591
Income before transfers as a percentage of net sales	13.0%	15.4%	14.8%	13.0%	8.6%

Gross profit results for the City's Electric Fund increased by \$50,924 from the prior year. This increase was mainly due to increased rates in the current year, as approved by the City Council.

The Electric Fund ended fiscal 2022 with a total net position of \$9,724,576 of which \$8,697,465 was unrestricted, with the remaining balance being classified as net investment in capital assets. At December 31, 2022, unrestricted cash and investments totaled \$4,814,992 and advances to other funds totaled \$4,304,444.

OTHER ENTERPRISE UTILITY FUNDS

The graph below shows operating revenue of the other enterprise utility funds over the last five years:



As the graph displays, utility revenue will fluctuate from year-to-year, which is common as a result of changes for rate adjustments as well as external factors, such as the weather, which may impact usage levels.

With the exception of the Fiber Optic Fund, these enterprise utility funds have typically experienced positive operating results. The positive operating results of these funds are important because the revenue is being used to pay debt service on the City's utility revenue bonds.

WATER FUND

The following table presents five years of comparative operating results for the City's Water Fund:

	2018	2019	2020	2021	2022
Operating revenue	\$ 1,823,416	\$ 1,852,700	\$ 2,015,436	\$ 2,138,165	\$ 2,021,685
Operating expenses	(642,292)	(827,869)	(746,874)	(695,935)	(765,685)
Depreciation	(194,217)	(205,280)	(205,280)	(250,078)	(266,541)
Operating income	986,907	819,551	1,063,282	1,192,152	989,459
Nonoperating revenue (expenses)	(50,743)	32,357	(57,105)	(107,633)	(233,648)
Income before transfers	936,164	851,908	1,006,177	1,084,519	755,811
Net transfers in (out)	(205,000)	(205,000)	(205,000)	(205,000)	(205,000)
Change in net position	<u>\$ 731,164</u>	<u>\$ 646,908</u>	<u>\$ 801,177</u>	<u>\$ 879,519</u>	<u>\$ 550,811</u>
Income before transfers as a percentage of operating revenue	<u>51.3%</u>	<u>46.0%</u>	<u>49.9%</u>	<u>50.7%</u>	<u>37.4%</u>

The Water Fund ended 2022 with a net position of \$7,045,021, an increase of \$550,811 from the prior year. Of this, \$1,080,401 represents the net investment in capital assets, while \$5,964,620 is considered unrestricted.

Operating revenue decreased \$116,480 from the previous year, or about 5.4 percent. Decreased consumption resulted in this overall decrease in operating revenue. Operating expenses increased \$69,750, or about 10.0 percent, from the prior year, primarily in personal services.

During the current year, this utility operation also made transfers to other funds totaling \$205,000.

SURFACE WATER FUND

The following table presents five years of comparable operating results for the City's Surface Water Fund:

	2018	2019	2020	2021	2022
Operating revenue	\$ 820,017	\$ 881,196	\$ 925,883	\$ 946,086	\$ 957,409
Operating expenses	(457,275)	(317,898)	(313,785)	(352,044)	(350,348)
Depreciation	(127,752)	(137,772)	(137,772)	(159,522)	(175,438)
Operating income	234,990	425,526	474,326	434,520	431,623
Nonoperating revenue (expense)	(14,690)	47,707	(45,904)	(72,717)	(168,657)
Income before contributions and transfers	220,300	473,233	428,422	361,803	262,966
Capital contributions	—	—	930,628	—	—
Net transfers in (out)	(80,000)	(80,000)	(256,780)	(80,000)	(80,000)
Change in net position	<u>\$ 140,300</u>	<u>\$ 393,233</u>	<u>\$ 1,102,270</u>	<u>\$ 281,803</u>	<u>\$ 182,966</u>
Income before transfers as a percentage of operating revenue	<u>26.9%</u>	<u>53.7%</u>	<u>46.3%</u>	<u>38.2%</u>	<u>27.5%</u>

The Surface Water Fund ended 2022 with a net position of \$4,302,711, an increase of \$182,966 from the prior year. Of this, \$1,514,253 represents the net investment in capital assets, while \$2,788,458 is considered unrestricted.

Operating revenues increased \$11,323 from the previous year, or about 1.2 percent, due to the increased number of customers. Operating expenses decreased \$1,696, or about 0.5 percent, from the previous year.

Nonoperating revenue (expense) increased due to bond issuance costs in the current year and increased interest paid on recent bond issues.

During the current year, this utility operation also made transfers to other funds totaling \$80,000.

WASTE WATER FUND

The following table presents five years of comparative operating results for the City's Waste Water Fund:

	2018	2019	2020	2021	2022
Operating revenue	\$ 2,194,476	\$ 2,325,937	\$ 2,477,861	\$ 2,482,664	\$ 2,457,962
Operating expenses	(1,474,719)	(1,536,494)	(1,556,133)	(1,416,341)	(1,660,344)
Depreciation	(156,383)	(205,103)	(206,816)	(257,764)	(270,316)
Operating income	563,374	584,340	714,912	808,559	527,302
Nonoperating revenue (expenses)	(84,975)	164,720	(100,164)	(119,548)	(179,204)
Income before transfers	478,399	749,060	614,748	689,011	348,098
Net transfers in (out)	(145,000)	(145,000)	(42,213)	(145,000)	(145,000)
Change in net position	<u>\$ 333,399</u>	<u>\$ 604,060</u>	<u>\$ 572,535</u>	<u>\$ 544,011</u>	<u>\$ 203,098</u>
Income before transfers as a percentage of operating revenue	<u>21.8%</u>	<u>32.2%</u>	<u>24.8%</u>	<u>27.8%</u>	<u>14.2%</u>

The Waste Water Fund ended 2022 with a net position of \$4,106,875, an increase of \$203,098 from the prior year. Of this, \$1,112,410 represents the net investment in capital assets, while the unrestricted portion has a balance of \$2,994,465.

Operating revenue decreased \$24,702 from the previous year, or about 1.0 percent. Operating expenses increased \$244,003, or about 17.2 percent, from the prior year, primarily in other expenses and personal services.

During the current year, this utility operation also made transfers to other funds totaling \$145,000.

FIBER OPTIC FUND

The following table presents five years of comparable operating results for the City's Fiber Optic Fund:

	2018	2019	2020	2021	2022
Operating revenue	\$ 141,209	\$ 218,655	\$ 213,804	\$ 208,915	\$ 213,176
Operating expenses	(136,660)	(93,984)	(96,183)	(97,032)	(100,881)
Depreciation	(44,439)	(44,439)	(44,439)	(44,439)	(44,439)
Operating income (loss)	(39,890)	80,232	73,182	67,444	67,856
Nonoperating revenue (expenses)	(41,642)	(14,936)	—	—	—
Change in net position	(81,532)	65,296	73,182	67,444	67,856
Net position					
Beginning of year	(790,855)	(872,387)	(807,091)	(733,909)	(666,465)
End of year	<u>\$ (872,387)</u>	<u>\$ (807,091)</u>	<u>\$ (733,909)</u>	<u>\$ (666,465)</u>	<u>\$ (598,609)</u>
Net position					
Net investment in capital assets	\$ 1,773,875	\$ 1,729,436	\$ 1,684,997	\$ 1,640,558	\$ 1,596,119
Unrestricted	(2,646,262)	(2,536,527)	(2,418,906)	(2,307,023)	(2,194,728)
Total net position	<u>\$ (872,387)</u>	<u>\$ (807,091)</u>	<u>\$ (733,909)</u>	<u>\$ (666,465)</u>	<u>\$ (598,609)</u>

The Fiber Optic Fund ended 2022 with a net position deficit of \$598,609, an improvement of \$67,856 from the prior year. Of this, \$1,596,119 represents the net investment in capital assets, while the unrestricted portion has a deficit balance of \$2,194,728.

As discussed earlier in this report, it is critical for the City to review the operations of this fund. This analysis would need to consider the City's plans to cover repair and replacement costs as the operating results include a charge for depreciation expense, which is a noncash expense. Cash flow management for this fund is also important for repayment on interfund borrowing.

SOLID WASTE FUND

The following table presents five years of comparable operating results for the City's Solid Waste Fund:

	2018	2019	2020	2021	2022
Operating revenue	\$ 1,135,528	\$ 1,106,983	\$ 985,699	\$ 997,011	\$ 1,008,152
Operating expenses	<u>(984,930)</u>	<u>(1,486,953)</u>	<u>(902,143)</u>	<u>(936,115)</u>	<u>(945,049)</u>
Operating income (loss)	150,598	(379,970)	83,556	60,896	63,103
Nonoperating revenue	<u>37,730</u>	<u>163,661</u>	<u>34,723</u>	<u>33,056</u>	<u>13,771</u>
Income (loss) before transfers	188,328	(216,309)	118,279	93,952	76,874
Net transfers in (out)	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>
Change in net position	<u>\$ 128,328</u>	<u>\$ (276,309)</u>	<u>\$ 58,279</u>	<u>\$ 33,952</u>	<u>\$ 16,874</u>
Income (loss) before transfers as a percentage of operating revenue	<u>16.6%</u>	<u>(19.5%)</u>	<u>12.0%</u>	<u>9.4%</u>	<u>7.6%</u>

The Solid Waste Fund ended 2022 with a net position of \$736,740, an increase of \$16,874 from the prior year, all of which is reported as unrestricted net position.

Operating revenue increased \$11,141 from the previous year, or about 1.1 percent, due to the increased number of customers. Operating expenses increased \$8,934, or about 1.0 percent.

During the current year, this utility operation also made transfers to other funds totaling \$60,000.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

In addition to fund-based information, the current reporting model for governmental entities also requires the inclusion of two government-wide financial statements designed to present a clear picture of the City as a single, unified entity. These government-wide financial statements provide information on the total cost of delivering services, including capital assets and long-term liabilities.

STATEMENT OF NET POSITION

The Statement of Net Position essentially tells you what the City owns and owes at a given point in time, the last day of the fiscal year. Theoretically, net position represents the resources the City has leftover to use for providing services after its debts are settled. However, those resources are not always in spendable form, or there may be restrictions on how some of those resources can be used. Therefore, net position is divided into three components: net investment in capital assets, restricted, and unrestricted.

- **Net Investment in Capital Assets** – The portion of net position reflecting equity in capital assets (i.e., capital assets minus related debt).
- **Restricted Net Position** – The portion of net position equal to resources whose use is legally restricted minus any noncapital-related liabilities payable from those same resources.
- **Unrestricted Net Position** – The residual balance of net position after the elimination of *net investment in capital assets* and *restricted net position*.

The following table presents the components of the City's net position as of December 31, 2022 and 2021 for governmental activities, business-type activities (utility fund operations), and the Economic Development Authority (EDA) component unit:

	As of December 31,		
	2022	2021	Change
Net position			
Primary government			
Governmental activities			
Net investment in capital assets	\$ 27,356,833	\$ 27,299,383	\$ 57,450
Restricted	6,605,820	6,291,329	314,491
Unrestricted	(2,491,905)	(2,656,756)	164,851
Total governmental activities	31,470,748	30,933,956	536,792
Business-type activities			
Net investment in capital assets	6,330,294	7,092,785	(762,491)
Unrestricted	19,764,508	17,209,712	2,554,796
Total business-type activities	26,094,802	24,302,497	1,792,305
Total primary government	57,565,550	55,236,453	2,329,097
Component unit			
Economic Development Authority			
Restricted	456,363	513,005	(56,642)
Total net position	\$ 58,021,913	\$ 55,749,458	\$ 2,272,455

The City (including the EDA) ended 2022 with a combined total net position of \$58,021,913, an increase of \$2,272,455 from the prior year. The increase in governmental activities is mainly in net position restricted for tax increment.

The business-type activities net position increased in the current year, as previously discussed.

STATEMENT OF ACTIVITIES

The Statement of Activities tracks the City's yearly revenues and expenses, as well as any other transactions that increase or reduce total net position. These amounts represent the full cost of providing services. The Statement of Activities provides a more comprehensive measure than just the amount of cash that changed hands, as reflected in the fund-based financial statements. This statement includes the cost of supplies used, depreciation of long-lived capital assets, and other accrual-based expenses.

The following table presents the change in the net position of the City and the EDA for the years ended December 31, 2022 and 2021:

	2022			2021
	Expenses	Program Revenues	Net Change	Net Change
Net (expense) revenue				
Primary government				
Governmental activities				
General government	\$ 1,813,006	\$ 341,716	\$ (1,471,290)	\$ (927,544)
Public safety	5,718,250	582,290	(5,135,960)	(3,389,221)
Public works	2,853,488	1,576,377	(1,277,111)	(997,531)
Parks and recreation	666,685	275,913	(390,772)	(108,128)
Economic development	549,676	—	(549,676)	(143,057)
Interest and fiscal charges	770,759	—	(770,759)	(624,528)
Business-type activities				
Electric	10,286,514	11,305,242	1,018,728	1,335,485
Water	1,209,955	2,036,622	826,667	1,113,941
Surface water	666,147	958,105	291,958	384,212
Waste water	2,067,753	2,458,717	390,964	722,615
Fiber optic	145,320	213,176	67,856	67,444
Solid waste	946,788	1,038,604	91,816	95,287
Total primary government	27,694,341	20,786,762	(6,907,579)	(2,471,025)
Component unit				
Economic Development Authority	252,830	—	(252,830)	(55,761)
Total net (expense) revenue	<u>\$ 27,947,171</u>	<u>\$ 20,786,762</u>	(7,160,409)	(2,526,786)
General revenues				
Property and franchise taxes			7,912,391	7,156,303
Grants and contributions not restricted to specific programs			1,661,614	1,685,861
Other general revenues			177,251	123,455
Investment earnings			(342,317)	159,334
Gain on sale of assets			23,925	88,672
Total general revenues			<u>9,432,864</u>	<u>9,213,625</u>
Change in net position			<u>\$ 2,272,455</u>	<u>\$ 6,686,839</u>

One of the goals of this statement is to provide a side-by-side comparison to illustrate the difference in the way the City's governmental and business-type operations are financed. The table clearly illustrates the dependence of the City's governmental operations on general revenues, such as property taxes and unrestricted grants. It also shows that, for the most part, the City's business-type activities are generating sufficient program revenues (service charges and program-specific grants) to cover expenses. This is critical given the current downward pressures on the general revenue sources.

ACCOUNTING AND AUDITING UPDATES

The following is a summary of Governmental Accounting Standards Board (GASB) standards expected to be implemented in the next few years.

GASB STATEMENT NO. 96, *SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS*

This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines an SBITA; (2) establishes that an SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of an SBITA; and (4) requires note disclosures regarding an SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

An SBITA is defined as a contract that conveys control of the right to use another party's (an SBITA vendor's) information technology (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 or exchange-like transaction. Under this statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability.

This statement provides an exception for short-term SBITAs with a maximum possible term under the SBITA contract of 12 months, including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB STATEMENT NO. 99, *OMNIBUS 2022*

The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.

- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the SBITA term, classification of an SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, to refer to resource flows statements.

The requirements of this statement that are effective are as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB STATEMENT NO. 100, ACCOUNTING CHANGES AND ERROR CORRECTIONS – AN AMENDMENT OF GASB STATEMENT NO. 62

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

The requirements of this statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB STATEMENT NO. 101, *COMPENSATED ABSENCES*

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

This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used, but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled.

This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used, but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

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

The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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CITY OF NORTH ST. PAUL
RAMSEY COUNTY, MINNESOTA

Special Purpose Audit Reports

Year Ended
December 31, 2022

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CITY OF NORTH ST. PAUL
RAMSEY COUNTY, MINNESOTA

Special Purpose Audit Reports
Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council and Management
City of North St. Paul, Minnesota

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of North St. Paul, 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, and have issued our report thereon dated May 9, 2023.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify one deficiency in internal control, described in the accompanying Schedule of Findings and Responses as finding 2022-001, that we consider to be a significant deficiency.

(continued)

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

CITY'S RESPONSE TO FINDING

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

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

Minneapolis, Minnesota

May 9, 2023

INDEPENDENT AUDITOR’S REPORT
ON MINNESOTA LEGAL COMPLIANCE

To the City Council and Management
City of North St. Paul, Minnesota

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of North St. Paul, 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, and have issued our report thereon dated May 9, 2023.

MINNESOTA LEGAL COMPLIANCE

In connection with our audit, we noted that the City failed to comply with provisions of the claims and disbursements section of the *Minnesota Legal Compliance Audit Guide for the Cities*, promulgated by the State Auditor pursuant to Minnesota Statutes § 6.65, insofar as they relate to accounting matters as described in the Schedule of Findings and Responses as finding 2022-002. Also, in connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City’s noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

CITY’S RESPONSE TO FINDING

Government Auditing Standards requires the auditor to perform limited procedures on the City’s response to the legal compliance finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The City’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

(continued)

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

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

Minneapolis, Minnesota

May 9, 2023

CITY OF NORTH ST. PAUL

Schedule of Findings and Responses
Year Ended December 31, 2022

FINDINGS – SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER FINANCIAL REPORTING

2022-001 SEGREGATION OF DUTIES

Criteria – Internal control over financial reporting.

Condition – The City of North St. Paul, Minnesota (the City) has limited segregation of duties in a number of areas.

Questioned Costs – Not applicable.

Context – The condition applies to multiple areas as noted above.

Repeat Finding – This is a current year and prior year finding.

Cause – The limited segregation of duties is primarily caused by turnover in the City's finance department staff in the current year.

Effect – One important element of internal accounting controls is an adequate segregation of duties such that no one individual should have responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction. A lack of segregation of duties subjects the City to a higher risk that errors or fraud could occur and not be detected in a timely manner in the normal course of business.

Recommendation – We recommend that the City continue to review its accounting procedures and internal controls and make improvements on an ongoing basis within the limits of the staff available.

Management Response – There is no disagreement with the audit finding. The City reviews and makes improvements to its internal control structure on an ongoing basis and attempts to maximize the segregation of duties in all areas within the limits of the staff available.

CITY OF NORTH ST. PAUL

Schedule of Findings and Responses (continued)
Year Ended December 31, 2022

FINDINGS – MINNESOTA LEGAL COMPLIANCE

2022-002 CLAIMS AND DISBURSEMENTS

Criteria – Minnesota Statutes § 471.425, Subd. 2.

Condition – Minnesota Statutes require prompt payment of local government bills within a standard payment period of 35 days from the receipt of goods and services for governing boards that meet at least once a month. If such obligations are not paid within the appropriate time period, local governments must pay interest on the unpaid obligations at the rate of 1.5 percent per month or part of a month. Five of forty disbursements tested were not paid within the statutory time limit.

Questioned Costs – Not applicable.

Context – Five of forty disbursements tested were not in compliance.

Repeat Finding – This is a current year and prior year finding.

Cause – This was an oversight by city personnel.

Effect – Certain payments made to vendors were not paid within the timeframe as required by state statutes.

Recommendation – We recommend that the City review claims and disbursements payment procedures in place to ensure that all invoices are paid within statutory requirements.

Management Response – There is no disagreement with the audit finding. The City will review its procedures in place to ensure future compliance with Minnesota Statutes.



Corrective Action Plans and
Summary Schedule of Prior Audit
Findings Year Ended December 31, 2022

A. FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER FINANCIAL REPORTING

2022-001 SEGREGATION OF DUTIES

Finding Summary

The City of North St. Paul, Minnesota (the City) has limited segregation of duties in a number of areas.

Corrective Action Plan

Actions Planned – The City has hired an accountant and is in the process of reorganizing the Finance Department to better ensure segregation of duties. With limited staff, the City assesses risk of duties and makes sure higher risk functions have the appropriate level of internal controls.

Official Responsible – Brian Frandle, City Manager.

Planned Completion Date – December 31, 2023.

Disagreement With or Explanation of Finding – The City is in agreement with this finding.

Plan to Monitor – Brian Frandle, City Manager, and Dan Winek, Finance Director, will work with within the resources of the department to ensure that segregation of duties and internal controls are established to minimize the risk to the City.



CITY OF NORTH ST. PAUL

Corrective Action Plans and
Summary Schedule of Prior Audit Findings (continued)
Year Ended December 31, 2022

B. REPORT ON COMPLIANCE AND OTHER MATTERS

None.

C. MINNESOTA LEGAL COMPLIANCE FINDINGS

2022-002 CLAIMS AND DISBURSEMENTS

Finding Summary

Minnesota Statutes require prompt payment of local government bills within a standard payment period of 35 days from the receipt of goods and services for governing boards that meet at least once a month. If such obligations are not paid within the appropriate time period, local governments must pay interest on the unpaid obligations at the rate of 1.5 percent per month or part of a month. Six of forty disbursements tested were not paid within the statutory time limit.

Corrective Action Plan

Actions Planned – The City will review the payment procedures and will make all efforts to properly pay all invoices within the 35-day time limit.

Official Responsible – Brian Frandle, City Manager, in coordination with other departments.

Planned Completion Date – December 31, 2023.

Disagreement With or Explanation of Finding – The City is in agreement with this finding.

Plan to Monitor – Brian Frandle, City Manager, will review the City's procedures for paying invoices with city employees responsible for processing disbursements and approve special releases when necessary.

CITY OF NORTH ST. PAUL

Corrective Action Plans and
Summary Schedule of Prior Audit Findings (continued)
Year Ended December 31, 2022

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

MINNESOTA LEGAL COMPLIANCE FINDINGS

FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER FINANCIAL REPORTING

2021-001 SEGREGATION OF DUTIES

Finding Summary

The City of North St. Paul, Minnesota (the City) has limited segregation of duties in a number of areas.

Corrective Action Plan

Actions Planned – The City has hired an accountant and is in the process of reorganizing the Finance Department to better ensure segregation of duties. With limited staff, the City assesses risk of duties and makes sure higher risk functions have the appropriate level of internal controls.

Official Responsible – Brian Frandle, City Manager.

Planned Completion Date – December 31, 2023.

Disagreement With or Explanation of Finding – The City is in agreement with this finding.

Plan to Monitor – Brian Frandle, City Manager, and Dan Winek, Finance Director, will work with within the resources of the department to ensure that segregation of duties and internal controls are established to minimize the risk to the City.

2021-002 CITY POLICIES AND PROCEDURES

Corrective action has been taken.

REPORT ON COMPLIANCE AND OTHER MATTERS

None.

CITY OF NORTH ST. PAUL

Corrective Action Plans and
Summary Schedule of Prior Audit Findings (continued)
Year Ended December 31, 2022

MINNESOTA LEGAL COMPLIANCE FINDINGS

2021-003 CLAIMS AND DISBURSEMENTS

Finding Summary

Minnesota Statutes require prompt payment of local government bills within a standard payment period of 35 days from the receipt of goods and services for governing boards that meet at least once a month. If such obligations are not paid within the appropriate time period, local governments must pay interest on the unpaid obligations at the rate of 1.5 percent per month or part of a month. Six of forty disbursements tested were not paid within the statutory time limit.

Corrective Action Plan

Actions Planned – The City will review the payment procedures and will make all efforts to properly pay all invoices within the 35-day time limit.

Official Responsible – Brian Frandle, City Manager, in coordination with other departments.

Planned Completion Date – December 31, 2023.

Disagreement With or Explanation of Finding – The City is in agreement with this finding.

Plan to Monitor – Brian Frandle, City Manager, will review the City's procedures for paying invoices with city employees responsible for processing disbursements and approve special releases when necessary.

2021-004 BROKER CERTIFICATIONS

Corrective action has been taken.

2021-005 CREDIT CARDS

Corrective action has been taken.



To	Date
Honorable Mayor Monge and City Council	May 16, 2023
Agenda Placement # IV.B	
Topic(s)	
Subject	
Presentation of the draft Flood Resiliency Plan by WSB	
Background/Facts	
Refer to enclosed presentation slides.	
Recommended Action	
N/A	
Attachments	
1. Presentation 2. Climate Resiliency and Vulnerable Population Projection in Flood Prevention and Mitigation Strategies_Final	
Respectfully submitted, Brandy Howe, Community Development Director	

Welcome

North St. Paul Flood Resiliency Plan

City Council Workshop
May 16, 2023 | 5:30 p.m.



Introduction

Funding: MPCA Planning Grants for Stormwater, Wastewater, and Community Resilience - \$52,000

Title: Climate resiliency and vulnerable population projection in flood prevention and mitigation strategies.

Goal: Provide a plan and implementation framework that is based on the synthesis of the following: vulnerable populations, vulnerable infrastructure, system weaknesses, and the anticipated impacts from climate change.

Background

July 2022 – June 2023

MPCA Grant awarded

Kick-off meeting with City and Ramsey Washington Metro Watershed District (RWMWD)

Mapping, Modeling and Vulnerability Analysis

Open House

Draft Report/Final Report

What and why do we plan for floods?



(source: MN DNR)

Why flood planning is important?

- Helps people, communities, and systems thrive in the face of adversity
- Manage stress and uncertainty during a flood event
- Continue to develop and improve over time





How do you plan for floods?

- Assess the community's land use plans and policies
- Identify and implement various flood mitigation measures to reduce risk
- Work with the community to plan for and respond before and during a flood



What is Flood Resiliency?

- Minimize damages during times of flooding
- Reduce risks to people and infrastructure
- Provide flood storage areas



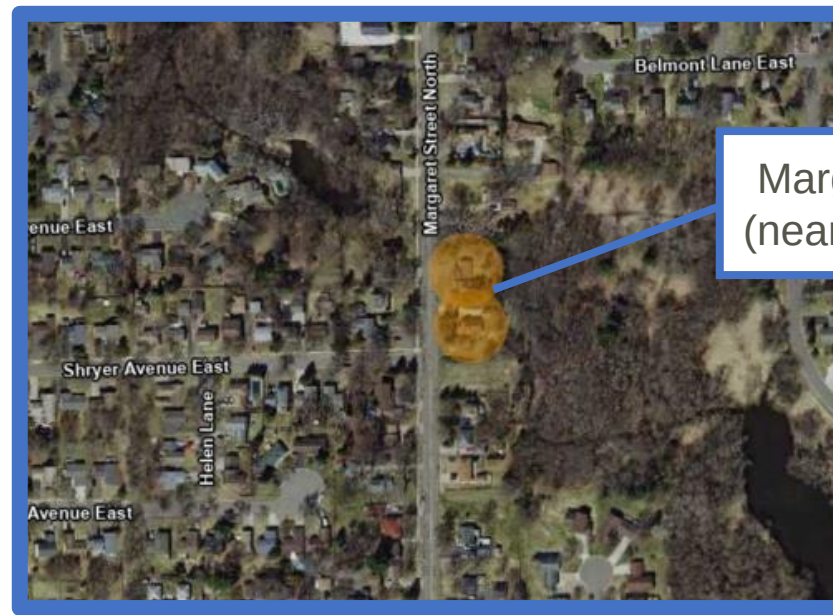
What You Can Do

- Create a resilient yard
 - Stewardship Grants through RWMWD
 - Bluethumb.org
- Control the direction of water on your property
- Adopt-a-Drain Program
- Become a Master Water Steward
- Don't irrigate when rain is in forecast
- Be aware of neighborhood flooding and notify Public Works of any damage or clogging of stormwater infrastructure

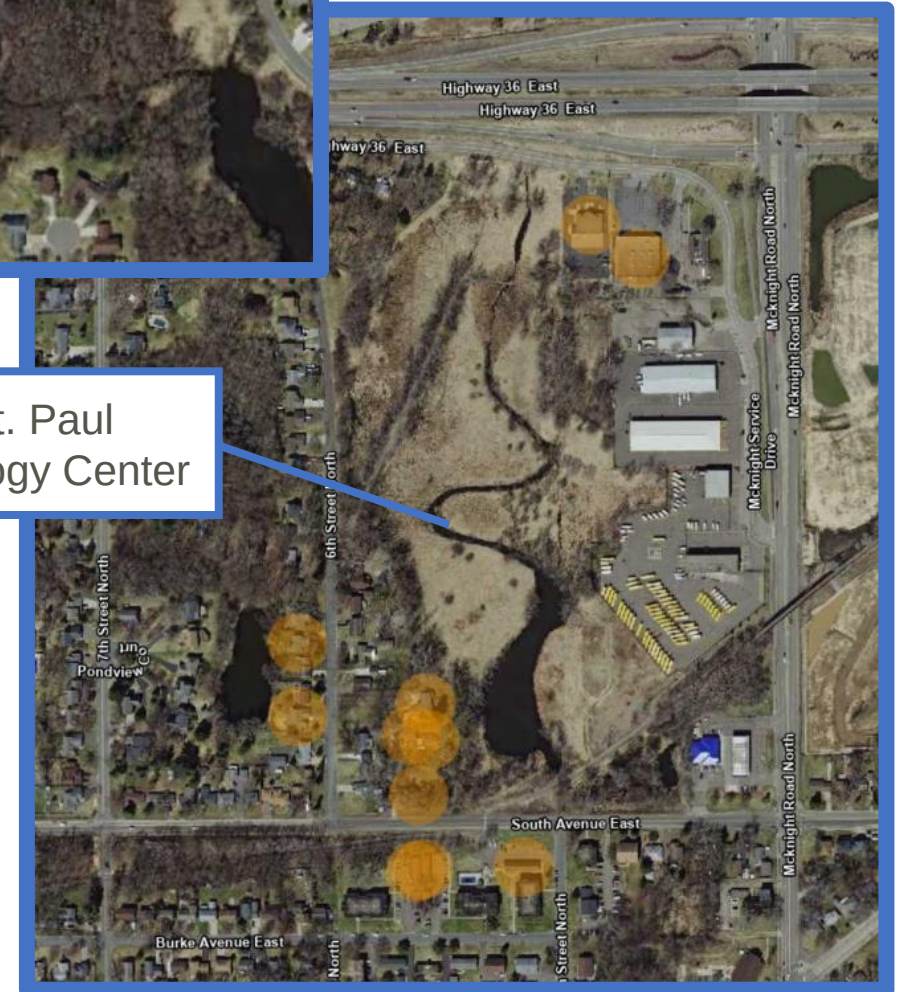


Flood Resiliency Plan

- City demographic analysis and vulnerable populations
- Stormwater modeling and flood-prone areas (partnering with RWMWD)
- Recommendations to improve flood resiliency in these focus areas



Margaret St. N and Shryer Ave. E
(near Southwood Nature Preserve)



North St. Paul
Urban Ecology Center

Outreach

- Website development:
www.NSPFloodPrevention.com to both inform and solicit input on local flooding issues.
- Social media – partnering with RWMWD
- Flooding survey – 12 complete surveys
- Poster boards and mailings
- Business Chamber presentation
- Open house – approximately 13 residents
 - ~100 individual postcards mailed
- Flooding fact sheet



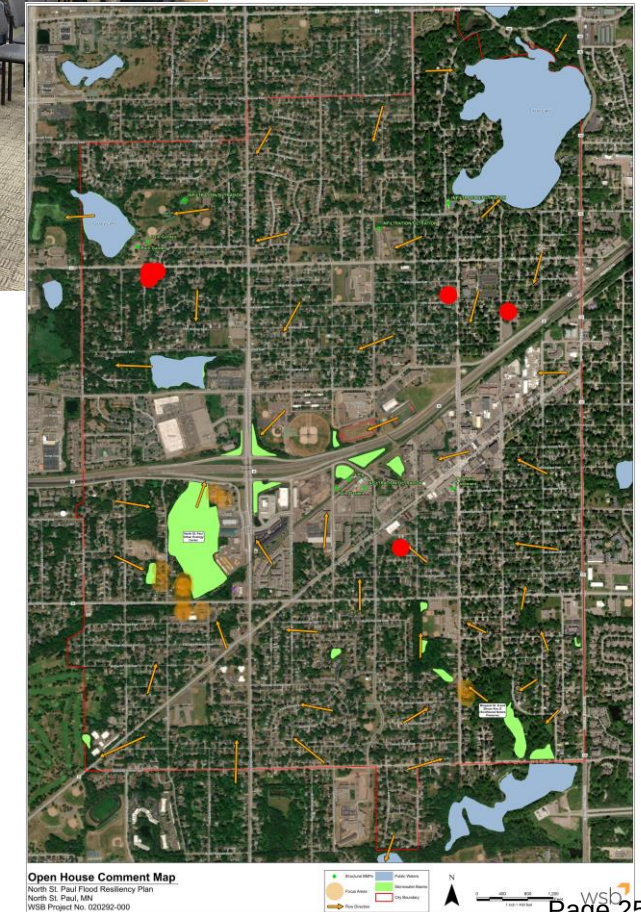
Scan the QR code
with your phone or
visit the website:

www.NSPFloodPrevention.com



Open House Summary

- ~13 residents attended
- Tables with information, surveys, input boards, project presentation, and Q&A
- Outcomes
 - Informed residents about flooding and drainage
 - Suggestions to residents for improving or mitigating localized flooding
 - RWMWD referenced grant opportunities and upcoming projects



Report Recommendations

- Long-term initiatives
 - Policy and programming around surface water management funds
 - Capital improvements
 - Support to RWMWD
- Short-term initiatives
 - Street sweeping
 - Ongoing engagement
 - Adopt-a-Drain
 - Flooding and resiliency education
 - Community survey and public hearings





Next Steps

- City Council recommend approving the final report at their June 6, 2023 meeting.
- Final Report submitted to MPCA



THANK YOU



**NORTH
ST. PAUL**
extraordinary.

CLIMATE RESILIENCY AND VULNERABLE POPULATION PROJECTION IN FLOOD PREVENTION AND MITIGATION STRATEGIES

NORTH ST. PAUL, MN

June 2023

Prepared for:

City of North St. Paul

2400 Margaret St.

North St. Paul, MN 55109

WSB PROJECT NO. 020292-000

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Appendix A

1. Floodplain (FIRM) Maps of North St. Paul
2. Supplementary Demographic and Composite Maps
3. NOAA Atlas 14 Precipitation Data

Appendix B

1. Focus Area Map

Appendix C

1. Outreach Materials

Appendix D

1. Implementation Plan



Acronyms

DNR	Department of Natural Resources
FEMA	Federal Emergency Management Agency
FIRM	Flood Insurance Rate Map
LiDAR	Light Detection and Ranging
MPCA	Minnesota Pollution Control Agency
NEPA	National Environmental Policy Act
NFIP	National Flood Insurance Program
NOAA	National Oceanic and Atmospheric Administration
NSP	North St. Paul
RWMWD	Ramsey Washington Metro Watershed District
SFHA	Special Flood Hazard Area (FEMA 100-year floodplain)
USGS	U.S. Geologic Survey



Language Access

The City of North St. Paul is committed to providing meaningful access. To request translation, interpretation, modifications, accommodations, or other auxiliary aids or services, contact **XX**.

WWW.XXXXX



Executive Summary

The City of North St. Paul (NSP) dates back to 1872 when Henry Anson Castle began purchasing land around the Silver Lake area and started platting it to be what we now know as North St. Paul. During this time, flooding was not a concern. As time has gone on, NSP has experienced more frequent flooding caused by the decrease in flood storage due to the City's growth and the growth in the surrounding communities. This has further been exasperated with changes in weather patterns in association with climate change.

In an effort to remedy the flooding issues, the City of North St. Paul applied for a Planning Grant for Stormwater, Wastewater and Community Resilience from the Minnesota Pollution Control Agency (MPCA) to complete a Climate Resiliency and Vulnerable Population Projection in Flood Prevention and Mitigation Strategies Report.

The goal of this project was to evaluate the City's floodplain data and prioritize improvements based upon the need to protect vulnerable populations from the impacts of flooding. This work included gathering input and creating awareness with the public and stakeholders through an open house and engagement materials. An emphasis with the outreach included gathering input from low-to-moderate income and ethnically diverse households. This work would not have happened without the community's willingness to share their knowledge, experience, and feedback.

Project Background

The purpose of this project is twofold: 1) reevaluate the City's flood risk based on the latest climate change data and system conditions, and 2) prepare an equitable flood prevention and mitigation plan that prioritizes system improvements with a focus on protecting vulnerable populations. In the context of this plan, a population may be considered vulnerable if it faces any undue injustice that causes a disproportionate impact from flooding. This may include any impact that stems from economic, social, political, or infrastructural inequities.

In addition, completion of this project will advance several City-wide goals as articulated in the 2040 Comprehensive Plan, the 2006 Inflow and Infiltration study, the 2018 Water Management Plan, and the 2017 Flood Control Assessment including:

- Integrate climate resiliency into planning, policy, operations, and budgeting processes.
- Become more resilient through climate change mitigation and adaptation.
- Consider climate resiliency in on-going City planning and address those residents who would be most affected by climate change (i.e., vulnerable populations such as low-income families, minorities, handicapped, etc.).
- Preserve, maintain, and improve the stormwater storage and detention systems to control excessive volumes and rates of runoff and control flooding to protect public health and safety and to prevent the inundation of occupied structures.



- Improve and expand the existing stormwater system to minimize the duration and impact of localized flooding. It is also important to limit additional volume and increases in flow rate of water into the existing stormwater system to prevent flooding.
- Increase public awareness, understanding, and involvement in water and natural resource management issues.

The primary goal of this project is to provide a plan and implementation framework that is based on the synthesis of the following: vulnerable populations, vulnerable infrastructure, system weaknesses, and the anticipated impacts from climate change.



Approach

To accomplish this project's goals, we outlined an approach that incorporates the stakeholder process and the technical skills to bring that information together to develop a meaningful plan. One of the main elements of this process is focusing on the needs of the community. The approach considered the promotion of social equity by highlighting vulnerable areas. Community analysis tools, powered by Esri, and demographic information available through Census data were used to gain a foundational understanding of the demographic population in the City of North St. Paul. Information such as primary languages spoken, average age, and median income helped to tailor engagement strategies to the city. Copies of engagement materials used are in **Appendix C**.

To educate and gather feedback, various methods were used. The City of North St. Paul partnered with the Ramsey-Washington Watershed District throughout the project. Content was shared in the City of North St. Paul and North High School e-newsletters. The City of North St. Paul's email list consisted of residents who registered to receive updates about City news. The high school email list contained primarily parents and students who live in the district. Informational boards and postcards (in English, Spanish and Hmong) were displayed at the City Hall, North St. Paul food shelf, and public library. A presentation about the project was given to the North St. Paul Business Association and businesses took boards and postcards to share information.

On social media, the City of North St. Paul encouraged residents to complete the survey and attend the open house on their Facebook page. They also created a Facebook event page to spread the word about the open house. The Ramsey-Washington Metro Watershed District shared content on Facebook and Twitter to encourage residents of North St. Paul to complete the survey and attend the open house.

An engagement website (www.nspfloodprevention.com) was published to make information accessible to community members when most convenient for them. The website included project background information, open house details, an interactive Comment Map, survey, and hotline that individuals could call with questions or comments. Seven individuals participated in the Comment Map feature to mark approximate locations where they have experienced flooding in the City of North St. Paul. Locations and comments are below.

1. Comment: My basement has flooded before. The streets flood every summer due to poor drainage.
2. Comment: My basement has been flooded twice. Steet floods every summer. Water issues in the winter. Tried for the City to purchase my house last year.
3. Comment: St Mary's Cemetery (Old), Lake Blvd side
4. Comment: Water takes ages to drain in front of our neighbors and my properties.
5. Comment: Flooding due to no drain system and poor grade.



6. Comment: Spring thaw and heavy rains can cause this area to flood. At times, it has almost reached our back door.

Approximately thirteen community members attended an open house held on April 27 at the North St. Paul City Hall Council Chambers from 6:30-8:00 p.m. The information presented was in collaboration with the Ramsey-Washington Metro Watershed District. The open house's overall format was structured for community members to go to various boards and tables to learn about the impact of flooding and share their experiences. An hour-long presentation began at 7:00 p.m. and included time for attendees to ask questions. The presentation was recorded and uploaded to the City of North St. Paul's YouTube channel.

At the open house, community members were given the opportunity to review maps of focus areas, maps of all flooding areas in North St. Paul, and place stickers in locations where they have noted flooding. The Watershed District shared a map of North St. Paul with flood infrastructure, projects to help alleviate flooding, and about their grant program. Flooding fact sheets were created for this event and were made available for residents to take home. Printed copies and a digital alternative of the survey were available, and community members had the opportunity to share their ideas for how flooding in North St. Paul can be addressed. Ideas are listed below, and a photo of the responses is in **Appendix C**.

- Have more meetings like this.
- Sean's Way and 17th Ave need proper drainage to 17th Ave.
- End of driveway flooded. Solution: Clean or remove snow blocking storm drain and catch basin by Ramsey County.
- Snowplow operator training when they pile up over 5' of snow at the end of the alley which blocks the natural drainage of the alley. No alley improvements.
- Buy my house like you should of last year.
- Increase pipe size on Hewy St. N.

Postcards were mailed to one hundred and three residents and businesses who own land within the determined focus areas to notify them of the open house. The mailing list included parcels that lie within 350 feet of the identified focus areas. This radius was chosen based on the League of Minnesota Cities' public hearing notice guidelines. Each postcard contained a brief description of the study, open house information, and a QR code/link to the engagement website.

A City-wide project email regarding the open house was sent to the City of North St. Paul's regular subscriber list. Additionally, a reminder email about the open house was sent to Comment Map and survey participants on Tuesday, April 25.

The project survey was available on the engagement website and printed copies were provided at the open house. Twelve community members provided feedback via the survey. 75 percent of respondents noticed areas in their neighborhood that flood frequently. Eighty-three (83) percent of respondents wanted to be contacted regarding flooding in North St. Paul. All survey results are listed in **Appendix C**.



All the above engagement strategies worked on identifying strengths, limitations, and resources available to be prepared for natural disasters, such as floods. In doing so, relationships were strengthened, and the community is working to become more resilient.

Phase one of this process involved data collection and modeling. This involved working with the Ramsey Washington Metro Watershed District (RWMWD) to gather watershed data and other pertinent floodplain data. This data was then used to determine what areas in the City were most susceptible to flooding. Based on that information, demographic information was utilized to establish the focus areas of the plan. Two main focus areas were identified in the southern portion of the City in the southeast and southwest side based on a joint analysis of demographic analysis and stormwater modeling. The determination of the focus areas is detailed later in this report. The focus areas are shown in **Appendix B**.

Floodplains and Their Functions

Floodplains are the low-lying areas around rivers and streams inundated with water during flood events and typically dry during normal conditions. Prior to settlement by European Americans and the establishment of the City of North St. Paul, the floodplains in the region were dynamic systems of marshes, wetlands, and braided channels.

Watershed Districts

The main function of a watershed district is to protect and manage water resources. MN Statute states that a watershed has the responsibility “*to conserve the natural resources of the state by land use planning, flood control, and other conservation practices using sound scientific principles for the protection of the public health and welfare and provident use of the natural resources.*” The definition of a watershed district is a government unit based on the natural boundary of a watershed. The boundaries are not defined by a political boundary but a hydrologic boundary. The majority of the City of North St. Paul is in the RWMWD (1,770 acres), with the northeast corner of the City (230 acres) in the VBWD. City partnership with the Watershed Districts is integral for working on finding solutions to flooding.

For this project, the City partnered with Ramsey Washington Metro Watershed District because the majority of known and modeled flooding issues occur within RWMWD’s jurisdiction. This partnership allowed for sharing modeling information and opportunities for outreach and education. Partnerships like this will also allow for the City to leverage more opportunities and funding to complete some of the larger capital improvement projects that have been identified through this project.

Ramsey Washington Metro Watershed District (RWMWD)

The RWMWD was formed in 1975 and encompasses 12 cities and two counties. It is 65 square miles with 20 lakes, 5 streams and about 1,000 wetlands all of which eventually drain to the Mississippi River. RWMWD has identified six goals in pursuit of its mission. They are as follows:

1. Achieve quality surface water



2. Achieve healthy ecosystems
3. Manage risk of flooding
4. Support sustainable groundwater
5. Inform and empower communities
6. Manage organization effectively

For more information, visit: www.rmwmmd.org

Valley Branch Watershed District (VBWD)

The Valley Branch Watershed District (VBWD) was formed in 1968 and encompasses 15 cities and townships. It is approximately 70 square miles and includes numerous waterbody basins and streams. VBWD has identified 24 goals and initiatives to improve water quality, quantity, continue monitoring, inspections, and maintenance, and continue education, regulatory and planning goals. In addition, the VBWD has administrative goals.

For more information, visit: [Valley Branch Watershed District \(vbwd.org\)](http://Valley Branch Watershed District (vbwd.org))

Function of Floodplains

Since development began in North St. Paul, the City has seen drastic changes to its floodplains through the addition of fill, the removal of native vegetation and alterations to hydrologic functions. Vegetated areas in floodplains serve important ecological functions. Shrubs, herbaceous vegetation and, most importantly, trees absorb and filter water that falls as precipitation, reducing surface runoff, sedimentation and other forms of pollution that would otherwise end up in waterways. Floodplain vegetation stores and slows the flow of floodwaters. When vegetation in the floodplain is removed and replaced with impervious surfaces, the capacity to store and slow floodwater is lost, and the impact of flooding is exacerbated.

The volume of open space in the floodplain below the base flood elevation is also important, as it can fill with water when floods occur. When new structures or new soil is added to the floodplain, the water that would otherwise fill this space is displaced, which may put other sites at risk by changing the areas that are subject to inundation during a flood.

The Federal Emergency Management Agency (FEMA) develops Flood Insurance Rate Maps (FIRMs) nationwide in order to inform citizens and planners on probable flooding across the country. While these maps have supporting regulatory mechanisms in place, they are often critiqued for not providing site-specific, supporting data that accurately reflect the changing landscapes and stormwater infrastructure of communities across the nation. For reference these maps are included in **Appendix A**.



Floodplain Characteristics and Demographics

North St. Paul's floodplains are important areas in North St. Paul's human environment. These areas happen to be homes to diverse populations from different socioeconomic backgrounds who live in many housing types. The floodplain also plays a key role in North St. Paul's economy. A large proportion of North St. Paul's commercial and industrial employers are located in or near the floodplain or flood-prone areas. The jobs that are provided by these employers represent a significant percentage of the middle wage jobs that are available to and occupied by non-college-educated adults in the City.

Vulnerability and Resiliency

A primary goal of this plan is to prioritize flood resiliency in vulnerable populations. Although climate change impacts are affecting all community members, some groups are more at risk. These include the very old and very young, people of color, and people with health issues, disabilities, economic vulnerability, outdoor occupations, disproportionate exposure to environmental pollution, and cultural/language barriers.

Climate Resiliency

Minnesota has seen a significant increase in devastating, extreme rainstorms since 2000; the ten warmest and wettest years on record have all occurred in the past twenty years. The changes to precipitation that are expected with climate change were not known to planners, engineers, and designers throughout the City's history. Thus, some infrastructure within the City experiences increased strain when faced with these current and future rainfall patterns. For example, in 2013 the National Oceanic and Atmospheric Administration (NOAA) released updated precipitation frequency estimates for Midwestern states (NOAA Atlas 14, Volume 8). These updated estimates replaced the previous guidance from the 1961 U.S. Weather Bureau's Technical Paper 40 (TP 40) and showed significantly increased rainfall amounts in the Twin Cities area. Climate change is expected to continue to alter what is known about local rainfall patterns. The design standards that the City uses to evaluate its stormwater infrastructure will be updated as directed by climate science, State, and Federal agencies. The Minnesota Department of Natural Resources notes that climate change will cause a 13 percent increase in the size of the heaviest rainfall of the year.

Having climate-resilient infrastructure is essential to the City's long-term well-being. Planning with climate resiliency in mind will reduce the need and cost to recover from extreme storm events that are expected with future climate change.

Vulnerability and Environmental Justice

In the context of this plan, a community may be considered vulnerable if it faces any undue injustice that causes a disproportionate impact from flooding. Disproportionate impacts occur when equivalent flooding or flood damage affects community members differently based on differences or injustices that are not inherently related to flooding. For example, some community members may not have a local support network to utilize for resources if their home is compromised to flooding. Or, some community members may not have the financial resources or



knowledge of available emergency funding to respond to and recover from flooding. Broadly, flood impact injustices could include any of the following:

- Economic (personal or household income, ability to respond to flooding)
- Sociocultural (age, mobility, dependency, ability to respond to flooding)
- Political (City efforts to mitigate, plan for, and respond to flooding)
- Civil (stormwater infrastructure and local geography)

Data Available

To achieve this plan's goal of focusing on environmental justice and social vulnerabilities to flood risk, a City demographic analysis was conducted. For this analysis, several information sources were utilized. The following Table 1 shows data sources and their applicability to the analysis.

Table 1

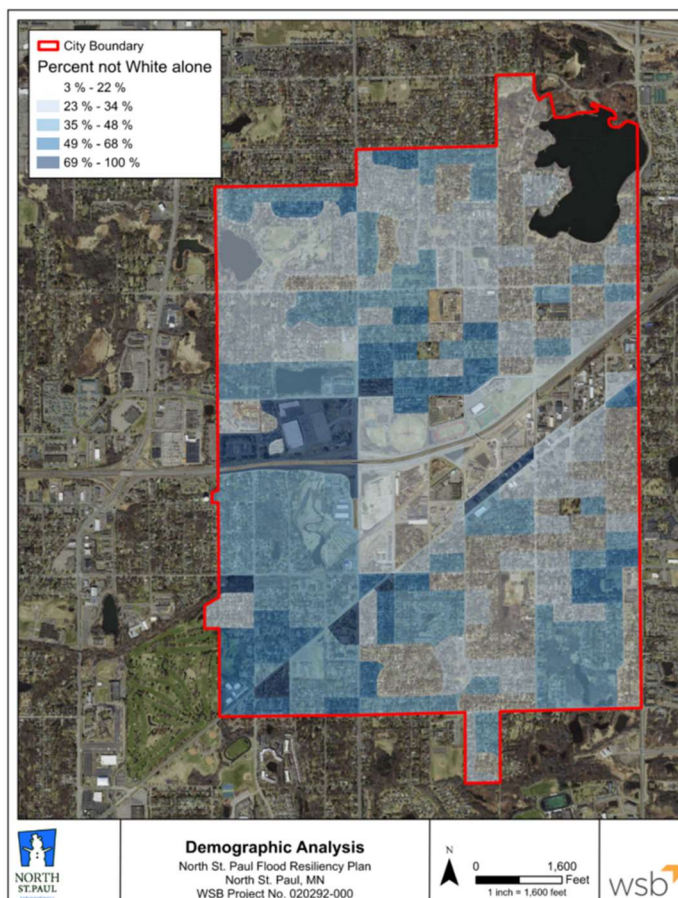
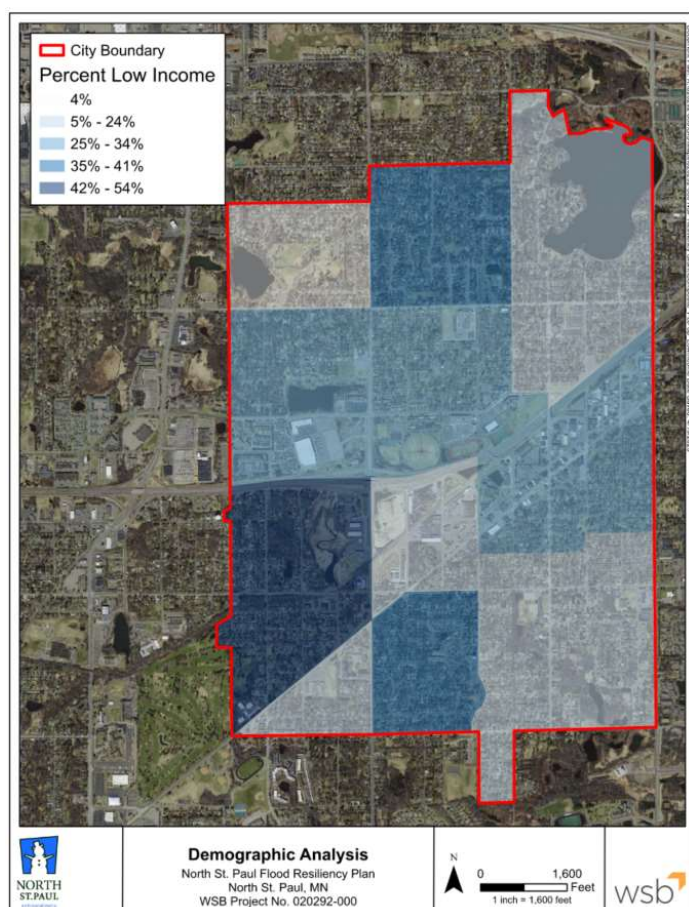
Source	Year	Data Utilized
American Community Survey	2020	Percent population who identify as not White alone
City of North St. Paul	2022	Parcel zoning, multi-unit housing
EPA EJSCREEN	2022	Percent population with low income
		Percent population that is unemployed
		Percent population over age 64
NLC Equity Dashboard	2020	Percent population for whom poverty status is determined
		Percent population for whom rent is 35 percent or more of household income
		Percent population for whom mortgage is 35 percent or more of household income
		Percent commuters who use public transportation

The Environmental Protection Agency notes two demographic factors that are explicitly named in Federal Executive Order 12898 on Environmental Justice: minority populations and low-income populations. The White House Office of Management and Budget (OMB) defines six distinct race and ethnic categories: American Indian or Alaska Native, Asian, Black or African American, Native Hawaiian or Other Pacific Islander, White, and Hispanic or Latino. Consistent with E.O. 12898, minority means individual(s) who list their racial status as a race other than white alone and/or list their ethnicity as Hispanic or Latino. In this analysis, low-income means household(s) where the household income is less than or equal to twice the federal poverty level.

Thus, consistent with federal initiatives for evaluation of environmental injustices, this plan uses the same two demographic indicators for primary input on identification of focus areas. Other supplemental indicators used for community context are:

- Poverty status
- Employment status
- Multi-unit housing units
- Mortgage/Rent is 35 percent or more of household income
- Commuters that use public transportation
- Population over age 64

Minority populations and low-income populations are shown in the following figures. Supplemental demographic indicators are shown mapped in **Appendix A**.



Based on the demographics analysis considering the indicators listed above, neighborhoods with frequent, high relative values for indicators were noted to be probable areas for sociocultural vulnerabilities to flooding. Broadly, these



neighborhoods include the southwest and southeast portions of the City, or census tract #27123042700. The selection of these areas of the City informed the selection of the focus areas.

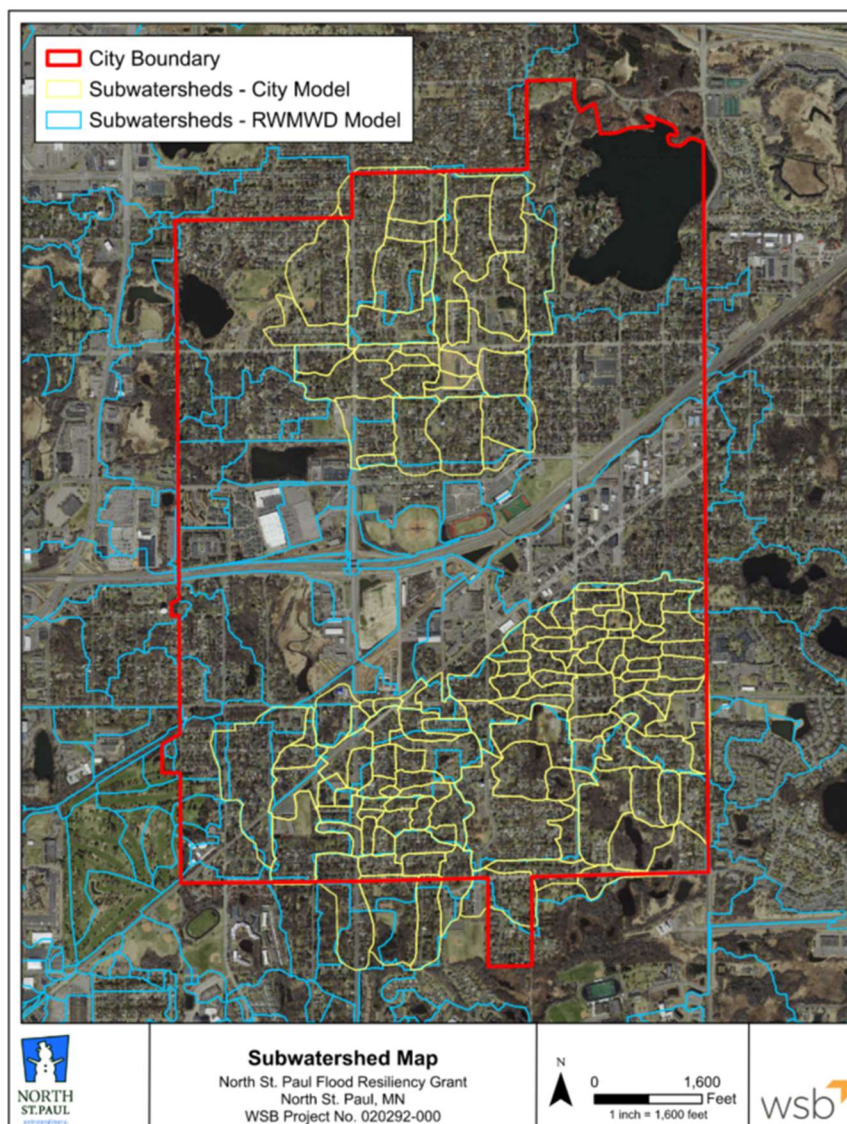
Stormwater Modeling

Summary

For this study, two XPSWMM models were used. XPSWMM is modeling software used for modeling hydrology, hydraulics, and surface flooding. The primary model used in the analysis was originally created by Ramsey Washington Metro Watershed District for the Beltline Resiliency Study published in November 2020. RWMWD consistently invests in updating this model with current information to guide its capital improvement projects and initiatives across the entire watershed. The City proudly partnered with RWMWD to utilize this robust model to aid in stormwater modeling in the City of North St. Paul. To supplement and improve the modeling breadth for the study, North St. Paul's City XPSWMM model was also used. The City model has existing stormwater infrastructure modeled with increased granularity in select areas of the City, but not all. The two models were used separately in the analysis and each of their results were applied to inform study recommendations.

Subwatersheds

The subwatershed granularity of each XPSWMM model is shown in the figure below. As shown in the figure, the existing City model does not include the entire City, thus the RWMWD model is used as the primary model for analysis. Each of these watersheds is unique in character, but most are predominately developed, urban lands. Some of the areas that are prone to flooding are designated as parks or open spaces, such as the North St. Paul Urban Ecology Center, the Southwood Nature Preserve, and the PCU Pond.



Approach

Consistent with the plan's goals of anticipating impacts from climate change, extreme rainfall events were used in the model. Climate change's exact effects on future precipitation patterns is uncertain, but it is expected that Minnesota will feel impacts of more extreme, frequent, and intense storms and flooding. The following rainfall events were used in the City model. In **Table 2**, the noted frequency of a storm corresponds to its expected probability of occurrence in any given year. For example, a storm with a return period of 100 years would have a 1 percent chance (1/100) of occurring in any given year.

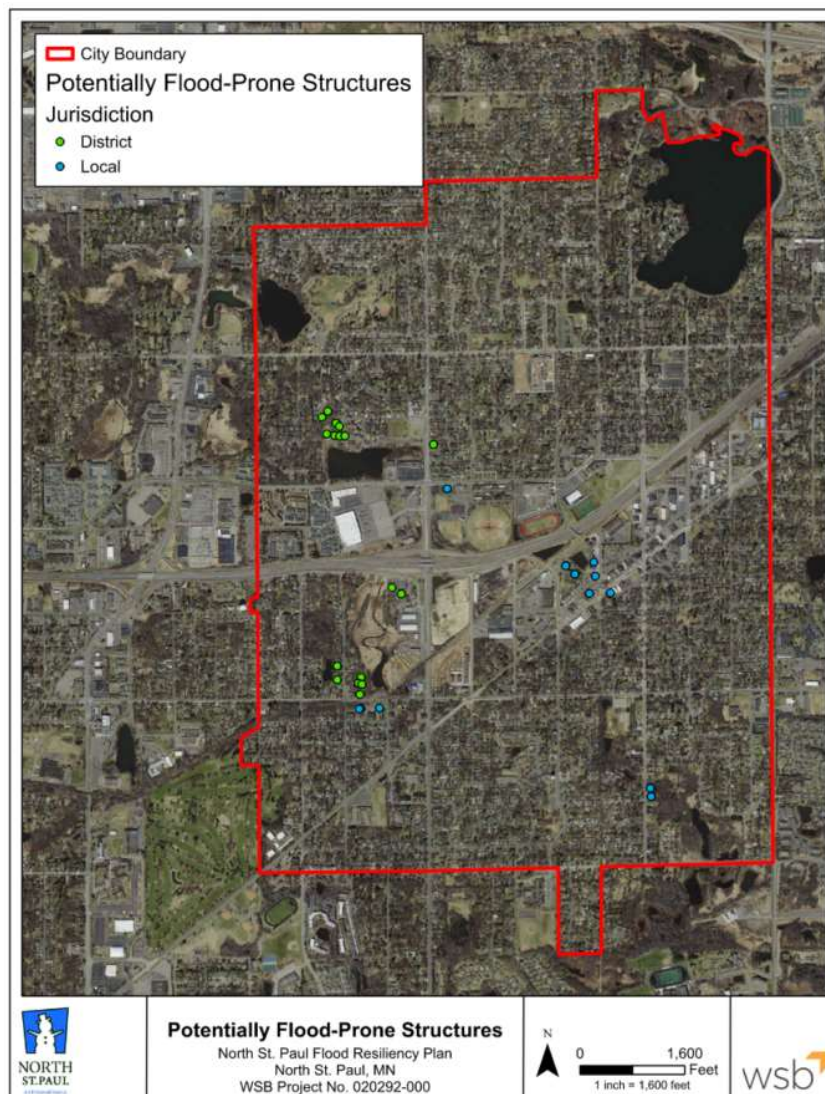
Table 2

Scenario	Return Period	Frequency	Duration	Depth	Note
A	100 years	1.0%	24-hour	7.3"	
B	500 years	0.2%	24-hour	10.3"	
C	100 years	1.0%	24-hour	8.0"	10 % increase from Scenario A to account for future climate change.
D	100 years	1.0%	24-hour	9.6"	20 % increase from Scenario C to account for future climate change.

Rainfall depths for Scenarios A and B are from National Oceanic and Atmospheric Administration (NOAA) Atlas-14 Point Precipitation Frequency Estimates for the City of North St. Paul (**Appendix A**). Scenarios C and D include percent increases on the 100-year 24-hour rainfall depth to account for possible impacts of future climate change. The percent increase amounts were determined based on the grant agreement for this plan with the MPCA. While intended to account for future climate change, these adjustments may not fully represent actual or future predictions of precipitation change for North St. Paul.

Model Results

Focus areas for the study were determined based on the conclusions of RWMWD's Beltline Resiliency Study and results of the 100-year or 1 percent chance rainfall event (Scenario A) for the City of North St. Paul's model (in addition to the demographics analysis). Focus areas were not determined based on the other rainfall scenarios due to low frequency of occurrence (Scenario B) and inconsistency with other current planning standards used by the City (Scenarios C, D). The areas that were found to likely experience damaging flooding, according to modeling, are identified in the following figure. The noted jurisdiction of the potentially flood-prone structures indicates which governing body is likely responsible for the surrounding stormwater infrastructure. RWMWD (District) structures are classified due to their proximity to RWMWD-managed water resources or facilities. Other structures classified to the City of North St. Paul (Local) are potentially not related to Watershed District-managed infrastructure and may potentially be tied closely to performance of municipal, City-managed infrastructure. For this study, the Local structures are considered for identifying focus areas.



Once focus areas were identified with the accompanying demographic analysis, rainfall Scenarios B, C, and D were used in the City model to give additional extreme flooding context at the sites.

The survey responses and open house feedback submitted by the community do not explicitly validate or invalidate the modeled flood-prone areas. However, the community input shows a very apparent need to refine the model and/or evaluate anecdotal feedback for frequent flooding concerns that are not within the identified flood-prone areas from the modeling. Some community responses indicated flooding due to lack of effective maintenance or clearing of alleyways or storm drain inlets. Community members noted frequent localized flooding at homes near the following intersections:

- 17th Ave E & Sean's Way
- 16th Ave E & Margaret St N



- 15th Ave E & Henry St N
- 2nd Ave E & Helen St N

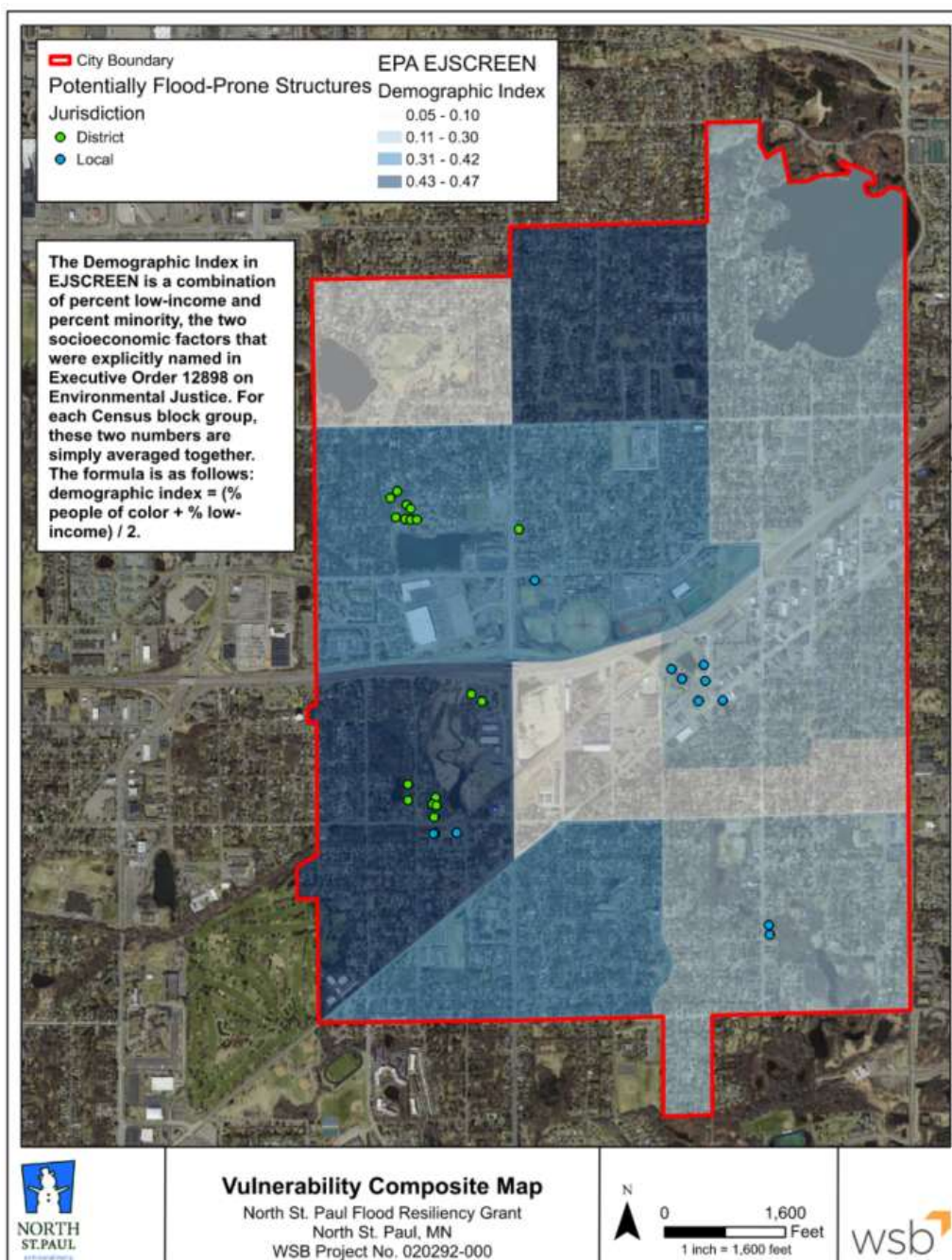
Refining Model

As with all stormwater models, results may not accurately reflect real-life outcomes of actual rainfall events. Models are used to inform potential outcomes and can provide valuable insight to areas that are likely to experience flooding. To further refine the model, priority should be placed on keeping the model current as improvements are made to the City's stormwater infrastructure. In addition, through the modeling and public engagement processes of this study it was found that additional details on existing infrastructure may be beneficial to create a more accurate model in select areas of the City, though not in the focus areas of this particular study. Updating the model in these areas could include refining and increasing subwatershed granularity with local storm sewer infrastructure or field-verifying elevations and drainage patterns that are assumed in the model. Areas to consider refining, based on community input are:

- 17th Ave E & Sean's Way
- 16th Ave E & Margaret St N
- 15th Ave E & Henry St N
- 2nd Ave E & Helen St N
- South Ave E near North St. Paul Urban Ecology Center
- Shryer Ave E & Margaret St N (NW corner)

Composite Maps

The sociocultural vulnerabilities and the modeled flood risk were used to form composite maps. When the data sets are overlaid, these maps provide insight to identifying the priority or focus areas. These focus areas are recommended to have priority consideration for initiatives that mitigate flood risk, as the areas highlight where vulnerable populations and vulnerable infrastructure intersect. Additional composite maps that highlight the supplementary demographics are included in **Appendix A**.





Financing

Funding

This project was funded through the Minnesota Pollution Control Agency's Planning Grants for Stormwater, Wastewater, and Community Resilience. The City also provided staff as in-kind to be able to complete this report.



Project Schedule

Table 3

Contract Executed	June 2022
Data Gathering	July – December 2022
Mapping Review	December 2022 – February 2023
Develop Future Improvement Projects and Cost Estimates	February – April 2023
Community Engagement	January – May 2023
Draft Report	April – May 2023
Final Report	May – June 2023

Feasibility and Recommendation

Through this process, short- and long-term initiatives were developed based on the planning, community engagement, and research process. The initiatives listed in this plan are not meant to replace or nullify any existing capital improvement projects or stormwater infrastructure initiatives that were previously identified by the City.

Long-Term Initiatives

Long-term initiatives are those that often involve major improvements to City infrastructure or programming. These options are typically multi-phase projects or changes in policy that aim to significantly reduce flood risk and increase community resilience.

- Continue supporting stormwater pond maintenance planning that monitors water and sediment depth, outlet and inlet conditions, criteria for maintenance, and funding needed to restore ponds to their original conditions.
- Reevaluate the surface water management utility fee structure.
 - Track time, costs for maintenance and repair, and improvements needed for more than one year and work with stormwater professionals to design a fee structure that supports current and future stormwater utility needs in the City.
 - Reduce the stormwater utility fee for parcels that utilize stormwater management facilities that significantly mitigate flood risk and exceed City stormwater requirements. The City currently upholds a 35 percent raingarden incentive discount.
- Establish an incentive program for parcel owners to deconstruct (or capture runoff from) existing impervious surfaces where feasible and replace with pervious surfaces or abstraction BMPs.
 - Promote, support, and/or offer matches to Ramsey Washington Metro Watershed District and Valley Branch Watershed District's existing cost-sharing programs.
- Create a City fund to provide additional funding for significant stormwater infrastructure improvements on development and redevelopment projects.
 - Provide rebate for design, materials, and construction of additional stormwater storage and rate reduction BMPs on large private development or redevelopment projects in the City.
- Analyze local stormwater needs and resize pipes and inlet capacity to standard during road redevelopment or maintenance projects in the City.
- Continue to utilize and codify standards referenced in the City's Living Streets Plan (2011) to guide future development of right of way. Reduce impervious surfaces in right of way where not utilized to include stormwater management features such as street trees, rain gardens, and/or vegetated curb extensions. Residential streets offer the best opportunities for living streets design



solutions; most residential streets will be reconstructed in the near future as water mains are replaced and sanitary sewers are repaired.

- Conduct a city-wide infiltration feasibility study to analyze where infiltration basins may be most effective considering native soils, runoff patterns, and flood-prone areas of the City. The Ramsey County Soil Survey classifies most of North St Paul as having well-drained moderately coarse textured soils.
- Consider substantial infiltration or other abstraction BMP utilization with the eventual parking lot redevelopment or open spaces at Webster Elementary School. Webster Elementary School is upstream of the North St. Paul Urban Ecology Center.
- Continue consideration and progress on initiatives described in the City's 2017 Flood Control Assessment and Surface Water Management Plan.
- Add culvert capacity at 6th St. N with backflow preventers*.
- Modify the storm sewer at 5th St. N and County Rd. B to direct stormwater to a depression south of the nearby trail before discharging to the North St. Paul Urban Ecology Center wetland*.
- Add culvert capacity at Highway 36 to accommodate discharge from the North St. Paul Urban Ecology Center wetland*.
- Provide localized grading or flood proofing the building edge at 2220 Highway 36*.

*The initiatives noted with an asterisk are those suggested by RWMWD and the Beltline Resiliency Study that are directly upstream or adjacent to the focus areas of this study. The City of North St. Paul supports RWMWD in their efforts to collect and analyze data or implement these mitigation strategies. Details on these specific initiatives are provided in the Beltline Resiliency Study.

Short-Term Initiatives

Short-term initiatives are often cost-effective improvements to increase resiliency with the City's existing infrastructure. These options do not typically include construction or alteration of infrastructure but focus on education, organization, and maintenance of existing infrastructure to support resilience in future flooding events.

- Analyze Public Works' street sweeping routes to prioritize focused and timely maintenance or cleaning of storm sewer inlets in flood prone areas.
- Promote participation in the Adopt-a-Drain program to increase community education, engagement, and maintenance with local water resources.
- Maintain an active community survey or input form for community members to identify and describe flooding concerns and questions. Host recurring or annual meetings for community members to engage in flood resiliency efforts in the City.
- Establish policy or protocol that supports re-housing efforts during and after flood events with careful attention to renters.



- Increase stormwater flooding awareness and education on City website and outreach. Ensure materials are accessible to community members that do not speak English.
- Train and educate City staff (including officials, planning, public works, and engineering departments) and community organizations on climate resilience.
- Develop a City webpage about flooding and drainage to increase community knowledge and provide resources for flood mitigation. Topics to be referenced could include:
 - Actions and programs for individual flood mitigation and resilience
 - Flood insurance
 - Home drainage
 - Emergency planning – sand bagging
 - Flooding and drainage FAQs
 - Floodproofing
 - Rain gardens and landscaping
 - Reducing flood risk as a renter or condo owner
- Address stormwater flooding issues and flood response planning for targeted towards low- to moderate-income residents in North St. Paul.
- Strengthen the existing nonprofit networks that serve the area and provide incentives for cross-collaboration to create new or enhance needed services during emergencies.



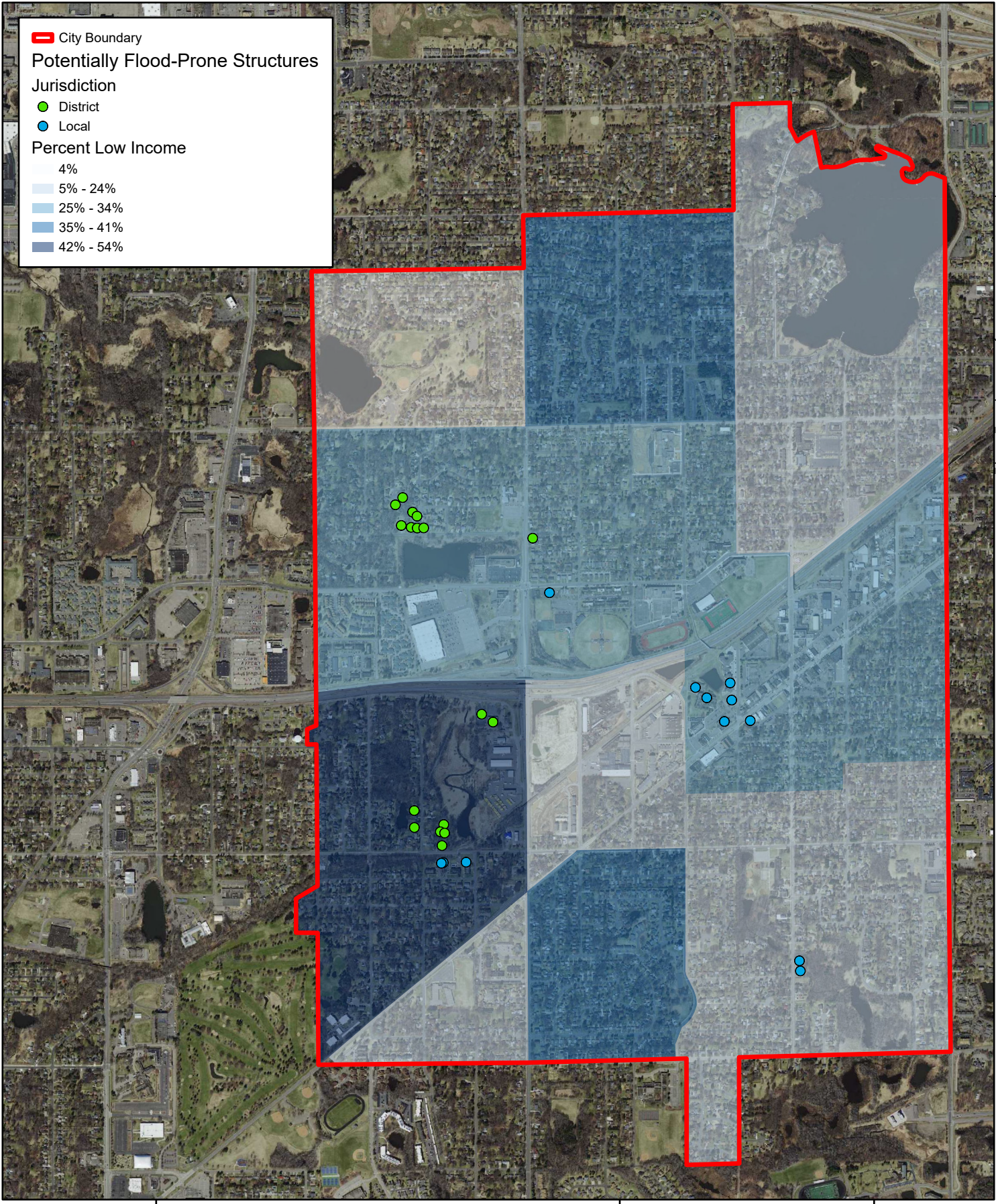
Implementation Plan

Initiatives are included in **Appendix D**. Each selected initiative includes a brief description, priority, and an estimate for schedule and cost.



Appendix A

- 1. Floodplain (FIRM) Maps of North St. Paul**
- 2. Supplementary Demographic and Composite Maps**
- 3. NOAA Atlas 14 Precipitation Data**



 City Boundary

Potentially Flood-Prone Structures

Jurisdiction

-  District
-  Local

Percent Low Income

- 4%
-  5% - 24%
-  25% - 34%
-  35% - 41%
-  42% - 54%



Vulnerability Composite Map
North St. Paul Flood Resiliency Plan
North St. Paul, MN
WSB Project No. 020292-000

N

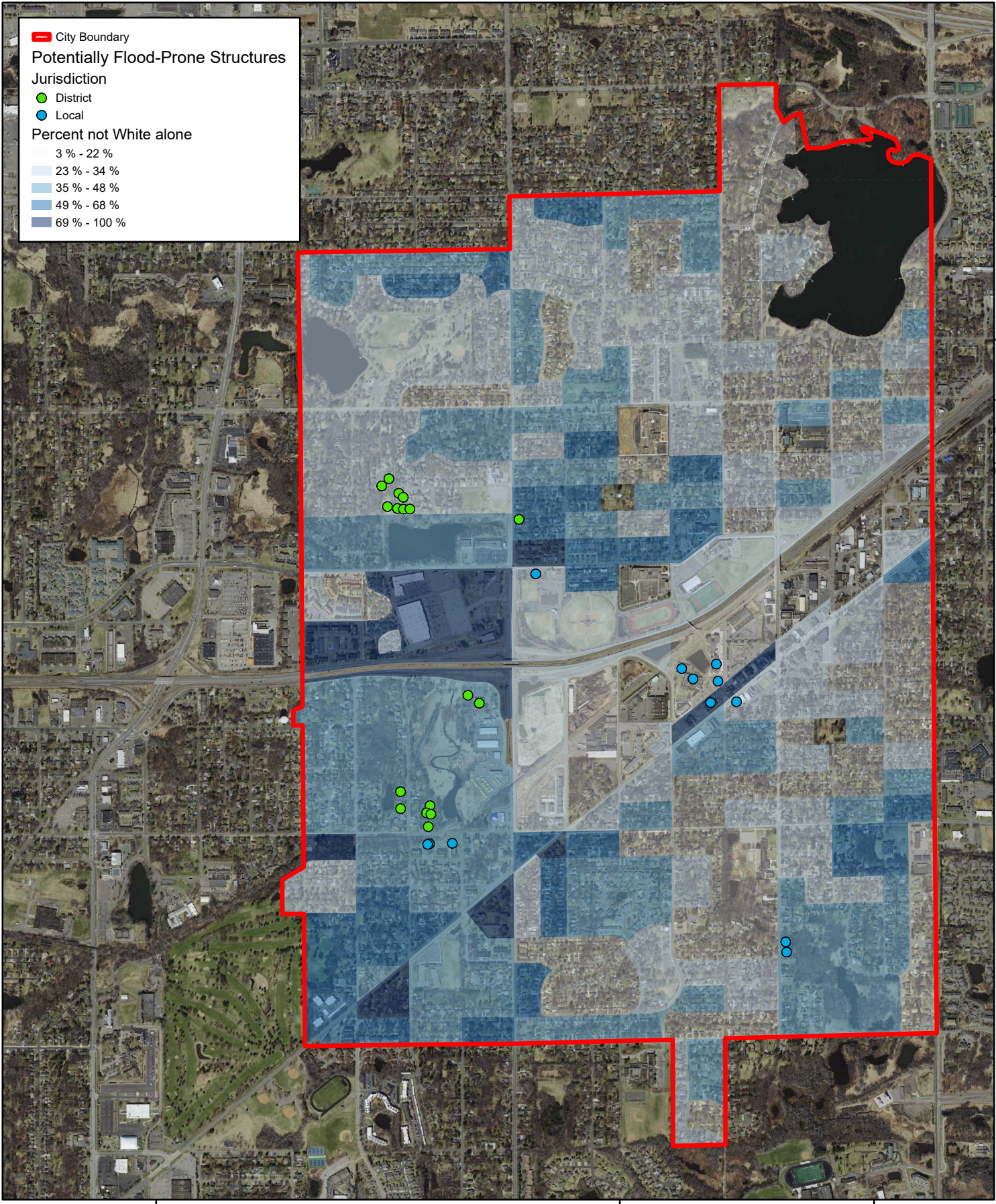


0 1,600 Feet



1 inch = 1,600 feet





 City Boundary

Potentially Flood-Prone Structures

Jurisdiction

 District

 Local

Percent not White alone

3 % - 22 %

23 % - 34 %

35 % - 48 %

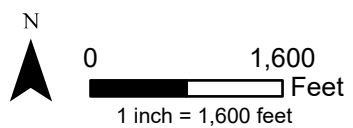
49 % - 68 %

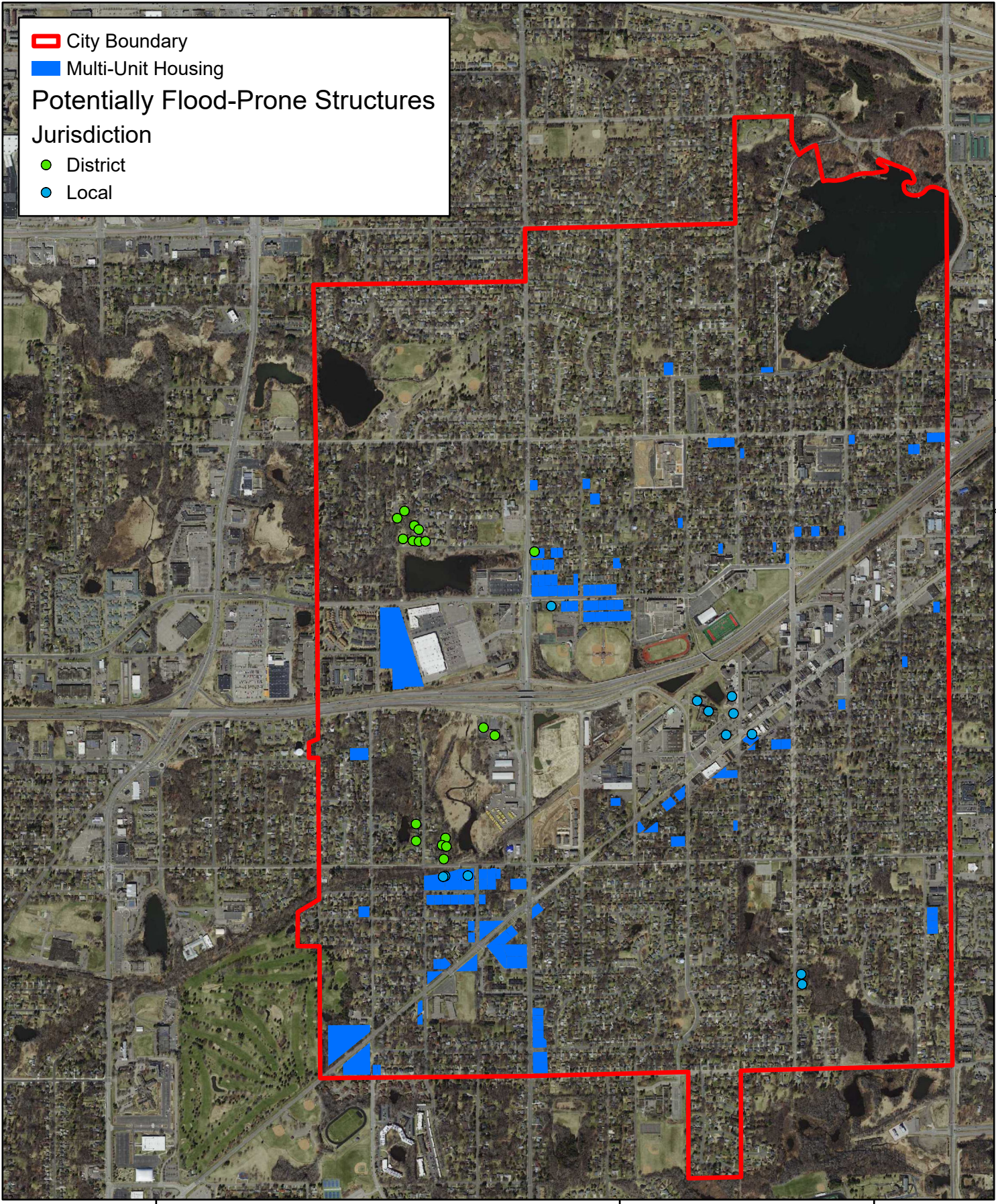
69 % - 100 %



Vulnerability Composite Map

North St. Paul Flood Resiliency Plan
North St. Paul, MN
WSB Project No. 020292-000





City Boundary

Multi-Unit Housing

Potentially Flood-Prone Structures

Jurisdiction

District

Local



Vulnerability Composite Map
North St. Paul Flood Resiliency Plan
North St. Paul, MN
WSB Project No. 020292-000

N

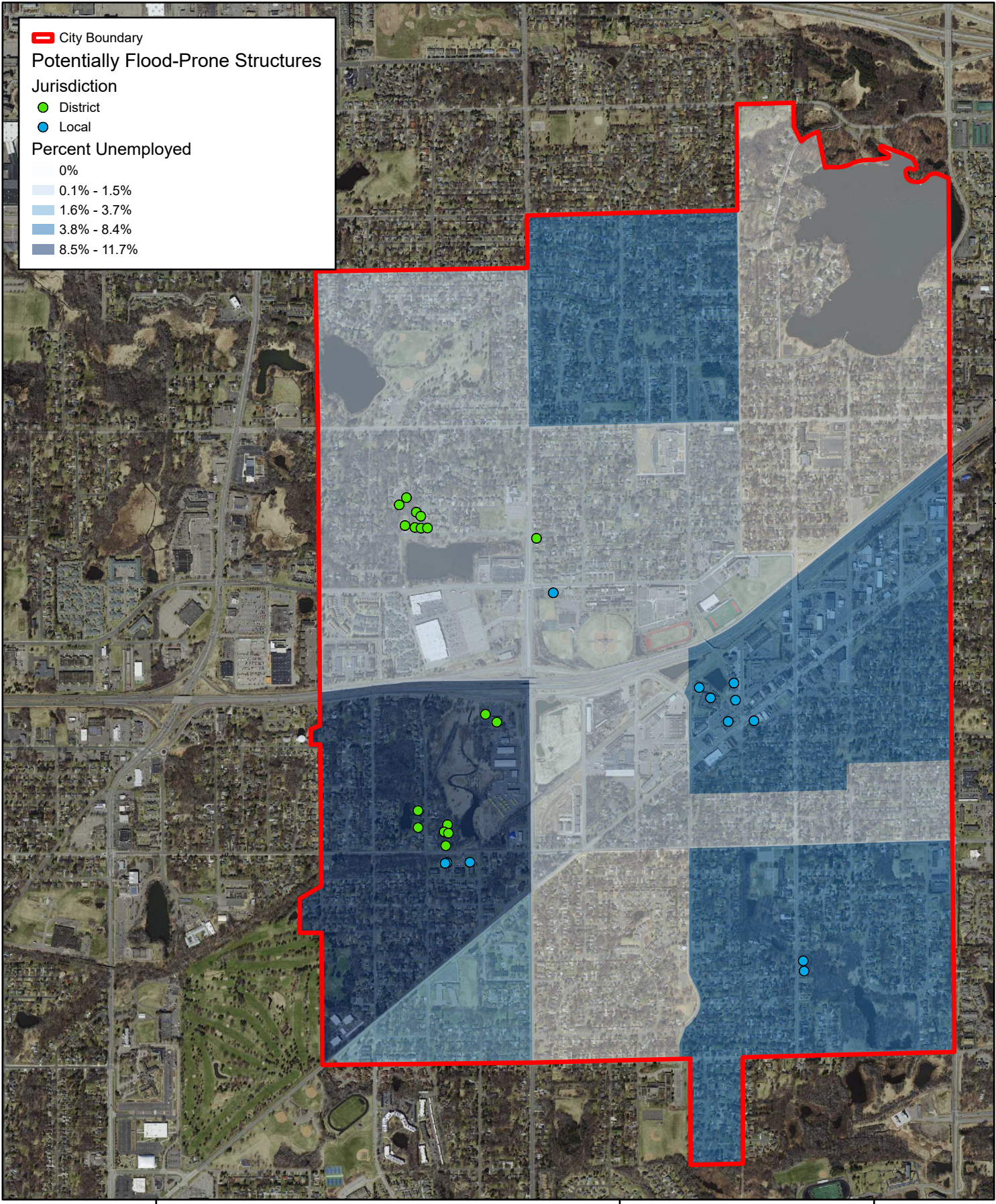
0

1,600

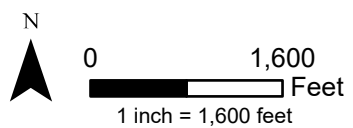
Feet

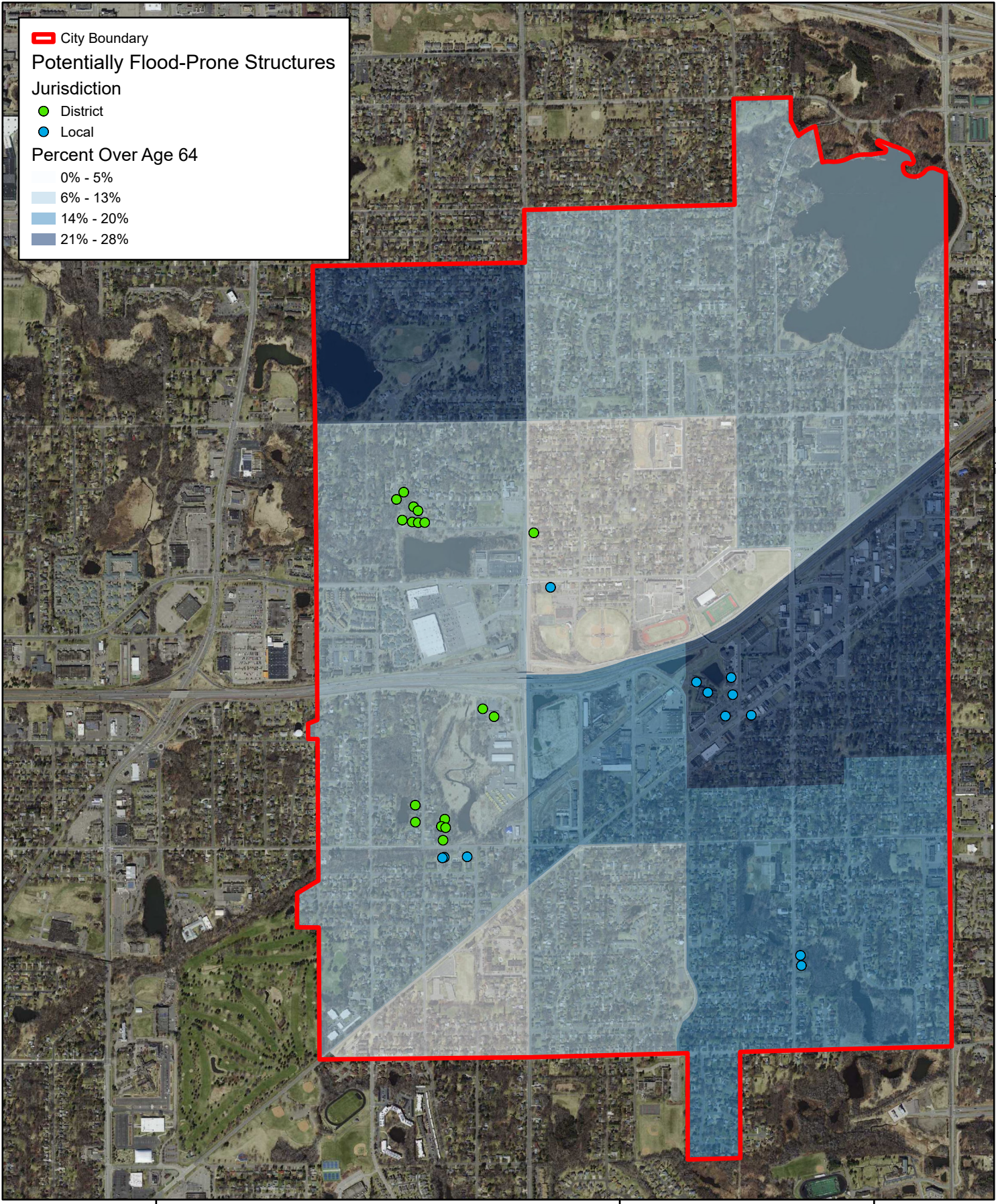
1 inch = 1,600 feet



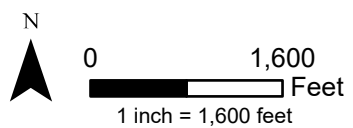


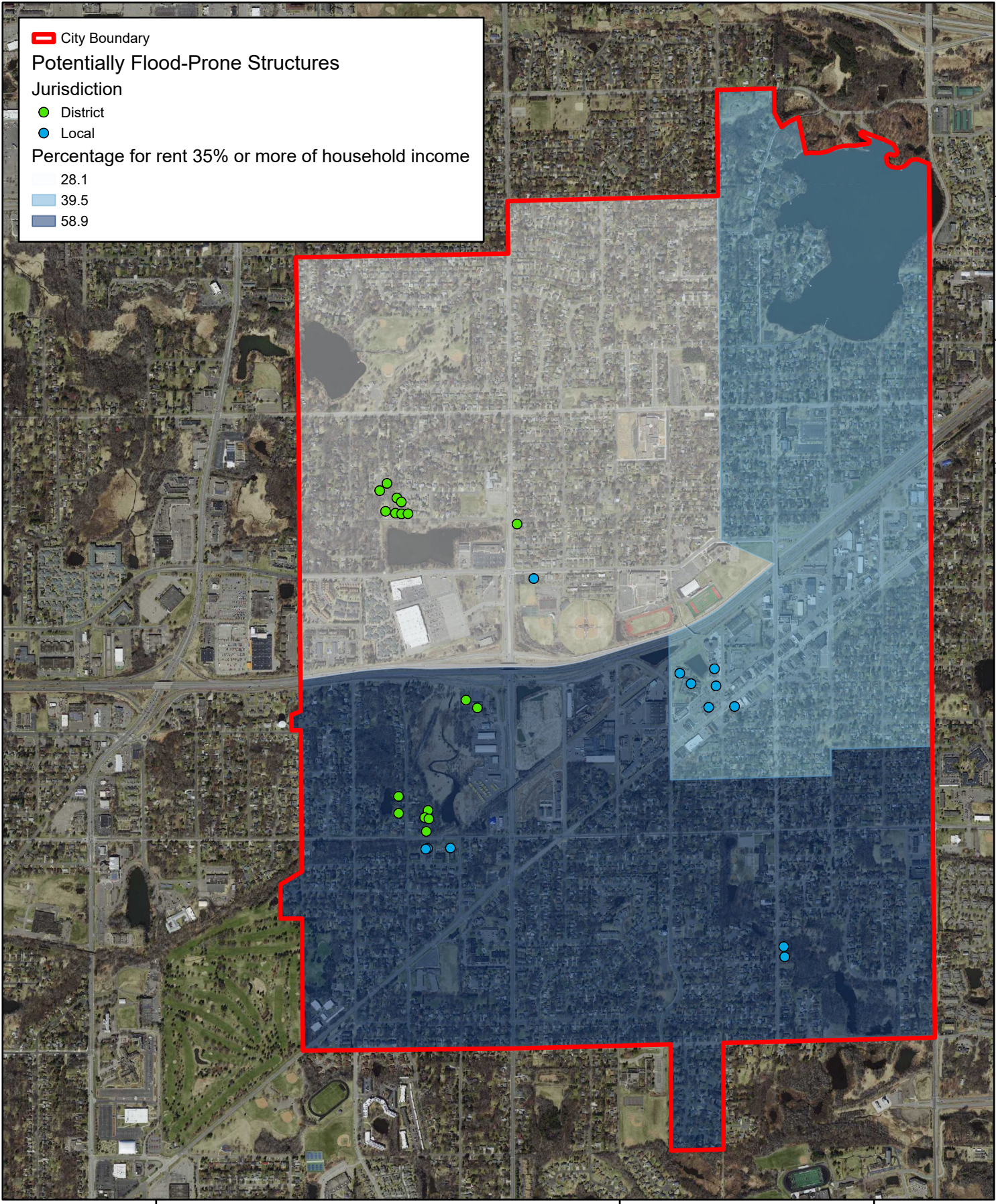
Vulnerability Composite Map
North St. Paul Flood Resiliency Plan
North St. Paul, MN
WSB Project No. 020292-000





Vulnerability Composite Map
North St. Paul Flood Resiliency Plan
North St. Paul, MN
WSB Project No. 020292-000





 City Boundary

Potentially Flood-Prone Structures

Jurisdiction

-  District
-  Local

Percentage for rent 35% or more of household income

- 28.1
- 39.5
- 58.9



Vulnerability Composite Map
North St. Paul Flood Resiliency Plan
North St. Paul, MN
WSB Project No. 020292-000

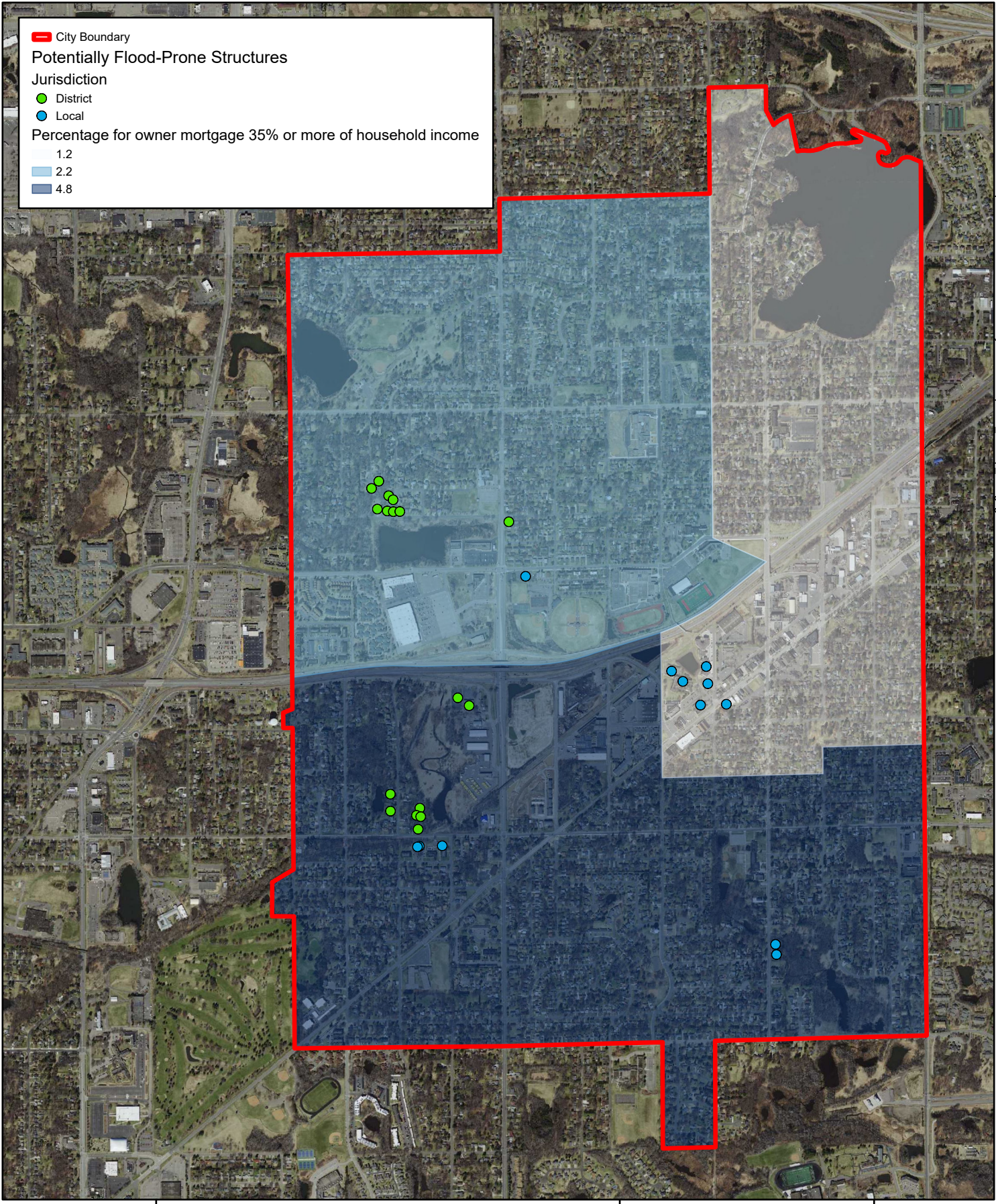
N



0 1,600 Feet

1 inch = 1,600 feet





 City Boundary

Potentially Flood-Prone Structures

Jurisdiction

 District

 Local

Percentage for owner mortgage 35% or more of household income

1.2

2.2

4.8



Vulnerability Composite Map
North St. Paul Flood Resiliency Plan
North St. Paul, MN
WSB Project No. 020292-000

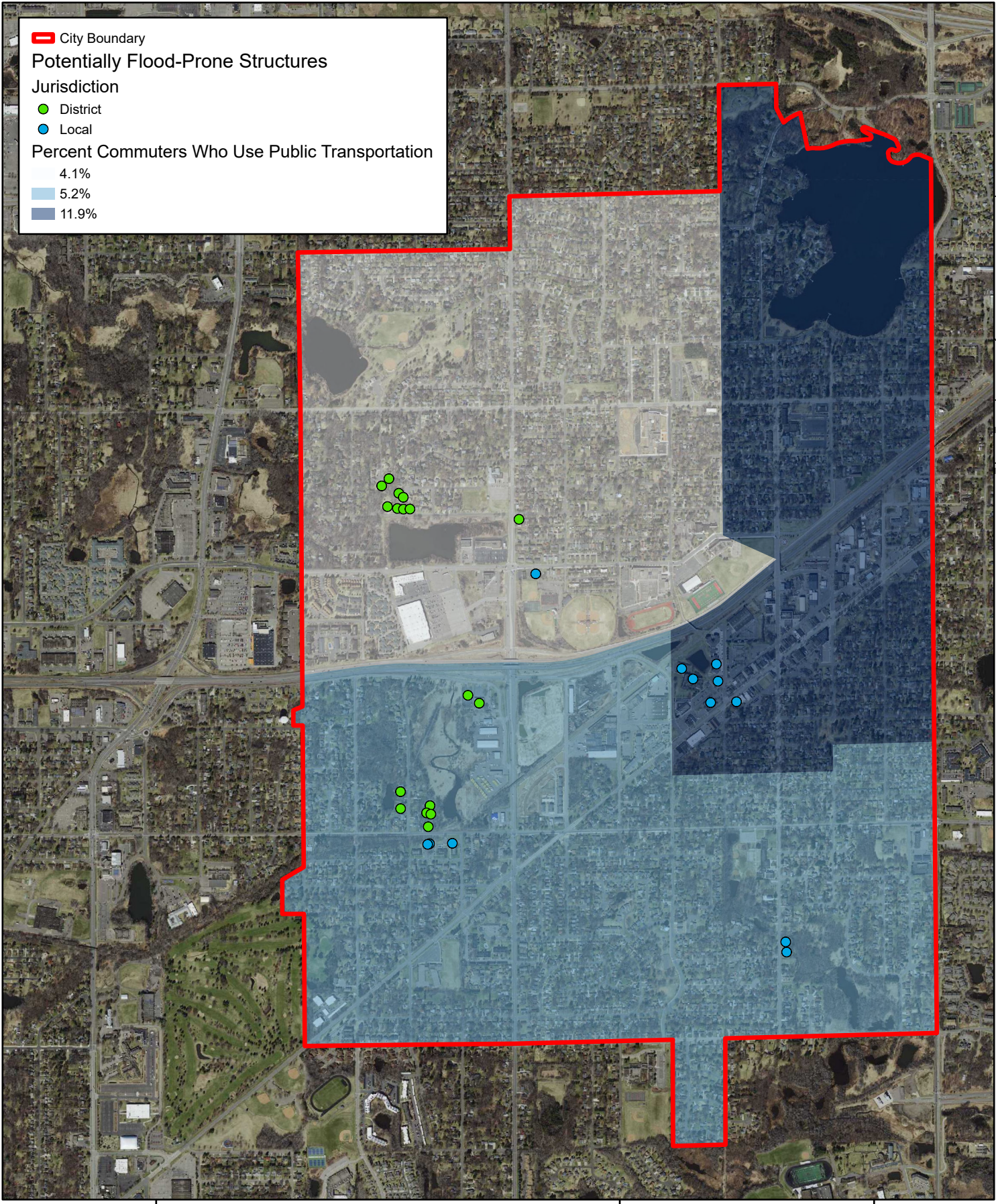
N



0 1,600 Feet

1 inch = 1,600 feet





 City Boundary

Potentially Flood-Prone Structures

Jurisdiction

 District

 Local

Percent Commuters Who Use Public Transportation

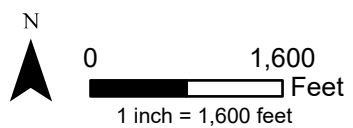
4.1%

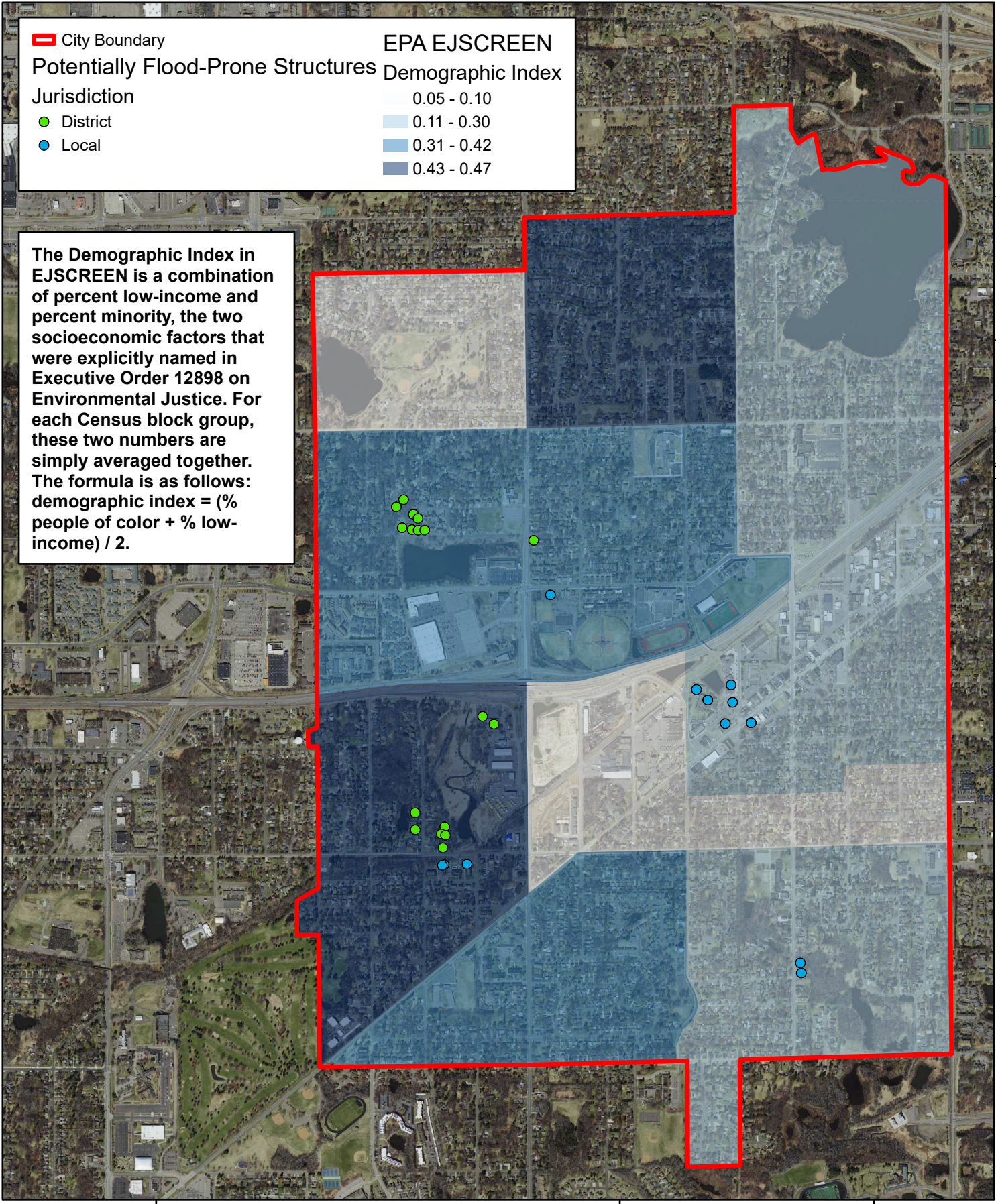
 5.2%

 11.9%



Vulnerability Composite Map
North St. Paul Flood Resiliency Plan
North St. Paul, MN
WSB Project No. 020292-000

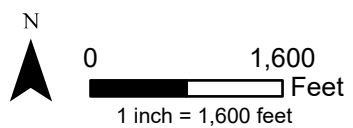




The Demographic Index in EJSCREEN is a combination of percent low-income and percent minority, the two socioeconomic factors that were explicitly named in Executive Order 12898 on Environmental Justice. For each Census block group, these two numbers are simply averaged together. The formula is as follows: demographic index = (% people of color + % low-income) / 2.



Vulnerability Composite Map
North St. Paul Flood Resiliency Grant
North St. Paul, MN
WSB Project No. 020292-000





POINT PRECIPITATION FREQUENCY ESTIMATES

Sanja Perica, Deborah Martin, Sandra Pavlovic, Ishani Roy, Michael St. Laurent, Carl Trypaluk, Dale Unruh, Michael Yekta, Geoffrey Bonnin

NOAA, National Weather Service, Silver Spring, Maryland

[PF tabular](#) | [PF graphical](#) | [Maps & aeriels](#)

PF tabular

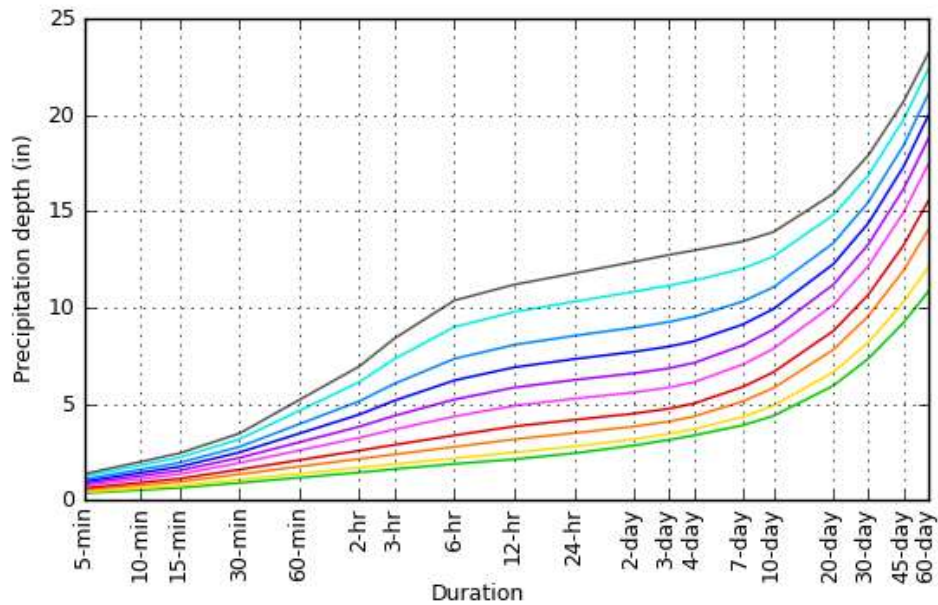
PDS-based point precipitation frequency estimates with 90% confidence intervals (in inches) ¹										
Duration	Average recurrence interval (years)									
	1	2	5	10	25	50	100	200	500	1000
5-min	0.361 (0.280-0.470)	0.426 (0.329-0.554)	0.534 (0.412-0.696)	0.627 (0.481-0.820)	0.760 (0.566-1.02)	0.865 (0.630-1.17)	0.974 (0.687-1.34)	1.09 (0.738-1.53)	1.24 (0.813-1.78)	1.36 (0.869-1.97)
10-min	0.529 (0.410-0.688)	0.623 (0.482-0.811)	0.782 (0.603-1.02)	0.918 (0.704-1.20)	1.11 (0.829-1.50)	1.27 (0.923-1.72)	1.43 (1.01-1.97)	1.59 (1.08-2.24)	1.82 (1.19-2.61)	2.00 (1.27-2.89)
15-min	0.645 (0.500-0.839)	0.760 (0.588-0.989)	0.954 (0.736-1.24)	1.12 (0.859-1.46)	1.36 (1.01-1.82)	1.55 (1.13-2.10)	1.74 (1.23-2.40)	1.94 (1.32-2.73)	2.22 (1.45-3.18)	2.44 (1.55-3.53)
30-min	0.899 (0.696-1.17)	1.07 (0.826-1.39)	1.35 (1.04-1.76)	1.59 (1.22-2.08)	1.93 (1.44-2.59)	2.20 (1.60-2.98)	2.48 (1.75-3.42)	2.77 (1.88-3.89)	3.16 (2.07-4.53)	3.46 (2.21-5.01)
60-min	1.17 (0.906-1.52)	1.38 (1.07-1.79)	1.75 (1.35-2.28)	2.08 (1.60-2.72)	2.59 (1.94-3.51)	3.01 (2.20-4.11)	3.46 (2.45-4.81)	3.95 (2.69-5.59)	4.64 (3.05-6.70)	5.20 (3.32-7.53)
2-hr	1.44 (1.13-1.85)	1.69 (1.32-2.17)	2.15 (1.67-2.77)	2.58 (2.00-3.33)	3.24 (2.47-4.39)	3.82 (2.83-5.19)	4.45 (3.19-6.15)	5.14 (3.54-7.24)	6.13 (4.07-8.80)	6.94 (4.47-9.98)
3-hr	1.61 (1.27-2.06)	1.87 (1.47-2.39)	2.38 (1.86-3.05)	2.88 (2.24-3.69)	3.67 (2.83-4.98)	4.38 (3.28-5.95)	5.17 (3.74-7.14)	6.04 (4.20-8.51)	7.33 (4.90-10.5)	8.39 (5.43-12.0)
6-hr	1.89 (1.50-2.38)	2.18 (1.73-2.75)	2.77 (2.19-3.51)	3.37 (2.65-4.28)	4.35 (3.39-5.86)	5.23 (3.96-7.06)	6.22 (4.55-8.54)	7.34 (5.16-10.3)	8.99 (6.08-12.8)	10.4 (6.78-14.7)
12-hr	2.12 (1.70-2.65)	2.48 (1.99-3.09)	3.16 (2.53-3.96)	3.83 (3.05-4.81)	4.90 (3.85-6.51)	5.85 (4.46-7.79)	6.90 (5.09-9.35)	8.07 (5.72-11.2)	9.77 (6.67-13.8)	11.2 (7.39-15.8)
24-hr	2.44 (1.98-3.01)	2.79 (2.26-3.45)	3.49 (2.82-4.32)	4.17 (3.35-5.18)	5.27 (4.18-6.92)	6.24 (4.81-8.23)	7.33 (5.46-9.84)	8.54 (6.11-11.7)	10.3 (7.10-14.4)	11.8 (7.85-16.5)
2-day	2.84 (2.33-3.47)	3.17 (2.59-3.87)	3.83 (3.12-4.68)	4.50 (3.65-5.52)	5.60 (4.50-7.28)	6.59 (5.14-8.61)	7.70 (5.81-10.3)	8.96 (6.49-12.2)	10.8 (7.54-15.1)	12.4 (8.34-17.2)
3-day	3.14 (2.58-3.80)	3.45 (2.84-4.18)	4.09 (3.36-4.97)	4.75 (3.88-5.80)	5.85 (4.73-7.56)	6.85 (5.38-8.90)	7.98 (6.05-10.6)	9.26 (6.74-12.5)	11.1 (7.82-15.4)	12.7 (8.63-17.6)
4-day	3.36 (2.78-4.05)	3.69 (3.05-4.45)	4.35 (3.59-5.26)	5.03 (4.12-6.10)	6.13 (4.97-7.87)	7.13 (5.61-9.20)	8.26 (6.28-10.9)	9.52 (6.97-12.8)	11.4 (8.02-15.7)	13.0 (8.82-17.9)
7-day	3.89 (3.24-4.64)	4.32 (3.60-5.16)	5.12 (4.26-6.13)	5.88 (4.85-7.06)	7.04 (5.70-8.85)	8.03 (6.34-10.2)	9.12 (6.97-11.8)	10.3 (7.57-13.7)	12.0 (8.51-16.4)	13.4 (9.21-18.4)
10-day	4.38 (3.67-5.19)	4.90 (4.11-5.82)	5.82 (4.86-6.93)	6.65 (5.52-7.94)	7.86 (6.37-9.75)	8.86 (7.01-11.1)	9.92 (7.60-12.7)	11.1 (8.14-14.6)	12.6 (8.97-17.1)	13.9 (9.60-19.0)
20-day	5.94 (5.04-6.96)	6.65 (5.63-7.79)	7.81 (6.59-9.18)	8.79 (7.38-10.4)	10.1 (8.25-12.3)	11.2 (8.91-13.8)	12.3 (9.45-15.5)	13.3 (9.89-17.3)	14.8 (10.6-19.7)	15.9 (11.1-21.6)
30-day	7.35 (6.27-8.55)	8.20 (6.99-9.54)	9.56 (8.12-11.2)	10.7 (9.02-12.5)	12.2 (9.93-14.6)	13.3 (10.6-16.2)	14.4 (11.1-18.0)	15.5 (11.5-19.9)	16.9 (12.1-22.3)	17.9 (12.6-24.2)
45-day	9.21 (7.91-10.6)	10.3 (8.81-11.9)	11.9 (10.2-13.8)	13.2 (11.2-15.4)	14.9 (12.2-17.7)	16.2 (13.0-19.5)	17.3 (13.5-21.5)	18.4 (13.8-23.5)	19.8 (14.2-25.9)	20.7 (14.6-27.8)
60-day	10.8 (9.35-12.4)	12.1 (10.4-13.9)	14.0 (12.1-16.2)	15.5 (13.3-18.0)	17.4 (14.3-20.6)	18.8 (15.1-22.5)	20.0 (15.6-24.6)	21.1 (15.8-26.7)	22.4 (16.2-29.2)	23.2 (16.4-31.1)
¹ Precipitation frequency (PF) estimates in this table are based on frequency analysis of partial duration series (PDS). Numbers in parenthesis are PF estimates at lower and upper bounds of the 90% confidence interval. The probability that precipitation frequency estimates (for a given duration and average recurrence interval) will be greater than the upper bound (or less than the lower bound) is 5%. Estimates at upper bounds are not checked against probable maximum precipitation (PMP) estimates and may be higher than currently valid PMP values. Please refer to NOAA Atlas 14 document for more information.										

[Back to Top](#)

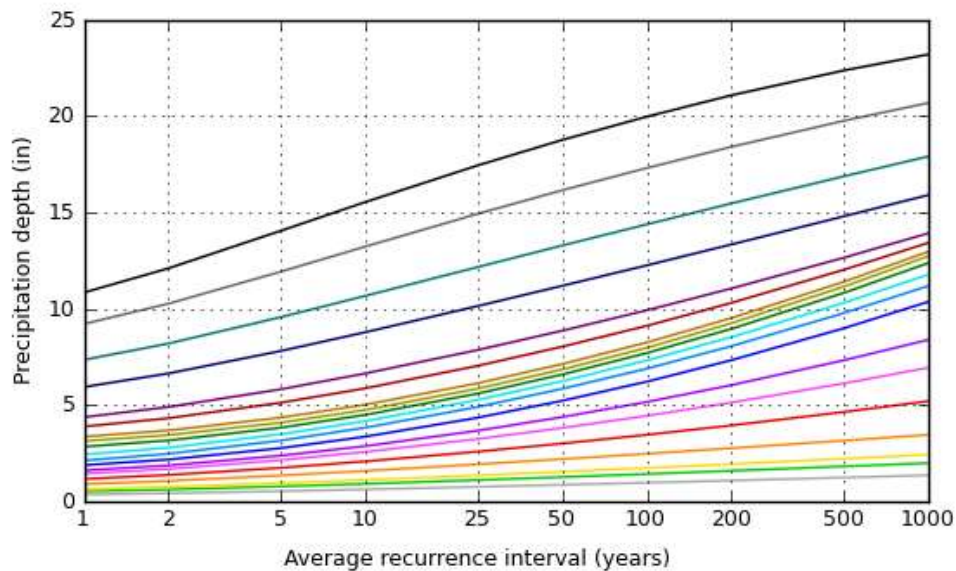
PF graphical

PDS-based depth-duration-frequency (DDF) curves

Latitude: 45.0121°, Longitude: -92.9924°



Average recurrence interval (years)	
1	2
5	10
25	50
100	200
500	1000



Duration	
5-min	2-day
10-min	3-day
15-min	4-day
30-min	7-day
60-min	10-day
2-hr	20-day
3-hr	30-day
6-hr	45-day
12-hr	60-day
24-hr	

Maps & aerials

Small scale terrain



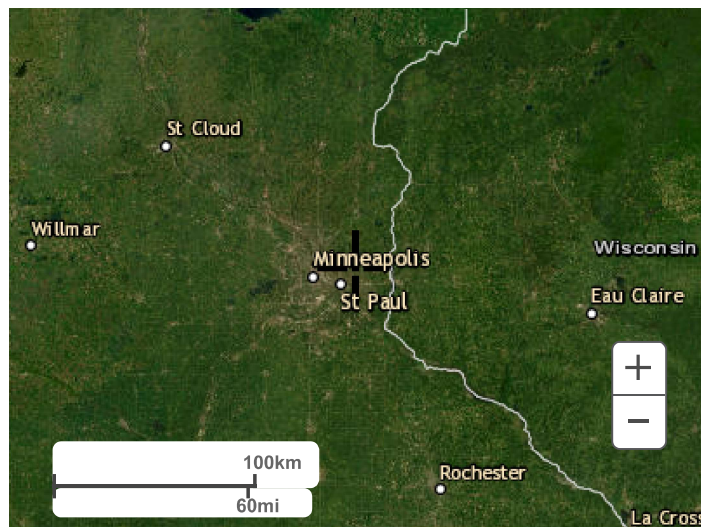
Large scale terrain



Large scale map



Large scale aerial



[Back to Top](#)

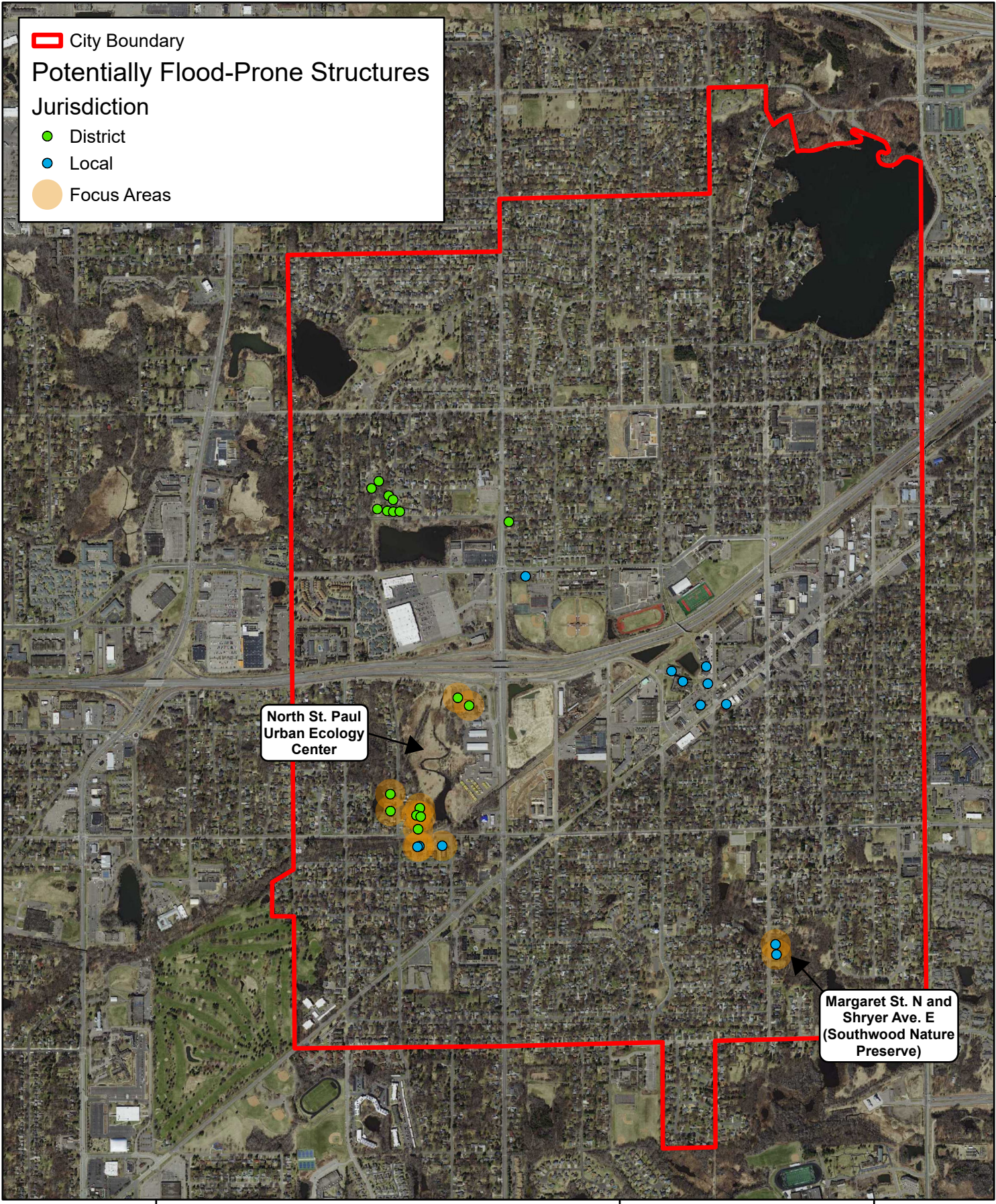
[US Department of Commerce](#)
[National Oceanic and Atmospheric Administration](#)
[National Weather Service](#)
[National Water Center](#)
1325 East West Highway
Silver Spring, MD 20910
Questions?: HDSC.Questions@noaa.gov

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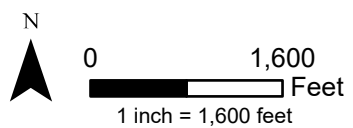


Appendix B

Focus Area Map



Focus Areas
North St. Paul Flood Resiliency Plan
North St. Paul, MN
WSB Project No. 020292-000

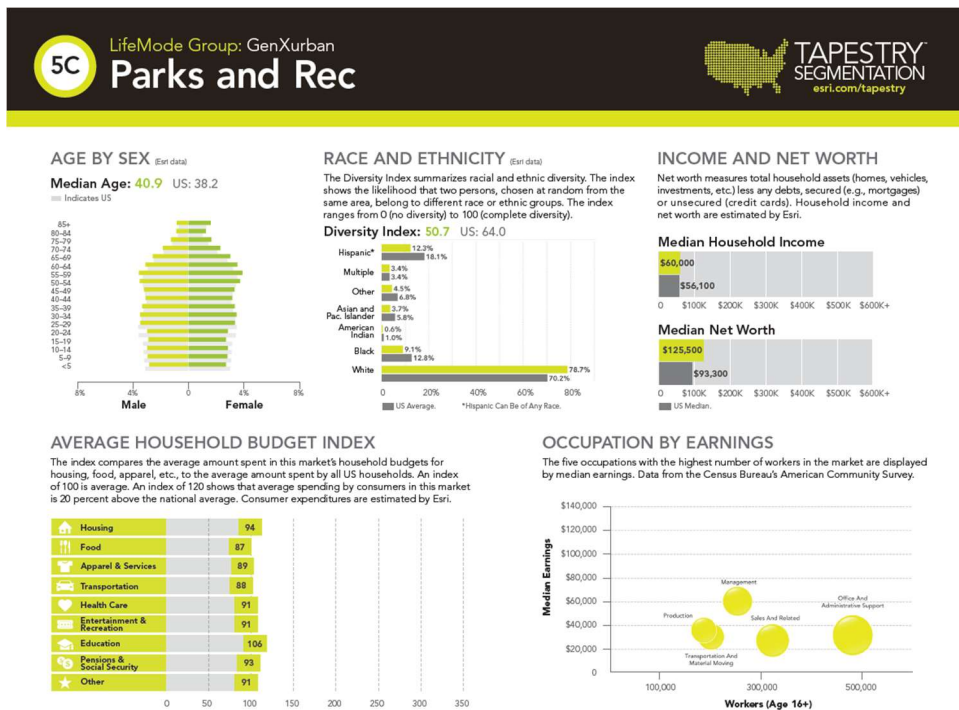




Appendix C

Outreach Materials

I) Community Analysis Results





5C

LifeMode Group: GenXurban Parks and Rec

TAPESTRY SEGMENTATION
esri.com/tapestry

MARKET PROFILE

(Consumer preferences are estimated from data by MRI-Simmons.)

- Cost and practicality come first when purchasing a vehicle; Parks and Rec residents are more likely to buy SUVs or trucks over compact or subcompact vehicles.
- Budget-conscious consumers stock up on staples at warehouse clubs.
- Pass time at home watching documentaries on Animal Planet, Discovery, or History channels. For an outing, they choose to dine out at family-style restaurants and attend movies.
- Convenience is important in the kitchen; they regularly use frozen or packaged main course meals. Ground coffee is preferred over coffee beans.
- Residents here take advantage of local parks and recreational activities. Their exercise routine is a balance of home-based exercise; a session at their local community gym; or a quick jog, swim, or run.

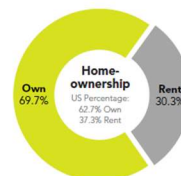
HOUSING

Median home value is displayed for markets that are primarily owner occupied; average rent is shown for renter-occupied markets. Tenure and home value are estimated by Esri. Housing type and average rent are from the Census Bureau's American Community Survey.



Typical Housing:
Single Family

Median Value:
\$198,500
US Median: \$207,300



POPULATION CHARACTERISTICS

Total population, average annual population change since Census 2010, and average density (population per square mile) are displayed for the market relative to the size and change among all Tapestry markets. Data estimated by Esri.



ESRI INDEXES

Esri developed three indexes to display average household wealth, socioeconomic status, and housing affordability for the market relative to US standards.



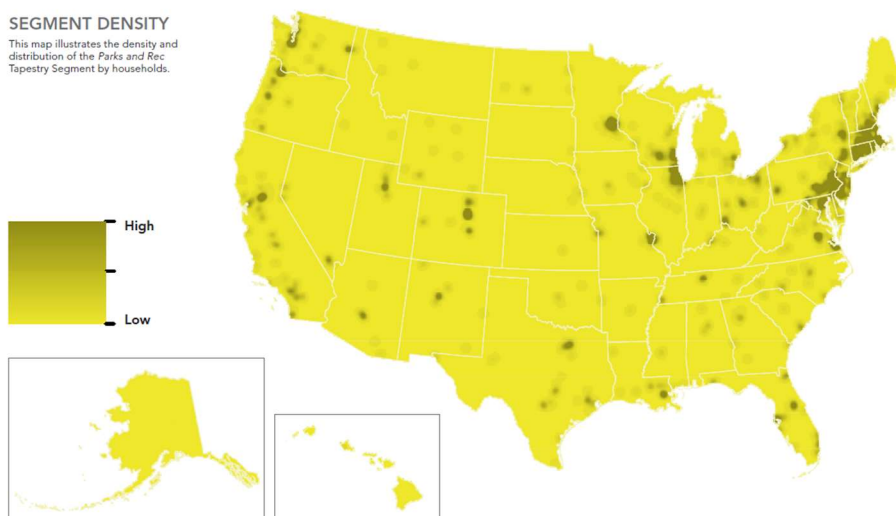
5C

LifeMode Group: GenXurban Parks and Rec

TAPESTRY SEGMENTATION
esri.com/tapestry

SEGMENT DENSITY

This map illustrates the density and distribution of the Parks and Rec Tapestry Segment by households.



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8C

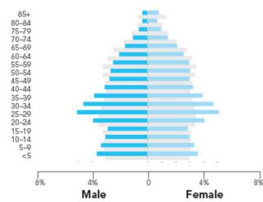
LifeMode Group: Middle Ground

Bright Young Professionals

TAPESTRY
SEGMENTATION
esri.com/tapestry

AGE BY SEX (Est. data)

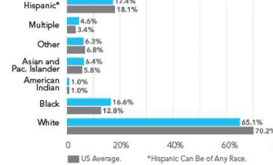
Median Age: **33.0** US: 38.2
■ Indicates US



RACE AND ETHNICITY (Est. data)

The Diversity Index summarizes racial and ethnic diversity. The index shows the likelihood that two persons, chosen at random from the same area, belong to different race or ethnic groups. The index ranges from 0 (no diversity) to 100 (complete diversity).

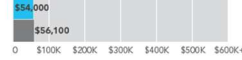
Diversity Index: **67.5** US: 64.0



INCOME AND NET WORTH

Net worth measures total household assets (homes, vehicles, investments, etc.) less any debts, secured (e.g., mortgages) or unsecured (credit cards). Household income and net worth are estimated by Esri.

Median Household Income

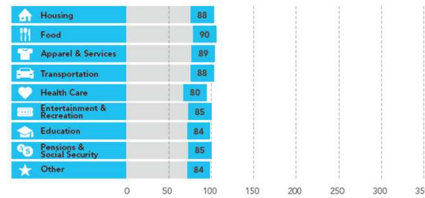


Median Net Worth



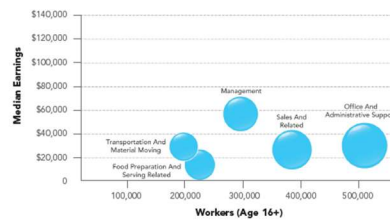
AVERAGE HOUSEHOLD BUDGET INDEX

The index compares the average amount spent in this market's household budgets for housing, food, apparel, etc., to the average amount spent by all US households. An index of 100 is average. An index of 120 shows that average spending by consumers in this market is 20 percent above the national average. Consumer expenditures are estimated by Esri.



OCCUPATION BY EARNINGS

The five occupations with the highest number of workers in the market are displayed by median earnings. Data from the Census Bureau's American Community Survey.



8C

LifeMode Group: Middle Ground

Bright Young Professionals

TAPESTRY
SEGMENTATION
esri.com/tapestry

MARKET PROFILE (Consumer preferences are estimated from data by MRI-Simmons.)

- Own retirement savings and student loans.
- Own newer computers (desktop, laptop, or both), iPods, and 2+ TVs.
- Go online and use mobile devices for banking, access YouTube or Facebook, visit blogs, download movies, and play games.
- Use cell phones to text, redeem mobile coupons, listen to music, and check for news and financial information.
- Find leisure going to bars/clubs, attending concerts, going to the beach.
- Enjoy a variety of sports, including backpacking, rock climbing, football, Pilates, running, and yoga.
- Eat out often at fast-food and family restaurants.

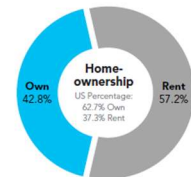
HOUSING

Median home value is displayed for markets that are primarily owner occupied; average rent is shown for renter-occupied markets. Tenure and home value are estimated by Esri. Housing type and average rent are from the Census Bureau's American Community Survey.



Typical Housing:
Single Family;
Multi-Units

Average Rent:
\$1,042
US Average: \$1,038



POPULATION CHARACTERISTICS

Total population, average annual population change since Census 2010, and average density (population per square mile) are displayed for the market relative to the size and change among all Tapestry markets. Data estimated by Esri.



ESRI INDEXES

Esri developed three indexes to display average household wealth, socioeconomic status, and housing affordability for the market relative to US standards.



8C

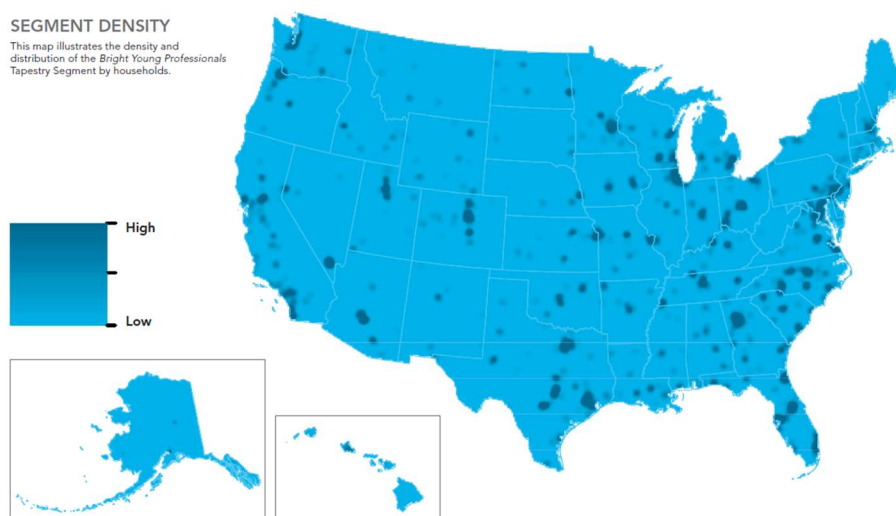
LifeMode Group: Middle Ground

Bright Young Professionals

TAPESTRY
SEGMENTATION
esri.com/tapestry

SEGMENT DENSITY

This map illustrates the density and distribution of the Bright Young Professionals Tapestry Segment by households.



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info@esri.com
esri.com



LifeMode Group: GenXurban

Comfortable Empty Nesters

5A

Households: 3,024,200
Average Household Size: 2.52
Median Age: 48.0
Median Household Income: \$75,000

WHO ARE WE?

Residents in this large, growing segment are older, with nearly half of all householders aged 55 or older; many still live in the suburbs where they grew up. Most are professionals working in government, health care, or manufacturing. These Baby Boomers are earning a comfortable living and benefitting from years of prudent investing and saving. Their net worth is well above average (Index 314). Many are enjoying the transition from child rearing to retirement. They value their health and financial well-being.

OUR NEIGHBORHOOD

- Married couples, some with children, but most without (Index 149).
- Average household size slightly higher at 2.52.
- Found throughout the suburbs and small towns of metropolitan areas, where most residents own and live in single-family detached homes (Index 142).
- Most homes built between 1950 and 1990 (Index 131).
- Households generally have one or two vehicles.

SOCIOECONOMIC TRAITS

- Education: 36% college graduates; nearly 68% with some college education.
- Average labor force participation at 61%.
- Most households' income from wages or salaries, but a third also draw income from investments (Index 150) and retirement (Index 159).
- Comfortable Empty Nesters residents physically and financially active.
- Prefer eating at home instead of dining out.
- Home maintenance a priority among these homeowners.



Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by MRI-Simmons.



5A

LifeMode Group: GenXurban

Comfortable Empty Nesters

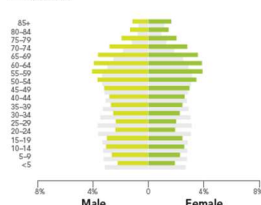


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SEGMENTATION
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AGE BY SEX (Esri data)

Median Age: 48.0 US: 38.2

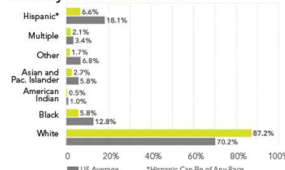
Indicates US



RACE AND ETHNICITY (Esri data)

The Diversity Index summarizes racial and ethnic diversity. The index shows the likelihood that two persons, chosen at random from the same area, belong to different race or ethnic groups. The index ranges from 0 (no diversity) to 100 (complete diversity).

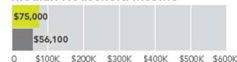
Diversity Index: 33.0 US: 64.0



INCOME AND NET WORTH

Net worth measures total household assets (homes, vehicles, investments, etc.) less any debts, secured (e.g., mortgages) or unsecured (credit cards). Household income and net worth are estimated by Esri.

Median Household Income



Median Net Worth



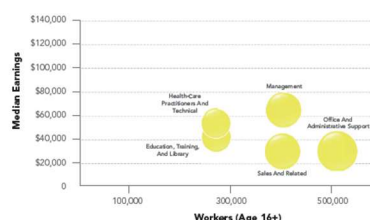
AVERAGE HOUSEHOLD BUDGET INDEX

The index compares the average amount spent in this market's household budgets for housing, food, apparel, etc., to the average amount spent by all US households. An index of 100 is average. An index of 120 shows that average spending by consumers in this market is 20 percent above the national average. Consumer expenditures are estimated by Esri.



OCCUPATION BY EARNINGS

The five occupations with the highest number of workers in the market are displayed by median earnings. Data from the Census Bureau's American Community Survey.



5A

LifeMode Group: GenXurban

Comfortable Empty Nesters



TAPESTRY
SEGMENTATION
esri.com/tapestry

MARKET PROFILE (Consumer preferences are estimated from data by MRI-Simmons.)

- Residents enjoy listening to sports radio or watching sports on television.
- Physically active, they play golf, ski, ride bicycles, and work out regularly.
- Spending a lot of time online isn't a priority, so most own older home computers.
- Financial portfolio includes stocks, certificates of deposit, mutual funds, and real estate.

HOUSING

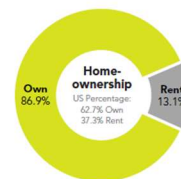
Median home value is displayed for markets that are primarily owner occupied; average rent is shown for renter-occupied markets. Tenure and home value are estimated by Esri. Housing type and average rent are from the Census Bureau's American Community Survey.



Typical Housing:
Single Family

Median Value:
\$203,400

US Median: \$207,300



POPULATION CHARACTERISTICS

Total population, average annual population change since Census 2010, and average density (population per square mile) are displayed for the market relative to the size and change among all Tapestry markets. Data estimated by Esri.



ESRI INDEXES

Esri developed three indexes to display average household wealth, socioeconomic status, and housing affordability for the market relative to US standards.



5A

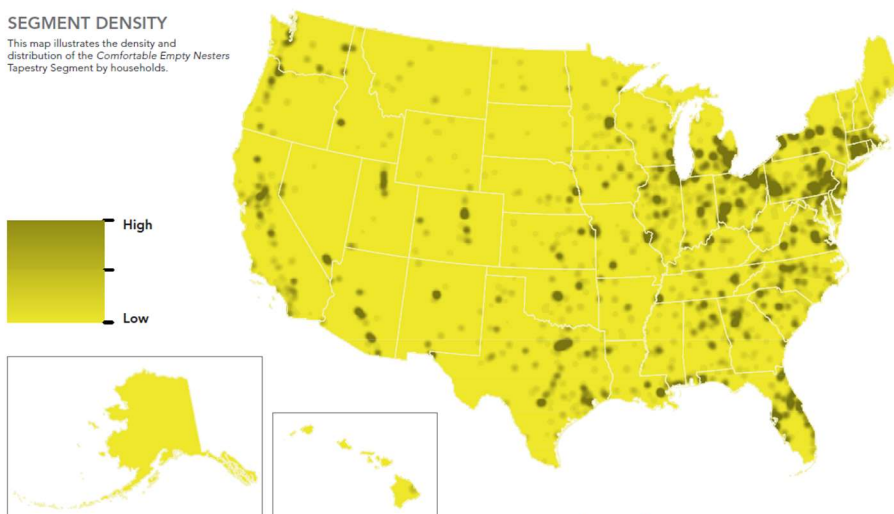
LifeMode Group: GenXurban

Comfortable Empty Nesters

**TAPESTRY
SEGMENTATION**
esri.com/tapestry

SEGMENT DENSITY

This map illustrates the density and distribution of the Comfortable Empty Nesters Tapestry Segment by households.

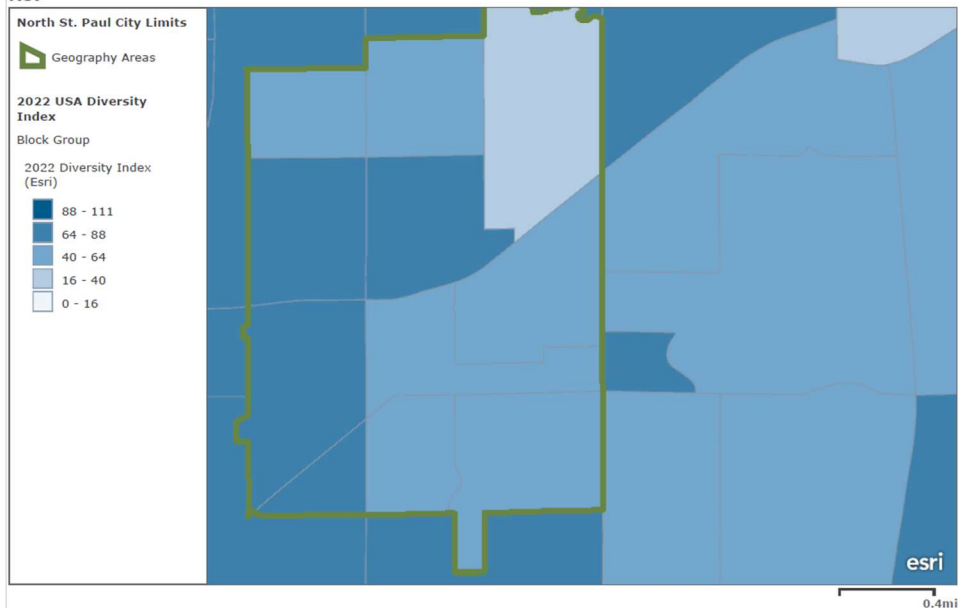


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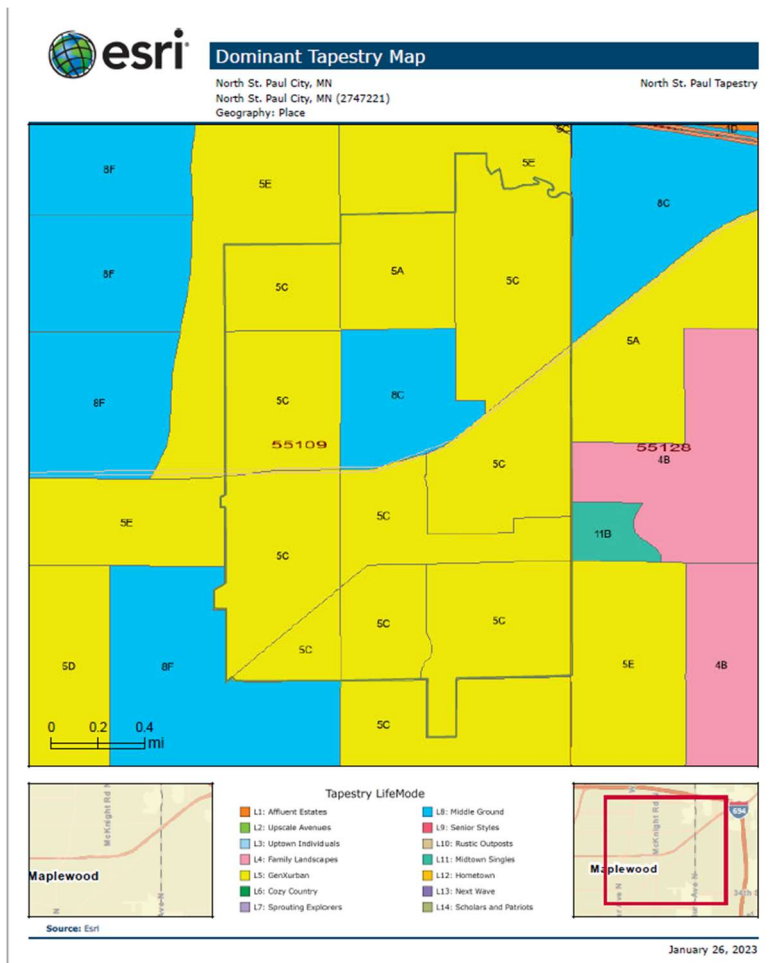
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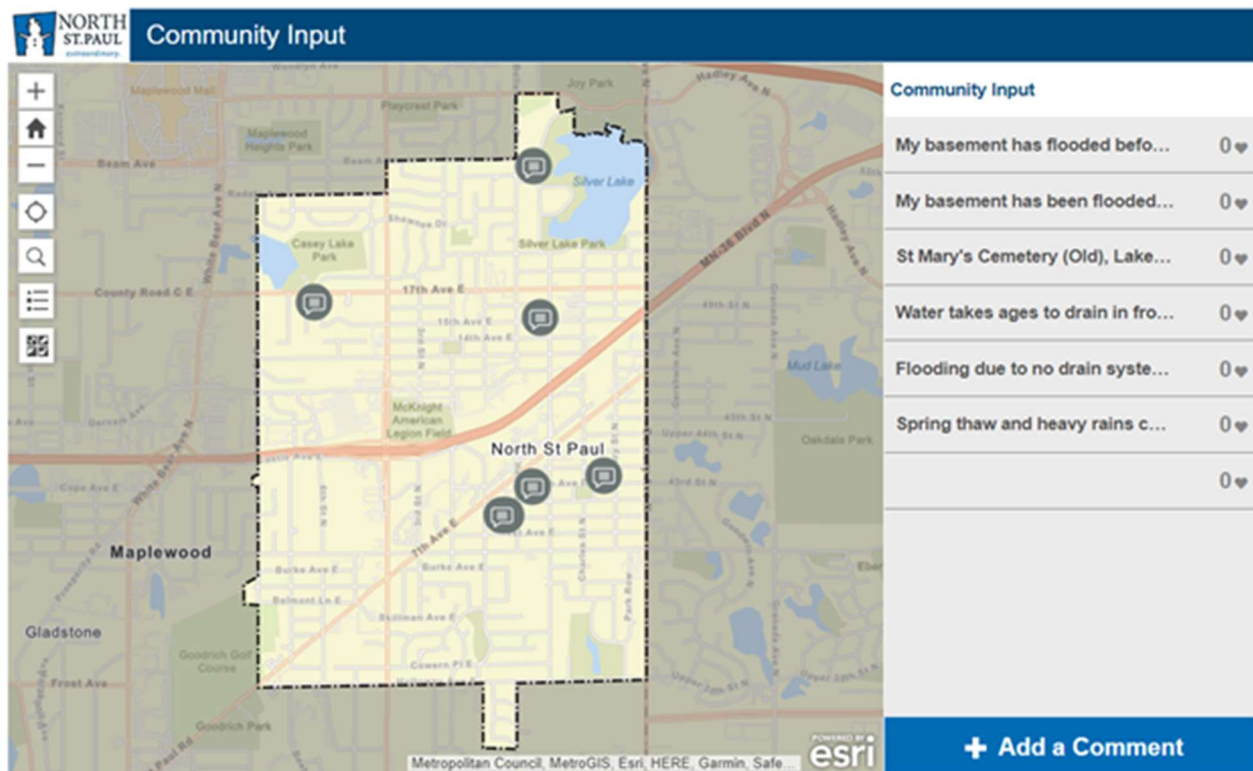
NSP



Metropolitan Council, MetroGIS, Esri, HERE, Garmin, SafeGraph, GeoTechnologies, Inc, METI/NASA, USGS, EPA, NPS, US Census Bureau, USDA | Esri, US Census Bureau, Infogroup



II) Community Input Map (Engagement Website)



I. Social Media Posts



Ramsey-Washington Watershed District @RWMWD · Mar 10

Residents of North St. Paul, visit buff.ly/3FftzDD to provide general input on flood issues in your area. Your feedback and experiences will help shape the City's Flood Resiliency Plan.



Ramsey-Washington Metro Watershed District
 March 10 · 🌐

Residents of North St. Paul, have you noticed flooding in your neighborhood? We need your input! Visit <https://bit.ly/425pyQo> to report areas that have experienced flooding or to provide general input on flood issues in your area. Your feedback and experiences will help shape the City's Flood Resiliency Plan.

Tshum mus rau phab xis yog xav tau cov lus uas muab txhais ua lus Hmoob

Have you noticed flooding in your neighborhood?
Are there areas that flood frequently?

Your Feedback Matters!

Help the City of North St. Paul
address and plan for flooding.
Provide your feedback by visiting
www.NSPFloodPrevention.com

aj dej nyab nyob ib ncig ntawm thaj tsam koj nyob?
chaw uas dej pheej nquag nyab tsis tsog?

**s Koj Qhia Rau Peb Yeej
Cov Uas Tseem Ceeb!**

North St. Paul los mus dawb thab los mus npaj kev
muaj dej nyab.

roog North St. Paul Qhov Kev Npa
oj Los Tiv Thaiv Kev Muaj Dej Nya

lul tau txais ib pob nyiaj coj los soj ntsuam cov chaw uas
ej nyab thab coj los npaj ib txoj kev tiv thaiv kev muaj dej
muab coj mus siv rau ntawm cov thaj chaw uas yog cov
ej nyab.

sul xav thov kom koj pab ntawm peb nriav cov thaj
muaj dej nyab thab ntawm peb tawm tsav yim hais txog
ntawm kev muaj dej nyab. Thov nkag mus rau hauv
nspfdistrict.com los mus muab cov thaj chaw uas yeej tau muaj
hais qhia rau peb pab los sis los mus tawm tsav yim hais
ntawm kev muaj dej nyab rau ib ncig ntawm thaj
ntawm yim thab tsob meem uas koj qhia rau yuav pab
Npaj Coj Los Tiv Thaiv Kev Muaj Dej Nyab uas peb yuav
Minnesota Pollution Control Agency thaum Lub Rau Hl 2023.

www.NSPFloodPrevention.com

👍 4



Ramsey-Washington Metro Watershed District

April 26 at 9:26 AM · 🌐

...

Heads up, North St Paul residents!



City of North St. Paul

April 25 at 7:30 AM · 🌐

See you Thursday at 6:30 in the Council Chambers to learn why flooding happens in North St. Paul and how it can be addressed. Follow the link for details.

--

<http://nspfloodprevention-wsbeng.hub.arcgis.com/.../proje...>

👍 Like

💬 Comment

➦ Share



City of North St. Paul

March 22 · 🌐

...

Learn why you should watch for standing water and what you should do about it in this week's e-news. Plus learn about seasonal employment opportunities, spring construction updates and more. Read it now here <https://www.northstpaul.org/.../ViewMessage/message/196902>



👍 6

2 shares



City of North St. Paul created an event.

March 23 · 🌐

...

Have you noticed flooding in your neighborhood?
Are there areas that flood frequently?

Your Feedback Matters!

Help the City of North St. Paul
address and plan for flooding.
Provide your feedback by visiting
www.NSPFloodPrevention.com



THU, APR 27

Flood Resiliency Study Open House

North Saint Paul, MN

1 person went

☆ Interested

👍 1



City of North St. Paul

March 30 at 10:02 AM · 🌐

...

North St. Paul, we need your feedback! Are you seeing flooding or know of areas that flood frequently? We want to hear from you! Click the link to take the survey.

--

<http://nspfloodprevention-wsbeng.hub.arcgis.com/pages/survey>



👍 4





City of North St. Paul

April 6 at 12:01 PM · 🌐

...

North St. Paul, we need your feedback! Are you seeing flooding or know of areas that flood frequently? We want to hear from you! Click the link to take the survey.

--

<http://nspfloodprevention-wsbeng.hub.arcgis.com/pages/survey>

Share your photos with us!



👍 4



City of North St. Paul

April 17 at 1:50 PM · 🌐

...

You're invited! Join us and [Ramsey-Washington Metro Watershed District](#) at City Hall on April 27 from 6:30 – 8 p.m. to learn why local flooding happens and how it can be addressed.

Follow the link for details.

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<http://nspfloodprevention-wsbeng.hub.arcgis.com/.../proje...>



👍 4



City of North St. Paul

April 20 at 10:00 AM · 🌐

...

Join us and the team from Ramsey-Washington Metro Watershed District on April 27 to learn why local flooding happens and how it can be addressed!

Follow the link for details.

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<http://nspfloodprevention-wsbeng.hub.arcgis.com/.../proje...>



👍 2

1 share



City of North St. Paul

3d · 🌐

...

See you Thursday at 6:30 in the Council Chambers to learn why flooding happens in North St. Paul and how it can be addressed. Follow the link for details.

--

<http://nspfloodprevention-wsbeng.hub.arcgis.com/.../proje...>



👍 🤔 7

3 shares



City of North St. Paul

1d · 🌐

...

Join us and Ramsey-Washington Metro Watershed District from 6:30 – 8 p.m. at City Hall tonight (April 27) to learn why local flooding happens and how it can be addressed. Short presentation starts at 7 p.m.

Follow the link for details.

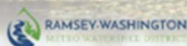
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<http://nspfloodprevention-wsbeng.hub.arcgis.com/.../proje...>

Have you noticed flooding in your neighborhood?
Are there areas that flood frequently?

Your Feedback Matters!

Help the City of North St. Paul
address and plan for flooding.
Provide your feedback by visiting
www.NSPFloodPrevention.com



👍 2

1 share

III) Open House



IV) Survey

(Note: one survey respondent provided responses online and at the open house. Both responses are included below.)

1. Have you noticed areas in your neighborhood that flood frequently? 9 yes, 3 no
2. Areas where respondents have noticed flooding (comments have been generalized to protect personal information):
 - a. Yes, my street has flooded before. I purchased this house in 2020 and the person who previously lived here and my neighbor have dealt with this issue for years. I was told that my basement has flooded before. Last year the water was almost up to my garage during a storm. My neighbor and I waded into the street to try to clear the street drain in hopes that it would help. Thankfully the storm stopped, or my basement would have been flooded. I had no idea of this problem before I moved in. I would have NEVER purchased this house if I knew the water issues were so severe on this street. Please help 🙏
 - b. There is an area on the Holiday property that floods. 't's the Holiday on McKnight and South Ave.
 - c. Yards flood and yards between houses flood'I'm reporting on the North St. Paul Historical Society Museum. The flooding has come from the south side of the building and also the east side.
 - d. Alleyway between ¹⁵th Ave E and ¹⁶th Ave E, behind Saint Peter Church Townhomes. Alley built with bad grade and no drain system. After rains and snow thaw causes flooding of garages and basements of houses below grade on ¹⁵th Ave E.
 - e. I have placed input on the map.
 - f. South avenue between park row and Henry will flood. Turn north on Henry and flow west along ¹st Avenue.
3. I am concerned about my property flooding. 7 strongly agree, 2 agree, 1 disagree, 2 strongly disagree
4. I am concerned about my ability to prepare for or respond to flooding in my neighborhood. 4 strongly agree, 4 agree, 2 disagree, 2 strongly disagree
5. Do you rent or own your property? 11 own, 0 rent, 1 other (property is owned by the NSP Historical Society)
6. Please contact me to discuss flooding issues in my area: 10 yes, 2 no
7. Please provide your name and phone number or email if you would like to be contacted.

- a. To protect the confidentiality of survey respondents, personal information is not in this report.
- 8. What is your race? 8 White, 2 Asian, 1 American Indian or Alaska Native, 1 Hispanic or Latino
- 9. In which of the following categories does your age fall?
 - a. 3 respondents 25-34 years of age
 - b. 1 respondent 35-44 years of age
 - c. 4 respondents 45-54 years of age
 - d. 1 respondent 55-64 years of age
 - e. 2 respondents 65-74 years of age
 - f. 1 respondent 75 years of age or older
- 10. Additional comments.
 - a. See you Thursday
 - b. 4 yards flood because of the lay of the land
 - c. We are out of town for the winter. We will be returning the third week of April.
 - d. We do not want our alley improved. Want a single trough to drain the alley come spring time on years with record snow fall. We live in land of 1,000 lakes. Since updating our sump syste20pprox.ox. 20 years ago, we have had no issues.

V) Open House Sign-in Sheets

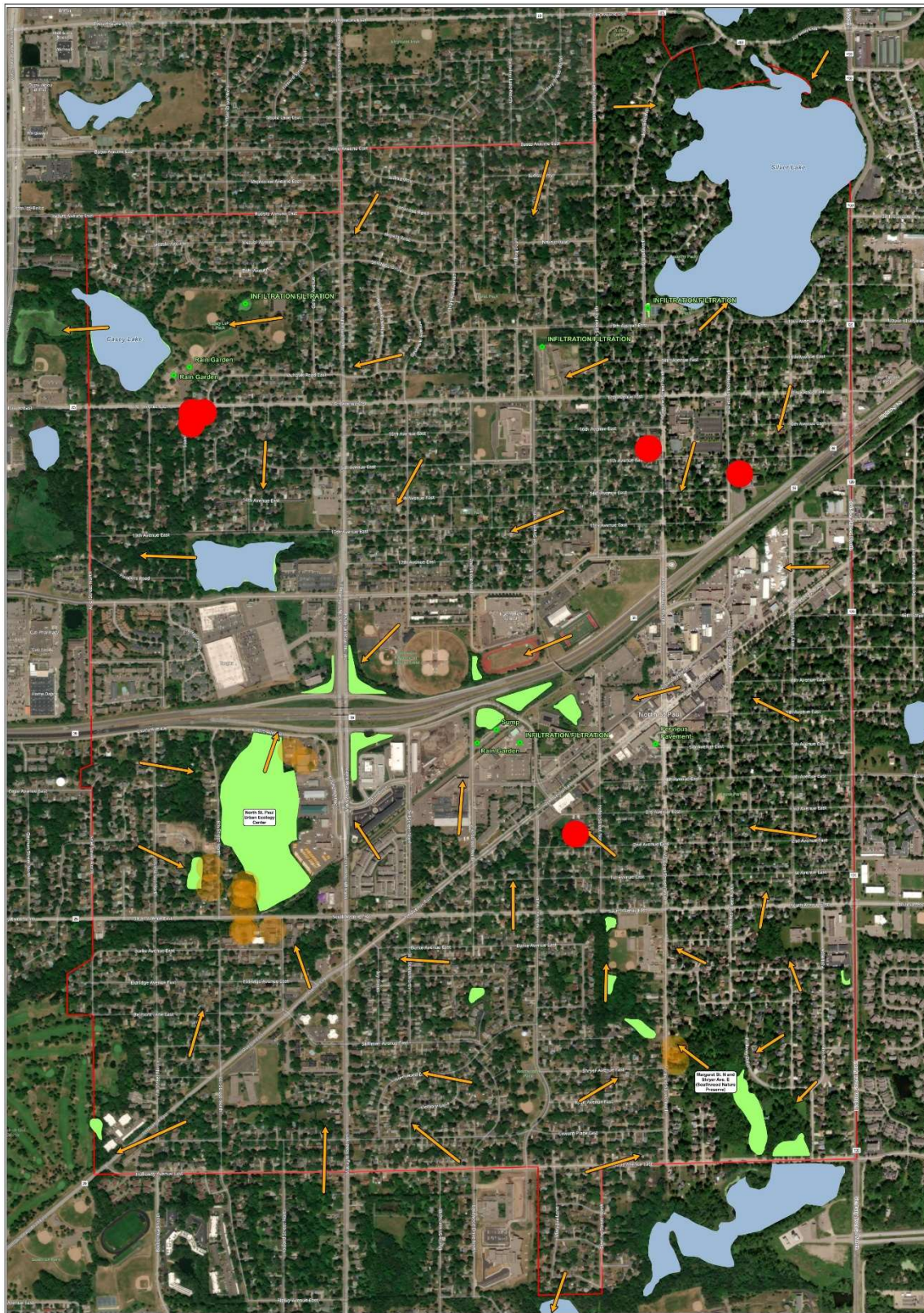
City of North St. Paul Flood Resiliency Plan
Open House Sign-in

Name	Address	Phone Number	Email Address
Personal information omitted			

City of North St. Paul Flood Resiliency Plan
Open House Sign-in

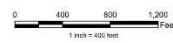
Name	Address	Phone Number	Email Address
Personal information omitted			

VI) Open House Comment Map (residents placed red dots in areas where they have noticed frequent localized flooding in North St. Paul.)



Open House Comment Map

North St. Paul Flood Resiliency Plan
North St. Paul, MN
WSB Project No. 020292-000



VIII) Flooding Fact Sheet



What can flooding look like?

Flooding can occur anywhere where water pools before it drains to its next destination – it's not only near waterbodies!



Image sources: [1] postandcourier.com, [2] wandsnider.com, [3] kcrq.com, [4] iamgreenwise.com

What are the dangers of flooding?

Flooding is the #1 natural disaster in the United States. Floods can cause power, water, and gas outages; disrupt transportation routes and commercial supplies; pollute drinking water systems; and damage homes, buildings, and roads. Just one inch of floodwater can cause major damage and require costly repairs or replacement to drywall, insulation, wood floors, or carpeting.

Are you at risk?

Anywhere it can rain, it can flood! People living outside of high-risk flood zones file more than 20 percent of all National Flood Insurance Program claims. Flooding can occur anywhere. It is important to pay attention to local authorities on flood risk in your area and be mindful of water levels of nearby streams, ponds, wetlands, and drainage infrastructure (grates, stormwater ponds).

What can you do?

Be informed.

The Federal Emergency Management Agency (FEMA) provides a free informational guide for many disaster situations, including flooding. This document can be viewed at fema.gov/related-link/are-you-ready-guide-citizen-preparedness.



Be prepared.

Make a plan for your household, including your pets, so that you and your family know what to do, where to go, and what you will need to protect yourselves from flooding. A planning checklist can be found at ready.gov/plan. North St. Paul participates in FEMA's National Flood Insurance Program (NFIP), enabling eligible property owners, renters, and businesses to purchase flood insurance.

Be proactive.

Reduce flood vulnerability by incorporating flood prevention practices at your home. This could include cleaning storm drain inlets near your home, preparing sandbags, floodproofing and sealing, pumping low areas, or constructing and maintaining a rain garden.

To report a flooding concern, contact City Public Works at 651-747-2417 (emergency) or 651-747-2409 (non-emergency)



Appendix D

Implementation Plan

TABLE 4																		
NORTH ST. PAUL FLOOD RESILIENCY PLAN INITIATIVES																		
No.	Project Description	MS4 Permit Requirement	Annual Requirement	Projects, Programs, & Studies	Priority	10 Year Cost Estimate ¹	Possible Funding Sources ²	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Comments
Official Controls																		
1	<u>Ordinance and Design Guidelines Review</u> - Review city ordinances and engineering design standards to ensure they comply with all City planning documents, are consistent with the watershed district rules, NPDES general construction permit requirements, and the City's MS4 permit requirements.	X		X	High	\$30,000	Surface Water Utility		\$15,000					\$15,000				Also review to ensure they do not conflict with low impact development and allow alternative stormwater BMPs.
2	<u>Reevaluate the City Surface Water Management Utility Fee Structure</u> - Track annual and projections of future costs of stormwater infrastructure improvements to potentially redevelop fee structure.			X	High	\$18,000	Surface Water Utility	\$18,000										
3	<u>Education and Outreach</u> - Develop education materials or webpage and maintain outreach and engagement with all City staff, community organizations, and community members on climate resiliency and flooding. Promote Adpot-a-Drain.			X	Medium	\$100,000	Surface Water Utility, RWMWD, VBWD	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	Also includes collaboration with RWMWD, VBWD, and others to implement the city's education program in accordance with SWPPP.
4	<u>Community Engagement</u> - Maintain an active inbox for community input on flooding and host recurring or annual meetings for community members to engage in flood resiliency efforts in the City.			X	Medium	\$150,000	Surface Water Utility	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	
5	<u>Committee Participation</u> - Participate in RWMWD's Public Works Forum, Watershed Advisory Commission, and VBWD's Technical Advisory Committee	X	X	X	Medium	\$30,000	General Fund	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	Continue city staff and resident participation.
Operation and Maintenance																		
6	<u>Cost Sharing Support</u> - Promote, support, and offer matches to RWMWD and VBWD's existing cost-sharing programs for smaller, community-led stormwater improvements.			X	High	\$200,000	Surface Water Utility	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	
7	<u>Over-and-Above Support</u> - Provide rebate for design, materials, and construction of additional stormwater storage and rate reduction BMPs on large private or public development or redevelopment projects in the City on a case-by-case basis.			X	High	\$1,000,000	Surface Water Utility	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	
8	<u>Implement Stormwater Asset Management Plan (SWAMP)</u> - Inspect and survey ponds annually.			X	High	\$80,000	Surface Water Utility	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	
9	<u>Implement Stormwater Asset Management Plan (SWAMP)</u> - Informed by pond inspection and survey, prescribe pond cleanouts in three-year cycle.			X	High	\$600,000	Surface Water Utility			\$200,000			\$200,000			\$200,000		
10	<u>Urban Ecology Center Maintenance</u> - Includes mowing, trail maintenance, and assisting RWMWD when requested		X	X	Medium	\$25,000	General Fund, RWMWD	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	

No.	Project Description	MS4 Permit Requirement	Annual Requirement	Projects, Programs, & Studies	Priority	10 Year Cost Estimate ¹	Possible Funding Sources ²											Comments
								2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Monitor and Study																		
11	Analyze Street Sweeping Routes - Collaboration between Public Works and Parks & Recreation to establish priority sweeping routes and focus on areas with the most potential for fallen leaves to clog or pollute.			X	High	\$30,000	Surface Water Utility, General Fund	\$30,000										This item does not include current and future routine expenses and labor for street sweeping.
12	Infiltration Study - Feasibility study to analyze where infiltration basins may be most effective considering native soils, runoff patterns, and flood-prone areas of the City.			X	High	\$40,000	Surface Water Utility, RWMWD, VBWD		\$40,000									
13	Webster Elementary School - Feasibility study for flood storage or green infrastructure with Webster Elementary School parking lot or open spaces.			X	Medium	\$20,000	Surface Water Utility, General Fund, RWMWD				\$20,000							
Capital Improvements																		
14	Retrofit Stormwater Infrastructure - informed by local feasibility and recurring road maintenance project scheduling, resize stormwater infrastructure to current standards and implement storage or water quality basins on residential streets.			X	High	\$1,000,000	Surface Water Utility, General Fund, RWMWD, VBWD	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	
15	Infiltration Implementation - Implementation of findings of infiltration study.			X	High	\$100,000	Surface Water Utility, RWMWD, VBWD				\$100,000							
16	Webster Elementary School - Implementation of flood storage or green infrastructure with Webster Elementary School parking lot or open spaces.			X	Medium	\$250,000	Surface Water Utility, General Fund, RWMWD					\$250,000						
17	RWMWD Projects at North St. Paul Urban Ecology Center - (1) Add culvert capacity at 6th St. N with backflow preventers. (2) Modify the storm sewer at 5th St N and County Rd B. (3) Add culvert capacity at Highway 36 from NSP Urban Ecology Center. (4) Floodproofing or localized grading.			X	Medium	*	Surface Water Utility, RWMWD	*	*	*	*	*	*	*	*	*	*	*Support a total mid-range estimate of \$35,000,000 for implementation of the 4 identified improvements per Beltline Resiliency Study. Implementation of this work is planned for 10+ years.
	TOTAL					\$3,145,000		\$240,500	\$250,500	\$410,500	\$330,500	\$460,500	\$410,500	\$210,500	\$210,500	\$410,500	\$210,500	
¹ Cost estimates are preliminary and subject to review and revision as engineer's reports are completed and more information becomes available. Table reflects 2023 costs and do not account for inflation. Costs generally include labor, equipment, materials, and all other costs necessary to complete each activity. For City completed activities, staff time is not included in the cost. Some of the costs outlined above may be included in other operational costs budgeted by the City.																		
² Funding for stormwater program activities projected to come from following sources - Surface Water Management Fund, Developers Agreements, Grant Funds, General Operating Fund, or Special Assessments																		