City of North St. Paul
City Council
Workshop Meeting Agenda

May 21, 2024
5:15 PM

The City Council Workshop Meeting will be conducted on **May 21, 2024** at 5:15 p.m. in the Council Chambers at City Hall, located at 2400 Margaret St., North St. Paul.

You can 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 2023 Financial Report with the City's Audit Firm of Malloy, Montague, Karnowski, Radosevich & Co. P.A. (MMKR)

V. Other Business

VI. Adjournment

The next regularly scheduled City Council Workshop meeting is June 4, 2024.

NORTH ST. PAUL
extraordinary.

Agenda Information Memorandum

To	Date
Honorable Mayor Monge and City Council	May 21, 2024

Agenda Placement # IV.A

Topic(s)

Subject

Review of the 2023 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 2023 Annual Comprehensive Finance Report (ACFR) and review their Management Report at the City Council Workshop on May 21, 2024.

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 City's website. Last year was the 36th 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. 2023 Annual Comprehensive Financial Report
2. 2023 Management Report
3. 2023 Special Purpose Audit Report
4. 2023 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, 2023

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, 2023

Brian Frandle
City Manager

Report Prepared by
Department of Finance

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

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF NORTH ST. PAUL

Table of Contents

Table of Contents (continued)

INTRODUCTORY SECTION

NORTH ST.PAUL

May 13, 2024

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, 2023 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, 2023, 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, 2023 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.

2400 Margaret Street, North St. Paul, MN 55109 | northstpaul.org | main 651.747.2400 | fax 651.747.2400

extraordinary.

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 of 3.5 square miles and serves an estimated population of 12,465. 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 basic financial statements.

2400 Margaret Street, North St. Paul, MN 55109 | northstpaul.org | main 651.747.2400 | fax 651.747.2400

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 May 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 2023, the unemployment rate for Ramsey County was 3.1 percent, compared to the national rate of 3.9 percent. At the end of 2023, the unemployment rate for Ramsey County decreased to 2.3 percent, compared to the national rate of 3.5 percent. The Minneapolis-St. Paul-Bloomington area consumer price index was up 2.6 percent for 2023, compared to 3.4 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 10.3 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 the 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 10-year financial revenue and expenditure models during the annual preparation of the budget for the General Fund, Housing Redevelopment Authority, Community Center, Park, Economic Development Authority, and enterprise funds. 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.

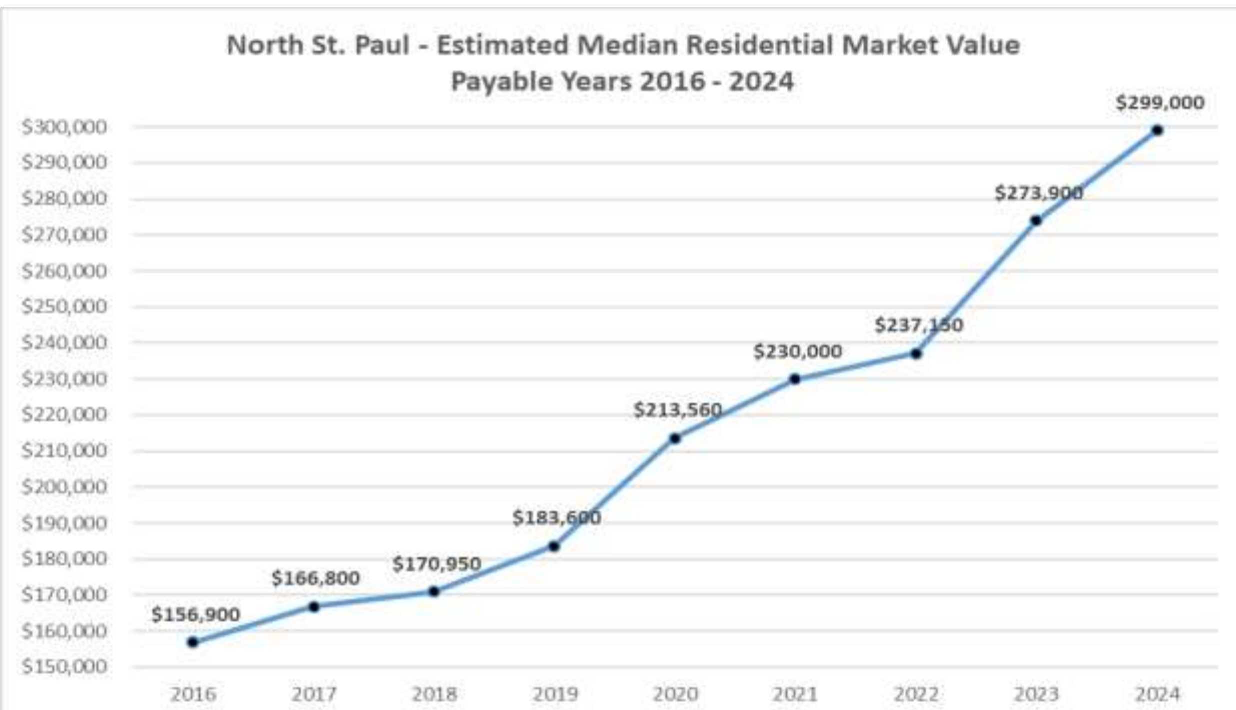
The City maintains several internal service funds, including equipment, city mechanic, insurance, information technology, and building maintenance. The funding for these programs is through the internal service fund rate charges, which are determined by departmental use, replacement plans, and determination 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

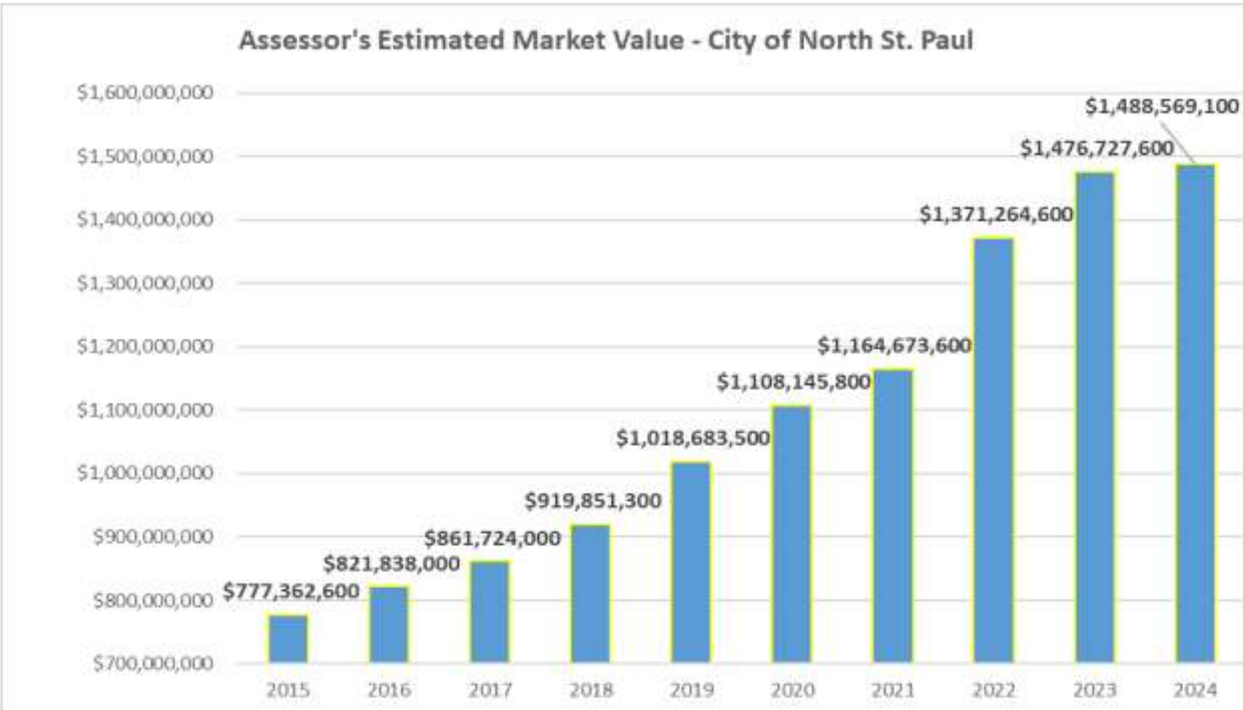
Home values in the City are continuing on a positive trend, reflecting the recovery of the housing market. The assessor's estimated residential market values increased on the median valued home approximately 15.5 percent for 2023 taxes payable. Since 2013, the City has the largest cumulative increase in residential market values of any city/township within Ramsey County. Preliminary assessor values for 2024 continue this positive trend with an increase of 9.2 percent.

Increase (Decline) in Median Residential Value	
2017	6.3%
2018	2.5%
2019	7.4%
2020	16.3%
2021	7.7%
2022	3.1%
2023	15.5%
2024 Prelim	9.2%



Market Values

The City consistently adds new tax base each year. The 2023 assessed value added $47 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 $105.5 million in 2023, resulting from improved market conditions. Conditions are expected to continue improving at a slower rate, with preliminary county assessor data for 2024 assessed values showing an estimated market value of $1.5 billion. Total market value increased by $11.8 million, all of which results from new construction.



Major Initiatives

<u>Development Projects</u>

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. The project is currently under construction with a completion date of late 2024 or early 2025.

7th Street Townhomes
The 7th Street Townhome development is nearing completion with the final building permits in progress. The homes are popular and sell quickly. The demand for these homes is so strong a similar development is slated to begin on 17th Avenue and Delaware Street.

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 2023 home was sold and the 2024 home is currently under construction with an estimated finish date of spring 2024.

Taco Bell
City staff is working with Taco Bell on their efforts to build a new location on McKnight Road. The project includes work with Ramsey County on driveway access to McKnight Road for the development.

17th and Delaware Development
The City successfully selected a developer for the property at 17th Avenue and Delaware. The property, which had been vacant for several years, posed some challenges, including infrastructure, access, and wet lands. A local developer proposed a plan to construct several twin homes that will maintain the residential quality of the area and best address the challenges posed by the property and its location.

<u>Infrastructure Improvements</u>

Electric Utility Improvements
The Electric Utility will begin an improvement project to move the City's conduits underground in the neighborhoods of Hazel Street, Craig Place, German Street, Standish, and Jennifer Lane. The project is expected to last two years.

McKnight Watermain Improvement
The watermain project on McKnight was completed in the summer of 2023. The City completed some mill and overlay projects near the project.

Downtown Street Improvement Project
The City's downtown street improvement plans were completed in the fall of 2023. The City is completing the final installation of park benches, bike racks, and landscaping.

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. These projects were completed in 2023.

Sanitary Sewer Cleaning/Televising
The City continues its sanitary sewer cleaning and televising on large sections of the City's system. Contractors are making simple repairs and collecting data on the health of the system for future infrastructure projects.

Flood Resiliency Study
The City worked with WSB to conduct a flood resiliency study. City staff, along with representatives from the Ramsey Washington Watershed District, worked together to make residents aware of flooding hazards and to update the City's mapping tools.

Pavement Rehabilitation
The pavement rehabilitation street and alley areas include regular bituminous mill and overlay, or full depth bituminous reclamation/pavement replacement. The rehabilitation of bituminous roadway areas is based on need and pavement distress, which includes milling or reclamation of the pavement surface, spot curb and gutter repair, ADA improvements, and a bituminous asphalt pavement overlay or replacement. Sanitary sewer mainline lining and manhole structure rehabilitation or replacement, water valve manhole structure rehabilitation or replacement, and storm sewer catch basin and manhole structure rehabilitation or replacement, will also be conducted within the project areas.

This is a continuation of ongoing pavement rehabilitation to maintain existing infrastructure conditions. Utility manhole structure rehabilitation or replacement will protect the investment in roadway improvements by addressing needed deficiencies in underground utility infrastructure systems under and embedded within the roadway areas to be improved. Sanitary sewer mainlines lining and point repairs will likewise protect roadway improvements, and also address inflow and infiltration (I/I) caused by cracked or separated pipes.

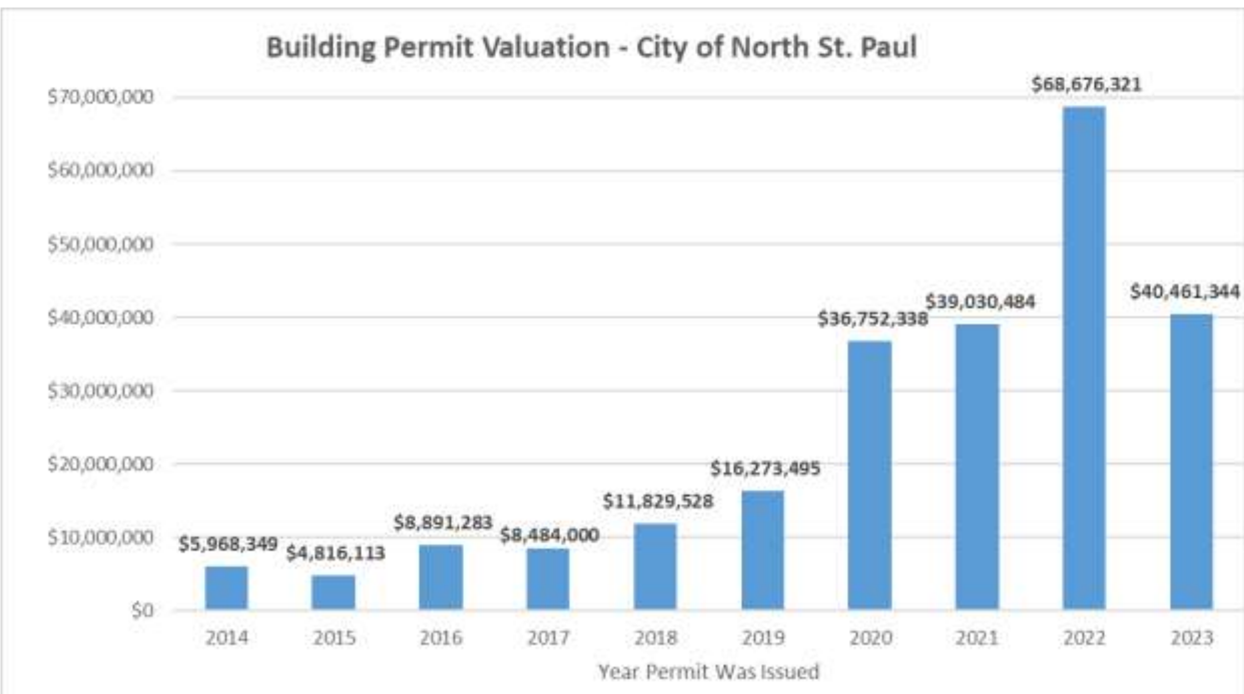
Capital Improvement Plan Update

City staff has updated the 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

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 2023 building permit valuation continued the strong trend since 2020 with $40.5 million, with permits for the Webster Education Center Renovation and the Article 7 Apartments. The City expects 2024 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 10-year Pavement Management Plan (PMP). The PMP 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. All is incorporated into the City's 10-year CIP.

Relevant Financial Policies

In 2022, to strengthen the City's overall financial position, the City Council adopted a fund balance policy that 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, 2023, the unassigned fund balance for the General Fund was 50 percent of the subsequent year's budgeted expenditures.

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, 2022. 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 36 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

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

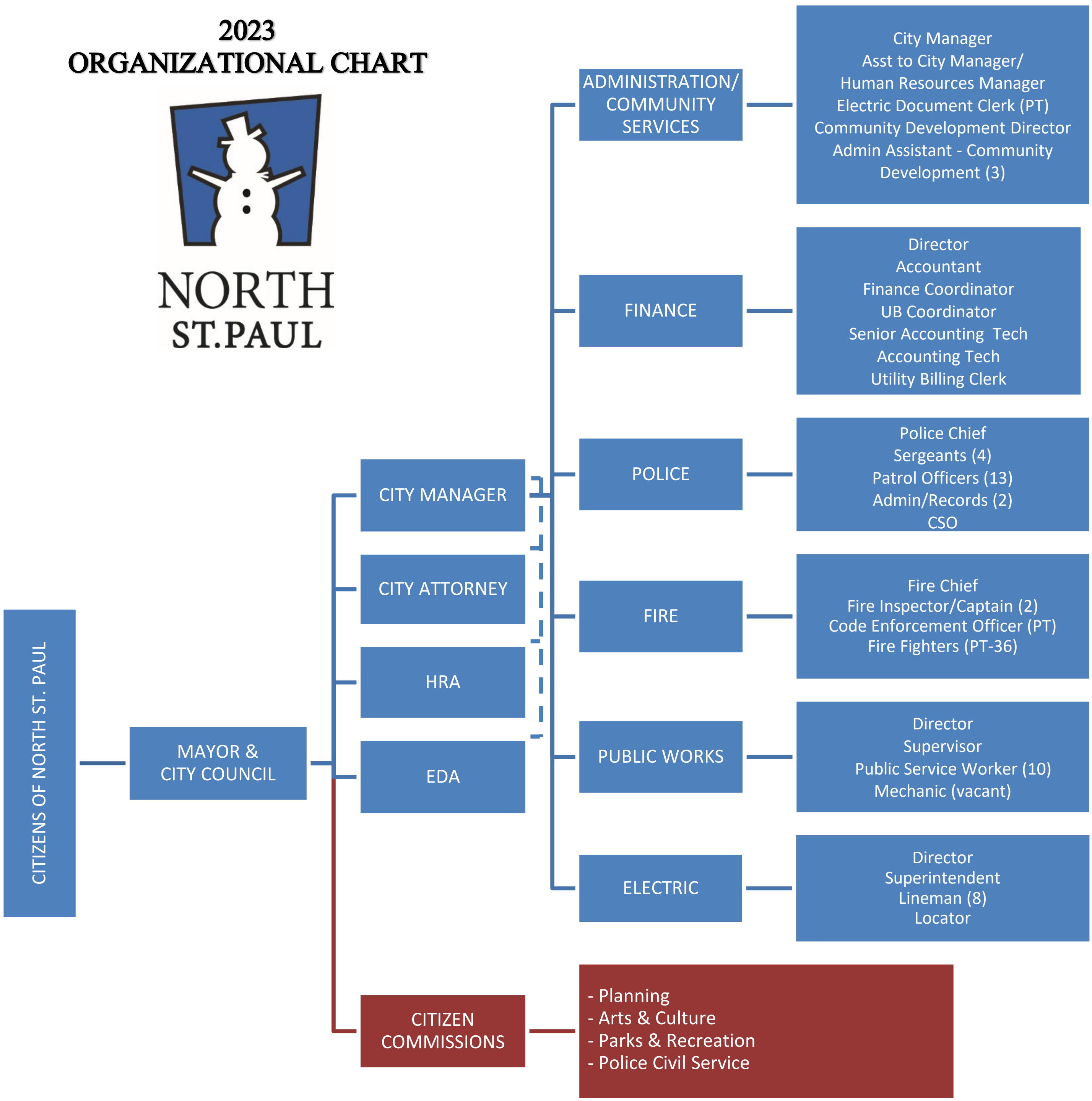
December 31, 2022

Christopher P. Morrill

Executive Director/CEO

2023
ORGANIZATIONAL CHART

NORTH
ST.PAUL



-x-

CITY OF NORTH ST. PAUL

Elected Officials and Appointed Personnel
December 31, 2023

ELECTED OFFICIALS

		Term Expires
John Monge	Mayor	December 31, 2026
Tim Cole	Councilmember	December 31, 2024
Jason Nordby	Councilmember	December 31, 2026
Cassidy Schweer	Councilmember	December 31, 2026
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

THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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, 2023, 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, 2023, 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 of the notes to basic financial statements, in fiscal 2023, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

(continued)

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
5353 Wayzata Boulevard • Suite 410 • Minneapolis, MN 55416 • Phone: 952-545-0424 • Fax: 952-545-0569 • www.mmkr.com

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 accompanying combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER INFORMATION

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

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

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2024, 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 13, 2024

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, 2023. 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 $63,693,265 (*net position*). Of this amount, $20,211,034 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors; $7,410,225 is restricted for specific purposes (*restricted net position*); and $36,072,006 represents the net investment in capital assets. The City's total net position increased $6,127,715 during the year ended December 31, 2023.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $12,691,695, a decrease of $157,535.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $4,846,018, or 50 percent, of total General Fund expenditures based on 2024 budgeted expenditure levels.

- As described in Note 1 of the notes to basic financial statements, the City implemented Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), during the fiscal year ended December 31, 2023. This standard changed the way subscription 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 $63,693,265 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, 2023 and 2022

	Governmental Activities		Business-Type Activities		Totals – Primary Government	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	$ 23,555,423	$ 24,374,851	$ 27,259,969	$ 28,682,807	$ 50,815,392	$ 53,057,658
Capital assets, net	40,952,464	39,719,799	21,457,952	18,446,519	62,410,416	58,166,318
Total assets	$ 64,507,887	$ 64,094,650	$ 48,717,921	$ 47,129,326	$ 113,225,808	$ 111,223,976
Deferred outflows of resources						
Pension plan deferments	$ 4,894,819	$ 5,212,485	$ 438,488	$ 583,072	$ 5,333,307	$ 5,795,557
OPEB plan deferments	73,754	52,750	35,918	27,185	109,672	79,935
Total deferred outflows of resources	$ 4,968,573	$ 5,265,235	$ 474,406	$ 610,257	$ 5,442,979	$ 5,875,492
Total assets and deferred outflows of resources	$ 69,476,460	$ 69,359,885	$ 49,192,327	$ 47,739,583	$ 118,668,787	$ 117,099,468
Liabilities						
Other liabilities	$ 2,774,403	$ 3,478,244	$ 1,561,420	$ 2,090,775	$ 4,335,823	$ 5,569,019
Noncurrent liabilities	24,921,977	30,397,043	17,397,537	19,480,611	42,319,514	49,877,654
Total liabilities	$ 27,696,380	$ 33,875,287	$ 18,958,957	$ 21,571,386	$ 46,655,337	$ 55,446,673
Deferred inflows of resources						
Lease revenue for subsequent years	$ 2,203,719	$ 2,190,285	$ –	$ –	$ 2,203,719	$ 2,190,285
Pension plan deferments	4,786,429	527,973	476,562	73,395	5,262,991	601,368
State aid received for subsequent years	853,475	1,295,592	–	–	853,475	1,295,592
Total deferred inflows of resources	$ 7,843,623	$ 4,013,850	$ 476,562	$ 73,395	$ 8,320,185	$ 4,087,245
Net position						
Net investment in capital assets	$ 28,319,939	$ 27,356,833	$ 7,752,067	$ 6,330,294	$ 36,072,006	$ 33,687,127
Restricted	7,410,225	6,605,820	–	–	7,410,225	6,605,820
Unrestricted	(1,793,707)	(2,491,905)	22,004,741	19,764,508	20,211,034	17,272,603
Total net position	$ 33,936,457	$ 31,470,748	$ 29,756,808	$ 26,094,802	$ 63,693,265	$ 57,565,550
Total liabilities, deferred inflows of resources, and net position	$ 69,476,460	$ 69,359,885	$ 49,192,327	$ 47,739,583	$ 118,668,787	$ 117,099,468

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 $20,211,034 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 $2,465,709 and an increase in the business-type activities of $3,662,006, for a total increase of $6,127,715 in net position. 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, 2023 and 2022

	Governmental Activities		Business-Type Activities		Total – Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	$ 1,308,573	$ 1,696,728	$ 18,589,496	$ 17,940,689	$ 19,898,069	$ 19,637,417
Operating grants and contributions	1,161,987	631,090	187,708	69,777	1,349,695	700,867
Capital grants and contributions	480,707	448,478	–	–	480,707	448,478
General revenues						
Property taxes	8,296,412	7,147,994	–	–	8,296,412	7,147,994
Franchise taxes	531,239	563,490	–	–	531,239	563,490
Grants and contributions not restricted to specific programs	1,570,639	1,661,614	–	–	1,570,639	1,661,614
Other	148,378	199,242	–	–	148,378	199,242
Investment earnings (charges)	813,758	(229,980)	1,121,633	(105,684)	1,935,391	(335,664)
Total revenues	14,311,693	12,118,656	19,898,837	17,904,782	34,210,530	30,023,438
Expenses						
General government	1,822,939	1,813,006	–	–	1,822,939	1,813,006
Public safety	5,852,635	5,718,250	–	–	5,852,635	5,718,250
Public works	2,866,024	2,976,157	–	–	2,866,024	2,976,157
Parks and recreation	647,156	666,685	–	–	647,156	666,685
Economic development	765,731	549,676	–	–	765,731	549,676
Interest and fiscal charges	681,499	648,090	–	–	681,499	648,090
Electric	–	–	10,140,345	10,286,514	10,140,345	10,286,514
Water	–	–	1,245,077	1,209,955	1,245,077	1,209,955
Surface water	–	–	768,449	666,147	768,449	666,147
Waste water	–	–	2,079,731	2,067,753	2,079,731	2,067,753
Fiber optic	–	–	160,177	145,320	160,177	145,320
Solid waste	–	–	1,053,052	946,788	1,053,052	946,788
Total expenses	12,635,984	12,371,864	15,446,831	15,322,477	28,082,815	27,694,341
Increase in net position before transfers	1,675,709	(253,208)	4,452,006	2,582,305	6,127,715	2,329,097
Transfers	790,000	790,000	(790,000)	(790,000)	–	–
Change in net position	2,465,709	536,792	3,662,006	1,792,305	6,127,715	2,329,097
Net position – beginning	31,470,748	30,933,956	26,094,802	24,302,497	57,565,550	55,236,453
Net position – ending	$ 33,936,457	$ 31,470,748	$ 29,756,808	$ 26,094,802	$ 63,693,265	$ 57,565,550

Governmental Activities – The City's net position for governmental activities increased by $2,465,709, or 7.8 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 $2,193,037, or 18.1 percent.

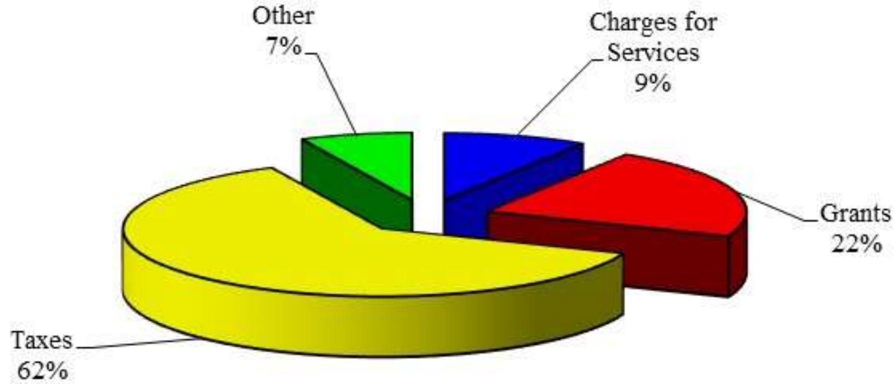
- The largest change occurred in property taxes, due to the increase in the levied amount approved by the City Council. Investment earnings also increased, due to improved investment market performance and interest rates.

Expenses increased overall by $264,120, or 2.1 percent.

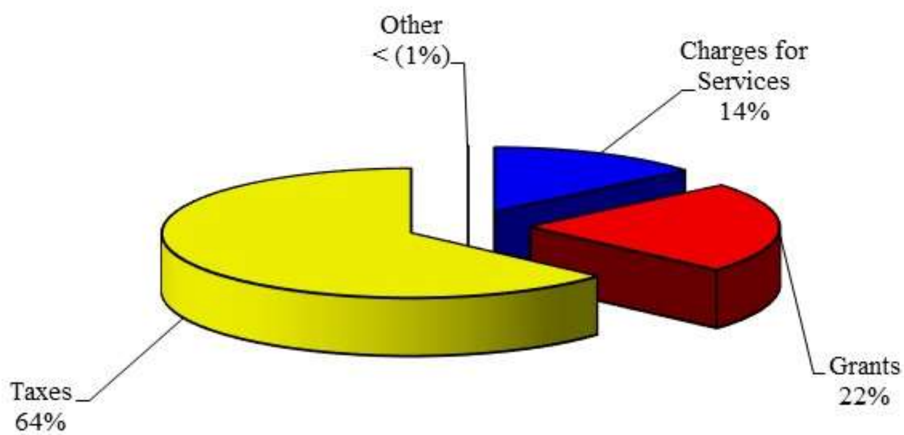
- The City experienced an increase in economic development payments and natural inflationary increases in the current year.

As seen in the following graph, taxes make up about 62 percent of the total revenues for 2023. 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 9 percent, and other at 7 percent of the total.

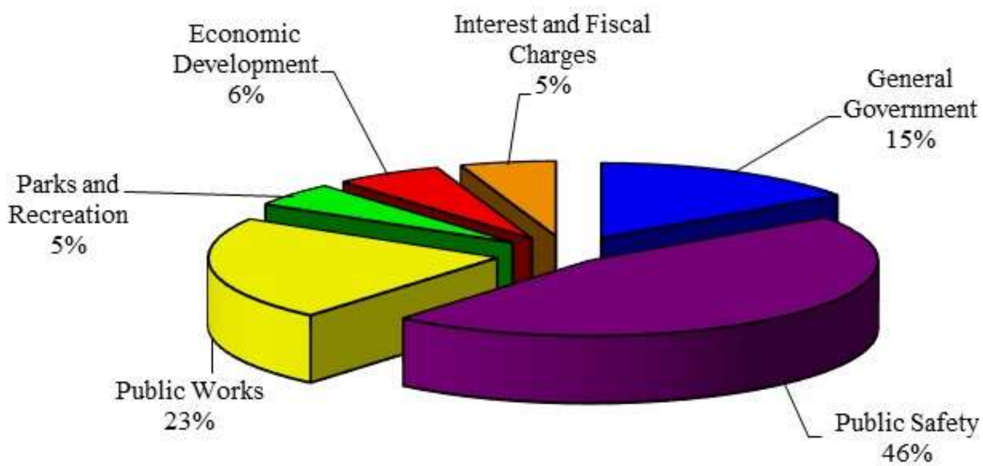
2023 Revenues by Source – Governmental Activities



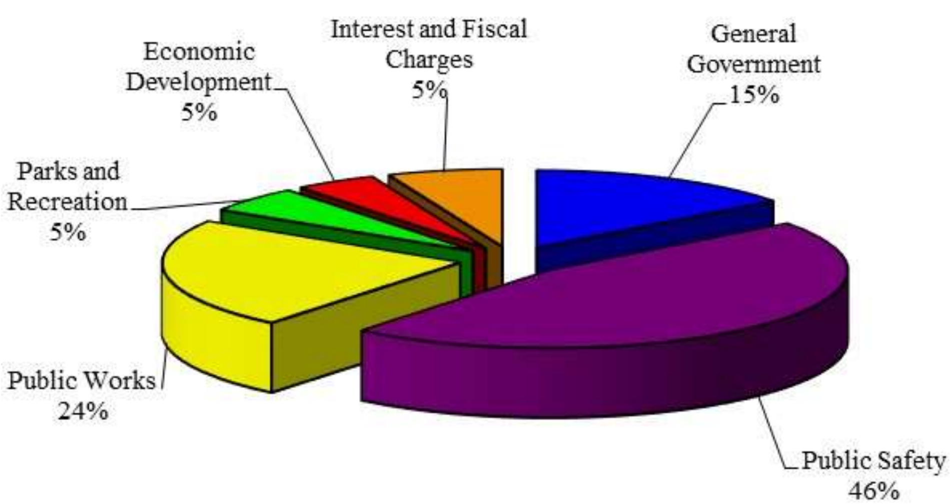
2022 Revenues by Source – Governmental Activities



2023 Expenses – Governmental Activities



2022 Expenses – Governmental Activities



The expenses in the graphs above for governmental activities show the amounts spent on different activities for 2023 and 2022.

Business-Type Activities – Business-type activities increased the City's total net position by $3,662,006. 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. Charges for services increased in the current year due to the increase in rates and consumption.

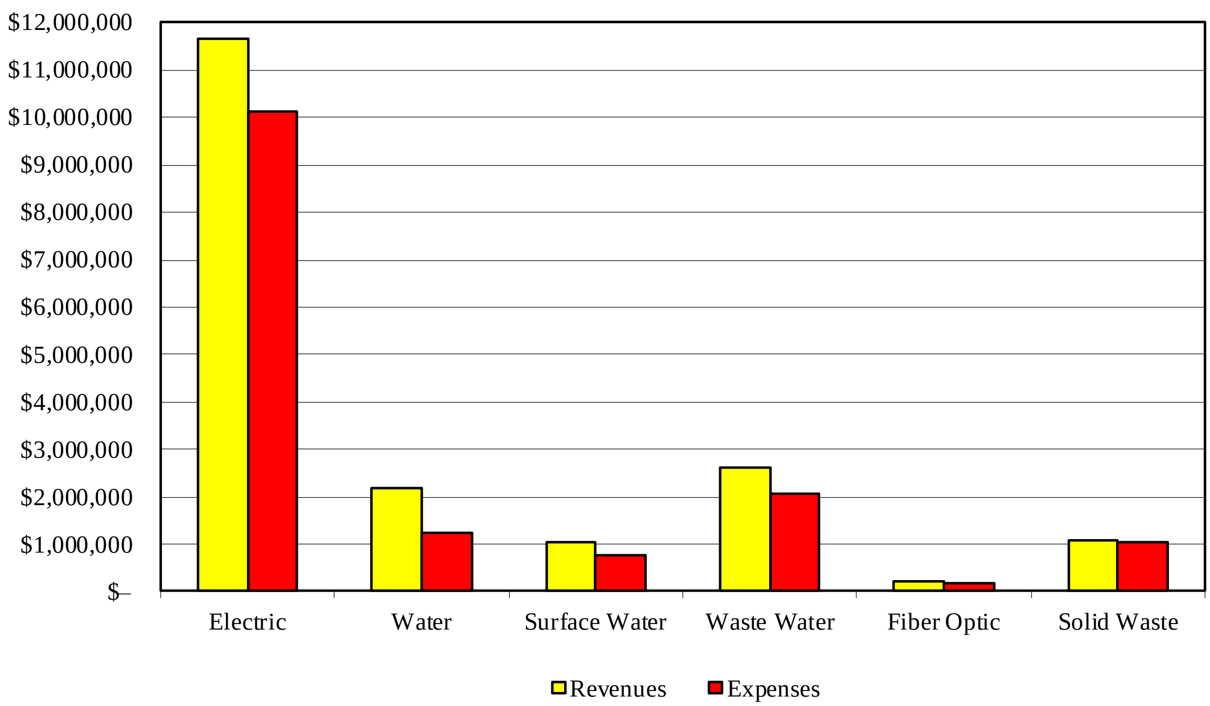
- Investment earnings for business-type activities increased due to improved investment market performance and interest rates.

- Expenses increased $124,354, mainly due to inflationary increases in the current year.

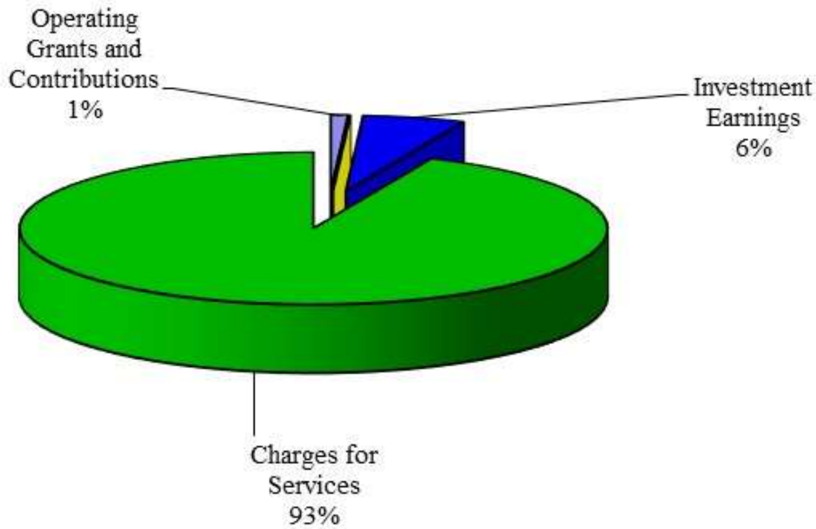
- About 66 percent of all business-type activity expenses are from the electric operations.

- Overall, business-type activities generated an increase in net position before transfers of $4,452,006. After considering transfers to governmental activities totaling $790,000, net position increased by $3,662,006.

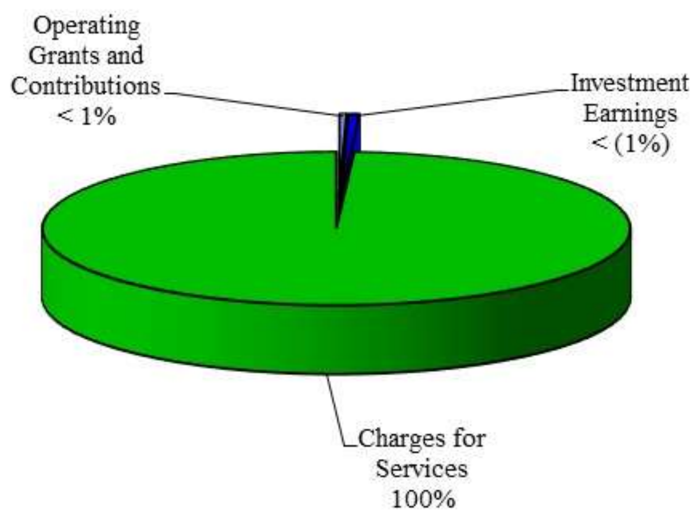
Revenues and Expenses – Business-Type Activities



2023 Revenues by Source – Business-Type Activities



2022 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 $12,691,695, a decrease of $157,535 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 $5,041,585. 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 50 percent of the subsequent year budgeted expenditures.

Total fund balance for the City's General Fund increased by $716,760 during 2023. 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 50 percent of the subsequent year's budgeted expenditures for working capital.

The Anchor Block North – Housing Tax Increment Special Revenue Fund equity increased $108,518, ending the year with a deficit fund balance of $2,828,736. The increase was mainly due to tax increment received offset by economic development payments and 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 decreased $2,038,227, ending the year with a fund balance of $1,353,735. The decrease was mainly due to spending down bond proceeds issued in the prior year.

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 $52,364.

Revenues were over budget by $323,438, mainly in investment earnings and intergovernmental. 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 $393,322, or 4.3 percent, under budget. General government, public safety, and public works expenditures were under budget, mainly due to vacant positions in the current year. Parks and recreation expenditures were under budget, due to savings in personal services and capital outlay. After the recognition of net transfers, the City's General Fund ended the year $716,760 more than anticipated in the budget.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets – The City's investment in capital assets for its governmental and business-type activities as of December 31, 2023 amounts to $62,410,416 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings and structures, furniture and equipment, infrastructure, and subscriptions.

City of North St. Paul's Capital Assets

Table 3
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Capital assets						
Land	$ 3,926,167	$ 3,926,167	$ 331,728	$ 331,728	$ 4,257,895	$ 4,257,895
Construction in progress	59,307	2,865,950	136,801	1,365,165	196,108	4,231,115
Buildings and structures	21,028,663	20,987,743	5,069,632	5,040,830	26,098,295	26,028,573
Furniture and equipment	5,993,097	5,655,325	3,105,184	3,042,206	9,098,281	8,697,531
Infrastructure	36,621,636	31,082,298	31,077,009	26,276,705	67,698,645	57,359,003
Subscriptions	214,417	–	181,655	–	396,072	–
Less accumulated depreciation/amortization	(26,890,823)	(24,797,684)	(18,444,057)	(17,610,115)	(45,334,880)	(42,407,799)
Total capital assets, net of depreciation/amortization	$ 40,952,464	$ 39,719,799	$ 21,457,952	$ 18,446,519	$ 62,410,416	$ 58,166,318

The changes presented in the table above reflect the ongoing activity and completion of projects within the City during fiscal year 2023. 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 $34,025,000. 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 Long-Term Debt

Table 4
Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
G.O. tax increment bonds	$ 7,065,000	$ 7,210,000	$ –	$ –	$ 7,065,000	$ 7,210,000
General obligation bonds	12,069,438	13,304,597	–	–	12,069,438	13,304,597
Utility revenue bonds	–	–	14,890,562	16,445,403	14,890,562	16,445,403
Premium	516,699	572,085	470,261	522,223	986,960	1,094,308
Subscription liability	126,610	–	177,192	–	303,802	–
Total OPEB liability	584,617	710,116	284,701	365,979	869,318	1,076,095
Net pension liability	3,858,629	7,961,780	1,383,952	1,954,789	5,242,581	9,916,569
Compensated absences	700,984	638,465	190,869	192,217	891,853	830,682
Total	$24,921,977	$30,397,043	$17,397,537	$19,480,611	$42,319,514	$49,877,654

The City's total bonded debt decreased by $2,935,000, or 7.9 percent, during 2023. This decrease was due to scheduled debt service payments in the current year. The City's most recent bond rating by Standard & Poor's was AA.

The City reported a liability for subscription agreements, accounting for the change in this category, in accordance with guidance for SBITAs implemented in the current year.

The decrease in the total other post-employment benefits (OPEB) liability in the current year is mainly due to differences between expected and actual experience and changes of assumptions 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 2023, the unemployment rate for Ramsey County (which includes the City) was 3.1 percent, compared to the national rate of 3.9 percent. At the end of 2023, the unemployment rate for Ramsey County decreased to 2.3 percent, compared to the national rate of 3.5 percent.
- The Minneapolis-St. Paul-Bloomington area consumer price index was up 2.6 percent for 2023, compared to 3.4 percent nationally.
- The state projects a $3.71 billion surplus at the end of the 2024–2025 biennium. It is unlikely that the City will see a reduction in anticipated aid payments in the next budget cycle.
- Preliminary assessor values for taxes payable in 2024 increased 9.2 percent.
- The City increased its levy 8.5 percent for taxes payable in 2024, while keeping the EDA levy the same and a slight increase ($11,000) in the HRA levy.
- The City tax rate for taxes payable in 2024 decreased 1.7 percent over the past two years.

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.

THIS PAGE INTENTIONALLY LEFT BLANK

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

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF NORTH ST. PAUL

Statement 1

Statement of Net Position
as of December 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Authority
Assets				
Cash and investments	$ 22,833,548	$ 18,704,347	$ 41,537,895	$ 479,020
Receivables				
Interest	120,952	135,883	256,835	2,650
Accounts	145,834	2,774,560	2,920,394	–
Loan	43,310	–	43,310	–
Taxes	129,035	–	129,035	–
Special assessments	720,841	62,983	783,824	–
Lease	2,203,719	–	2,203,719	–
Internal balances	(4,752,735)	4,752,735	–	–
Inventory	–	538,144	538,144	–
Prepaid items	106,103	97,817	203,920	–
Assets held for resale	1,382,679	–	1,382,679	49,248
Net pension asset	622,137	–	622,137	–
Restricted assets – temporarily restricted				
Cash and investments for debt service	–	193,500	193,500	–
Capital assets				
Not depreciated/amortized	3,985,474	468,529	4,454,003	–
Depreciated/amortized	36,966,990	20,989,423	57,956,413	–
Total capital assets, net of depreciation/amortization	40,952,464	21,457,952	62,410,416	–
Total assets	64,507,887	48,717,921	113,225,808	530,918
Deferred outflows of resources				
Pension plan deferments	4,894,819	438,488	5,333,307	–
OPEB plan deferments	73,754	35,918	109,672	–
Total deferred outflows of resources	4,968,573	474,406	5,442,979	–
Total assets and deferred outflows of resources	$ 69,476,460	$ 49,192,327	$ 118,668,787	$ 530,918
Liabilities				
Accounts and contracts payable	$ 530,017	$ 796,779	$ 1,326,796	$ –
Accrued salaries and employee benefits payable	111,426	44,294	155,720	2,187
Accrued interest payable	228,682	186,609	415,291	–
Due to other governments	97,610	185,240	282,850	–
Customer deposits	305,252	213,399	518,651	–
Unearned revenue	1,501,416	135,099	1,636,515	–
Net pension liability				
Due in more than one year	3,858,629	1,383,952	5,242,581	–
Total OPEB liability				
Due within one year	73,754	35,918	109,672	–
Due in more than one year	510,863	248,783	759,646	–
Bonds, subscriptions, and compensated absences payable				
Due within one year	1,985,245	1,712,254	3,697,499	–
Due in more than one year	18,493,486	14,016,630	32,510,116	–
Total liabilities	27,696,380	18,958,957	46,655,337	2,187
Deferred inflows of resources				
Lease revenue for subsequent years	2,203,719	–	2,203,719	–
Pension plan deferments	4,786,429	476,562	5,262,991	–
State aid received for subsequent years	853,475	–	853,475	–
Total deferred inflows of resources	7,843,623	476,562	8,320,185	–
Net position				
Net investment in capital assets	28,319,939	7,752,067	36,072,006	–
Restricted for				
Housing Redevelopment Authority	1,550,236	–	1,550,236	–
Tax increment	1,666,299	–	1,666,299	–
Police forfeiture	11,953	–	11,953	–
Public safety	542,496	–	542,496	–
Cable PEG fees	58,570	–	58,570	–
Debt service	3,068,281	–	3,068,281	–
Pension benefits	512,390	–	512,390	–
Economic Development Authority	–	–	–	528,731
Unrestricted	(1,793,707)	22,004,741	20,211,034	–
Total net position	33,936,457	29,756,808	63,693,265	528,731
Total liabilities, deferred inflows of resources, and net position	$ 69,476,460	$ 49,192,327	$ 118,668,787	$ 530,918

See notes to basic financial statements

CITY OF NORTH ST. PAUL

Statement of Activities
Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government				
Governmental activities				
General government	$ 1,822,939	$ 298,132	$ –	$ –
Public safety	5,852,635	111,274	977,336	–
Public works	2,866,024	655,805	147,373	480,707
Parks and recreation	647,156	243,362	–	–
Economic development	765,731	–	37,278	–
Interest and fiscal charges	681,499	–	–	–
Total governmental activities	12,635,984	1,308,573	1,161,987	480,707
Business-type activities				
Electric	10,140,345	11,660,434	7,957	–
Water	1,245,077	2,154,579	12,636	–
Surface water	768,449	968,318	77,333	–
Waste water	2,079,731	2,560,648	53,719	–
Fiber optic	160,177	214,176	–	–
Solid waste	1,053,052	1,031,341	36,063	–
Total business-type activities	15,446,831	18,589,496	187,708	–
Total primary government	$ 28,082,815	$ 19,898,069	$ 1,349,695	$ 480,707
Component unit				
Economic development authority	$ 143,985	$ –	$ –	$ –

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

Change in net position

Net position – beginning

Net position – ending

See notes to basic financial statements

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Economic Development Authority
$ (1,524,807)	$ –	$ (1,524,807)	$ –
(4,764,025)	–	(4,764,025)	–
(1,582,139)	–	(1,582,139)	–
(403,794)	–	(403,794)	–
(728,453)	–	(728,453)	–
(681,499)	–	(681,499)	–
(9,684,717)	–	(9,684,717)	–
–	1,528,046	1,528,046	–
–	922,138	922,138	–
–	277,202	277,202	–
–	534,636	534,636	–
–	53,999	53,999	–
–	14,352	14,352	–
–	3,330,373	3,330,373	–
(9,684,717)	3,330,373	(6,354,344)	–
–	–	–	(143,985)
8,296,412	–	8,296,412	196,473
531,239	–	531,239	–
1,570,639	–	1,570,639	–
95,378	–	95,378	4,856
813,758	1,121,633	1,935,391	15,024
53,000	–	53,000	–
790,000	(790,000)	–	–
12,150,426	331,633	12,482,059	216,353
2,465,709	3,662,006	6,127,715	72,368
31,470,748	26,094,802	57,565,550	456,363
$ 33,936,457	$ 29,756,808	$ 63,693,265	$ 528,731

CITY OF NORTH ST. PAUL

Balance Sheet
Governmental Funds
as of December 31, 2023

	001 General	210 Special Revenue – TIF 4-10 Anchor Block North – Housing Tax Increment	022 Capital Projects – Street Improvement Revolving
Assets			
Cash and investments	$ 5,557,495	$ –	$ 1,411,106
Receivables			
Interest	29,372	–	7,757
Accounts	132,059	–	–
Loan	–	–	–
Taxes	63,996	–	–
Special assessments	3,948	–	104,669
Lease	2,203,719	–	–
Prepaid items	30,806	–	–
Assets held for resale	–	–	–
Advance to other funds	48,203	–	–
Total assets	$ 8,069,598	$ –	$ 1,523,532
Liabilities			
Accounts and contracts payable	$ 208,414	$ –	$ 65,192
Accrued salaries and employee benefits payable	110,102	–	–
Due to other governments	37,877	–	–
Customer deposits	305,252	–	–
Unearned revenue	96,655	–	–
Advance from other funds	–	2,828,736	–
Total liabilities	758,300	2,828,736	65,192
Deferred inflows of resources			
Lease revenue for subsequent years	2,203,719	–	–
Unavailable revenue – loan receivable	–	–	–
Unavailable revenue – property taxes	62,198	–	–
Unavailable revenue – special assessments	3,796	–	104,605
State aid received for subsequent years	–	–	–
Total deferred inflows of resources	2,269,713	–	104,605
Fund balances (deficits)			
Nonspendable	79,009	–	–
Restricted	–	–	139,180
Committed	–	–	–
Assigned	116,558	–	1,214,555
Unassigned	4,846,018	(2,828,736)	–
Total fund balances (deficits)	5,041,585	(2,828,736)	1,353,735
Total liabilities, deferred inflows of resources, and fund balances	$ 8,069,598	$ –	$ 1,523,532

See notes to basic financial statements

Statement 3

Nonmajor	Total
$ 11,260,551	$ 18,229,152
60,658	97,787
13,775	145,834
43,310	43,310
65,039	129,035
612,224	720,841
–	2,203,719
–	30,806
1,382,679	1,382,679
–	48,203
$ 13,438,236	$ 23,031,366
$ 55,463	$ 329,069
1,160	111,262
59,504	97,381
–	305,252
1,404,761	1,501,416
1,227,958	4,056,694
2,748,846	6,401,074
–	2,203,719
43,310	43,310
57,447	119,645
610,047	718,448
853,475	853,475
1,564,279	3,938,597
–	79,009
5,879,753	6,018,933
3,673,975	3,673,975
1,636,007	2,967,120
(2,064,624)	(47,342)
9,125,111	12,691,695
$ 13,438,236	$ 23,031,366

THIS PAGE INTENTIONALLY LEFT BLANK

Statement 4

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of December 31, 2023

Total fund balances – governmental funds	$ 12,691,695
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	63,541,610
Less accumulated depreciation	(24,520,584)
Net pension assets are included in net position, but are excluded from fund balances because they do not represent financial resources.	622,137
Long-term liabilities are not payable with current financial resources and, therefore, are not reported in governmental funds.	
Bonds	(19,134,438)
Unamortized premiums	(516,699)
Compensated absences	(700,984)
Total OPEB liability	(584,617)
Net pension liability	(3,858,629)
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.	(228,682)
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	6,306,345
Internal balances for internal services used by business-type activities	(744,244)
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	4,894,819
Deferred outflows of resources – OPEB plan deferments	73,754
Deferred inflows of resources – pension plan deferments	(4,786,429)
Deferred inflows of resources – unavailable revenues	881,403
Total net position – governmental activities	$ 33,936,457

See notes to basic financial statements

CITY OF NORTH ST. PAUL

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

	001 General	**210** Special Revenue – TIF 4-10 Anchor Block North – Housing Tax Increment	**022** Capital Projects – Street Improvement Revolving
Revenues			
Taxes	$ 5,715,461	$ 296,345	$ –
Special assessments	153	–	33,088
Licenses and permits	776,874	–	–
Intergovernmental	1,766,615	–	–
Charges for services	59,341	–	–
Fines and forfeits	22,036	–	–
Investment earnings	168,390	–	153,918
Other	175,229	–	–
Total revenues	8,684,099	296,345	187,006
Expenditures			
Current			
General government	1,400,314	–	–
Public safety	5,473,644	–	–
Public works	1,350,284	–	–
Parks and recreation	493,194	–	–
Economic development	–	72,360	–
Capital outlay	–	–	2,868,104
Debt service			
Principal	–	–	–
Interest and fiscal charges	–	115,467	–
Total expenditures	8,717,436	187,827	2,868,104
Excess (deficiency) of revenues over expenditures	(33,337)	108,518	(2,681,098)
Other financing sources (uses)			
Transfers in	810,000	–	642,871
Transfers out	(59,903)	–	–
Total other financing sources (uses)	750,097	–	642,871
Net change in fund balances	716,760	108,518	(2,038,227)
Fund balances (deficits)			
Beginning of year	4,324,825	(2,937,254)	3,391,962
End of year	$ 5,041,585	$ (2,828,736)	$ 1,353,735

Statement 5

Nonmajor	Total
$ 2,849,278	$ 8,861,084
127,344	160,585
–	776,874
866,556	2,633,171
99,000	158,341
–	22,036
351,525	673,833
134,919	310,148
4,428,622	13,596,072
36,518	1,436,832
735	5,474,379
–	1,350,284
84,064	577,258
670,188	742,548
535,256	3,403,360
1,380,159	1,380,159
654,682	770,149
3,361,602	15,134,969
1,067,020	(1,538,897)
231,032	1,683,903
(242,638)	(302,541)
(11,606)	1,381,362
1,055,414	(157,535)
8,069,697	12,849,230
$ 9,125,111	$ 12,691,695

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2023

Total net change in fund balances – governmental funds	$ (157,535)
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	3,311,500
Depreciation expense	(1,798,116)
Transfer to business-type activities	(591,362)
Net pension assets are only recorded in the government-wide financial statements as they are not current financial resources to governmental funds.	(82,149)
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.	
Principal payments for debt	1,380,159
Debt premiums	55,386
Compensated absences	(62,519)
Total OPEB liability	125,499
Net pension liability	4,103,151
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.	33,264
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	(317,666)
Deferred outflows of resources – OPEB plan deferments	21,004
Deferred inflows of resources – pension plan deferments	(4,258,456)
Deferred inflows of resources – unavailable revenues	(112,539)
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	782,844
Internal balances for internal service activity for business-type activities	33,244
Change in net position – governmental activities	$ 2,465,709

See notes to basic financial statements

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2023

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenues				
Taxes	$ 5,680,514	$ 5,680,514	$ 5,715,461	$ 34,947
Special assessments	–	–	153	153
Licenses and permits	665,213	717,577	776,874	59,297
Intergovernmental	1,637,443	1,637,443	1,766,615	129,172
Charges for services	37,500	37,500	59,341	21,841
Fines and forfeits	30,000	30,000	22,036	(7,964)
Investment earnings	5,000	5,000	168,390	163,390
Other	252,627	252,627	175,229	(77,398)
Total revenues	8,308,297	8,360,661	8,684,099	323,438
Expenditures				
Current				
General government	1,474,993	1,474,352	1,400,314	(74,038)
Public safety	5,512,150	5,540,155	5,473,644	(66,511)
Public works	1,405,994	1,430,994	1,350,284	(80,710)
Parks and recreation	665,257	665,257	493,194	(172,063)
Total expenditures	9,058,394	9,110,758	8,717,436	(393,322)
Excess (deficiency) of revenues over expenditures	(750,097)	(750,097)	(33,337)	716,760
Other financing sources (uses)				
Transfers in	810,000	810,000	810,000	–
Transfers out	(59,903)	(59,903)	(59,903)	–
Total other financing sources (uses)	750,097	750,097	750,097	–
Net change in fund balances	$ –	$ –	716,760	$ 716,760
Fund balances				
Beginning of year			4,324,825	
End of year			$ 5,041,585	

CITY OF NORTH ST. PAUL

Statement of Net Position
Proprietary Funds
as of December 31, 2023

	Business-Type Activities – Enterprise Funds			
	Major Funds			
	050 Electric	**048** Water	**052** Surface Water	**049** Waste Water
Assets				
Current assets				
Cash and investments	$ 6,573,509	$ 6,109,793	$ 2,867,495	$ 2,485,674
Receivables				
Interest	59,020	33,518	20,911	18,540
Accounts	1,643,601	281,783	161,086	428,020
Special assessments	277	26,739	4,136	26,500
Inventory	538,144	–	–	–
Prepaid items	2,087	–	–	95,730
Total current assets	8,816,638	6,451,833	3,053,628	3,054,464
Noncurrent assets				
Cash and investments restricted for debt service	193,500	–	–	–
Advances to other funds	4,008,491	–	986,706	986,706
Capital assets				
Land	154,948	–	176,780	–
Construction in progress	–	–	–	136,801
Buildings and structures	2,490,117	1,221,714	–	1,357,801
Furniture and equipment	1,667,500	261,712	335,551	840,421
Infrastructure	1,724,924	11,797,181	7,012,263	8,311,909
Subscriptions	181,655	–	–	–
Less accumulated depreciation/amortization	(5,084,082)	(5,701,257)	(2,324,403)	(4,655,261)
Total capital assets (net of accumulated depreciation/amortization)	1,135,062	7,579,350	5,200,191	5,991,671
Total noncurrent assets	5,337,053	7,579,350	6,186,897	6,978,377
Total assets	14,153,691	14,031,183	9,240,525	10,032,841
Deferred outflows of resources				
Pension plan deferments	310,287	47,224	38,575	42,402
OPEB plan deferments	24,742	4,464	3,137	3,575
Total deferred outflows of resources	335,029	51,688	41,712	45,977
Total assets and deferred outflows of resources	$ 14,488,720	$ 14,082,871	$ 9,282,237	$ 10,078,818
Current liabilities				
Accounts and contracts payable	$ 523,697	$ 156,966	$ 34,052	$ 31,726
Accrued salaries and employee benefits payable	30,986	4,561	3,761	4,097
Accrued interest payable	7,875	68,314	53,142	56,310
Due to other governments	74,191	29,405	9,716	22,050
Customer deposits	202,889	–	–	10,510
Unearned revenue	–	–	–	–
Compensated absences payable – current	133,577	7,185	7,185	–
Total OPEB liability – current	24,742	4,464	3,137	3,575
Bonds payable – current	155,000	456,601	338,265	553,496
Subscription liability – current	9,345	–	–	–
Total current liabilities	1,162,302	727,496	449,258	681,764
Noncurrent liabilities				
Advances from other funds	–	–	–	–
Compensated absences payable	13,434	14,744	14,744	–
Total OPEB liability	171,376	30,917	21,725	24,765
Net pension liability	979,323	149,048	121,751	133,830
Bonds payable	160,000	5,097,349	3,942,344	4,552,060
Subscription liability	167,847	–	–	–
Total noncurrent liabilities	1,491,980	5,292,058	4,100,564	4,710,655
Total liabilities	2,654,282	6,019,554	4,549,822	5,392,419
Deferred inflows of resources				
Pension plan deferments	337,228	51,325	41,925	46,084
Net position				
Net investment in capital assets	957,870	1,903,603	1,583,476	1,755,440
Restricted	–	–	–	–
Unrestricted	10,539,340	6,108,389	3,107,014	2,884,875
Total net position	11,497,210	8,011,992	4,690,490	4,640,315
Total liabilities, deferred inflows of resources, and net position	$ 14,488,720	$ 14,082,871	$ 9,282,237	$ 10,078,818

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

See notes to basic financial statements

054 Fiber Optic	053 Solid Waste	Total	Governmental Activities – Internal Service
$ –	$ 667,876	$ 18,704,347	$ 4,604,396
–	3,894	135,883	23,165
12,223	247,847	2,774,560	–
–	5,331	62,983	–
–	–	538,144	–
–	–	97,817	75,297
12,223	924,948	22,313,734	4,702,858
–	–	193,500	–
–	–	5,981,903	–
–	–	331,728	–
–	–	136,801	43,652
–	–	5,069,632	40,920
–	–	3,105,184	4,002,688
2,230,732	–	31,077,009	–
–	–	181,655	214,417
(679,054)	–	(18,444,057)	(2,370,239)
1,551,678	–	21,457,952	1,931,438
1,551,678	–	27,633,355	1,931,438
1,563,901	924,948	49,947,089	6,634,296
–	–	438,488	–
–	–	35,918	–
–	–	474,406	–
$ 1,563,901	$ 924,948	$ 50,421,495	$ 6,634,296
$ –	$ 50,338	$ 796,779	$ 200,948
–	889	44,294	164
–	968	186,609	–
–	49,878	185,240	229
–	–	213,399	–
135,099	–	135,099	–
–	–	147,947	–
–	–	35,918	–
–	51,600	1,554,962	–
–	–	9,345	83,629
135,099	153,673	3,309,592	284,970
1,973,412	–	1,973,412	–
–	–	42,922	–
–	–	248,783	–
–	–	1,383,952	–
–	54,108	13,805,861	–
–	–	167,847	42,981
1,973,412	54,108	17,622,777	42,981
2,108,511	207,781	20,932,369	327,951
–	–	476,562	–
1,551,678	–	7,752,067	1,804,828
–	–	–	542,496
(2,096,288)	717,167	21,260,497	3,959,021
(544,610)	717,167	29,012,564	6,306,345
$ 1,563,901	$ 924,948	$ 50,421,495	$ 6,634,296
		$ 29,012,564	
		744,244	
		$ 29,756,808	

CITY OF NORTH ST. PAUL

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2023

	Business-Type Activities – Enterprise Funds			
	Major Funds			
	050 Electric	**048** Water	**052** Surface Water	**049** Waste Water
Operating revenue				
Charges for services	$ 11,435,850	$ 2,125,356	$ 959,726	$ 2,507,047
Other services	224,584	29,223	8,592	53,601
Total operating revenue	11,660,434	2,154,579	968,318	2,560,648
Operating expenses				
Personal services	1,608,613	295,762	237,944	263,133
Professional services	693,562	394,154	171,229	228,158
Purchased utilities	7,229,954	–	–	1,049,390
Materials and supplies	442,419	74,322	15,379	3,427
Insurance	–	–	–	–
Other	4,101	79	5,003	119,916
Total operating expenses	9,978,649	764,317	429,555	1,664,024
Operating income (loss) before depreciation	1,681,785	1,390,262	538,763	896,624
Depreciation/amortization	114,904	325,540	218,681	292,434
Operating income (loss)	1,566,881	1,064,722	320,082	604,190
Nonoperating revenues (expenses)				
Intergovernmental	7,957	12,636	77,333	53,719
Investment earnings	524,411	245,437	187,080	140,155
Franchise tax	–	–	–	–
Gain on disposal of capital assets	–	–	–	–
Other	–	–	–	–
Interest expense	(26,615)	(150,824)	(116,716)	(119,624)
Total nonoperating revenue (expenses)	505,753	107,249	147,697	74,250
Income before contributions and transfers	2,072,634	1,171,971	467,779	678,440
Capital contributions	–	443,417	109,430	38,515
Transfers out	(300,000)	(648,417)	(189,430)	(183,515)
Change in net position	1,772,634	966,971	387,779	533,440
Net position				
Beginning of year	9,724,576	7,045,021	4,302,711	4,106,875
End of year	$ 11,497,210	$ 8,011,992	$ 4,690,490	$ 4,640,315

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

See notes to basic financial statements

054 Fiber Optic	**053** Solid Waste	Total	Governmental Activities – Internal Service
$ 214,176	$ 1,013,202	$ 18,255,357	$ 1,750,212
–	18,139	334,139	–
214,176	1,031,341	18,589,496	1,750,212
–	57,217	2,462,669	–
115,736	953,074	2,555,913	667,970
–	–	8,279,344	–
–	23,136	558,683	213,862
–	–	–	669,254
–	16,829	145,928	–
115,736	1,050,256	14,002,537	1,551,086
98,440	(18,915)	4,586,959	199,126
44,441	–	996,000	428,858
53,999	(18,915)	3,590,959	(229,732)
–	36,063	187,708	542,496
–	24,550	1,121,633	139,925
–	–	–	190,925
–	–	–	53,000
–	–	–	86,230
–	(1,271)	(415,050)	–
–	59,342	894,291	1,012,576
53,999	40,427	4,485,250	782,844
–	–	591,362	–
–	(60,000)	(1,381,362)	–
53,999	(19,573)	3,695,250	782,844
(598,609)	736,740	25,317,314	5,523,501
$ (544,610)	$ 717,167	$ 29,012,564	$ 6,306,345
		$ 3,695,250	
		(33,244)	
		$ 3,662,006	

CITY OF NORTH ST. PAUL

Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2023

	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	$ 11,635,639	$ 2,140,620	$ 959,984	$ 2,528,614
Cash receipts on interfund services provided	–	–	–	–
Cash payments to suppliers	(8,434,563)	(809,319)	(245,906)	(1,707,950)
Cash payments to employees for services	(1,732,781)	(294,504)	(232,665)	(258,127)
Net cash flows from operating activities	1,468,295	1,036,797	481,413	562,537
Cash flows from noncapital financing activities				
Intergovernmental grants	7,957	12,636	77,333	53,719
Franchise tax received	–	–	–	–
Cash received from other funds	295,953	–	41,971	41,971
Cash paid to other funds	–	–	–	–
Transfers out	(300,000)	(205,000)	(80,000)	(145,000)
Net cash flows from noncapital financing activities	3,910	(192,364)	39,304	(49,310)
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(41,200)	(1,406,630)	(1,228,674)	(398,543)
Proceeds from the disposal of capital assets	–	–	–	–
Payment on bonds	(150,000)	(462,549)	(344,830)	(545,862)
Payment on subscription liability	(4,463)	–	–	–
Interest paid	(30,365)	(183,203)	(142,231)	(149,399)
Transfers out	–	(443,417)	(109,430)	(38,515)
Net cash flows from capital and related financing activities	(226,028)	(2,495,799)	(1,825,165)	(1,132,319)
Cash flows from investing activities				
Interest received on investments	512,340	245,247	187,894	139,706
Net change in cash and cash equivalents	1,758,517	(1,406,119)	(1,116,554)	(479,386)
Cash and investments				
Beginning of year	5,008,492	7,515,912	3,984,049	2,965,060
End of year	$ 6,767,009	$ 6,109,793	$ 2,867,495	$ 2,485,674
Reconciliation of cash and cash equivalents				
Cash and investments	$ 6,573,509	$ 6,109,793	$ 2,867,495	$ 2,485,674
Cash and investments restricted for debt service	193,500	–	–	–
Cash and cash equivalents per Statement of Net Position	$ 6,767,009	$ 6,109,793	$ 2,867,495	$ 2,485,674
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	$ 1,566,881	$ 1,064,722	$ 320,082	$ 604,190
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Depreciation/amortization	114,904	325,540	218,681	292,434
Other revenue	–	–	–	–
Change in assets, deferred outflows, liabilities, and deferred inflows				
Accounts receivable	(34,419)	(6,962)	(5,560)	(24,648)
Special assessments receivable	(161)	(6,997)	(2,774)	(8,386)
Inventory	(102,715)	–	–	–
Prepaid items	(2,087)	–	–	(7,389)
Deferred outflows	110,025	10,273	7,756	7,797
Accounts and contracts payable	31,245	(18,879)	(54,004)	(274,734)
Accrued salaries and employee benefits payable	1,061	246	246	267
Customer deposits	9,785	–	–	1,000
Due to other governments	9,030	(321,885)	(291)	(24,936)
Unearned revenue	–	–	–	–
Total OPEB liability	(66,664)	(6,802)	(3,439)	(4,373)
Net pension liability	(447,307)	(48,178)	(37,046)	(38,306)
Compensated absences	(4,946)	1,799	1,799	–
Deferred inflows	283,663	43,920	35,963	39,621
Net cash flows from operating activities	$ 1,468,295	$ 1,036,797	$ 481,413	$ 562,537
Noncash investing, capital, and financing activities				
Payments of capital assets on account	$ –	$ (121,798)	$ (34,177)	$ (3,394)
Amortization of bond premium	$ –	$ 17,918	$ 13,336	$ 19,454
Capital assets contributed from other funds	$ –	$ 443,417	$ 109,430	$ 38,515

See notes to basic financial statements

054 Fiber Optic	053 Solid Waste	Total	Governmental Activities – Internal Service
$ 199,678	$ 997,622	$ 18,462,157	$ –
–	–	–	1,829,678
(115,736)	(985,282)	(12,298,756)	(1,395,062)
–	(57,149)	(2,575,226)	–
83,942	(44,809)	3,588,175	434,616
–	36,063	187,708	542,496
–	–	–	190,925
–	–	379,895	–
(83,942)	–	(83,942)	–
–	(60,000)	(790,000)	–
(83,942)	(23,937)	(306,339)	733,421
–	–	(3,075,047)	(525,084)
–	–	–	53,000
–	(51,600)	(1,554,841)	–
–	–	(4,463)	(87,807)
–	(3,008)	(508,206)	–
–	–	(591,362)	–
–	(54,608)	(5,733,919)	(559,891)
–	25,078	1,110,265	136,362
–	(98,276)	(1,341,818)	744,508
–	766,152	20,239,665	3,859,888
$ –	$ 667,876	$ 18,897,847	$ 4,604,396
$ –	$ 667,876	$ 18,704,347	$ 4,604,396
–	–	193,500	–
$ –	$ 667,876	$ 18,897,847	$ 4,604,396
$ 53,999	$ (18,915)	$ 3,590,959	$ (229,732)
44,441	–	996,000	428,858
–	–	–	86,230
(992)	(31,521)	(104,102)	722
–	(2,198)	(20,516)	–
–	–	(102,715)	–
–	–	(9,476)	(14,569)
–	–	135,851	–
–	2,054	(314,318)	170,436
–	68	1,888	(7,486)
–	–	10,785	–
–	5,703	(332,379)	157
(13,506)	–	(13,506)	–
–	–	(81,278)	–
–	–	(570,837)	–
–	–	(1,348)	–
–	–	403,167	–
$ 83,942	$ (44,809)	$ 3,588,175	$ 434,616
$ –	$ –	$ (159,369)	$ –
$ –	$ 1,254	$ 51,962	$ –
$ –	$ –	$ 591,362	$ –

THIS PAGE INTENTIONALLY LEFT BLANK

Index to Notes

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 depended 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.

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/amortization 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 leases and subscription-based information technology arrangements (SBITAs) 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.

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.

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.

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, 2023 totaled $13,413.

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. Subscription-Based Information Technology Arrangements (SBITAs)

A 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 or exchange-like transaction. The City has entered into certain SBITAs for financial, permit, licensing, and infrastructure technology. Capital assets associated with SBITAs are presented separately from other capital assets in Note 5 and are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. When applicable, a subscription liability is reported in Note 6 to include the terms and related disclosures associated with any subscription liability.

N. 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. SBITA capital assets are recorded based on the measurement of any subscription liability plus the payments due to a SBITA vendor at the commencement of the subscription term, including any applicable initial implementation costs as defined in the standard. 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. SBITAs are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. 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

O. 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.

P. 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.

Q. 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 in the government-wide Statement of Net Position and governmental funds Balance Sheet. This deferred inflow of resources related to lease receivables 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.

R. 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.

S. 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.

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.

T. 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.

U. 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.

V. Net Position Classifications 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 and amortization, 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.

W. 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.

X. 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.

Y. 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.

Z. 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.

AA. Change in Accounting Principle

During the year ended December 31, 2023, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). This statement provides guidance on the accounting and financial reporting for SBITAs for government end users. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange 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. Certain amounts necessary to fully restate fiscal year 2022 financial information are not determinable; therefore, prior year comparative amounts have not been restated. The implementation of this new GASB statement in the current year resulted in the City reporting new capital assets and long-term debt for technology subscriptions, but did not change beginning net position in the government-wide and internal service fund financial statements in the current year. See Notes 5 and 6 for additional details 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	$ 5,933,205
Investments	36,275,410
Cash on hand	1,800
Total	$ 42,210,415

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

Statement of Net Position	
Primary government	
Cash and investments	$ 41,537,895
Restricted assets – temporarily restricted	
Cash and investments for debt service	193,500
Component unit	
Cash and investments	479,020
Total	$ 42,210,415

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 $5,933,205, while the balance on the bank records was $6,349,313. At December 31, 2023, 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.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The City has the following investments at year-end:

Investment Type	Credit Risk Rating	Credit Risk Agency	Fair Value Measurements Using	Interest Risk – Maturity Duration in Years: Less Than 1	1 to 5	6 to 10	Total
U.S. treasuries	N/A	N/A	Level 1	$ 1,973,940	$ 923,910	$ –	$ 2,897,850
U.S. agencies	AA	S&P	Level 2	980,910	2,454,050	–	3,434,960
U.S. agencies	AAA	Moody's	Level 2	999,360	–	–	999,360
Municipal securities	AA	Moody's	Level 2	2,019,482	1,102,049	476,565	3,598,096
Municipal securities	A	Moody's	Level 2	115,715	153,980	–	269,695
Municipal securities	AAA	S&P	Level 2	197,135	1,974,777	–	2,171,912
Municipal securities	AA	S&P	Level 2	1,197,615	4,814,136	613,943	6,625,694
Negotiable certificates of deposit	N/R	N/A	Level 2	3,130,715	8,960,792	241,532	12,333,039
				$ 10,614,872	$ 20,383,694	$ 1,332,040	32,330,606
Investment pools/mutual funds							
First American Treasury Obligation Fund	AAA	S&P	Level 1	N/A	N/A		3,506,811
Minnesota Municipal Money Market Fund	N/R	N/A	Amortized Cost	N/A	N/A		437,993
Total investments							$ 36,275,410

N/A – Not Applicable
N/R – Not Rated

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.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2023, the City had 5.5 percent of its portfolio invested with Federal Home Loan 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 $146,665.

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 From Other Funds			
	Governmental		Proprietary	
Advances To Other Funds	TIF 4-10 Anchor Block North – Housing Tax Increment	Nonmajor	Fiber Optic	Total
Governmental				
General	$ –	$ 48,203	$ –	$ 48,203
Proprietary				
Electric	2,828,736	1,179,755	–	4,008,491
Surface Water	–	–	986,706	986,706
Waste Water	–	–	986,706	986,706
Total	$ 2,828,736	$ 1,227,958	$ 1,973,412	$ 6,030,106

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

Interfund balances reported in the fund financial statements are eliminated to the extent possible in the government-wide financial statements.

NOTE 4 – INTERFUND TRANSACTIONS (CONTINUED)

B. Interfund Transfers

Interfund transfers for the year were as follows:

	Transfers In			
	Governmental			
Transfers Out	General	Street Improvement Revolving	Nonmajor	Total
Governmental				
General	$ –	$ –	$ 59,903	$ 59,903
Nonmajor	20,000	51,509	171,129	242,638
Proprietary				
Electric	300,000	–	–	300,000
Water	205,000	443,417	–	648,417
Surface Water	80,000	109,430	–	189,430
Waste Water	145,000	38,515	–	183,515
Solid Waste	60,000	–	–	60,000
Total	$ 810,000	$ 642,871	$ 231,032	$ 1,683,903

Transfers were made in accordance with budget appropriations or as approved by the City Council for the following purposes:

- The General Fund transferred $59,903 to the nonmajor funds for street-related projects.
- The nonmajor fund transferred $20,000 to the General Fund to finance operations, $51,509 to the Street Improvement Revolving Fund for capital-related projects, and $171,129 to the nonmajor fund for debt service payments.
- The proprietary funds transferred $790,000 to the General Fund to finance operations and $591,362 to the Street Improvement Revolving Fund for capital-related projects.

Transfers are reported in the fund financial statements but are eliminated in the government-wide financial statements, as applicable.

NOTE 5 – CAPITAL ASSETS

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

A. Changes in Capital Assets Used in Governmental Activities

	Beginning Balance	Change in Accounting Principle*	Additions	Deletions	Completed Construction	Transfers	Ending Balance
Capital assets, not being depreciated/amortized							
Land	$ 3,926,167	$ –	$ –	$ –	$ –	$ –	$ 3,926,167
Construction in progress	2,865,950	–	2,944,303	–	(5,159,584)	(591,362)	59,307
Total capital assets, not being depreciated/amortized	6,792,117	–	2,944,303	–	(5,159,584)	(591,362)	3,985,474
Capital assets, depreciated/amortized							
Buildings and structures	20,987,743	–	40,920	–	–	–	21,028,663
Furniture and equipment	5,655,325	–	471,607	(133,835)	–	–	5,993,097
Infrastructure	31,082,298	–	379,754	–	5,159,584	–	36,621,636
Subscriptions	–	214,417	–	–	–	–	214,417
Total capital assets, depreciated/amortized	57,725,366	214,417	892,281	(133,835)	5,159,584	–	63,857,813
Less accumulated depreciation/amortization on							
Buildings and structures	8,698,667	–	523,754	–	–	–	9,222,421
Furniture and equipment	3,566,865	–	383,734	(133,835)	–	–	3,816,764
Infrastructure	12,532,152	–	1,233,776	–	–	–	13,765,928
Subscriptions	–	–	85,710	–	–	–	85,710
Total accumulated depreciation/amortization	24,797,684	–	2,226,974	(133,835)	–	–	26,890,823
Total capital assets, depreciated/amortized, net	32,927,682	214,417	(1,334,693)	–	5,159,584	–	36,966,990
Net capital assets	$ 39,719,799	$ 214,417	$ 1,609,610	$ –	$ –	$ (591,362)	$ 40,952,464

* The change in accounting principle was for the new subscriptions standard requirements in the current year.

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

	Beginning Balance	Change in Accounting Principle*	Additions	Deletions	Completed Construction	Transfers	Ending Balance
Capital assets, not being depreciated/amortized							
Land	$ 331,728	$ –	$ –	$ –	$ –	$ –	$ 331,728
Construction in progress	1,365,165	–	2,980,578	–	(4,208,942)	–	136,801
Total capital assets, not being depreciated/amortized	1,696,893	–	2,980,578	–	(4,208,942)	–	468,529
Capital assets, depreciated/amortized							
Buildings and structures	5,040,830	–	28,802	–	–	–	5,069,632
Furniture and equipment	3,042,206	–	225,036	(162,058)	–	–	3,105,184
Infrastructure	26,276,705	–	–	–	4,208,942	591,362	31,077,009
Subscriptions	–	181,655	–	–	–	–	181,655
Total capital assets, depreciated/amortized	34,359,741	181,655	253,838	(162,058)	4,208,942	591,362	39,433,480
Less accumulated depreciation/amortization on							
Buildings and structures	3,641,798	–	68,002	–	–	–	3,709,800
Furniture and equipment	2,351,703	–	135,578	(162,058)	–	–	2,325,223
Infrastructure	11,616,614	–	776,273	–	–	–	12,392,887
Subscriptions	–	–	16,147	–	–	–	16,147
Total accumulated depreciation/amortization	17,610,115	–	996,000	(162,058)	–	–	18,444,057
Total capital assets, depreciated/amortized, net	16,749,626	181,655	(742,162)	–	4,208,942	591,362	20,989,423
Net capital assets	$ 18,446,519	$ 181,655	$ 2,238,416	$ –	$ –	$ 591,362	$ 21,457,952

* The change in accounting principle was for the new subscriptions standard requirements in the current year.

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		21,033
Public works		1,419,472
Parks and recreation		62,021
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets		428,858
Total depreciation/amortization expense – governmental activities	$	2,226,974
Business-type activities		
Electric	$	114,904
Water		325,540
Surface water		218,681
Waste water		292,434
Fiber optic		44,441
Total depreciation/amortization expense – business-type activities	$	996,000

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	$ 780,000
Improvement Bonds of 2016A	$ 2,640,000	2.000–2.100%	2016	2032	1,630,000
Tax Abatement Bonds of 2016A	$ 1,240,000	2.000–2.500%	2016	2037	920,000
Capital Improvement Refunding Bonds of 2016B	$ 2,430,000	2.000%	2016	2025	845,000
Improvement Bonds of 2017A	$ 1,051,380	1.650–3.000%	2017	2033	709,438
Improvement Bonds of 2018A	$ 3,475,000	3.000–5.000%	2018	2034	2,740,000
Taxable Tax Increment Bonds of 2020A	$ 6,325,000	2.000–3.000%	2020	2048	6,285,000
Improvement Refunding Bonds of 2021A	$ 960,000	2.000%	2021	2030	850,000
Improvement Bonds of 2022A	$ 4,590,000	3.050–4.000%	2022	2042	4,375,000
Premium					516,699
Subscription liability					126,610
Compensated absences					700,984
Total governmental activities					$ 20,478,731
Business-type activities					
Electric Utility Revenue Bonds of 2009C	$ 1,935,000	2.750–6.000%	2009	2025	$ 315,000
General obligation bonds					
Utility Revenue Refunding Bonds of 2015A	$ 4,650,000	2.000–3.000%	2015	2027	1,505,000
Utility Revenue Bonds of 2016A	$ 3,605,000	2.000–2.100%	2016	2032	2,285,000
Utility Revenue Bonds of 2017A	$ 438,620	1.650–3.000%	2017	2033	55,562
Utility Revenue Bonds of 2018A	$ 3,465,000	3.000–5.000%	2018	2034	2,785,000
Utility Revenue Bonds of 2020B	$ 1,830,000	2.000–3.000%	2020	2035	1,515,000
Utility Revenue Refunding Bonds of 2021A	$ 1,435,000	2.000%	2021	2030	1,275,000
Utility Revenue Bonds of 2022A	$ 5,405,000	3.050–4.000%	2022	2042	5,155,000
Premium					470,261
Subscription liability					177,192
Compensated absences					190,869
Total business-type activities					$ 15,728,884
Total government-wide activities					$ 36,207,615

B. Changes in Long-Term Debt

	Beginning Balance	Change in Accounting Principle*	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities						
G.O. tax increment bonds	$ 7,210,000	$ –	$ –	$ 145,000	$ 7,065,000	$ 295,000
General obligation bonds	13,304,597	–	–	1,235,159	12,069,438	1,225,038
Premium	572,085	–	–	55,386	516,699	–
Total bonds	21,086,682	–	–	1,435,545	19,651,137	1,520,038
Subscription liability	–	214,417	–	87,807	126,610	83,629
Compensated absences	638,465	–	444,097	381,578	700,984	381,578
Total governmental activities	21,725,147	214,417	444,097	1,904,930	20,478,731	1,985,245
Business-type activities						
Utility revenue bonds	16,445,403	–	–	1,554,841	14,890,562	1,554,962
Premium	522,223	–	–	51,962	470,261	–
Total bonds	16,967,626	–	–	1,606,803	15,360,823	1,554,962
Subscription liability	–	181,655	–	4,463	177,192	9,345
Compensated absences	192,217	–	146,599	147,947	190,869	147,947
Total business-type activities	17,159,843	181,655	146,599	1,759,213	15,728,884	1,712,254
Total government-wide	$ 38,884,990	$ 396,072	$ 590,696	$ 3,664,143	$ 36,207,615	$ 3,697,499

* The change in accounting principle was for the new subscriptions standard requirements in the current year.

NOTE 6 – LONG-TERM DEBT (CONTINUED)

C. Minimum Debt Payments

Minimum annual payments required to retire bonds are as follows:

Year Ending	Governmental Activities						Business-Type Activities			
	Tax Increment		General Obligation		Subscription Liability		Utility Revenue		Subscription Liability	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 295,000	$ 183,041	$ 1,225,038	$ 345,645	$ 83,629	$ 4,178	$ 1,554,962	$ 421,357	$ 9,345	$ 5,727
2025	300,000	174,979	1,239,915	310,384	42,981	1,418	1,590,085	370,984	13,404	5,346
2026	310,000	166,560	829,788	278,760	–	–	1,245,212	326,326	16,109	4,861
2027	320,000	157,723	859,658	250,490	–	–	1,280,342	287,309	17,173	4,307
2028	325,000	148,360	869,525	223,873	–	–	1,035,475	253,063	17,749	3,731
2029–2033	1,285,000	629,910	4,055,514	754,130	–	–	4,754,486	847,121	98,071	9,329
2034–2038	1,235,000	487,369	1,830,000	321,618	–	–	2,055,000	367,484	5,341	29
2039–2043	1,395,000	321,346	1,160,000	81,948	–	–	1,375,000	97,072	–	–
2044–2048	1,600,000	116,235	–	–	–	–	–	–	–	–
Total	$ 7,065,000	$ 2,385,523	$ 12,069,438	$ 2,566,848	$ 126,610	$ 5,596	$ 14,890,562	$ 2,970,716	$ 177,192	$ 33,330

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.

- **Subscription Liability** – The City entered into agreements to finance the use of software, which calls for annual principal and interest payments through March 2034. These agreements are paid by the Electric Enterprise and Information Technology Internal Service Funds. The total amount of the underlying subscription assets and the related accumulated amortization is presented in Note 5 of the notes to basic financial statements.

Subscription Description	Interest Rate	Date	Final Maturity	Principal Outstanding
Governmental activities				
Tyler Technologies	3.30%	01/01/2023	01/01/2024	$ 42,020
Open Gov	3.30%	01/01/2023	01/01/2025	57,513
Open Gov	3.30%	01/01/2023	01/01/2025	27,077
Business-Type activities				
Landis Gyr	3.30%	01/01/2023	01/01/2034	177,192
				$ 303,802

NOTE 6 – LONG-TERM DEBT (CONTINUED)

- **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.

E. 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.

F. Revenue Pledged

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

		Revenue Pledged				Current Year	
Debt Issue	Use of Proceeds	Type	Percent of Total Debt Service	Term of Pledge	Remaining Principal and Interest	Principal and Interest Paid	Pledged Revenue Received
Tax Increment Refunding Bonds of 2015A	Street and site improvements	Tax increment financing	100%	2015–2032	$ 858,888	$ 126,631	$ 294,298
Tax Increment Revenue Bonds of 2020A	Street and site improvements	Tax increment financing	100%	2020–2048	$ 8,591,635	$ 207,185	$ 290,411
Electric Utility Revenue Bonds of 2009C	Utility improvements	Utility charges	100%	2009–2025	$ 334,050	$ 173,400	$ 11,660,434
Utility Revenue Refunding Bonds of 2015A	Utility improvements	Utility charges	100%	2015–2027	$ 1,567,650	$ 505,456	$ 6,714,886
Utility Revenue Bonds of 2016A	Utility improvements	Utility charges	100%	2016–2032	$ 2,499,900	$ 278,410	$ 5,683,545
Utility Revenue Bonds of 2017A	Utility improvements	Utility charges	100%	2017–2033	$ 63,452	$ 6,345	$ 3,528,966
Utility Revenue Bonds of 2018A	Utility improvements	Utility charges	100%	2018–2034	$ 3,314,047	$ 301,494	$ 5,683,545
Utility Revenue Bonds of 2020B	Utility improvements	Utility charges	100%	2020–2035	$ 1,719,625	$ 137,650	$ 5,683,545
Utility Revenue Refunding Bonds of 2021A	Utility improvements	Utility charges	100%	2021–2030	$ 1,366,750	$ 187,100	$ 5,683,545
Utility Revenue Bonds of 2022A	Utility improvements	Utility charges	100%	2022–2042	$ 6,995,804	$ 460,759	$ 5,683,545

G. 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	$ –	$ 2,415,696	$ 765,386	$ 831,840	$ 396,657
PERA – PEPFF	–	2,826,885	4,369,867	4,123,350	837,244
Fire Relief	622,137	–	198,054	307,801	37,419
Total – all pensions	$ 622,137	$ 5,242,581	$ 5,333,307	$ 5,262,991	$ 1,271,320

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.

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

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.

In 2023, the Legislature allocated funding for a one-time lump-sum payment to General Employee and Police and Fire Plan benefit recipients. Eligibility criteria and the payment amount is specified in statute. The one-time payment is noncompounding towards future benefits.

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 2023, 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, 2023, were $261,507. 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 2023, 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, 2023, were $386,766. The City’s contributions were equal to the required contributions as set by state statutes.

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

D. Pension Costs

1. GERF Pension Costs

At December 31, 2023, the City reported a liability of $2,415,696 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 $66,456. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of the PERA's participating employers. The City's proportionate share was 0.0432 percent at the end of the measurement period and 0.0401 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	$ 2,415,696
State's proportionate share of the net pension liability associated with the City	66,456
Total	$ 2,482,152

For the year ended December 31, 2023, the City recognized pension expense of $396,358 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional $299 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of $16.0 million to the GERF.

At December 31, 2023, the City reported its proportionate share of the GERF'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	$ 77,965	$ 15,794
Changes in actuarial assumptions	370,828	662,121
Net collective difference between projected and actual investment earnings	–	113,724
Changes in proportion	184,141	40,201
Contributions paid to the PERA subsequent to the measurement date	132,452	–
Total	$ 765,386	$ 831,840

A total of $132,452 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, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2024	$ 69,455
2025	$ (311,536)
2026	$ 95,577
2027	$ (52,402)

2. PEPFF Pension Costs

At December 31, 2023, the City reported a liability of $2,826,885 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of the PERA's participating employers. The City's proportionate share was 0.1637 percent at the end of the measurement period and 0.1549 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, 2023. The contribution consisted of $9.0 million in direct state aid that meets 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, 2022. 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. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled $113,873.

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	$ 2,826,885
State's proportionate share of the net pension liability associated with the City	113,873
Total	$ 2,940,758

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, 2023, the City recognized pension expense of $844,102 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized $6,858 as a reduction to grant revenue and pension expense for its proportionate share of the state of Minnesota's pension expense for the contribution of $9.0 million to the PEPFF.

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 $14,733 for the year ended December 31, 2023 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, 2023, 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	$ 755,773	$ –
Changes in actuarial assumptions	3,042,090	3,973,653
Net collective difference between projected and actual investment earnings	–	73,718
Changes in proportion	375,361	75,979
Contributions paid to the PERA subsequent to the measurement date	196,643	–
Total	$ 4,369,867	$ 4,123,350

A total of $196,643 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, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2024	$ 141,197
2025	$ 46,019
2026	$ 645,385
2027	$ (145,185)
2028	$ (637,542)

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100.00 %	

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.00 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 7.00 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 the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan and 1.00 percent for the Police and Fire Plan.

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 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 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 and plan provisions occurred in 2023:

1. **GERF**

CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.

CHANGES IN PLAN PROVISIONS

- An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, noncompounding benefit increase of 2.50 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2. **PEPFF**

CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.40 percent to 7.00 percent.

CHANGES IN PLAN PROVISIONS

- Additional one-time direct state aid contribution of $19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50.00 percent vesting after five years, increasing incrementally to 100.00 percent after 10 years.
- A one-time, noncompounding benefit increase of 3.00 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

G. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.00 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 and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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:

	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
The City's proportionate share of the GERF net pension liability	$ 4,273,560	$ 2,415,696	$ 887,532
The City's proportionate share of the PEPFF net pension liability (asset)	$ 5,608,879	$ 2,826,885	$ 539,716

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 32 active firefighters and 8 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.

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.

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

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, 2023 totaling $5,578. The City also passed through $85,422 of on-behalf contributions from the state of Minnesota. Furthermore, the firefighter has no obligation to contribute to the plan.

D. Pension Costs

At December 31, 2023, the City reported a net pension asset of $622,137 for the plan. The net pension asset was measured as of December 31, 2022. 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, 2022.

For the year ended December 31, 2023, the City recognized pension expense of $37,419.

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	$ 843,070	$ 1,547,356	$ (704,286)
Changes for the year			
Service cost	66,756	–	66,756
Interest	47,766	–	47,766
Differences between expected and actual experience	(167,477)	–	(167,477)
Changes of assumptions	(29,231)	–	(29,231)
Contributions (state and local)	–	91,000	(91,000)
Contributions (donations and other income)	–	2,838	(2,838)
Net investment income	–	(258,173)	258,173
Total net changes	(82,186)	(164,335)	82,149
Ending balance	$ 760,884	$ 1,383,021	$ (622,137)

Assumption changes since the prior measurement date include the following:

- The discount rate increased from 5.25 percent to 5.75 percent.
- The inflation rate increased from 2.25 percent to 2.50 percent.
- The disability, mortality, and withdrawal assumptions were updated from the rates used in the July 1, 2020 Minnesota PERA Police and Fire Plan actuarial valuation to the rates used in the July 1, 2022 Minnesota PERA Police and Fire Plan actuarial valuation.

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

At December 31, 2023, 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	$ 17,353	$ 267,121
Changes in actuarial assumptions	52,017	40,680
Net collective difference between projected and actual investment earnings	123,106	–
Contributions paid subsequent to the measurement date	5,578	–
Total	$ 198,054	$ 307,801

A total of $5,578 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, 2024. 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
2024	$ (41,317)
2025	$ 1,253
2026	$ 14,085
2027	$ 40,989
2028	$ (26,431)
Thereafter	$ (103,904)

E. Actuarial Methods and Assumptions

The total pension liability at December 31, 2022 was determined using the entry-age normal actuarial cost method and the following actuarial assumptions:

Retirement eligibility at 100.00 percent service pension at age 50 with 20 years of service, early vested retirement at age 50 with 10 years of service reduced by 4.00 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 – 2.50% per year
Cost of living increases – zero percent per year
Investment rate of return – 5.75%
20-year municipal bond yield – 4.05%

The 5.75 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.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Domestic equity	56.00 %	4.10 %	6.60 %
International equity	17.00	4.64 %	7.14 %
Fixed income	24.00	1.05 %	3.55 %
Real estate and alternatives	1.00	3.54 %	6.04 %
Cash and equivalents	2.00	(0.45) %	2.05 %
Total	100.00 %		5.75 %

F. Discount Rate

The discount rate used to measure the total pension liability was 5.75 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.

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 (4.75%)	Current Discount Rate (5.75%)	1% Increase in Discount Rate (6.75%)
Net pension liability (asset)	$ (572,300)	$ (622,137)	$ (667,944)

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 $109,672.

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	54
Total members	62

E. Total OPEB Liability of the City

The City’s total OPEB liability of $869,318 as of year-end was measured as of December 31, 2022, 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, 2022, 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	4.05%
20-year municipal bond yield	4.05%
Inflation rate	2.50%
Medical trend rate	6.80%, grading to 3.90% over 52 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

	Total OPEB Liability
Beginning balance	$ 1,076,095
Changes for the year	
Service cost	17,106
Interest	19,379
Differences between expected and actual experience	(4,735)
Changes of assumptions	(158,592)
Benefit payments	(79,935)
Total net changes	(206,777)
Ending balance	$ 869,318

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 1.84 percent to 4.05 percent.

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:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
OPEB discount rate	3.05%	4.05%	5.05%
Total OPEB liability	$ 936,079	$ 869,318	$ 809,728

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

	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB healthcare cost trend rate	5.80% grading to 2.90% over 52 years	6.80% grading to 3.90% over 52 years	7.80% grading to 4.90% over 52 years
Total OPEB liability	$ 801,861	$ 869,318	$ 945,168

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

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

For the current year ended, the City recognized negative OPEB expense of $126,842. As of year-end, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City's contributions subsequent to the measurement date	$ 109,672	$ –

A total of $109,672 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, 2024.

NOTE 11 – STEWARDSHIP AND ACCOUNTABILITY

A. Deficit Fund Equity

The following funds have a deficit fund equity at December 31, 2023:

	Amount
Governmental	
Special revenue fund	
TIF 4-10 Anchor Block North – Housing Tax Increment	$ 2,828,736
Nonmajor funds	
Special revenue funds	
TIF 4-9 Margaret Street Tax Increment	$ 48,203
TIF 4-10 Anchor Block North – Soils Tax Increment	$ 1,200,371
Capital projects fund	
Municipal State Aid	$ 816,050
Proprietary	
Enterprise fund	
Fiber Optic	$ 544,610

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.

NOTE 12 – NET POSITION/FUND BALANCES

A. Net Investment in Capital Assets

The government-wide statement of net position at December 31, 2023 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	$ 3,985,474	$ 468,529	$ 4,454,003
Depreciable, net of accumulated depreciation/amortization	36,966,990	20,989,423	57,956,413
Less capital related long-term debt outstanding	(12,712,747)	(14,782,562)	(27,495,309)
Less capital related accounts/contracts payable	(58,958)	(159,369)	(218,327)
Plus unspent bond proceeds	139,180	1,236,046	1,375,226
Total net investment in capital assets	$ 28,319,939	$ 7,752,067	$ 36,072,006

B. Governmental Fund Balance Classifications

At December 31, 2023, 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	$ 30,806	$ –	$ –	$ –	$ 30,806
Advance to other funds	48,203	–	–	–	48,203
Total nonspendable	79,009	–	–	–	79,009
Restricted					
HRA	–	–	–	1,504,820	1,504,820
Tax increment	–	–	–	1,612,703	1,612,703
Police forfeiture	–	–	–	11,953	11,953
Cable PEG fees	–	–	–	58,570	58,570
Street improvements	–	–	139,180	–	139,180
Debt service	–	–	–	2,691,707	2,691,707
Total restricted	–	–	139,180	5,879,753	6,018,933
Committed					
Asset preservation	–	–	–	1,703,716	1,703,716
Street maintenance	–	–	–	1,970,259	1,970,259
Total committed	–	–	–	3,673,975	3,673,975
Assigned					
Fire relief	41,840	–	–	–	41,840
Community events	74,718	–	–	–	74,718
Community center	–	–	–	165,944	165,944
Street improvements	–	–	1,214,555	–	1,214,555
Permanent improvement revolving	–	–	–	421,903	421,903
Opioid response	–	–	–	1,254	1,254
Pandemic response	–	–	–	61,637	61,637
Park improvements	–	–	–	985,269	985,269
Total assigned	116,558	–	1,214,555	1,636,007	2,967,120
Unassigned	4,846,018	(2,828,736)	–	(2,064,624)	(47,342)
Total	$ 5,041,585	$ (2,828,736)	$ 1,353,735	$ 9,125,111	$ 12,691,695

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 50 percent of the subsequent year's budgeted expenditures for working capital. At December 31, 2023, the unassigned fund balance for the General Fund was 50 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, 2023 were $7,229,954. 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 four 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, 2023 for this agreement was $0 and the City made payments totaling $27,000 in the current year.

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, 2023 for this agreement was $1,466,225 and the City rebated $215,823 in the current year.

NOTE 14 – TAX ABATEMENT AGREEMENTS (CONTINUED)

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, 2023 for this agreement was $2,994,296 and the City rebated $281,397 in the current year.

In 2020, the City entered into a development agreement with Anchor View, 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 47.5 percent of the incremental taxes received through execution of a tax increment revenue note to be retired in 2048. The outstanding principal balance as of December 31, 2023 for this agreement was $2,400,000 and the City rebated $70,382 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.

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, 2023 is $307,385.

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, 2023

	Fiscal Year								
City financial statement year ended December 31,	2015	2016	2017	2018	2019	2020	2021	2022	2023
Measurement period – December 31,	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total pension liability									
Service cost	$ 44,596	$ 49,217	$ 59,100	$ 53,518	$ 53,145	$ 52,189	$ 55,318	$ 65,287	$ 66,756
Interest	57,027	61,325	68,098	76,514	87,458	82,452	72,689	50,599	47,766
Differences between expected and actual experience	–	–	37,947	–	(89,257)	–	(89,832)	–	(167,477)
Changes of assumptions	–	(9,781)	(11,354)	(11,126)	11,318	10,830	53,863	–	(29,231)
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)	(82,186)
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	843,070
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	760,884
Plan fiduciary net position									
Contributions – employer	39,982	21,000	22,000	34,504	40,481	22,000	4,950	–	14,113
Contributions – nonemployer (state)	55,788	59,922	60,125	59,121	60,649	63,515	71,317	73,275	76,887
Projected investment earnings	77,887	28,294	21,230	27,270	25,162	30,826	20,689	19,564	15,663
Asset gain/(loss)	(2,543)	(66,762)	52,391	152,792	(165,023)	276,812	139,078	188,378	(273,836)
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	2,838
Net change in plan fiduciary net position	65,414	(46,368)	(34,839)	266,446	(46,321)	207,865	(101,465)	(66,472)	(164,335)
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	1,547,356
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	1,383,021
Net pension liability (asset)	$ (354,311)	$ (200,127)	$ (163,675)	$ (311,215)	$ (202,230)	$ (442,424)	$ (543,994)	$ (704,286)	$ (622,137)
Fiduciary net position as a percentage of the total pension liability	134.94%	117.84%	114.57%	125.05%	115.49%	134.76%	150.85%	183.54%	181.77%

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, 2023

	City Contributions			Nonemployer Contribution
Year Ended December 31,	Statutorily Determined Contribution	Actual Contribution	Contribution Excess	State 2% Fire Aid
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	76,887
2023	–	5,578	5,578	85,422

PERA – General Employees Retirement Fund
Schedule of City's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended December 31, 2023

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	0.0453%	$ 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%
12/31/2023	06/30/2023	0.0432%	$ 2,415,696	$ 66,456	$ 2,482,152	$ 3,431,456	70.40%	83.10%

PERA – General Employees Retirement Fund
Schedule of City Contributions
Year Ended December 31, 2023

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%
12/31/2023	$ 261,507	$ 261,507	$ –	$ 3,486,761	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.

PERA – Public Employees Police and Fire Fund
Schedule of City's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended December 31, 2023

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%
12/31/2023	06/30/2023	0.1637%	$ 2,826,885	$ 113,873	$ 2,940,758	$ 2,149,564	131.51%	86.50%

PERA – Public Employees Police and Fire Fund
Schedule of City Contributions
Year Ended December 31, 2023

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%
12/31/2023	$ 386,766	$ 386,766	$ –	$ 2,185,119	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, 2023

	Fiscal Year					
City financial statement year ended December 31,	2018	2019	2020	2021	2022	2023
Measurement period – December 31,	2017	2018	2019	2020	2021	2022
Total OPEB liability						
Service cost	$ 19,631	$ 22,435	$ 22,226	$ 12,810	$ 14,998	$ 17,106
Interest	20,889	18,864	20,614	7,306	5,361	19,379
Differences between expected and actual experience	–	–	(338,228)	4,065	781,846	(4,735)
Changes of assumptions	16,149	(12,602)	54,180	11,066	40,426	(158,592)
Benefit payments	(37,784)	(37,868)	(47,650)	(31,014)	(39,148)	(79,935)
Net change in total OPEB liability	18,885	(9,171)	(288,858)	4,233	803,483	(206,777)
Total OPEB liability – beginning of year	547,523	566,408	557,237	268,379	272,612	1,076,095
Total OPEB liability – end of year	$ 566,408	$ 557,237	$ 268,379	$ 272,612	$1,076,095	$ 869,318
Covered-employee payroll	$4,088,418	$4,215,283	$4,543,426	$4,690,819	$4,501,970	$5,099,478
Total OPEB liability as a percentage of covered-employee payroll	13.9%	13.2%	5.9%	5.8%	23.9%	17.0%

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.

NORTH ST. PAUL FIRE DEPARTMENT RELIEF ASSOCIATION

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate increased from 5.25 percent to 5.75 percent.
- The inflation rate increased from 2.25 percent to 2.50 percent.
- The disability, mortality, and withdrawal assumptions were updated from the rates used in the July 1, 2020 Minnesota PERA Police and Fire Plan actuarial valuation to the rates used in the July 1, 2022 Minnesota PERA Police and Fire Plan actuarial valuation.

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.

NORTH ST. PAUL FIRE DEPARTMENT RELIEF ASSOCIATION (CONTINUED)

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.

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.

2023 CHANGES IN PLAN PROVISIONS

- An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, noncompounding benefit increase of 2.50 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

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.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

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.

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.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

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.

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.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

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.

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.40 percent to 7.00 percent.

2023 CHANGES IN PLAN PROVISIONS

- Additional one-time direct state aid contribution of $19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50.00 percent vesting after five years, increasing incrementally to 100.00 percent after 10 years.
- A one-time, noncompounding benefit increase of 3.00 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND (CONTINUED)

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 60.00 percent to 70.00 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.

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.

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

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 1.84 percent to 4.05 percent.

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.

THIS PAGE INTENTIONALLY LEFT BLANK

SUPPLEMENTARY INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

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.

Statement 11

Nonmajor Governmental Funds
Combining Balance Sheet
as of December 31, 2023

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and investments	$ 3,448,294	$ 2,676,794	$ 5,135,463	$ 11,260,551
Receivables				
Interest	18,787	14,624	27,247	60,658
Accounts	11,935	–	1,840	13,775
Loan	43,310	–	–	43,310
Taxes	60,337	4,702	–	65,039
Special assessments	–	605,512	6,712	612,224
Assets held for resale	1,382,679	–	–	1,382,679
Total assets	$ 4,965,342	$ 3,301,632	$ 5,171,262	$ 13,438,236
Liabilities				
Accounts and contracts payable	$ 11,507	$ 4,669	$ 39,287	$ 55,463
Accrued salaries and employee benefits payable	1,160	–	–	1,160
Due to other governments	59,504	–	–	59,504
Unearned revenue	1,397,894	–	6,867	1,404,761
Advance from other funds	1,227,958	–	–	1,227,958
Total liabilities	2,698,023	4,669	46,154	2,748,846
Deferred inflows of resources				
Unavailable revenue – loan receivable	43,310	–	–	43,310
Unavailable revenue – property taxes	55,702	1,745	–	57,447
Unavailable revenue – special assessments	–	603,511	6,536	610,047
State aid received for subsequent years	–	–	853,475	853,475
Total deferred inflows of resources	99,012	605,256	860,011	1,564,279
Fund balances (deficits)				
Restricted	3,188,046	2,691,707	–	5,879,753
Committed	–	–	3,673,975	3,673,975
Assigned	228,835	–	1,407,172	1,636,007
Unassigned	(1,248,574)	–	(816,050)	(2,064,624)
Total fund balances	2,168,307	2,691,707	4,265,097	9,125,111
Total liabilities, deferred inflows of resources, and fund balances	$ 4,965,342	$ 3,301,632	$ 5,171,262	$ 13,438,236

CITY OF NORTH ST. PAUL

Statement 12

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2023

	Special Revenue	Debt Service	Capital Projects	Total
Revenue				
Taxes	$ 1,028,817	$ 1,820,461	$ –	$ 2,849,278
Special assessments	–	124,053	3,291	127,344
Intergovernmental	32,889	–	833,667	866,556
Charges for services	99,000	–	–	99,000
Investment earnings	108,314	69,249	173,962	351,525
Other	12,732	–	122,187	134,919
Total revenue	1,281,752	2,013,763	1,133,107	4,428,622
Expenditures				
Current				
General government	36,518	–	–	36,518
Public safety	735	–	–	735
Parks and recreation	84,064	–	–	84,064
Economic development	670,188	–	–	670,188
Capital outlay	–	–	535,256	535,256
Debt service				
Principal	–	1,380,159	–	1,380,159
Interest and fiscal charges	53,636	601,046	–	654,682
Total expenditures	845,141	1,981,205	535,256	3,361,602
Excess of revenues over expenditures	436,611	32,558	597,851	1,067,020
Other financing sources (uses)				
Transfers in	–	171,129	59,903	231,032
Transfers out	(66,129)	(60,000)	(116,509)	(242,638)
Total other financing sources (uses)	(66,129)	111,129	(56,606)	(11,606)
Net change in fund balances	370,482	143,687	541,245	1,055,414
Fund balances				
Beginning of year	1,797,825	2,548,020	3,723,852	8,069,697
End of year	$ 2,168,307	$ 2,691,707	$ 4,265,097	$ 9,125,111

THIS PAGE INTENTIONALLY LEFT BLANK

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.
- **TIF 4-12 Lillie Redevelopment Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **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, 2023

	101 Housing Redevelopment Authority	002 Community Center	026 Police Forfeiture	039 TIF 4-5 Reflex Medical Tax Increment	046 TIF 4-4 Charles Street Tax Increment	032 TIF 4-6 Helen Street Tax Increment	207 TIF 4-7 Anchor Block South – Tax Increment
Assets							
Cash and investments	$ 126,509	$ 168,745	$ 11,888	$ –	$ 88,863	$ 66,666	$ 246,458
Receivables							
Interest	713	938	65	–	737	624	1,346
Accounts	458	–	–	–	–	–	–
Loan	43,310	–	–	–	–	–	–
Taxes	2,275	–	–	–	19,868	–	38,194
Assets held for resale	1,382,679	–	–	–	–	–	–
Total assets	$ 1,555,944	$ 169,683	$ 11,953	$ –	$ 109,468	$ 67,290	$ 285,998
Liabilities							
Accounts and contracts payable	$ 4,127	$ 3,739	$ –	$ –	$ –	$ –	$ –
Accrued salaries and employee benefits payable	1,160	–	–	–	–	–	–
Due to other governments	421	–	–	–	862	34,689	2,269
Unearned revenue	–	–	–	–	–	–	–
Advance from other funds	–	–	–	–	–	–	–
Total liabilities	5,708	3,739	–	–	862	34,689	2,269
Deferred inflows of resources							
Unavailable revenue – loan receivable	43,310	–	–	–	–	–	–
Unavailable revenue – property taxes	2,106	–	–	–	17,481	–	36,115
Total deferred inflows of resources	45,416	–	–	–	17,481	–	36,115
Fund balances (deficits)							
Restricted for Housing Redevelopment Authority	1,504,820	–	–	–	–	–	–
Restricted for tax increment	–	–	–	–	91,125	32,601	247,614
Restricted for police forfeiture	–	–	11,953	–	–	–	–
Restricted for cable PEG fees	–	–	–	–	–	–	–
Assigned for community center	–	165,944	–	–	–	–	–
Assigned for opioid response	–	–	–	–	–	–	–
Assigned for pandemic response	–	–	–	–	–	–	–
Unassigned	–	–	–	–	–	–	–
Total fund balances (deficits)	1,504,820	165,944	11,953	–	91,125	32,601	247,614
Total liabilities, deferred inflows of resources, and fund balances	$ 1,555,944	$ 169,683	$ 11,953	$ –	$ 109,468	$ 67,290	$ 285,998

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	**213** TIF 4-12 Lillie Redevelopment Tax Increment	**235** Cable PEG Fees	**298** Opioid Response	**299** Pandemic Response	Total
$ 110,129	$ –	$ –	$ 1,125,734	$ –	$ 49,238	$ 32,288	$ 1,421,776	$ 3,448,294
–	–	–	6,147	–	278	176	7,763	18,787
–	–	–	–	–	11,477	–	–	11,935
–	–	–	–	–	–	–	–	43,310
–	–	–	–	–	–	–	–	60,337
–	–	–	–	–	–	–	–	1,382,679
$ 110,129	$ –	$ –	$ 1,131,881	$ –	$ 60,993	$ 32,464	$ 1,429,539	$ 4,965,342
$ –	$ –	$ –	$ –	$ –	$ 2,423	$ –	$ 1,218	$ 11,507
–	–	–	–	–	–	–	–	1,160
647	–	20,616	–	–	–	–	–	59,504
–	–	–	–	–	–	31,210	1,366,684	1,397,894
–	48,203	1,179,755	–	–	–	–	–	1,227,958
647	48,203	1,200,371	–	–	2,423	31,210	1,367,902	2,698,023
–	–	–	–	–	–	–	–	43,310
–	–	–	–	–	–	–	–	55,702
–	–	–	–	–	–	–	–	99,012
–	–	–	–	–	–	–	–	1,504,820
109,482	–	–	1,131,881	–	–	–	–	1,612,703
–	–	–	–	–	–	–	–	11,953
–	–	–	–	–	58,570	–	–	58,570
–	–	–	–	–	–	–	–	165,944
–	–	–	–	–	–	1,254	–	1,254
–	–	–	–	–	–	–	61,637	61,637
–	(48,203)	(1,200,371)	–	–	–	–	–	(1,248,574)
109,482	(48,203)	(1,200,371)	1,131,881	–	58,570	1,254	61,637	2,168,307
$ 110,129	$ –	$ –	$ 1,131,881	$ –	$ 60,993	$ 32,464	$ 1,429,539	$ 4,965,342

CITY OF NORTH ST. PAUL

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year Ended December 31, 2023

	101 Housing Redevelopment Authority	**002** Community Center	**026** Police Forfeiture	**039** TIF 4-5 Reflex Medical Tax Increment	**046** TIF 4-4 Charles Street Tax Increment	**032** TIF 4-6 Helen Street Tax Increment	**207** TIF 4-7 Anchor Block South – Tax Increment
Revenues							
Taxes	$ 3,588	$ –	$ –	$ –	$ 141,805	$ 204,999	$ 413,924
Intergovernmental	–	–	–	–	–	–	–
Charges for services	–	99,000	–	–	–	–	–
Investment earnings (charges)	8,569	5,612	115	(28)	1,991	(1,322)	4,392
Other	6,468	–	1,875	–	–	–	–
Total revenues	18,625	104,612	1,990	(28)	143,796	203,677	418,316
Expenditures							
Current							
General government	–	–	–	–	–	–	–
Public safety	–	–	735	–	–	–	–
Parks and recreation	–	84,064	–	–	–	–	–
Economic development	78,354	–	–	48,426	28,340	191,812	284,143
Debt service							
Interest and fiscal charges	–	–	–	–	–	–	–
Total expenditures	78,354	84,064	735	48,426	28,340	191,812	284,143
Excess (deficiency) of revenues over expenditures	(59,729)	20,548	1,255	(48,454)	115,456	11,865	134,173
Other financing sources (uses)							
Transfers out	(20,000)	–	–	–	(46,129)	–	–
Net change in fund balances	(79,729)	20,548	1,255	(48,454)	69,327	11,865	134,173
Fund balances (deficits)							
Beginning of year	1,584,549	145,396	10,698	48,454	21,798	20,736	113,441
End of year	$ 1,504,820	$ 165,944	$ 11,953	$ –	$ 91,125	$ 32,601	$ 247,614

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	**213** TIF 4-12 Lillie Redevelopment Tax Increment	**235** Cable PEG Fees	**298** Opioid Response	**299** Pandemic Response	Total
$ –	$ –	$ 216,723	$ –	$ –	$ 47,778	$ –	$ –	$ 1,028,817
–	–	–	–	32,889	–	–	–	32,889
–	–	–	–	–	–	–	–	99,000
4,173	–	–	31,881	–	1,627	1,176	50,128	108,314
–	–	4,389	–	–	–	–	–	12,732
4,173	–	221,112	31,881	32,889	49,405	1,176	50,128	1,281,752
–	–	–	–	–	34,348	–	2,170	36,518
–	–	–	–	–	–	–	–	735
–	–	–	–	–	–	–	–	84,064
1,322	3,900	1,002	–	32,889	–	–	–	670,188
–	1,754	51,882	–	–	–	–	–	53,636
1,322	5,654	52,884	–	32,889	34,348	–	2,170	845,141
2,851	(5,654)	168,228	31,881	–	15,057	1,176	47,958	436,611
–	–	–	–	–	–	–	–	(66,129)
2,851	(5,654)	168,228	31,881	–	15,057	1,176	47,958	370,482
106,631	(42,549)	(1,368,599)	1,100,000	–	43,513	78	13,679	1,797,825
$ 109,482	$ (48,203)	$ (1,200,371)	$ 1,131,881	$ –	$ 58,570	$ 1,254	$ 61,637	$ 2,168,307

THIS PAGE INTENTIONALLY LEFT BLANK

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.

Nonmajor Debt Service Funds
Combining Balance Sheet
as of December 31, 2023

	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	$ 47,189	$ 103,958	$ 35,712	$ 86,544	$ –	$ 304,590
Receivables						
Interest	258	568	195	473	–	1,664
Taxes	–	–	–	4,702	–	–
Special assessments	–	–	127,682	–	–	189,281
Total assets	$ 47,447	$ 104,526	$ 163,589	$ 91,719	$ –	$ 495,535
Liabilities						
Accounts and contracts payable	$ –	$ –	$ –	$ 2,015	$ –	$ 84
Deferred inflows of resources						
Unavailable revenue – property taxes	–	–	–	1,745	–	–
Unavailable revenue – special assessments	–	–	127,484	–	–	188,480
Total deferred inflows of resources	–	–	127,484	1,745	–	188,480
Fund balances						
Restricted for debt service	47,447	104,526	36,105	87,959	–	306,971
Total liabilities, deferred inflows of resources, and fund balances	$ 47,447	$ 104,526	$ 163,589	$ 91,719	$ –	$ 495,535

075 G.O. Abatement Bonds of 2016A	084 G.O. Capital Improvement Plan Refunding Bonds of 2016B	074 G.O. Bonds of 2017A	309 G.O. Bonds of 2018A	308 G.O. TIF Bonds Uptown Commons of 2020A	321 G.O. Refunding Bonds of 2021A	322 G.O. Bonds of 2022A	Total
$ 31,420	$ 879,239	$ 244,773	$ 390,862	$ 126,419	$ 140,594	$ 285,494	$ 2,676,794
172	4,803	1,338	2,135	690	769	1,559	14,624
–	–	–	–	–	–	–	4,702
–	–	105,780	182,769	–	–	–	605,512
$ 31,592	$ 884,042	$ 351,891	$ 575,766	$ 127,109	$ 141,363	$ 287,053	$ 3,301,632
$ –	$ 330	$ 111	$ 1,635	$ 330	$ 82	$ 82	$ 4,669
–	–	–	–	–	–	–	1,745
–	–	105,440	182,107	–	–	–	603,511
–	–	105,440	182,107	–	–	–	605,256
31,592	883,712	246,340	392,024	126,779	141,281	286,971	2,691,707
$ 31,592	$ 884,042	$ 351,891	$ 575,766	$ 127,109	$ 141,363	$ 287,053	$ 3,301,632

Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year Ended December 31, 2023

	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	$ –	$ –	$ –	$ 152,493	$ –	$ 160,101
Special assessments	–	–	28,946	–	–	30,360
Investment earnings	1,610	3,537	1,223	29	–	8,675
Total revenues	1,610	3,537	30,169	152,522	–	199,136
Expenditures						
Debt service						
Principal retirement	–	–	–	70,000	35,000	170,000
Interest and fiscal charges	–	–	–	13,140	11,129	34,836
Total expenditures	–	–	–	83,140	46,129	204,836
Excess (deficiency) of revenues over expenditures	1,610	3,537	30,169	69,382	(46,129)	(5,700)
Other financing sources (uses)						
Transfers in	–	–	–	–	46,129	–
Transfers out	–	–	(60,000)	–	–	–
Total other financing sources (uses)	–	–	(60,000)	–	46,129	–
Net change in fund balances	1,610	3,537	(29,831)	69,382	–	(5,700)
Fund balances						
Beginning of year	45,837	100,989	65,936	18,577	–	312,671
End of year	$ 47,447	$ 104,526	$ 36,105	$ 87,959	$ –	$ 306,971

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
$ –	$ 458,745	$ 62,941	$ 247,514	$ 290,411	$ 113,423	$ 334,833	$ 1,820,461
–	–	27,423	37,324	–	–	–	124,053
951	25,456	7,544	10,767	1,414	2,882	5,161	69,249
951	484,201	97,908	295,605	291,825	116,305	339,994	2,013,763
55,000	410,000	70,159	205,000	40,000	110,000	215,000	1,380,159
20,942	21,830	25,776	107,685	167,992	18,683	179,033	601,046
75,942	431,830	95,935	312,685	207,992	128,683	394,033	1,981,205
(74,991)	52,371	1,973	(17,080)	83,833	(12,378)	(54,039)	32,558
65,000	–	–	–	–	60,000	–	171,129
–	–	–	–	–	–	–	(60,000)
65,000	–	–	–	–	60,000	–	111,129
(9,991)	52,371	1,973	(17,080)	83,833	47,622	(54,039)	143,687
41,583	831,341	244,367	409,104	42,946	93,659	341,010	2,548,020
$ 31,592	$ 883,712	$ 246,340	$ 392,024	$ 126,779	$ 141,281	$ 286,971	$ 2,691,707

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2023

	063 Park	034 Park Dedication	061 Permanent Improvement Revolving	010 Asset Preservation
Assets				
Cash and investments	$ 735,486	$ 267,530	$ 419,437	$ 1,694,464
Receivables				
Interest	3,751	1,461	2,290	9,252
Accounts	1,840	–	–	–
Special assessments	–	–	6,712	–
Total assets	$ 741,077	$ 268,991	$ 428,439	$ 1,703,716
Liabilities				
Accounts and contracts payable	$ 17,932	$ –	$ –	$ –
Unearned revenue	6,867	–	–	–
Total liabilities	24,799	–	–	–
Deferred inflows of resources				
Unavailable revenue – special assessments	–	–	6,536	–
State aid received for subsequent years	–	–	–	–
Total deferred inflows of resources	–	–	6,536	–
Fund balances				
Committed for asset preservation	–	–	–	1,703,716
Committed for street maintenance	–	–	–	–
Assigned for permanent improvement revolving	–	–	421,903	–
Assigned for park improvements	716,278	268,991	–	–
Unassigned	–	–	–	–
Total fund balances	716,278	268,991	421,903	1,703,716
Total liabilities, deferred inflows of resources, and fund balances	$ 741,077	$ 268,991	$ 428,439	$ 1,703,716

011 Street Maintenance		450 Municipal State Aid		Total	
$	1,981,121	$	37,425	$	5,135,463
	10,493		–		27,247
	–		–		1,840
	–		–		6,712
$	1,991,614	$	37,425	$	5,171,262
$	21,355	$	–	$	39,287
	–		–		6,867
	21,355		–		46,154
	–		–		6,536
	–		853,475		853,475
	–		853,475		860,011
	–		–		1,703,716
	1,970,259		–		1,970,259
	–		–		421,903
	–		–		985,269
	–		(816,050)		(816,050)
	1,970,259		(816,050)		4,265,097
$	1,991,614	$	37,425	$	5,171,262

CITY OF NORTH ST. PAUL

Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year Ended December 31, 2023

	063 Park	**034** Park Dedication	**061** Permanent Improvement Revolving	**010** Asset Preservation
Revenues				
Special assessment	$ –	$ –	$ 3,291	$ –
Intergovernmental	100,000	–	–	–
Investment earnings (charges)	23,542	8,989	14,275	57,769
Other				
Donations	800	–	–	–
Miscellaneous	106,685	14,702	–	–
Total revenues	231,027	23,691	17,566	57,769
Expenditures				
Capital outlay	4,698	–	–	–
Excess (deficiency) of revenues over expenditures	226,329	23,691	17,566	57,769
Other financing sources (uses)				
Transfers in	–	–	–	–
Transfers out	(65,000)	–	–	–
Total other financing sources (uses)	(65,000)	–	–	–
Net change in fund balances	161,329	23,691	17,566	57,769
Fund balances (deficits)				
Beginning of year	554,949	245,300	404,337	1,645,947
End of year	$ 716,278	$ 268,991	$ 421,903	$ 1,703,716

Statement 18

	011	450	
	Street Maintenance	Municipal State Aid	Total
	$ –	$ –	$ 3,291
	291,549	442,118	833,667
	69,389	(2)	173,962
	–	–	800
	–	–	121,387
	360,938	442,116	1,133,107
	530,558	–	535,256
	(169,620)	442,116	597,851
	59,903	–	59,903
	(51,509)	–	(116,509)
	8,394	–	(56,606)
	(161,226)	442,116	541,245
	2,131,485	(1,258,166)	3,723,852
	$ 1,970,259	$ (816,050)	$ 4,265,097

THIS PAGE INTENTIONALLY LEFT BLANK

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.

THIS PAGE INTENTIONALLY LEFT BLANK

Statement 19
Page 1 of 5

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			2022
	Final Budget	Actual	Over (Under) Budget	Actual
Revenues				
Taxes				
Property taxes				
Current	$ 5,175,514	$ 5,183,529	$ 8,015	$ 4,515,859
Delinquent	(25,000)	693	25,693	(15,103)
Electric franchise	288,000	286,388	(1,612)	285,311
Gas franchise	130,000	138,678	8,678	167,697
Cable franchise	112,000	106,173	(5,827)	110,482
Total taxes	5,680,514	5,715,461	34,947	5,064,246
Special assessments	–	153	153	1,897
Licenses and permits				
Liquor and beer licenses	42,000	56,573	14,573	44,583
Cigarette licenses	2,400	2,100	(300)	2,400
Contractor licenses	10,000	11,425	1,425	15,565
Garbage haulers licenses	3,500	3,080	(420)	2,640
Miscellaneous licenses	23,500	14,185	(9,315)	14,940
Building permits	451,313	453,191	1,878	800,490
Electrical inspections	25,000	46,040	21,040	27,106
Heating and air conditioning permits	72,000	72,626	626	50,256
Plumbing permits	25,000	28,488	3,488	30,232
Rental inspection	30,000	33,859	3,859	25,165
Miscellaneous permits	32,864	55,307	22,443	11,369
Total licenses and permits	717,577	776,874	59,297	1,024,746
Intergovernmental				
Local government aid	1,292,516	1,292,516	–	1,289,147
State aid police	161,659	185,120	23,461	163,602
State aid fire	72,500	85,422	12,922	80,117
Liaison officer	85,768	112,350	26,582	84,744
Other grants	25,000	91,207	66,207	99,349
Total intergovernmental	1,637,443	1,766,615	129,172	1,716,959

(continued)

Statement 19
Page 2 of 5

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			2022
	Final Budget	Actual	Over (Under) Budget	Actual
Revenues (continued)				
Charges for services				
Administration charges	25,000	34,384	9,384	45,803
Searches	5,000	2,760	(2,240)	4,320
Recreation	7,500	22,197	14,697	27,535
Total charges for services	37,500	59,341	21,841	77,658
Fines and forfeits	30,000	22,036	(7,964)	22,080
Investment earnings (charges)	5,000	168,390	163,390	(50,585)
Other				
Antenna income	232,000	146,665	(85,335)	162,478
Donations	–	600	600	3,315
Sales of property	–	–	–	567
Miscellaneous	20,627	27,964	7,337	20,853
Total other	252,627	175,229	(77,398)	187,213
Total revenues	8,360,661	8,684,099	323,438	8,044,214
Expenditures				
Current				
General government				
City Council				
Personal services	34,343	32,400	(1,943)	24,638
Materials and supplies	200	453	253	356
Contractual services	80,365	57,651	(22,714)	45,829
Other	–	–	–	68
Total City Council	114,908	90,504	(24,404)	70,891
Administration				
Personal services	234,000	228,660	(5,340)	190,866
Materials and supplies	1,050	2,929	1,879	1,018
Contractual services	321,289	311,393	(9,896)	298,540
Capital outlay	–	2,073	2,073	–
Total administration	556,339	545,055	(11,284)	490,424

(continued)

Statement 19
Page 3 of 5

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			2022
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
General government (continued)				
Finance				
Personal services	376,991	364,386	(12,605)	242,634
Materials and supplies	1,350	1,279	(71)	3,022
Contractual services	64,676	62,396	(2,280)	52,323
Total finance	443,017	428,061	(14,956)	297,979
Elections				
Contractual services	37,950	35,402	(2,548)	37,428
Community events				
Contractual services	–	6,582	6,582	22,891
Community services				
Personal services	238,579	211,120	(27,459)	188,650
Materials and supplies	3,650	1,563	(2,087)	4,083
Contractual services	79,909	82,027	2,118	108,687
Capital outlay	–	–	–	207
Total community services	322,138	294,710	(27,428)	301,627
Total general government	1,474,352	1,400,314	(74,038)	1,221,240
Public safety				
Police protection				
Personal services	3,109,417	3,015,264	(94,153)	2,746,499
Materials and supplies	84,000	127,285	43,285	156,308
Contractual services	611,943	644,784	32,841	586,475
Capital outlay	10,000	1,012	(8,988)	–
Total police protection	3,815,360	3,788,345	(27,015)	3,489,282

(continued)

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			2022
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Public safety (continued)				
Fire				
Personal services	849,767	807,467	(42,300)	687,791
Materials and supplies	59,800	71,706	11,906	48,697
Contractual services	310,089	319,540	9,451	309,773
Total fire	1,219,656	1,198,713	(20,943)	1,046,261
Inspections				
Contractual services	505,139	486,586	(18,553)	708,584
Total public safety	5,540,155	5,473,644	(66,511)	5,244,127
Public works				
Street maintenance				
Personal services	613,441	538,203	(75,238)	515,320
Materials and supplies	194,900	165,012	(29,888)	171,496
Contractual services	370,491	410,908	40,417	414,931
Total street maintenance	1,178,832	1,114,123	(64,709)	1,101,747
Urban forestry				
Personal services	124,256	115,376	(8,880)	109,088
Materials and supplies	17,937	16,479	(1,458)	12,727
Contractual services	59,969	44,037	(15,932)	42,989
Capital outlay	50,000	60,269	10,269	59,579
Total urban forestry	252,162	236,161	(16,001)	224,383
Total public works	1,430,994	1,350,284	(80,710)	1,326,130

(continued)

Statement 19
Page 5 of 5

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			2022
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Parks and recreation				
Parks maintenance				
Personal services	275,064	230,274	(44,790)	228,845
Materials and supplies	89,000	66,234	(22,766)	70,450
Contractual services	146,312	135,327	(10,985)	119,544
Capital outlay	124,170	43,830	(80,340)	1,806
Total parks maintenance	634,546	475,665	(158,881)	420,645
Recreation				
Personal services	8,669	7,749	(920)	1,313
Materials and supplies	9,657	9,683	26	3,637
Contractual services	12,385	97	(12,288)	641
Total recreation	30,711	17,529	(13,182)	5,591
Total parks and recreation	665,257	493,194	(172,063)	426,236
Total expenditures	9,110,758	8,717,436	(393,322)	8,217,733
Excess (deficiency) of revenues over expenditures	(750,097)	(33,337)	716,760	(173,519)
Other financing sources (uses)				
Transfers in	810,000	810,000	–	810,000
Transfers out	(59,903)	(59,903)	–	–
Total other financing sources (uses)	750,097	750,097	–	810,000
Net change in fund balances	$ –	716,760	$ 716,760	636,481
Fund balance				
Beginning of year		4,324,825		3,688,344
End of year		$ 5,041,585		$ 4,324,825

CITY OF NORTH ST. PAUL

Statement 20

General Fund
Balance Sheet by Account
as of December 31, 2023

	General Revenue	Community Event	Fire Relief	Total
Assets				
Cash and investments	$ 5,441,583	$ 74,312	$ 41,600	$ 5,557,495
Receivables				
Interest	28,726	406	240	29,372
Accounts	132,059	–	–	132,059
Taxes	63,996	–	–	63,996
Special assessments	3,948	–	–	3,948
Lease	2,203,719	–	–	2,203,719
Prepaid items	30,806	–	–	30,806
Advance to other funds	48,203	–	–	48,203
Total assets	$ 7,953,040	$ 74,718	$ 41,840	$ 8,069,598
Liabilities				
Accounts and contracts payable	$ 208,414	$ –	$ –	$ 208,414
Accrued salaries and employee benefits payable	110,102	–	–	110,102
Due to other governments	37,877	–	–	37,877
Customer deposits	305,252	–	–	305,252
Unearned revenue	96,655	–	–	96,655
Total liabilities	758,300	–	–	758,300
Deferred inflows of resources				
Lease revenue for subsequent years	2,203,719	–	–	2,203,719
Unavailable revenue – property taxes	62,198	–	–	62,198
Unavailable revenue – special assessments	3,796	–	–	3,796
Total deferred inflows of resources	2,269,713	–	–	2,269,713
Fund balances				
Nonspendable	79,009	–	–	79,009
Assigned	–	74,718	41,840	116,558
Unassigned	4,846,018	–	–	4,846,018
Total fund balances	4,925,027	74,718	41,840	5,041,585
Total liabilities, deferred inflows of resources, and fund balances	$ 7,953,040	$ 74,718	$ 41,840	$ 8,069,598

CITY OF NORTH ST. PAUL

Statement 21

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances by Account
Year Ended December 31, 2023

	General Revenue	Community Event	Fire Relief	Total
Revenue				
Taxes	$ 5,715,461	$ –	$ –	$ 5,715,461
Special assessments	153	–	–	153
Licenses and permits	776,874	–	–	776,874
Intergovernmental	1,766,615	–	–	1,766,615
Charges for services	41,061	18,280	–	59,341
Fines and forfeits	22,036	–	–	22,036
Investment earnings	164,387	2,322	1,681	168,390
Other	175,229	–	–	175,229
Total revenue	8,661,816	20,602	1,681	8,684,099
Expenditures				
Current				
General government	1,393,732	6,582	–	1,400,314
Public safety	5,382,644	–	91,000	5,473,644
Public works	1,350,284	–	–	1,350,284
Parks and recreation	493,194	–	–	493,194
Total expenditures	8,619,854	6,582	91,000	8,717,436
Excess (deficiency) of revenues over expenditures	41,962	14,020	(89,319)	(33,337)
Other financing sources (uses)				
Transfers in	719,000	–	91,000	810,000
Transfers out	(59,903)	–	–	(59,903)
Total other financing sources (uses)	659,097	–	91,000	750,097
Net change in fund balances	701,059	14,020	1,681	716,760
Fund balances				
Beginning of year	4,223,968	60,698	40,159	4,324,825
End of year	$ 4,925,027	$ 74,718	$ 41,840	$ 5,041,585

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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			2022
	Final Budget	Actual	Over (Under) Budget	Actual
Revenues				
Taxes	$ –	$ 3,588	$ 3,588	$ 203,793
Investment earnings (charges)	8,569	8,569	–	(8,090)
Other	6,468	6,468	–	108,441
Total revenues	15,037	18,625	3,588	304,144
Expenditures				
Current				
Economic development	420,015	78,354	(341,661)	45,990
Excess (deficiency) of revenues over expenditures	(404,978)	(59,729)	345,249	258,154
Other financing sources (uses)				
Transfers out	(20,000)	(20,000)	–	(20,000)
Net change in fund balances	$ (424,978)	(79,729)	$ 345,249	238,154
Fund balance				
Beginning of year		1,584,549		1,346,395
End of year		$ 1,504,820		$ 1,584,549

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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			2022
	Final Budget	Actual	Over (Under) Budget	Actual
Revenues				
Charges for services	$ 75,000	$ 99,000	$ 24,000	$ 150,000
Investment earnings (charges)	–	5,612	5,612	(2,988)
Total revenues	75,000	104,612	29,612	147,012
Expenditures				
Current				
Parks and recreation	139,600	84,064	(55,536)	161,424
Net change in fund balances	$ (64,600)	20,548	$ 85,148	(14,412)
Fund balances				
Beginning of year		145,396		159,808
End of year		$ 165,944		$ 145,396

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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			2022
	Final Budget	Actual	Over (Under) Budget	Actual
Revenues				
Intergovernmental	$ 100,000	$ 100,000	$ –	$ 100,000
Investment earnings (charges)	–	23,542	23,542	(8,686)
Other	67,825	107,485	39,660	80,265
Total revenues	167,825	231,027	63,202	171,579
Expenditures				
Capital outlay				
Parks and recreation	252,000	4,698	(247,302)	2,050
Excess (deficiency) of revenues over expenditures	(84,175)	226,329	310,504	169,529
Other financing sources (uses)				
Transfers out	(80,000)	(65,000)	15,000	(80,000)
Net change in fund balances	$ (164,175)	161,329	$ 325,504	89,529
Fund balances				
Beginning of year		554,949		465,420
End of year		$ 716,278		$ 554,949

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, 2023

	097 Equipment	**098** City Mechanic	**096** Insurance	**095** Information Technology	**099** Building Maintenance	Total
Assets						
Current assets						
Cash and investments	$ 3,865,949	$ 64,807	$ 182,334	$ 250,669	$ 240,637	$ 4,604,396
Receivables						
Interest	18,736	354	1,201	1,457	1,417	23,165
Prepaid items	–	225	51,463	18,013	5,596	75,297
Total current assets	3,884,685	65,386	234,998	270,139	247,650	4,702,858
Noncurrent assets						
Capital assets						
Construction in progress	43,652	–	–	–	–	43,652
Buildings and structures	–	–	–	–	40,920	40,920
Furniture and equipment	4,002,688	–	–	–	–	4,002,688
Subscriptions	–	–	–	214,417	–	214,417
Less accumulated depreciation/amortization	(2,283,506)	–	–	(85,710)	(1,023)	(2,370,239)
Total capital assets	1,762,834	–	–	128,707	39,897	1,931,438
Total assets	$ 5,647,519	$ 65,386	$ 234,998	$ 398,846	$ 287,547	$ 6,634,296
Current liabilities						
Accounts and contracts payable	$ 5,799	$ 16,006	$ 68,855	$ 6,484	$ 103,804	$ 200,948
Accrued salaries and employee benefits payable	–	–	164	–	–	164
Due to other governments	–	–	–	–	229	229
Subscription liability – current	–	–	–	83,629	–	83,629
Total current liabilities	5,799	16,006	69,019	90,113	104,033	284,970
Noncurrent liabilities						
Subscription liability	–	–	–	42,981	–	42,981
Total liabilities	5,799	16,006	69,019	133,094	104,033	327,951
Net position						
Net investment in capital assets	1,762,834	–	–	2,097	39,897	1,804,828
Restricted	542,496	–	–	–	–	542,496
Unrestricted	3,336,390	49,380	165,979	263,655	143,617	3,959,021
Total net position	5,641,720	49,380	165,979	265,752	183,514	6,306,345
Total liabilities and net position	$ 5,647,519	$ 65,386	$ 234,998	$ 398,846	$ 287,547	$ 6,634,296

CITY OF NORTH ST. PAUL

Statement 26

Internal Service Funds
Combining Statement of Revenues,
Expenses, and Change in Net Position
Year Ended December 31, 2023

	097 Equipment	**098** City Mechanic	**096** Insurance	**095** Information Technology	**099** Building Maintenance	Total
Operating revenues						
Charges for services	$ 507,463	$ 37,000	$ 499,756	$ 444,268	$ 261,725	$ 1,750,212
Operating expenses						
Professional services	–	257	–	324,645	343,068	667,970
Materials and supplies	76,812	34,493	–	–	102,557	213,862
Insurance	–	–	669,254	–	–	669,254
Total operating expenses	76,812	34,750	669,254	324,645	445,625	1,551,086
Operating income (loss) before depreciation	430,651	2,250	(169,498)	119,623	(183,900)	199,126
Depreciation/amortization	342,125	–	–	85,710	1,023	428,858
Operating income (loss)	88,526	2,250	(169,498)	33,913	(184,923)	(229,732)
Nonoperating revenues						
Intergovernmental	542,496	–	–	–	–	542,496
Investment earnings	116,798	2,063	6,436	7,504	7,124	139,925
Electric franchise tax	–	–	–	–	190,925	190,925
Gain on disposal of capital assets	53,000	–	–	–	–	53,000
Other	46,878	–	39,352	–	–	86,230
Total nonoperating revenues	759,172	2,063	45,788	7,504	198,049	1,012,576
Change in net position	847,698	4,313	(123,710)	41,417	13,126	782,844
Net position						
Beginning of year	4,794,022	45,067	289,689	224,335	170,388	5,523,501
End of year	$ 5,641,720	$ 49,380	$ 165,979	$ 265,752	$ 183,514	$ 6,306,345

CITY OF NORTH ST. PAUL

Statement 27

Internal Service Funds
Combining Statement of Cash Flows
Year Ended December 31, 2023

	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	$ 554,341	$ 37,000	$ 532,344	$ 444,268	$ 261,725	$ 1,829,678
Cash paid to suppliers	(72,593)	(20,309)	(598,020)	(334,249)	(369,891)	(1,395,062)
Net cash flows from operating activities	481,748	16,691	(65,676)	110,019	(108,166)	434,616
Cash flows from noncapital financing activities						
Intergovernmental grants	542,496	–	–	–	–	542,496
Electric franchise tax received	–	–	–	–	190,925	190,925
Net cash flows from noncapital financing activities	542,496	–	–	–	190,925	733,421
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	(484,164)	–	–	–	(40,920)	(525,084)
Proceeds from the disposal of capital assets	53,000	–	–	–	–	53,000
Payment on subscription liability	–	–	–	(87,807)	–	(87,807)
Net cash flows from capital and related financing activities	(431,164)	–	–	(87,807)	(40,920)	(559,891)
Cash flows from investing activities						
Interest received on investments	114,650	1,918	6,373	6,921	6,500	136,362
Net change in cash and cash equivalents	707,730	18,609	(59,303)	29,133	48,339	744,508
Cash and cash equivalents						
Beginning of year	3,158,219	46,198	241,637	221,536	192,298	3,859,888
End of year	$ 3,865,949	$ 64,807	$ 182,334	$ 250,669	$ 240,637	$ 4,604,396
Reconciliation of operating income (loss) to net cash flows from operating activities						
Operating income (loss)	$ 88,526	$ 2,250	$ (169,498)	$ 33,913	$ (184,923)	$ (229,732)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities						
Depreciation/amortization	342,125	–	–	85,710	1,023	428,858
Other revenue	46,878	–	39,352	–	–	86,230
Change in assets and liabilities						
Accounts receivable	–	–	722	–	–	722
Prepaid items	–	(225)	2,379	(13,869)	(2,854)	(14,569)
Accounts and contracts payable	4,219	14,666	68,855	4,337	78,359	170,436
Accrued salaries and employee benefits payable	–	–	(7,486)	–	–	(7,486)
Due to other governments	–	–	–	(72)	229	157
Total adjustments	393,222	14,441	103,822	76,106	76,757	664,348
Net cash flows from operating activities	$ 481,748	$ 16,691	$ (65,676)	$ 110,019	$ (108,166)	$ 434,616

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, 2023

Assets		
Cash and investments	$	479,020
Receivables		
Interest		2,650
Assets held for resale		49,248
Total assets	$	530,918
Liabilities		
Accrued salaries and employee benefits payable	$	2,187
Fund balances		
Restricted for Economic Development Authority		528,731
Total liabilities and fund balances	$	530,918

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, 2023

	Final Budget	Actual	Over (Under) Budget
Revenues			
Taxes	$ 200,907	$ 196,473	$ (4,434)
Investment earnings	–	15,024	15,024
Miscellaneous	–	4,856	4,856
Total revenues	200,907	216,353	15,446
Expenditures			
Current			
Economic development	245,907	143,985	(101,922)
Net change in fund balances	$ (45,000)	72,368	$ 117,368
Fund balances			
Beginning of year		456,363	
End of year		$ 528,731	

THIS PAGE INTENTIONALLY LEFT BLANK

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)

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	$ 18,499,040	$ 18,732,114	$ 18,613,487	$ 19,304,556
Restricted	3,083,209	3,734,922	4,343,924	5,086,728
Unrestricted	3,473,659	1,113,925	1,535,730	1,906,846
Total governmental activities net position	$ 25,055,908	$ 23,580,961	$ 24,493,141	$ 26,298,130
Business-type activities				
Net investment in capital assets	$ 5,050,697	$ 5,230,857	$ 5,361,800	$ 5,125,174
Unrestricted	4,560,899	3,946,517	4,870,810	7,364,722
Total business-type activities net position	$ 9,611,596	$ 9,177,374	$ 10,232,610	$ 12,489,896
Primary government				
Net investment in capital assets	$ 23,549,737	$ 23,962,971	$ 23,975,287	$ 24,429,730
Restricted	3,083,209	3,734,922	4,343,924	5,086,728
Unrestricted	8,034,558	5,060,442	6,406,540	9,271,568
Total primary government net position	$ 34,667,504	$ 32,758,335	$ 34,725,751	$ 38,788,026

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

2018	2019	2020	2021	2022	2023
$ 18,936,454	$ 20,896,337	$ 23,925,494	$ 27,299,383	$ 27,356,833	$ 28,319,939
5,905,069	6,313,242	6,750,568	6,291,329	6,605,820	7,410,225
3,798,923	1,913,208	(3,329,638)	(2,656,756)	(2,491,905)	(1,793,707)
$ 28,640,446	$ 29,122,787	$ 27,346,424	$ 30,933,956	$ 31,470,748	$ 33,936,457
$ 5,118,537	$ 5,230,430	$ 6,715,226	$ 7,092,785	$ 6,330,294	$ 7,752,067
9,430,795	12,047,528	14,631,165	17,209,712	19,764,508	22,004,741
$ 14,549,332	$ 17,277,958	$ 21,346,391	$ 24,302,497	$ 26,094,802	$ 29,756,808
$ 24,054,991	$ 26,126,767	$ 30,640,720	$ 34,392,168	$ 33,687,127	$ 36,072,006
5,905,069	6,313,242	6,750,568	6,291,329	6,605,820	7,410,225
13,229,718	13,960,736	11,301,527	14,552,956	17,272,603	20,211,034
$ 43,189,778	$ 46,400,745	$ 48,692,815	$ 55,236,453	$ 57,565,550	$ 63,693,265

CITY OF NORTH ST. PAUL

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

	Fiscal Year			
	2014	2015	2016	2017
Expenses				
Governmental activities				
General government	$ 1,048,772	$ 2,548,971	$ 2,635,566	$ 2,500,256
Public safety	3,143,696	2,706,191	4,237,119	3,802,714
Public works	2,466,394	1,655,722	1,576,435	1,512,014
Parks and recreation	385,973	457,126	544,721	439,167
Economic development	394,293	109,130	184,357	472,262
Interest and fiscal charges	346,375	356,642	412,714	409,252
Total governmental activities expenses	7,785,503	7,833,782	9,590,912	9,135,665
Business-type activities				
Electric	8,723,726	8,447,378	8,443,299	8,329,029
Water	1,139,639	1,168,913	1,110,248	752,207
Surface water	394,302	401,214	428,295	538,861
Waste water	1,260,549	1,480,667	1,620,631	1,484,530
Fiber optic	226,918	130,473	167,886	154,236
Solid waste	863,961	1,186,419	835,013	987,790
Total business-type activities expenses	12,609,095	12,815,064	12,605,372	12,246,653
Total primary government expenses	$ 20,394,598	$ 20,648,846	$ 22,196,284	$ 21,382,318
Program revenues				
Governmental activities				
Charges for services				
General government	$ 305,751	$ 287,497	$ 298,971	$ 371,906
Public safety	124,973	127,217	107,199	119,264
Public works	230,044	143,158	182,465	257,790
Parks and recreation	172,060	199,228	193,670	228,307
Operating grants and contributions	431,658	407,347	445,180	490,623
Capital grants and contributions	730,920	128,637	701,665	720,308
Total governmental activities program revenues	1,995,406	1,293,084	1,929,150	2,188,198
Business-type activities				
Charges for services				
Electric	9,000,195	9,090,354	9,226,380	9,534,315
Water	1,431,055	1,601,572	1,676,387	1,787,727
Surface water	581,341	613,555	669,380	727,237
Waste water	1,653,655	1,832,948	2,060,406	2,105,749
Fiber optic	104,472	108,615	145,673	148,684
Solid waste	1,100,932	1,128,070	1,084,284	1,099,506
Operating grants and contributions	109,690	80,666	178,469	48,752
Capital grants and contributions	–	–	–	–
Total business-type activities program revenues	13,981,340	14,455,780	15,040,979	15,451,970
Total primary government program revenues	$ 15,976,746	$ 15,748,864	$ 16,970,129	$ 17,640,168

2018	2019	2020	2021	2022	2023
$ 1,852,924	$ 1,559,014	$ 1,484,870	$ 1,328,371	$ 1,813,006	$ 1,822,939
4,006,547	4,087,960	4,298,332	3,826,009	5,718,250	5,852,635
1,790,048	2,104,125	1,712,876	2,135,103	2,853,488	2,866,024
636,499	586,040	577,988	470,618	666,685	647,156
508,783	3,028,759	7,263,908	560,016	549,676	765,731
415,264	383,719	701,700	624,528	770,759	681,499
9,210,065	11,749,617	16,039,674	8,944,645	12,371,864	12,635,984
8,960,653	8,098,292	7,950,155	9,090,803	10,286,514	10,140,345
938,780	1,105,399	1,008,677	1,028,804	1,209,955	1,245,077
642,322	480,131	462,958	562,073	666,147	768,449
1,744,588	1,817,051	1,814,166	1,760,265	2,067,753	2,079,731
181,099	138,423	140,622	141,471	145,320	160,177
991,685	1,492,205	906,762	938,234	946,788	1,053,052
13,459,127	13,131,501	12,283,340	13,521,650	15,322,477	15,446,831
$ 22,669,192	$ 24,881,118	$ 28,323,014	$ 22,466,295	$ 27,694,341	$ 28,082,815
$ 340,303	$ 498,603	$ 360,872	$ 400,827	$ 341,716	$ 298,132
124,392	129,933	52,571	106,480	102,658	111,274
298,035	580,660	820,311	631,019	976,441	655,805
169,999	263,985	194,967	362,490	275,913	243,362
615,246	648,171	2,621,998	880,202	631,090	1,161,987
1,292,586	588,053	670,265	373,618	448,478	480,707
2,840,561	2,709,405	4,720,984	2,754,636	2,776,296	2,951,267
10,149,233	9,284,280	9,275,594	10,416,983	11,282,305	11,660,434
1,823,416	1,853,028	2,015,977	2,138,165	2,021,685	2,154,579
820,017	881,196	925,883	946,086	957,409	968,318
2,198,476	2,325,937	2,477,861	2,482,664	2,457,962	2,560,648
141,209	218,655	213,804	208,915	213,176	214,176
1,135,528	1,106,983	985,699	998,597	1,008,152	1,031,341
61,976	341,895	63,645	49,224	69,777	187,708
–	–	753,848	–	–	–
16,329,855	16,011,974	16,712,311	17,240,634	18,010,466	18,777,204
$ 19,170,416	$ 18,721,379	$ 21,433,295	$ 19,995,270	$ 20,786,762	$ 21,728,471

(continued)

CITY OF NORTH ST. PAUL

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

	Fiscal Year			
	2014	2015	2016	2017
Net (expense) revenue				
Governmental activities	$ (5,790,097)	$ (6,540,698)	$ (7,661,762)	$ (6,947,467)
Business-type activities	1,372,245	1,640,716	2,435,607	3,205,317
Total primary government net expense	$ (4,417,852)	$ (4,899,982)	$ (5,226,155)	$ (3,742,150)
General revenues and other changes in net position				
Governmental activities				
Property taxes	$ 3,838,375	$ 3,885,640	$ 4,546,034	$ 5,111,242
Franchise taxes	522,358	563,829	544,367	531,178
Unrestricted grants and contributions	1,900,433	1,828,503	1,919,280	1,812,458
Other general revenues	52,840	4,606	38,802	126,853
Investment earnings (charges)	97,640	88,086	76,459	123,925
Transfers	970,000	1,205,589	1,449,000	1,046,800
Total governmental activities	7,381,646	7,576,253	8,573,942	8,752,456
Business-type activities				
Investment earnings (charges)	83,333	96,825	68,629	98,769
Transfers	(970,000)	(1,205,589)	(1,449,000)	(1,046,800)
Total business-type activities	(886,667)	(1,108,764)	(1,380,371)	(948,031)
Total primary government	$ 6,494,979	$ 6,467,489	$ 7,193,571	$ 7,804,425
Change in net position				
Governmental activities	$ 1,591,549	$ 1,035,555	$ 912,180	$ 1,804,989
Business-type activities	485,578	531,952	1,055,236	2,257,286
Total primary government	$ 2,077,127	$ 1,567,507	$ 1,967,416	$ 4,062,275

2018	2019	2020	2021	2022	2023
$ (6,369,504)	$ (9,040,212)	$(11,318,690)	$ (6,190,009)	$ (9,595,568)	$ (9,684,717)
2,870,728	2,880,473	4,428,971	3,718,984	2,687,989	3,330,373
$ (3,498,776)	$ (6,159,739)	$ (6,889,719)	$ (2,471,025)	$ (6,907,579)	$ (6,354,344)
$ 5,496,782	$ 5,809,709	$ 6,348,187	$ 6,481,133	$ 7,147,994	$ 8,296,412
431,469	421,413	437,835	490,483	563,490	531,239
1,838,514	1,843,392	1,800,995	1,685,861	1,661,614	1,570,639
212,024	124,510	81,834	203,525	199,242	148,378
174,935	460,597	186,263	(4,873)	(229,980)	813,758
841,130	862,932	687,213	921,412	790,000	790,000
8,994,854	9,522,553	9,542,327	9,777,541	10,132,360	12,150,426
164,874	597,528	326,675	158,534	(105,684)	1,121,633
(841,130)	(862,932)	(687,213)	(921,412)	(790,000)	(790,000)
(676,256)	(265,404)	(360,538)	(762,878)	(895,684)	331,633
$ 8,318,598	$ 9,257,149	$ 9,181,789	$ 9,014,663	$ 9,236,676	$ 12,482,059
$ 2,625,350	$ 482,341	$ (1,776,363)	$ 3,587,532	$ 536,792	$ 2,465,709
2,194,472	2,615,069	4,068,433	2,956,106	1,792,305	3,662,006
$ 4,819,822	$ 3,097,410	$ 2,292,070	$ 6,543,638	$ 2,329,097	$ 6,127,715

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF NORTH ST. PAUL

Table 3

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

Fiscal Year	Property Tax	Franchise Tax	Total
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
2023	8,296,412	531,239	8,827,651

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

	Fiscal Year 2014	2015	2016	2017
General Fund				
Nonspendable	$ 2,910	$ 1,800	$ 23,492	$ 26,016
Assigned	–	31,455	25,230	23,261
Unassigned	1,682,876	1,725,949	1,713,152	1,708,472
Total General Fund	$ 1,685,786	$ 1,759,204	$ 1,761,874	$ 1,757,749
All other governmental funds				
Nonspendable	$ –	$ –	$ –	$ –
Restricted	3,577,232	3,089,182	6,554,769	7,114,605
Committed	1,470,423	2,042,917	2,369,282	3,196,670
Assigned	572,634	607,146	1,166,478	996,304
Unassigned, reported in				
Other governmental funds	(126,182)	(103,906)	(113,371)	(6,954)
Total all other governmental funds	$ 5,494,107	$ 5,635,339	$ 9,977,158	$ 11,300,625
Total all governmental funds				
Nonspendable	$ 2,910	$ 1,800	$ 23,492	$ 26,016
Restricted	3,577,232	3,089,182	6,554,769	7,114,605
Committed	1,470,423	2,042,917	2,369,282	3,196,670
Assigned	572,634	638,601	1,191,708	1,019,565
Unassigned, reported in				
General Fund	1,682,876	1,725,949	1,713,152	1,708,472
Other governmental funds	(126,182)	(103,906)	(113,371)	(6,954)
Total all governmental funds	$ 7,179,893	$ 7,394,543	$ 11,739,032	$ 13,058,374

Table 4

2018	2019	2020	2021	2022	2023
$ 24,135	$ 154,851	$ 53,828	$ 81,527	$ 53,389	$ 79,009
19,985	17,740	88,565	109,197	100,857	116,558
1,788,706	2,182,986	2,701,149	3,497,620	4,170,579	4,846,018
$ 1,832,826	$ 2,355,577	$ 2,843,542	$ 3,688,344	$ 4,324,825	$ 5,041,585
$ –	$ –	$ 683	$ 102	$ –	$ –
9,661,240	5,816,806	5,912,546	6,232,816	7,962,023	6,018,933
3,774,915	4,217,917	4,026,933	4,188,953	3,777,432	3,673,975
1,931,788	1,758,664	1,943,532	2,049,562	2,391,518	2,850,562
(48,623)	(1,571,775)	(5,093,538)	(6,034,466)	(5,606,568)	(4,893,360)
$ 15,319,320	$ 10,221,612	$ 6,790,156	$ 6,436,967	$ 8,524,405	$ 7,650,110
$ 24,135	$ 154,851	$ 54,511	$ 81,629	$ 53,389	$ 79,009
9,661,240	5,816,806	5,912,546	6,232,816	7,962,023	6,018,933
3,774,915	4,217,917	4,026,933	4,188,953	3,777,432	3,673,975
1,951,773	1,776,404	2,032,097	2,158,759	2,492,375	2,967,120
1,788,706	2,182,986	2,701,149	3,497,620	4,170,579	4,846,018
(48,623)	(1,571,775)	(5,093,538)	(6,034,466)	(5,606,568)	(4,893,360)
$ 17,152,146	$ 12,577,189	$ 9,633,698	$ 10,125,311	$ 12,849,230	$ 12,691,695

CITY OF NORTH ST. PAUL

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

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Taxes	$ 4,366,055	$ 4,453,106	$ 5,083,188	$ 5,643,488
Special assessments	260,366	125,435	303,753	313,972
Licenses and permits	293,691	241,532	275,704	302,716
Intergovernmental	2,298,181	2,219,522	2,358,025	2,646,164
Charges for services	198,806	214,366	188,516	207,009
Fines and forfeits	61,758	50,850	34,824	37,032
Investment earnings (charges)	78,708	63,514	65,760	100,440
Other	379,683	257,538	329,038	415,313
Total revenues	7,937,248	7,625,863	8,638,808	9,666,134
Expenditures				
Current				
General government	828,533	2,093,492	2,107,655	2,142,817
Public safety	3,235,138	3,136,479	3,453,098	3,582,576
Public works	1,498,650	792,389	902,417	884,974
Parks and recreation	357,404	568,318	351,891	374,020
Other	35,000	–	–	–
Economic development	363,347	81,715	172,600	442,989
Capital outlay	2,238,418	1,036,298	3,677,596	1,507,700
Debt service				
Principal	760,000	775,000	1,010,000	1,020,000
Interest	328,208	386,549	366,628	434,638
Total expenditures	9,644,698	8,870,240	12,041,885	10,389,714
Excess of revenues over (under) expenditures	(1,707,450)	(1,244,377)	(3,403,077)	(723,580)
Other financing sources (uses)				
Bonds issued	2,360,000	–	3,880,000	1,051,380
Refunding bonds issued	–	1,595,000	2,430,000	–
Contract for deed issued	–	–	–	–
Premium (discount) on bonds issued	71,655	36,316	208,277	40,155
Payments to refunded bond escrow agent	–	(1,575,000)	–	–
Transfers in	2,433,320	1,681,475	2,143,316	1,387,155
Transfers out	(1,620,794)	(278,764)	(914,027)	(435,768)
Total other financing sources (uses)	3,244,181	1,459,027	7,747,566	2,042,922
Net change in fund balances	$ 1,536,731	$ 214,650	$ 4,344,489	$ 1,319,342
Debt service as a percentage of noncapital expenditures	14.2%	15.1%	16.0%	16.1%

Table 5

2018	2019	2020	2021	2022	2023
$ 5,923,559	$ 6,243,978	$ 6,775,208	$ 6,973,458	$ 7,770,528	$ 8,861,084
557,833	264,614	233,359	206,135	216,035	160,585
355,448	631,259	630,386	697,218	1,024,746	776,874
2,673,823	2,951,440	3,865,688	2,559,942	2,728,803	2,633,171
156,811	215,238	130,683	182,841	227,658	158,341
38,536	33,274	27,025	30,805	22,080	22,036
148,593	375,949	143,101	(3,722)	(169,313)	673,833
497,783	584,626	1,815,409	983,103	414,543	310,148
10,352,386	11,300,378	13,620,859	11,629,780	12,235,080	13,596,072
1,435,772	1,325,646	1,521,706	1,216,523	1,339,166	1,436,832
3,939,849	4,329,230	4,625,522	4,550,160	5,343,902	5,474,379
1,021,445	1,093,499	1,069,926	1,105,152	1,326,130	1,350,284
522,972	509,206	569,370	446,422	587,660	577,258
18,006	–	–	–	–	–
450,164	3,034,873	7,104,185	447,696	514,598	742,548
1,654,658	4,299,602	5,669,116	1,243,775	2,820,747	3,403,360
1,265,000	1,348,553	2,744,028	3,213,926	1,305,276	1,380,159
434,329	462,658	674,408	710,441	759,626	770,149
10,742,195	16,403,267	23,978,261	12,934,095	13,997,105	15,134,969
(389,809)	(5,102,889)	(10,357,402)	(1,304,315)	(1,762,025)	(1,538,897)
3,475,000	–	6,325,000	–	4,590,000	–
–	–	–	960,000	–	–
–	2,075,000	–	–	–	–
226,760	–	122,131	45,928	85,944	–
–	(2,410,000)	–	–	(980,000)	–
1,157,039	1,012,932	1,787,397	912,658	2,036,939	1,683,903
(375,218)	(150,000)	(820,617)	(122,658)	(1,246,939)	(302,541)
4,483,581	527,932	7,413,911	1,795,928	4,485,944	1,381,362
$ 4,093,772	$ (4,574,957)	$ (2,943,491)	$ 491,613	$ 2,723,919	$ (157,535)
18.3%	14.5%	18.6%	32.9%	18.1%	18.2%

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF NORTH ST. PAUL

Table 6

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

Fiscal Year	Property Tax	Electric Franchise	Gas Franchise	Cable Franchise	Total
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
2023	8,329,845	286,388	138,678	106,173	8,861,084

CITY OF NORTH ST. PAUL

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

	Tax Capacity (1)				
	Real Property				
Fiscal Year	Residential Property	Commercial Property	Personal Property	Less Tax Exempt Real Property	Fiscal Disparities Distribution
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
2023	12,332,890	2,151,824	120,600	(2,218,318)	2,858,933

(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

Total Tax Capacity Value	Total Direct Tax Rate	Total Estimated Market Value	Tax Capacity Value as a Percentage of Market Value
$ 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
15,245,929	42.711	1,371,264,600	1.1

CITY OF NORTH ST. PAUL

Table 8

Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

	Direct Rates (1)			Overlapping			Total Direct and Overlapping Rates
Fiscal Year	General Levy	Debt Levy	City Total	County	School District	Special District	
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
2023	33.732	8.979	42.711	44.900	29.975	11.256	128.842

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

Source: Ramsey County

CITY OF NORTH ST. PAUL

Table 9

Principal Property Taxpayers
Current Year and Nine Years Ago

	2023			2014		
Taxpayer	Estimated Market Value	Rank	Percentage of Total Estimated Market Value	Estimated Market Value	Rank	Percentage of Total Estimated Market Value
Cedarview Commons	$ 21,932,800	1	1.60 %	$ 11,140,700	2	1.62 %
North St. Paul Land Dev. Co., LLC	20,100,000	2	1.47	–	–	–
Anchor View, LLC	20,052,000	3	1.46	–	–	–
Helen Street Senior Housing Realty	19,792,600	4	1.44	–	–	–
Cottages of North St. Paul	12,119,600	5	0.88	–	–	–
LHB Properties	12,010,800	6	0.88	5,964,600	5	0.87
IP4 AF St. Paul, LLC	9,955,100	7	0.73	–	–	–
Berwald Investment Company	9,736,700	8	0.71	7,758,400	4	1.13
Dayton Hudson Corporation	9,606,200	9	0.70	10,887,700	3	1.58
Kwik Trip, Inc.	5,875,900	10	0.43	–	–	–
Gervais Court Properties, LLC	–	–	–	38,483,000	1	5.59
Bigos Regency Park, LLC	–	–	–	4,899,800	6	0.71
McKnight Plaza, PMP Enterprise, LLC	–	–	–	3,404,500	7	0.49
Anchor Block	–	–	–	2,936,600	8	0.43
Berwald, LLC	–	–	–	2,876,800	9	0.42
Triple Shot, LLC, Aetrium, Inc., Kamko	–	–	–	2,449,500	10	0.36
Total	$ 141,181,700		10.30 %	$ 90,801,600		13.19 %

Source: Ramsey County Department of Property Taxation

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF NORTH ST. PAUL

Table 10

Property 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 (Abatements) in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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	38,651	4,186,996	100.0
2017	4,768,855	4,728,652	99.2	39,199	4,767,851	100.0
2018	5,144,397	5,093,568	99.0	49,288	5,142,856	100.0
2019	5,545,599	5,504,917	99.3	40,063	5,544,980	100.0
2020	5,828,387	5,783,121	99.2	43,698	5,826,819	100.0
2021	5,864,589	5,823,146	99.3	35,403	5,858,549	99.9
2022	6,226,210	6,224,303	100.0	(8,803)	6,215,500	99.8
2023	6,753,978	6,711,157	99.4	–	6,711,157	99.4

(1) Includes fiscal disparity revenues.

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

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities								
Fiscal Year	General Obligation Bonds	Special Assessment Bonds	Tax Increment Bonds	Tax Abatement Bonds	Capital Improvement Bonds	Contract for Deed	Subscription	Premiums	Total
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
2023	5,225,000	5,079,438	7,065,000	920,000	845,000	–	126,610	516,699	19,777,747

(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

	Business-Type Activities				Total Primary	Percentage of Personal	
Revenue Bonds	Capital Loans	Subscription	Premiums	Total	Government	Income (1)	Per Capita (1)
$ 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
14,890,562	–	177,192	470,261	15,538,015	35,315,762	8.37	2,833

CITY OF NORTH ST. PAUL

Table 12

Ratios 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)
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
2023	6,070,000	132,528	1,311,964	4,890,564	0.36	392

(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, 2023

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Direct debt			
City of North St. Paul	$ 19,777,747	100.0 %	$ 19,777,747
Overlapping debt			
Independent School District No. 622	418,170,000	11.3	47,148,140
Ramsey County	214,277,000	1.9	4,011,968
Ramsey County Library	18,510,000	3.7	683,690
Metropolitan Council	1,717,186,171	0.3	5,360,258
Total overlapping debt			57,204,055
Total direct and overlapping debt			$ 76,981,802

(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			
	2014	2015	2016	2017
Debt limit	$ 20,651,151	$ 21,906,498	$ 23,320,878	$ 24,655,140
Total net debt applicable to the limit	6,121,581	5,422,600	4,634,589	3,927,887
Legal debt margin	$ 14,529,570	$ 16,483,898	$ 18,686,289	$ 20,727,253
Total net debt applicable to the limit as a percentage of debt limit	29.64%	24.75%	19.87%	15.93%

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

Table 14

2018	2019	2020	2021	2022	2023
$ 25,851,720	$ 27,595,539	$ 30,560,505	$ 33,244,374	$ 34,940,208	$ 41,137,938
3,194,285	2,389,060	1,559,192	817,979	5,538,990	4,758,036
$ 22,657,435	$ 25,206,479	$ 29,001,313	$ 32,426,395	$ 29,401,218	$ 36,379,902
12.36%	8.66%	5.10%	2.46%	15.85%	11.57%

Legal Debt Margin Calculation for Fiscal Year 2023

Market value	$ 1,371,264,600
Debt limit (3 percent of market value)	41,137,938
Debt applicable to the limit	
General obligation bonds	6,070,000
Less amount set aside for repayment of general obligation debt	(1,311,964)
Total net debt applicable to the limit	4,758,036
Legal debt margin	$ 36,379,902

CITY OF NORTH ST. PAUL

Table 15

Pledged Revenue Coverage
Last Ten Fiscal Years

	Revenue Bonds					
				Debt Service		
Fiscal Year	Operating Revenues	Less Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
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
2023	18,375,320	13,886,801	4,488,519	1,554,841	508,206	2.18

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.

Table 16

Demographic 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)
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	10,636	2.9
2020	12,161	398,990,249	32,809	34.9	10,563	4.7
2021	12,364	391,370,056	31,654	*	10,305	2.6
2022	12,395	392,351,330	31,654	32.1	10,263	2.8
2023	12,465	421,901,467	33,847	32.1	10,244	2.3

* 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 2023

CITY OF NORTH ST. PAUL

Table 17

Principal Employers
Current Year and Nine Years Ago

	2023		2014	
Employer	Employees	Rank	Employees	Rank
Independent School District No. 622	1,829	1	1,500	1
Berwald Roofing	177	2	160	3
Target Stores, Inc.	172	3	267	2
REM Ramsey, Inc.	95	4	75	4
City of North St. Paul	93	5	55	5
T.A. Schifsky & Sons, Inc.	70	6	50	6
Rust-Oleum	65	7	–	–
Rock Solid	50	8	–	–
Ideal Credit Union	47	9	49	9
Andersen Cabinet, Inc.	21	10	–	–
Lillie Suburban Newspapers	–	–	50	6
McPhillips Bros. Roofing Co.	–	–	50	6
Custom Millwork, Inc.	–	–	37	10
Total	2,619		2,293	

Note: The percentage of total city employment is unavailable.

Source: Baker Tilly Bond Consultants – September 2021

CITY OF NORTH ST. PAUL

Table 18

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function										
General government	13	13	13	14	15	15	11	11	12	14
Public safety										
Police										
Officers	15	18	17	18	17	17	18	19	19	19
Civilians	3	3	4	4	4	2	2	2	2	2
Fire										
Firefighters and officers	3	4	4	4	4	4	4	4	4	4
Highways and streets										
Engineering	1	–	–	–	–	–	–	–	–	–
Maintenance	3	4	4	4	4	4	4	4	4	4
Parks and recreation	4	4	4	4	4	4	4	4	4	4
Water	3	3	3	3	3	3	3	3	3	4
Electric	11	12	12	13	12	10	11	11	11	11
Total	55	61	61	64	63	59	57	58	59	62

Source: Various government departments

CITY OF NORTH ST. PAUL

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
Function				
Police				
Parking violations	629	838	740	1,054
Traffic violations	839	902	596	690
Fire				
Number of calls answered	999	1,071	1,243	1,319
Rental inspections	189	169	243	382
Code compliance cases	177	612	700	447
Commercial inspections	–	1	21	145
Zoning inspections	N/A	N/A	N/A	N/A
Highways and streets				
Street resurfacing (miles)	1.8	0.5	1.6	1.9
Tons of asphalt used	431.1	468.0	579.7	616.0
Water				
New connections	4	12	21	9
Water main breaks	8	4	8	6
Average daily consumption (thousands of gallons)	909	900	972	973

N/A – Not Available

Source: Various government departments

Table 19

2018	2019	2020	2021	2022	2023
937	753	590	283	237	201
560	592	512	263	239	86
1,318	1,355	1,478	1,566	1,605	1,694
297	274	173	164	157	247
468	295	257	172	113	168
31	35	27	51	37	35
N/A	N/A	N/A	N/A	99	44
0.3	2.6	1.0	2.0	2.0	1.1
729.8	925.0	460.0	625.0	500.0	465.0
4	46	37	60	128	11
12	6	10	9	7	2
1,104	840	900	1,074	1,020	1,057

CITY OF NORTH ST. PAUL

Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
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	630	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)	330,467	328,624	273,021	362,558
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	70	70	70	70

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

Source: Various government departments

Table 20

2018	2019	2020	2021	2022	2023
1	1	1	1	1	1
10	10	9	10	12	14
1	1	1	1	1	1
45	45	45	45	45	45
630	639	647	652	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	2	2
44	62	63	64	64	64
609	622	645	650	650	650
403,082	306,547	328,529	392,354	372,418	386,019
43	46	47	47	47	47
21	44	45	45	45	45
1	1	1	1	1	1
71	72	73	73	74	74

THIS PAGE INTENTIONALLY LEFT BLANK

Management Report

for

City of North St. Paul, Minnesota

December 31, 2023

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2023. 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 13, 2024

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2023. 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 OPINIONS AND FINDINGS

Based on our audit of the City's financial statements for the year ended December 31, 2023:

- We have issued unmodified opinions 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. 96, *Subscription-Based Information Technology Arrangements*, during the year. Our opinion was not modified with respect to this matter.

- We reported no deficiencies in the City's internal control over financial reporting that we considered to be material weaknesses.

- 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 the City did not comply with state statutes for the dental group insurance contract entered into during the fiscal year.

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, 2023, 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:

- During the prior year audit, the City had limited segregation of duties in a number of areas. During the current year, the City hired an additional finance department staff to eliminate this finding.

- Minnesota Statutes require cities to pay each vendor obligation according to the terms of each contract or within 35 days after the receipt of the goods of service or the invoice for the goods or services. If such obligations are not paid within the appropriate time period, the City must pay interest on the unpaid obligations at the rate of 1.5 percent per month or part of a month. For five disbursements selected for testing in the prior year, the City did not pay the obligation within the required time period and did not pay interest on the unpaid obligation. 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, 2023, the City has three special revenue funds that have a deficit fund equity totaling $4,077,310, one capital projects fund deficit totaling $816,050, and one enterprise fund deficit totaling $544,610. 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, 2023, the Fiber Optic Fund's unrestricted component of net position has a deficit of $2,096,288. 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.

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, 2023. 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. 96, *Subscription-Based Information Technology Arrangements,* during fiscal year ended December 31, 2023. This standard changed the way subscription 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/Amortization** – Management's estimates of depreciation and amortization 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, and the likelihood that balances will ultimately be paid out at termination.

- **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. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management 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 13, 2024.

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.

THIS PAGE INTENTIONALLY LEFT BLANK

GOVERNMENTAL FUNDS OVERVIEW

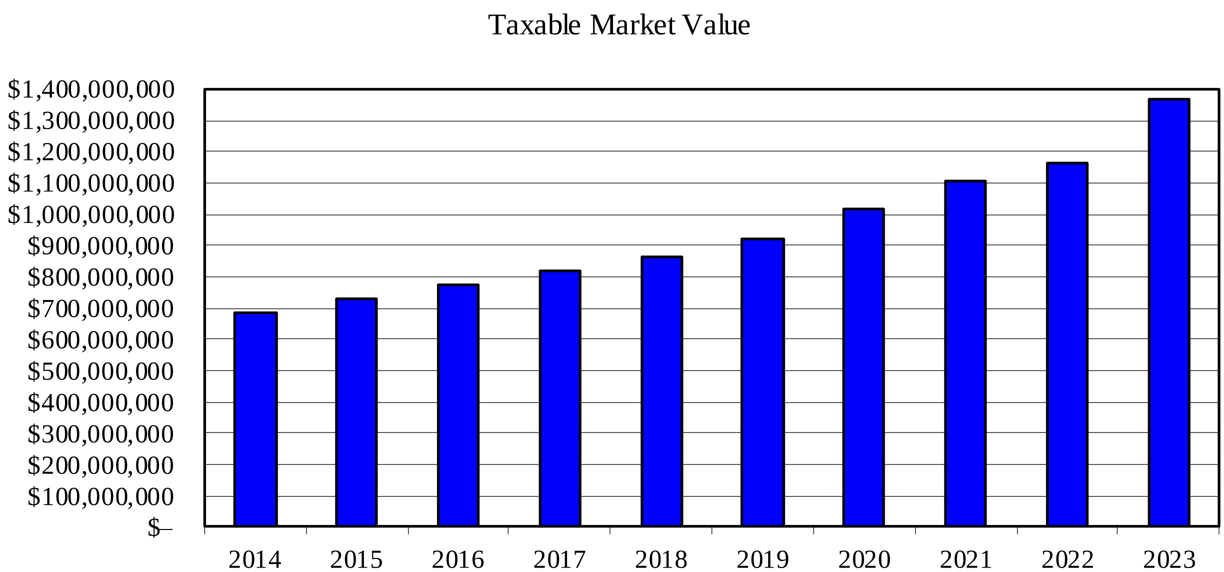
This section of the report provides you with an overview of the financial trends and activities of the City's governmental funds, which includes the General, special revenue, debt service, and capital projects funds. These funds are used to account for the basic services the City provides to all of its 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 (the most recent comparative state-wide data available), 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 2023 increased 4.2 percent compared to the prior year, and 7.5 percent for taxes payable in 2024.

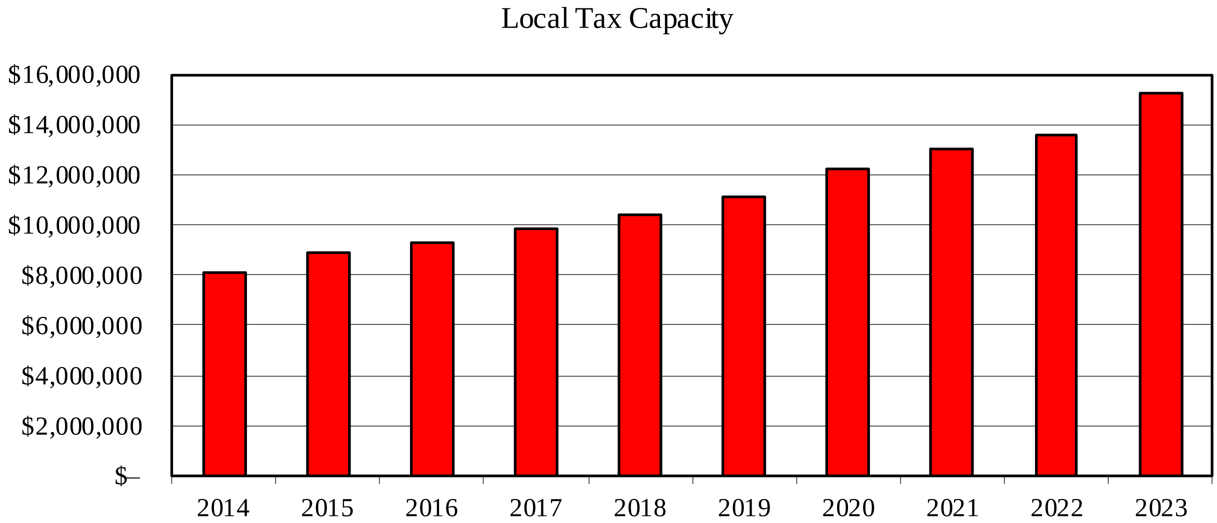
The taxable net tax capacity value of property in Minnesota cities increased about 17.7 percent for the 2023 levy year. The tax capacity values used for levying property taxes are based on the assessed market values for the previous fiscal year (e.g., tax capacity values for taxes levied in 2023 were based on assessed market values as of January 1, 2022), 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 5.1 percent for taxes payable in 2022 and 17.7 percent for taxes payable in 2023. 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 4.0 percent for 2022 and 12.3 percent for 2023.

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		
	2021	2022	2023
Average tax rate			
City	38.2	44.1	42.7
County	47.8	47.2	44.9
School	32.0	32.3	30.0
Special taxing	12.6	12.8	11.2
Total	130.6	136.4	128.8

The average tax rate was less than the prior year with decreases spread across each of the taxing authorities presented in the above table. Increases in property valuations contributed to the change in the average tax 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, 2023, presented both by fund balance classification and by major fund:

Governmental Funds Change in Fund Balance

	Fund Balance as of December 31, 2023	Fund Balance as of December 31, 2022	Change
Fund balances of governmental funds			
Total by classification			
Nonspendable	$ 79,009	$ 53,389	$ 25,620
Restricted	6,018,933	7,962,023	(1,943,090)
Committed	3,673,975	3,777,432	(103,457)
Assigned	2,967,120	2,492,375	474,745
Unassigned	(47,342)	(1,435,989)	1,388,647
Total governmental funds	$ 12,691,695	$ 12,849,230	$ (157,535)
Total by fund			
General	$ 5,041,585	$ 4,324,825	$ 716,760
TIF 4-10 Anchor Block North – Housing Tax Increment	(2,828,736)	(2,937,254)	108,518
Street Improvement Revolving	1,353,735	3,391,962	(2,038,227)
Nonmajor	9,125,111	8,069,697	1,055,414
Total governmental funds	$ 12,691,695	$ 12,849,230	$ (157,535)

In total, the fund balances of the City's governmental funds decreased by $157,535 during the year ended December 31, 2023. The decrease is due largely to the decrease in restricted funds in the Street Improvement Revolving Capital Projects Fund as a result of the spend down of prior year bond proceeds on street projects. This decrease was offset by an increase in unassigned fund balance, due to the improved financial position in the General Fund and nonmajor Municipal State Aid Capital Projects 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 Office of the State Auditor 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

	State-Wide			City of North St. Paul		
Year	December 31, 2021			2021	2022	2023
Population	2,500–10,000	10,000–20,000	20,000–100,000	12,364	12,395	12,465
Property taxes	$ 560	$ 529	$ 557	$ 469	$ 504	$ 554
Tax increments	38	36	49	55	77	114
Franchise and other taxes	52	66	53	40	45	43
Special assessments	59	41	56	17	17	13
Licenses and permits	45	46	53	56	83	62
Intergovernmental revenues	421	293	202	207	220	211
Charges for services	135	111	110	15	18	13
Other	60	39	26	82	22	81
Total revenue	$ 1,370	$ 1,161	$ 1,106	$ 941	$ 986	$ 1,091

The City generated $13,596,072 of total revenue in its governmental funds in 2023, an increase of $1,360,992 (11.1 percent) from the prior year. The City's per capita governmental funds revenue for 2023 was $1,091, an increase of $105 from the prior year, including the effect of a change in estimated population. The largest changes occurred with increases in other, property taxes, and tax increments. Other revenues, which includes investment earnings, increased due to improved interest rates and fair value adjustments. Property tax revenues increased with the increased property tax levy approved by the City Council. 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 licenses and permits, with less building activity in the current year.

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

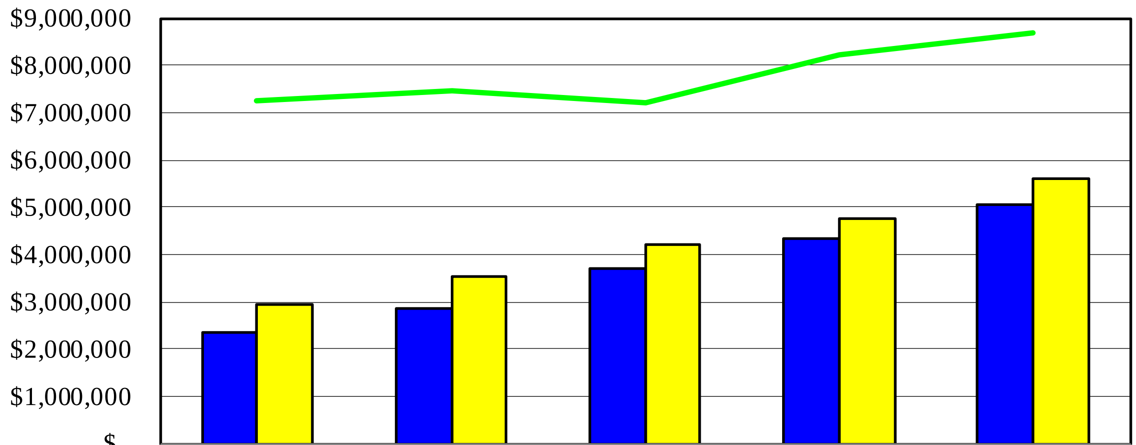
	State-Wide			City of North St. Paul		
Year	December 31, 2021			2021	2022	2023
Population	2,500–10,000	10,000–20,000	20,000–100,000	12,364	12,395	12,465
Current						
General government	$ 168	$ 131	$ 116	$ 98	$ 108	$ 115
Public safety	327	296	327	368	431	439
Streets and highways	144	124	112	89	107	108
Parks and recreation	108	124	107	36	47	46
All other	101	79	77	36	42	60
Total current	848	754	739	627	735	768
Capital outlay and construction	525	407	317	101	228	273
Debt service						
Principal	168	161	110	260	105	111
Interest and fiscal	48	41	34	57	61	62
Total debt service	216	202	144	317	166	173
Total expenditures	$ 1,589	$ 1,363	$ 1,200	$ 1,045	$ 1,129	$ 1,214

Total expenditures in the City's governmental funds for 2023 were $15,134,969, an increase of $1,137,864 (8.1 percent). The City's per capita governmental funds total expenditures increased $85, or 7.5 percent. This increase was mainly in all other current expenditures and capital outlay and construction. All other expenditures increased $18 per capita, due to increased economic development payments in the current year. Capital outlay and construction increased $45 per capita, due to increased street improvement projects in the current year.

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,



	2019	2020	2021	2022	2023
Fund Balance	$2,355,577	$2,843,542	$3,688,344	$4,324,825	$5,041,585
Cash (Net)	$2,942,024	$3,528,848	$4,220,273	$4,747,614	$5,605,698
Expenditures	$7,257,555	$7,453,828	$7,225,942	$8,217,733	$8,717,436

The City’s General Fund cash and investment balance (net of borrowing) at December 31, 2023 was $5,605,698, an increase of $858,084 from the previous year. Total fund balance at December 31, 2023 was $5,041,585, an increase of $716,760 from the prior year.

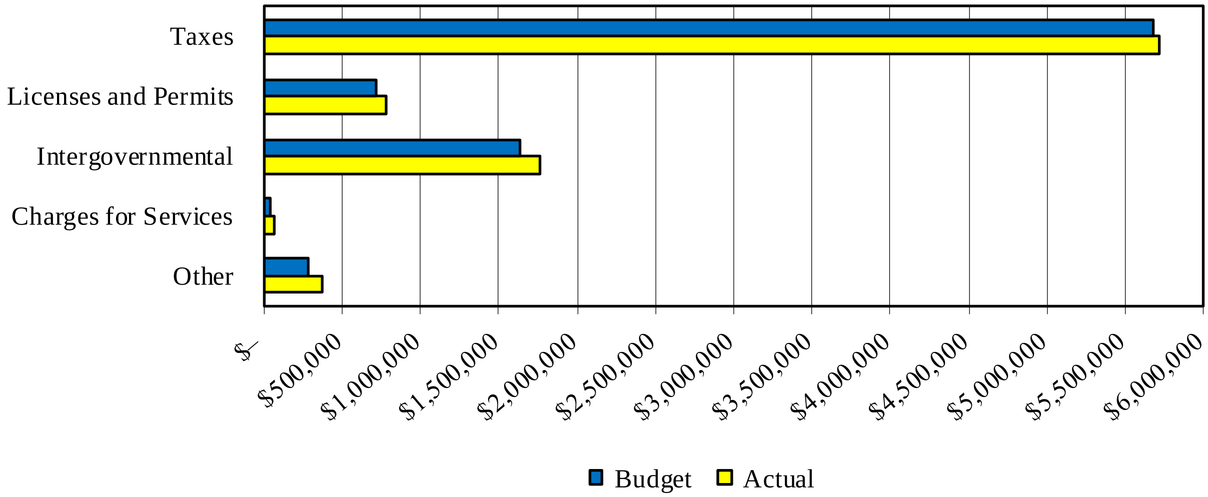
The level of General Fund balance is greatly attributed to the City’s fund balance policies, as well as the general budgeting policies. These policies have allowed the City to provide funding for the General Fund operations, as well as equipment replacement and street improvement programs without disrupting 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.

The current fund balance policy establishes the City 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, 2023, the unassigned fund balance for the General Fund was 50 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 2023:

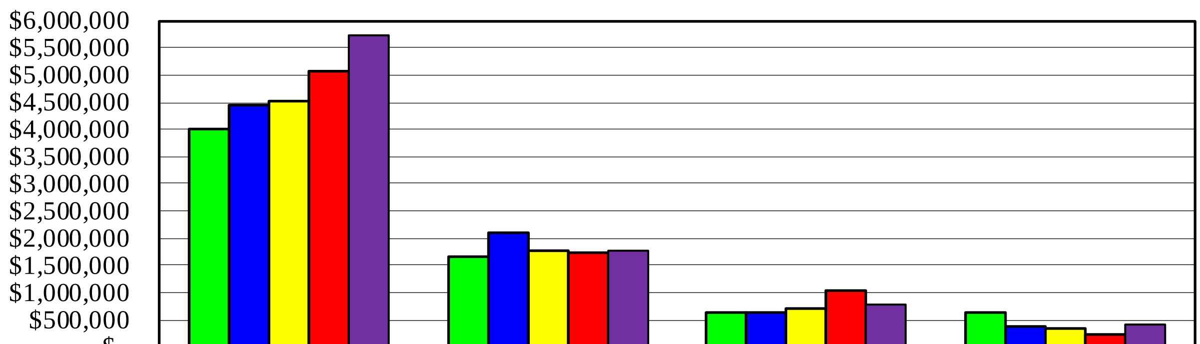
General Fund Revenue



Total General Fund revenues for 2023 were $8,684,099, an increase of $639,885 from the previous year, and were $323,438 (3.9 percent) over budget. The largest variances were in intergovernmental revenues, other, and licenses and permits, which were $129,172, $78,181, and $59,297, 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:

General Fund Revenue by Source
Years Ended December 31,

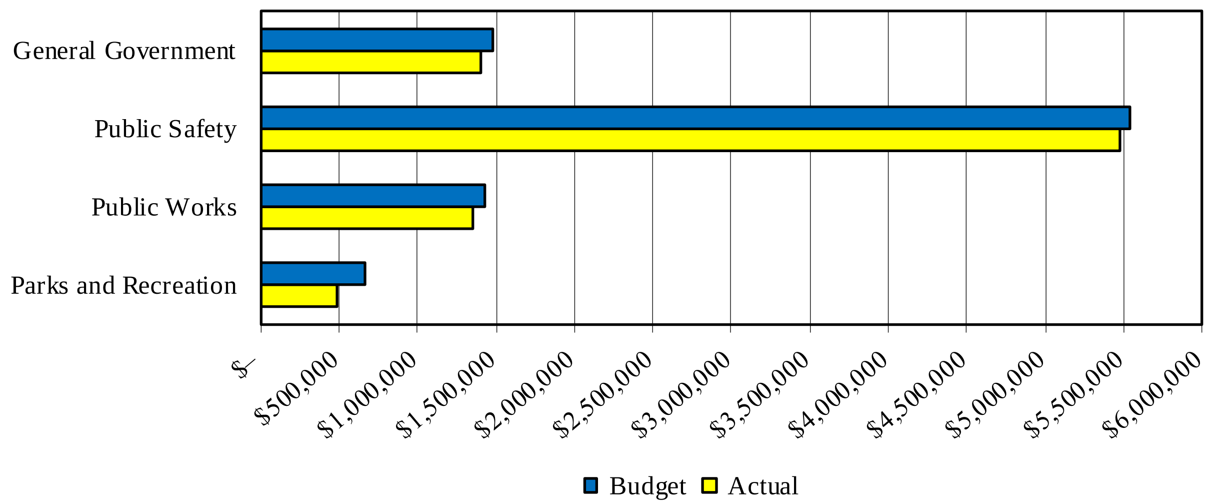


	Taxes	Intergovernmental	Licenses and Permits	All Other
2019	$4,010,984	$1,670,594	$631,259	$633,352
2020	$4,444,352	$2,113,531	$630,386	$369,091
2021	$4,525,491	$1,753,906	$697,218	$334,129
2022	$5,064,246	$1,716,959	$1,024,746	$238,263
2023	$5,715,461	$1,766,615	$776,874	$425,149

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, licenses and permits, and all other. Tax revenues increased $651,215, due to an increase in the property tax levy approved by the City Council for 2023. All other increased $186,886 with an increase in investment earnings, due to fair value adjustments. These increases were offset by a decrease in licenses and permits of $247,872, with less building activity in the current year.

The following graph reflects the City's General Fund expenditures compared to budget for 2023:

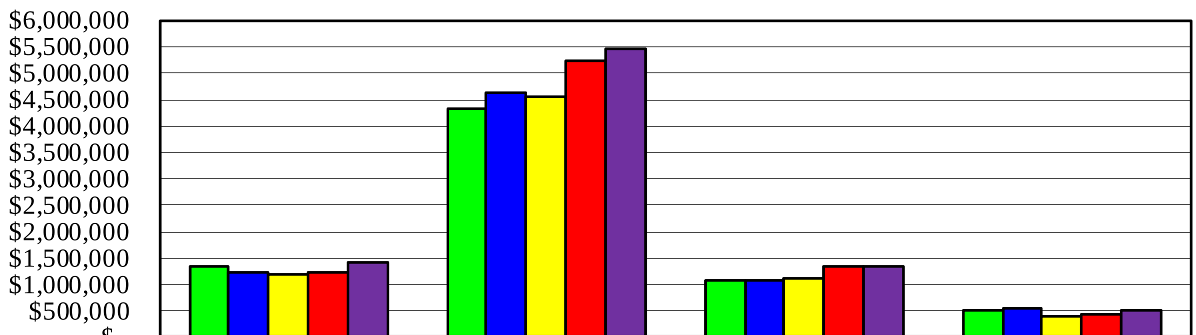
General Fund Expenditures



Total General Fund expenditures for 2023 were $8,717,436, an increase of $499,703 (6.1 percent) from the previous year, and $393,322 (4.3 percent) under budget. General government, public safety, and public works expenditures were under budget, mainly due to vacant positions in the current year. Parks and recreation expenditures were under budget, due to savings in personal services and capital outlay.

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

General Fund Expenditures by Function
Years Ended December 31,



	General Government	Public Safety	Public Works	Parks and Recreation
2019	$1,325,646	$4,329,204	$1,093,499	$509,206
2020	$1,224,966	$4,625,463	$1,069,926	$533,473
2021	$1,175,770	$4,550,160	$1,105,152	$394,860
2022	$1,221,240	$5,244,127	$1,326,130	$426,236
2023	$1,400,314	$5,473,644	$1,350,284	$493,194

Typical to other cities we audit, public safety costs comprise the largest portion of General Fund spending. The largest increases in the current year were in public safety and general government, which increased $229,517 and $179,074, respectively. Public safety expenditures increased, mainly in personal service costs in the police protection and fire departments, offset by a decrease in contractual services in the inspections department with fewer building permits issued in the current year. The increase in general government expenditures is mainly due to increased personal service costs in the finance department 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, 2023, presented both by classification and by fund:

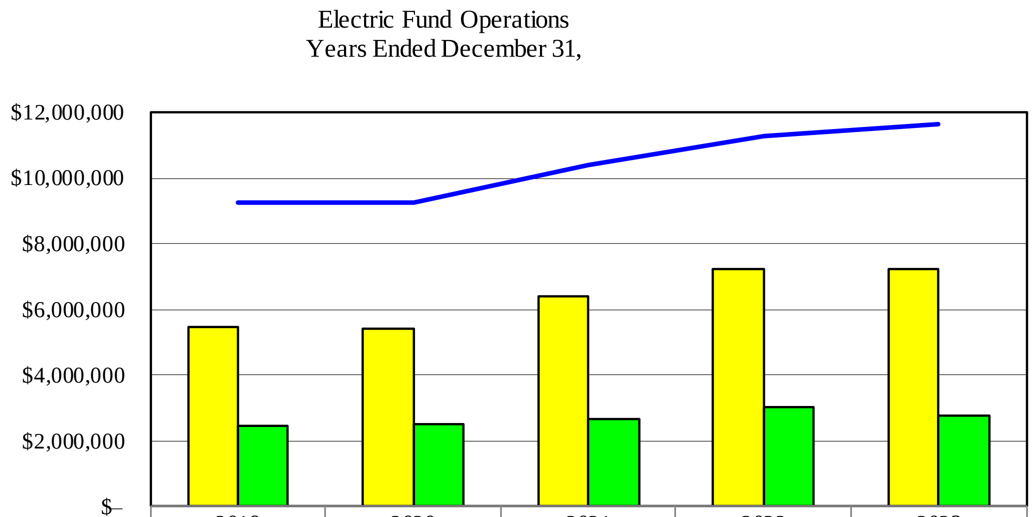
Enterprise Funds Change in Financial Position

	Net Position as of December 31,		
	2023	2022	Change
Net position of enterprise funds			
Total by classification			
Net investment in capital assets	$ 7,752,067	$ 6,330,294	$ 1,421,773
Unrestricted	21,260,497	18,987,020	2,273,477
Total enterprise funds	$ 29,012,564	$ 25,317,314	$ 3,695,250
Total by fund			
Electric	$ 11,497,210	$ 9,724,576	$ 1,772,634
Water	8,011,992	7,045,021	966,971
Surface Water	4,690,490	4,302,711	387,779
Waste Water	4,640,315	4,106,875	533,440
Fiber Optic	(544,610)	(598,609)	53,999
Solid Waste	717,167	736,740	(19,573)
Total enterprise funds	$ 29,012,564	$ 25,317,314	$ 3,695,250

In total, the net position of the City's enterprise funds increased by $3,695,250 during the year ended December 31, 2023. This increase is mainly in unrestricted net position, due to positive operating results overall in the enterprise funds. Net investment in capital assets increased in the current year, due to continued investment in utility infrastructure.

ELECTRIC FUND

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



	2019	2020	2021	2022	2023
Purchased Utilities	$5,492,106	$5,441,693	$6,404,278	$7,220,020	$7,229,954
Other Operating Expenses	$2,449,878	$2,527,008	$2,643,458	$3,022,096	$2,748,695
Net Sales	$9,282,934	$9,261,964	$10,415,639	$11,282,305	$11,660,434

	2019	2020	2021	2022	2023
Total operating revenue	$ 9,282,934	$ 9,261,964	$ 10,415,639	$ 11,282,305	$ 11,660,434
Purchased utilities	5,492,106	5,441,693	6,404,278	7,220,020	7,229,954
Gross profit	3,790,828	3,820,271	4,011,361	4,062,285	4,430,480
Other operating expenses	(2,449,878)	(2,527,008)	(2,643,458)	(3,022,096)	(2,748,695)
Depreciation	(101,290)	(103,739)	(114,831)	(108,310)	(114,904)
Interest expense	(55,443)	(52,352)	(40,624)	(29,561)	(26,615)
Other income	244,957	235,481	170,848	68,273	532,368
Income before transfers	1,429,174	1,372,653	1,383,296	970,591	2,072,634
Net transfers in (out)	(372,932)	(300,000)	(431,412)	(300,000)	(300,000)
Change in net position	$ 1,056,242	$ 1,072,653	$ 951,884	$ 670,591	$ 1,772,634
Income before transfers as a percentage of net sales	15.4%	14.8%	13.0%	8.6%	17.8%

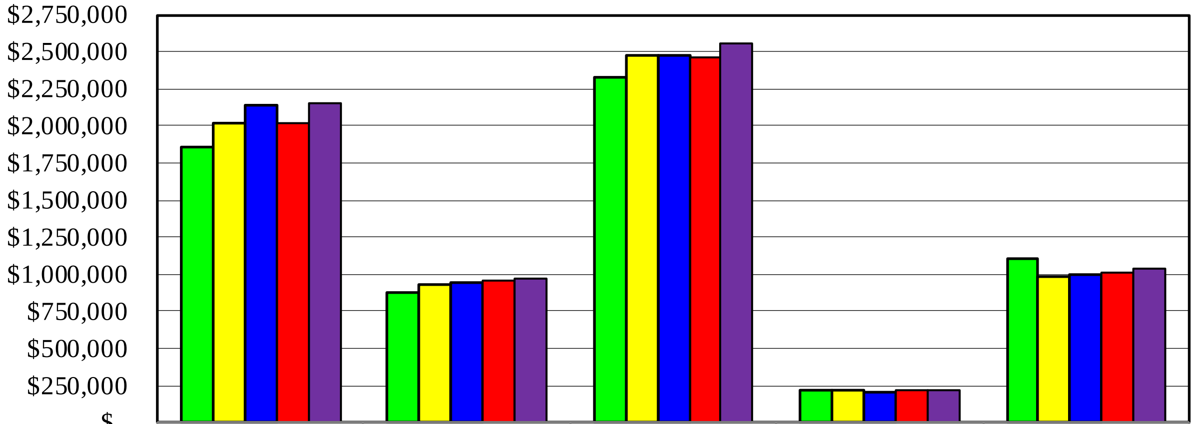
Gross profit results for the City's Electric Fund increased by $368,195 from the prior year. This increase was mainly due to increased rates in the current year, as approved by the City Council.

The Electric Fund ended fiscal 2023 with a total net position of $11,497,210 of which $10,539,340 was unrestricted, with the remaining balance being classified as net investment in capital assets. At December 31, 2023, unrestricted cash and investments totaled $6,573,509, and advances to other funds totaled $4,008,491.

OTHER ENTERPRISE UTILITY FUNDS

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

Utility Operating Revenue
Years Ended December 31,



	Water	Surface Water	Waste Water	Fiber Optic	Solid Waste
2019	$1,852,700	$881,196	$2,325,937	$218,655	$1,106,983
2020	$2,015,436	$925,883	$2,477,861	$213,804	$985,699
2021	$2,138,165	$946,086	$2,482,664	$208,915	$997,011
2022	$2,021,685	$957,409	$2,457,962	$213,176	$1,008,152
2023	$2,154,579	$968,318	$2,560,648	$214,176	$1,031,341

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:

	2019	2020	2021	2022	2023
Operating revenue	$ 1,852,700	$ 2,015,436	$ 2,138,165	$ 2,021,685	$ 2,154,579
Operating expenses	(827,869)	(746,874)	(695,935)	(765,685)	(764,317)
Depreciation	(205,280)	(205,280)	(250,078)	(266,541)	(325,540)
Operating income	819,551	1,063,282	1,192,152	989,459	1,064,722
Nonoperating revenue (expenses)	32,357	(57,105)	(107,633)	(233,648)	107,249
Income before contributions and transfers	851,908	1,006,177	1,084,519	755,811	1,171,971
Capital contributions	–	–	–	–	443,417
Net transfers in (out)	(205,000)	(205,000)	(205,000)	(205,000)	(648,417)
Change in net position	$ 646,908	$ 801,177	$ 879,519	$ 550,811	$ 966,971
Income before transfers as a percentage of operating revenue	46.0%	49.9%	50.7%	37.4%	54.4%

The Water Fund ended 2023 with a net position of $8,011,992, an increase of $966,971 from the prior year. Of this, $1,903,603 represents the net investment in capital assets, while $6,108,389 is considered unrestricted.

Operating revenue increased $132,894 from the previous year, or about 6.6 percent. Increased consumption resulted in this overall increase in operating revenue. Operating expenses decreased $1,368, or about 0.2 percent, from the prior year.

The Water Fund recognized $443,417 of capital contributions in the current year from governmental activities.

During the current year, this utility operation also made transfers to other funds totaling $648,417.

SURFACE WATER FUND

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

	2019	2020	2021	2022	2023
Operating revenue	$ 881,196	$ 925,883	$ 946,086	$ 957,409	$ 968,318
Operating expenses	(317,898)	(313,785)	(352,044)	(350,348)	(429,555)
Depreciation	(137,772)	(137,772)	(159,522)	(175,438)	(218,681)
Operating income	425,526	474,326	434,520	431,623	320,082
Nonoperating revenue (expense)	47,707	(45,904)	(72,717)	(168,657)	147,697
Income before contributions and transfers	473,233	428,422	361,803	262,966	467,779
Capital contributions	–	930,628	–	–	109,430
Net transfers in (out)	(80,000)	(256,780)	(80,000)	(80,000)	(189,430)
Change in net position	$ 393,233	$ 1,102,270	$ 281,803	$ 182,966	$ 387,779
Income before transfers as a percentage of operating revenue	53.7%	46.3%	38.2%	27.5%	48.3%

The Surface Water Fund ended 2023 with a net position of $4,690,490, an increase of $387,779 from the prior year. Of this, $1,583,476 represents the net investment in capital assets, while $3,107,014 is considered unrestricted.

Operating revenues increased $10,909 from the previous year, or about 1.1 percent, due to the increased number of customers. Operating expenses increased $79,207, or about 22.6 percent, from the previous year, primarily in professional services.

Nonoperating revenue (expense) increased $316,354 from the previous year, due to improved investment earnings and grants received in the current year.

The Surface Water Fund recognized $109,430 of capital contributions in the current year from governmental activities.

During the current year, this utility operation also made transfers to other funds totaling $189,430.

WASTE WATER FUND

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

	2019	2020	2021	2022	2023
Operating revenue	$ 2,325,937	$ 2,477,861	$ 2,482,664	$ 2,457,962	$ 2,560,648
Operating expenses	(1,536,494)	(1,556,133)	(1,416,341)	(1,660,344)	(1,664,024)
Depreciation	(205,103)	(206,816)	(257,764)	(270,316)	(292,434)
Operating income	584,340	714,912	808,559	527,302	604,190
Nonoperating revenue (expenses)	164,720	(100,164)	(119,548)	(179,204)	74,250
Income before contributions and transfers	749,060	614,748	689,011	348,098	678,440
Capital contributions	–	–	–	–	38,515
Net transfers in (out)	(145,000)	(42,213)	(145,000)	(145,000)	(183,515)
Change in net position	$ 604,060	$ 572,535	$ 544,011	$ 203,098	$ 533,440
Income before transfers as a percentage of operating revenue	32.2%	24.8%	27.8%	14.2%	26.5%

The Waste Water Fund ended 2023 with a net position of $4,640,315, an increase of $533,440 from the prior year. Of this, $1,755,440 represents the net investment in capital assets, while the unrestricted portion has a balance of $2,884,875.

Operating revenue increased $102,686 from the previous year, or about 4.2 percent, mainly due to the rate increase. Operating expenses increased $3,680, or about 0.2 percent, from the prior year.

Nonoperating revenue (expense) increased $253,454 from the previous year, due to improved investment earnings and the City receiving a Metropolitan Council inflow and infiltration grant in the current year.

The Waste Water Fund recognized $38,515 of capital contributions in the current year from governmental activities.

During the current year, this utility operation also made transfers to other funds totaling $183,515.

FIBER OPTIC FUND

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

	2019	2020	2021	2022	2023
Operating revenue	$ 218,655	$ 213,804	$ 208,915	$ 213,176	$ 214,176
Operating expenses	(93,984)	(96,183)	(97,032)	(100,881)	(115,736)
Depreciation	(44,439)	(44,439)	(44,439)	(44,439)	(44,441)
Operating income	80,232	73,182	67,444	67,856	53,999
Nonoperating revenue (expenses)	(14,936)	–	–	–	–
Change in net position	65,296	73,182	67,444	67,856	53,999
Net position					
Beginning of year	(872,387)	(807,091)	(733,909)	(666,465)	(598,609)
End of year	$ (807,091)	$ (733,909)	$ (666,465)	$ (598,609)	$ (544,610)
Net position					
Net investment in capital assets	$ 1,729,436	$ 1,684,997	$ 1,640,558	$ 1,596,119	$ 1,551,678
Unrestricted	(2,536,527)	(2,418,906)	(2,307,023)	(2,194,728)	(2,096,288)
Total net position	$ (807,091)	$ (733,909)	$ (666,465)	$ (598,609)	$ (544,610)

The Fiber Optic Fund ended 2023 with a net position deficit of $544,610, an improvement of $53,999 from the prior year. Of this, $1,551,678 represents the net investment in capital assets, while the unrestricted portion has a deficit balance of $2,096,288.

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:

	2019	2020	2021	2022	2023
Operating revenue	$ 1,106,983	$ 985,699	$ 997,011	$ 1,008,152	$ 1,031,341
Operating expenses	(1,486,953)	(902,143)	(936,115)	(945,049)	(1,050,256)
Operating income (loss)	(379,970)	83,556	60,896	63,103	(18,915)
Nonoperating revenue	163,661	34,723	33,056	13,771	59,342
Income (loss) before transfers	(216,309)	118,279	93,952	76,874	40,427
Net transfers in (out)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)
Change in net position	$ (276,309)	$ 58,279	$ 33,952	$ 16,874	$ (19,573)
Income (loss) before transfers as a percentage of operating revenue	(19.5%)	12.0%	9.4%	7.6%	3.9%

The Solid Waste Fund ended 2023 with a net position of $717,167, a decrease of $19,573 from the prior year, all of which is reported as unrestricted net position.

Operating revenue increased $23,189 from the previous year, or about 2.3 percent, due to the increased number of customers. Operating expenses increased $105,207, or about 11.1 percent, from the previous year, primarily in professional services.

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.

The following table presents the components of the City's net position as of December 31, 2023 and 2022 for governmental activities, business-type activities (utility fund operations), and the Economic Development Authority (EDA) component unit:

	As of December 31,		
	2023	2022	Change
Net position			
Primary government			
Governmental activities			
Net investment in capital assets	$ 28,319,939	$ 27,356,833	$ 963,106
Restricted	7,410,225	6,605,820	804,405
Unrestricted	(1,793,707)	(2,491,905)	698,198
Total governmental activities	33,936,457	31,470,748	2,465,709
Business-type activities			
Net investment in capital assets	7,752,067	6,330,294	1,421,773
Unrestricted	22,004,741	19,764,508	2,240,233
Total business-type activities	29,756,808	26,094,802	3,662,006
Total primary government	63,693,265	57,565,550	6,127,715
Component unit			
Economic Development Authority			
Restricted	528,731	456,363	72,368
Total net position	$ 64,221,996	$ 58,021,913	$ 6,200,083

The City (including the EDA) ended 2023 with a combined total net position of $64,221,996, an increase of $6,200,083 from the prior year. The increase in governmental activities is mainly in net investment in capital assets with continued investment in infrastructure. The City's increase in net position restricted for public safety contributed to the change in the restricted portion of net position.

The business-type activities net position increased in the current year, consistent with the change in enterprise funds 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, 2023 and 2022:

	2023			2022
	Expenses	Program Revenues	Net Change	Net Change
Net (expense) revenue				
Primary government				
Governmental activities				
General government	$ 1,822,939	$ 298,132	$ (1,524,807)	$ (1,471,290)
Public safety	5,852,635	1,088,610	(4,764,025)	(5,135,960)
Public works	2,866,024	1,283,885	(1,582,139)	(1,277,111)
Parks and recreation	647,156	243,362	(403,794)	(390,772)
Economic development	765,731	37,278	(728,453)	(549,676)
Interest and fiscal charges	681,499	–	(681,499)	(770,759)
Business-type activities				
Electric	10,140,345	11,668,391	1,528,046	1,018,728
Water	1,245,077	2,167,215	922,138	826,667
Surface water	768,449	1,045,651	277,202	291,958
Waste water	2,079,731	2,614,367	534,636	390,964
Fiber optic	160,177	214,176	53,999	67,856
Solid waste	1,053,052	1,067,404	14,352	91,816
Total primary government	28,082,815	21,728,471	(6,354,344)	(6,907,579)
Component unit				
Economic Development Authority	143,985	–	(143,985)	(252,830)
Total net (expense) revenue	$ 28,226,800	$ 21,728,471	(6,498,329)	(7,160,409)
General revenues				
Property and franchise taxes			9,024,124	7,912,391
Grants and contributions not restricted to specific programs			1,570,639	1,661,614
Other general revenues			100,234	177,251
Investment earnings			1,950,415	(342,317)
Gain on sale of assets			53,000	23,925
Total general revenues			12,698,412	9,432,864
Change in net position			$ 6,200,083	$ 2,272,455

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 taxes and unrestricted grants. It also shows that 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. As previously discussed in this report, changes in the investment market contributed to the increase in current year investment earnings.

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. 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.

GASB Statement No. 102, *Certain Risk Disclosures*

The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

This statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

A government will be required to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, a government must assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information (as outlined in the standard) in the notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact.

The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

CITY OF NORTH ST. PAUL
RAMSEY COUNTY, MINNESOTA

Special Purpose Audit Reports

Year Ended
December 31, 2023

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF NORTH ST. PAUL
RAMSEY COUNTY, MINNESOTA

Special Purpose Audit Reports
Year Ended December 31, 2023

Table of Contents

THIS PAGE INTENTIONALLY LEFT BLANK

MMKR
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT 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, 2023, 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 13, 2024.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

(continued)

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
5353 Wayzata Boulevard • Suite 410 • Minneapolis, MN 55416 • Phone: 952-545-0424 • Fax: 952-545-0569 • www.mmkr.com

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.*

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 13, 2024

MMKR
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

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, 2023, 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 13, 2024.

MINNESOTA LEGAL COMPLIANCE

In connection with our audit, we noted that the City failed to comply with provisions of the contracting – bid laws 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 2023-001. 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 depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, 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)

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
5353 Wayzata Boulevard • Suite 410 • Minneapolis, MN 55416 • Phone: 952-545-0424 • Fax: 952-545-0569 • www.mmkr.com

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 13, 2024

FINDINGS – MINNESOTA LEGAL COMPLIANCE

2023-001 GROUP INSURANCE REQUEST FOR PROPOSAL

Criteria – Minnesota Statutes § 471.6161.

Condition – A city that provides group insurance for 25 or more employees shall request proposals from, and enter into, contracts with entities that in the judgement of the City of North St. Paul (the City) are best qualified to provide coverage. The request for proposals shall be in writing and at a minimum shall include: coverage to be provided, criteria for evaluation of proposals, and the aggregate claims records for the appropriate period. Public notice of the request for proposals must be provided in the newspaper or trade journal at least 21 days before the final date for submitting proposals. The City did not comply with this statute for one group insurance contract entered into during fiscal year 2023.

Questioned Costs – Not applicable.

Context – One contract tested was not in compliance. The noncompliant contract was dental insurance.

Cause – This was an oversight by city personnel.

Repeat Finding – This is a current year finding.

Effect – The City did not follow state statutes for group insurance request for proposals before entering a new contract.

Recommendation – We recommend that the City review group insurance request for proposal procedures and obtain required documentation for future contracts.

Management Response – The City agrees with the finding. The City will review its procedures relating to group insurance request for proposal to ensure compliance in the future.

THIS PAGE INTENTIONALLY LEFT BLANK

NORTH ST.PAUL

Corrective Action Plans and Summary
Schedule of Prior Audit Findings
Year Ended December 31, 2023

A. REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING FINDINGS

None.

B. REPORT ON COMPLIANCE AND OTHER MATTERS FINDINGS

None.

C. MINNESOTA LEGAL COMPLIANCE FINDINGS

2023-001 GROUP INSURANCE REQUEST FOR PROPOSAL

Finding Summary

Minnesota Statutes 471.6161 requires a city that provides insurance for 25 or more employees shall request proposals from, and enter into, contracts with entities that in the judgement of the city are best qualified to provide coverage. The request for proposals shall be in writing and at a minimum shall include: coverage to be provided, criteria for evaluation of proposals, and the aggregate claims records for the appropriate period. Public notice of the request for proposals must be provided in the newspaper or trade journal at least 21 days before the final date for submitting proposals. The City of North St. Paul did not comply with this statute for one group insurance contract (dental insurance) entered into during fiscal year 2023.

Corrective Action Plan

Actions Planned – The City will review the request for proposals procedures regarding group insurances and will make sure the city is in compliance with Minnesota Statutes 471.6161.

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

Planned Completion Date – Immediately.

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 request for proposals procedures regarding group insurances and will make sure the city is in compliance with Minnesota Statutes 471.6161.

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

MINNESOTA LEGAL COMPLIANCE FINDINGS

FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER FINANCIAL REPORTING

2022-001 SEGREGATION OF DUTIES

Corrective action has been taken.

B. REPORT ON COMPLIANCE AND OTHER MATTERS

None.

C. MINNESOTA LEGAL COMPLIANCE FINDINGS

2022-002 CLAIMS AND DISBURSEMENTS

Corrective action has been taken.