CITY OF NORTH ST. PAUL
CITY COUNCIL
WORKSHOP AGENDA
MAY 19, 2020
5:00 PM

Due to the Governor's Emergency Declaration, the Mayor has determined that in-person meetings during this pandemic are not practical or safe. All meetings of the City Council and other City-governed boards and commissions will be held by telephone or other electronic means until further notice. (Minn. Stat. 13D.021)

Our upcoming workshop meeting on May 19th will be held via Zoom. Zoom is an online platform that allows attendees to 'join' the meeting via video or telephone. The **May 19th meeting can be accessed at:** https://zoom.us/j/95956729904 **from a PC, Mac, tablet, iPhone or Android device, or by phone at 1-301-715-8592, meeting ID 959 5672 9904.** The City Council workshop meeting will be 'open to the public' to listen in, but will be muted from contributing at all times.

Please join the meeting early to test your audio and video settings. If you join via a device and your audio is not working, you may need to use the dial-in phone number option in order to be heard.

I. CALL TO ORDER

II. ROLL CALL

Council Member Thorsen
Council Member Petersen
Council Member Walczak
Council Member Sonnek
Mayor Furlong

III. TOPIC(S)

A. CAFR review with MMKR
B. Post Issuance Debt Compliance Policy
C. Quarterly Financials

IV. OTHER BUSINESS

V. ADJOURNMENT

Agenda Information Memorandum
North St. Paul City Council
May 19, 2020

FROM THE OFFICE OF THE FINANCE DEPARTMENT

Agenda placement: Council Workshop/Council Consent Agenda

Subject: Review of the 2019 financial report with the city's audit firm of Malloy, Montague, Karnowski, Radosevich & Co. P.A. (MMKR).

To: Honorable Mayor and City Council

Background/Facts:

Each year at the conclusion of their audit, the city's auditors review the Comprehensive Annual Financial Report (CAFR) 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 2019 Comprehensive Annual Finance Report and review their Management Report at the City Council Workshop on May 19, 2020.

Included with the council packet are three separate documents; the first document, and largest, is a copy of the Comprehensive Annual Financial Statements (CAFR), the second is auditor's Management Report, and the third is Special Purpose Audit Reports including opinions on compliance with Government Auditing Standards and Legal Compliance. The Comprehensive Annual Financial Report will also be posted on the on the City's website.

Since the documents are large, a good place to start reviewing the CAFR documents would be the Popular Annual Financial Report and in the CAFR the Transmittal Letter (starting on page iii), the Management Discussion and Analysis letter (starting on page 4) and with the Auditor's Management Report on page 1 and their financial analysis section beginning on page 6 of that report.

Last year was the 32nd 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.

Recommendation: There is no action required of the city council; the auditor's report is informational only.

Attachments:
2019 Comprehensive Annual Financial Report
2019 Management Report
2019 Special Purpose Report

Respectfully submitted,

/s/ JZ by mm

Jason Zimmerman

Finance Director

APPROVED FOR AGENDA ENCLOSURE:

/s/ SD by mm

Scott Duddeck
City Manager

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

City of North St. Paul, Minnesota

extraordinary.

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF NORTH ST. PAUL
RAMSEY COUNTY, MINNESOTA

Comprehensive
Annual Financial Report

for the Fiscal Year Ended
December 31, 2019

Scott Duddeck
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

THIS PAGE INTENTIONALLY LEFT BLANK

NORTH ST. PAUL

April 28, 2020

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

INTRODUCTION

The Comprehensive Annual Financial Report (CAFR) of the City of North St. Paul, Minnesota (the City) for the fiscal year ended December 31, 2019, 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 CAFR 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, 2019, 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, 2019, 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

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. The City encompasses an area 3.5 square miles and serves an estimated population of 12,159.

The City operates under the council-manager form of government. 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 general government, public safety (police, fire, and code enforcement), public works (engineering and streets), parks and recreation, and economic development. 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 Firefighters' Relief Association is a separate legal entity and, accordingly, is excluded from this report. Additional information on this legally separate entity can be found in Note 7 of the notes to the basic financial statements.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City submit requests for appropriations to the city manager in July of each year. The city manager uses these requests as the starting point for developing his 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.

LOCAL ECONOMY

The City's tax base is comprised mainly of residential property. The 10 largest taxpayers make up about 11 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 employer is Target Stores, Inc. It employs approximately 170 people and is part of a large national chain of stores.

LONG -TERM PLANNING AND MAJOR INITIATIVES

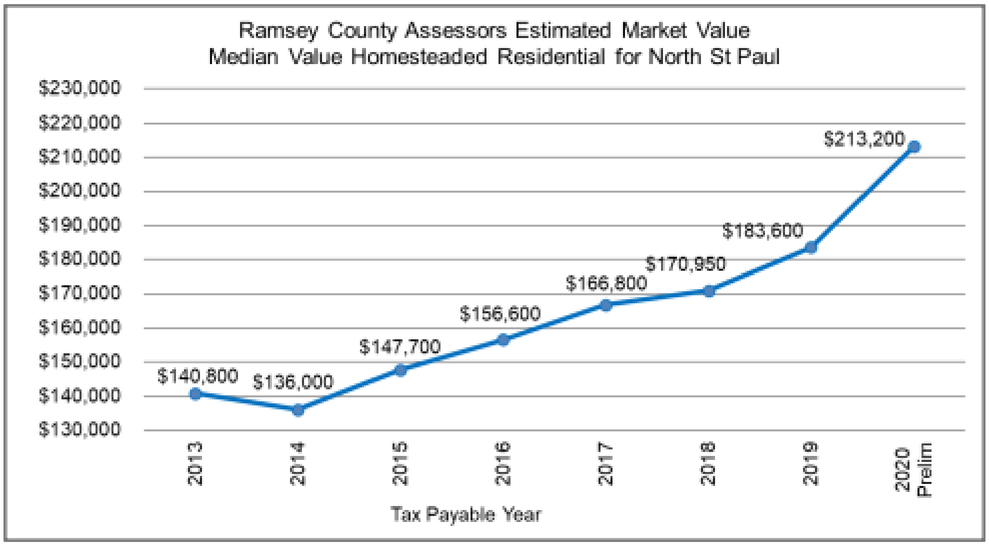
Factors Affecting Financial Condition

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.

Housing Values

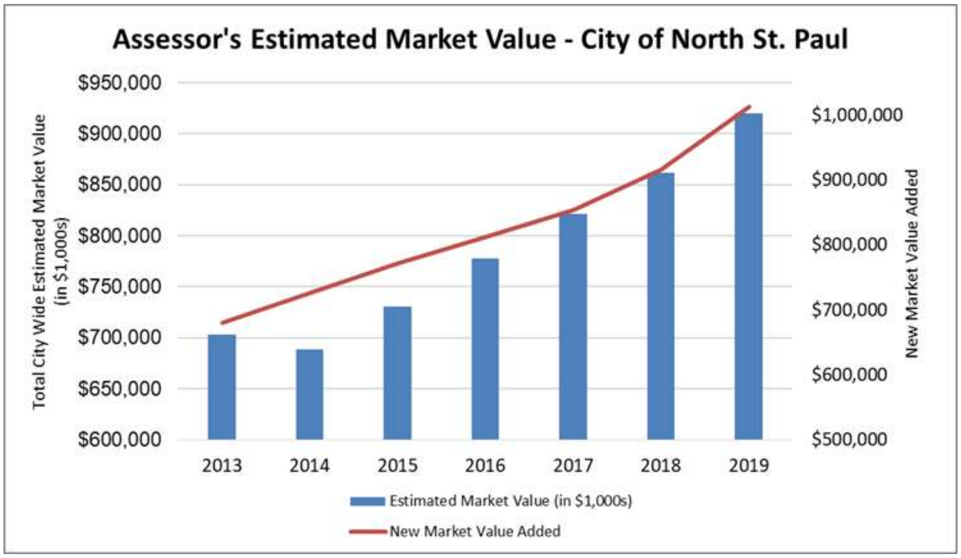
Home values in the City are continuing a positive trend, reflecting the recovery of the housing market. The assessor's estimated residential market values increased on the median valued home approximately 7.4 percent for 2019. Preliminary assessor values for 2020 continue this positive trend.

Increase (Decline) in Median Residential Value	
2014	(3.4%)
2015	8.6%
2016	6.0%
2017	6.5%
2018	2.5%
2019	7.4%
2020 Prelim	16.1%



Market Values

The City consistently adds new tax base each year. In 2019, a total of $1.0 million of new value was added to the City's tax base, which is expected to grow with significant redevelopment projects in the planning stages. Total market value increased to $919.9 million in 2019, resulting from improved market conditions. Conditions are expected to continue improving, with a preliminary estimated market value of $1,018.6 million for taxes payable 2020.



Population

The City was incorporated in 1887 and saw double digit population growth in the 1950's, 1960's, and 1970's. Since all but a small amount of vacant residential land has now been developed, the City's population has leveled since 1970. With over 200 apartments and 100 townhomes being proposed or currently under construction, the City is estimating a population increase of approximately 1,000 as a result.

	Population	Population Increase (Decrease)	Percent Increase
1940 Census	3,135	220	8%
1950 Census	4,248	1,113	36%
1960 Census	8,520	4,272	100%
1970 Census	11,950	3,430	40%
1980 Census	11,921	(29)	–%
1990 Census	12,376	455	4%
2000 Census	11,929	(447)	(4%)
2010 Census	11,460	(469)	(4%)
2019 Estimate	12,159	699	6%

Major Initiatives

Anchor Block North: This proposed project will contain 127 market rate apartments, an indoor storage facility, and a gas/convenience store.

Anchor Block South: On the Anchor Block site south of the Gateway Trail, this development is proposed to contain 100 townhomes. As of December 2019, 16 townhomes have been constructed.

Suite Living Redevelopment: This project is currently under construction, with an early 2020 anticipated completion date. The site will have a 34-bed senior memory care and assisted living facility.

Delaware and 17th Redevelopment: This proposed project will be a residential development with 12 single-level townhomes.

Old City Hall Site: On this site that formerly held City Hall, this project is proposed to contain 87 market rate apartments with ground level commercial retail space.

Rotary Park Shelter Rehabilitation: In late 2019, the City partnered with the North Saint Paul – Maplewood Rotary Club to complete a new restroom facility at Rotary Park. This will be the third city park that has completed significant site improvements within the last four years. The project is expected to be completed in summer 2020.

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

Infrastructure Improvements

The greatest infrastructure need facing the City is the condition of its streets and underground utilities. The 2020 capital improvement plan calls for 7th Avenue between 1st and 3rd to be reconstructed, and areas around Casey Lake, including Chisholm and Buhl, to be reconstructed in 2022 and 2024. The City anticipates the need to issue bonds to finance the improvements. There will be additional infrastructure projects in 2025 and beyond.

Future street and utility improvements will be financed by a combination of different revenue sources, user fees, franchise taxes, municipal state aid, and a general property tax levy will serve as the main sources. Making street reconstruction affordable for citizens is a goal of the City.

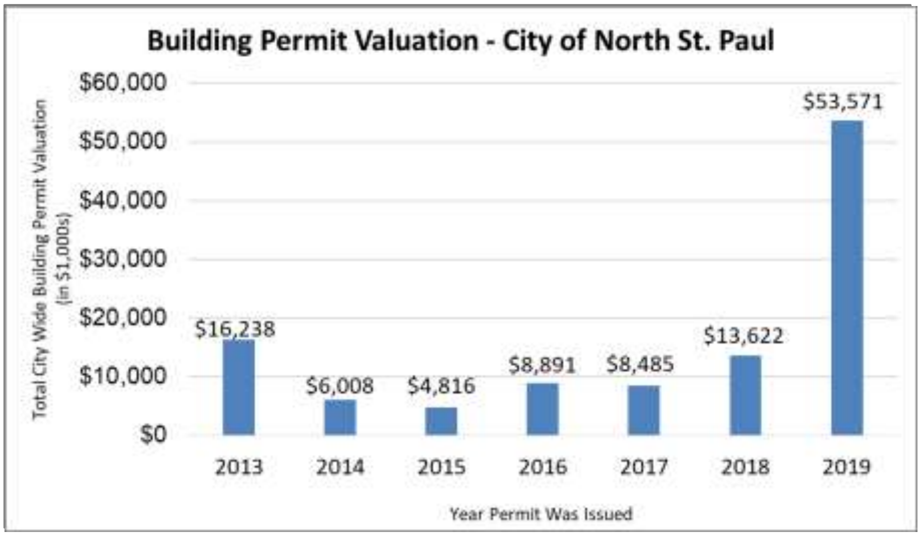
The City is also evaluating the condition of its two water towers. With the proposed residential development over the next several years, an increase in demand and storage will likely require the replacement of an existing water tower. Site studies are currently in process and any action on this project will likely occur sometime after 2024.

Housing and Redevelopment Authority and ISD No. 916 Partnership

The City's Housing and Redevelopment Authority continues to acquire blighted and underutilized properties, removes existing structures, and constructs newer, higher values homes in their place. These new homes are constructed by high school students through an innovative student home construction program in partnership with the Northeast Metropolitan Intermediate School District No. 916 through the Career and Technical Center at Century College. Construction on the 11th home in the program began in fall 2019, and will be completed in summer 2020.

Building Permit Valuation

From 2013 to 2018, building permit valuation has averaged $9.7 million. In 2019, the building permit valuation was $53.6 million, mainly as a result of the first phase of the Anchor Block South townhome project and the Suite Living Redevelopment. The City expects 2020 permit valuations to be in line with 2019 actuals, as Anchor Block North and South redevelopments continue to move forward.



Long-Term Financial Planning

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

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

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

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

Relevant Financial Policies

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended December 31, 2018. 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 CAFR, whose contents comply with rigorous standards of the program standards. 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 32 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,

Scott Duddeck

Scott Duddeck
City Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of North Saint Paul

Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morrill

Executive Director/CEO

2019
ORGANIZATIONAL CHART

NORTH
ST.PAUL

- CITIZENS OF NORTH ST. PAUL
  - MAYOR & CITY COUNCIL
    - CITY MANAGER
      - ADMINISTRATION
        - City Manager
        - Deputy Clerk
        - Admin & Comm Services Director
        - Parks Coordinator
        - Community Relations Coord (PT-1)
      - FINANCE
        - Director
        - Accounting Technician
        - UB Coordinator
        - Lead Meter Reader
        - Customer Srvc Rep (PT-2)
      - COMMUNITY DEVELOPMENT
        - Director
        - Admin Assistant - Comm Development
        - Admin Assistant - Public Works/Fire
        - Customer Srvc Rep (PT-1)
      - POLICE
        - Police Chief
        - Captain
        - Sergeants (3)
        - Patrol Officers (12)
        - Police Secretary (2)
      - FIRE
        - Fire Chief
        - Fire Inspector/Captain
        - Code Enforcement Officers (PT-2)
        - Fire Fighters (PT-37)
      - PUBLIC WORKS
        - Director
        - Superintendent
        - Public Service Worker (9)
        - Mechanic
      - ELECTRIC
        - Director
        - Superintendent
        - Lineman (7)
        - Locator
    - CITY ATTORNEY
    - HRA
    - EDA
    - CITIZEN COMMISSIONS
      - Planning
      - Design Review
      - Environmental Advisory - on hiatus
      - Parks & Recreation
      - Police Civil Service

CITY OF NORTH ST. PAUL

Elected Officials and Appointed Personnel
December 31, 2019

ELECTED OFFICIALS

		Term Expires
Terry Furlong	Mayor	December 31, 2022
Candy Petersen	Councilmember	December 31, 2022
Thomas Sonnek	Councilmember	December 31, 2020
Scott Thorsen	Councilmember	December 31, 2022
Jan Walczak	Councilmember	December 31, 2020

APPOINTED PERSONNEL

Scott Duddeck	City Manager
Jason Zimmerman	Finance Director
Tom Lauth	Police Chief
Jason Mallinger	Fire Chief
Nick Fleischhacker	Public Works Director
Brian Frandle	Electric Director
Debra Gustafson	Administrative and Community Services Director

FINANCIAL SECTION

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

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

REPORT ON THE FINANCIAL STATEMENTS

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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY 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; this includes 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

(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

OPINIONS

In our opinion, the financial statements referred to on the previous page 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, 2019, 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.

OTHER MATTERS

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, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

Other 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 introductory section, supplementary information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The supplementary 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. Such 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.

The introductory and statistical sections have 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 them.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
April 28, 2020

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2019. 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 $46,400,745 (*net position*). Of this amount, $13,960,736 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors; $6,313,242 is restricted for specific purposes (*restricted net position*); and $26,126,767 represents the net investment in capital assets. The City's total net position increased $3,097,410 during the year ended December 31, 2019, excluding the prior period adjustment reported in the current year as discussed below.

- The City recorded a prior period adjustment in the current year relating to the commercial environmental charge pass-through to Ramsey County. This change increased beginning net position in the business-type activities and Solid Waste Proprietary Fund financial statements by $113,557.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $12,577,189, a decrease of $4,574,957. The decrease is due in part to the spend down of the 2018A General Obligation Bonds and due to the City refunding $2,410,000 of outstanding bonds in 2019.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $2,182,986, or 28 percent, of total General Fund expenditures based on 2020 budgeted expenditure levels.

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 – Soils Tax Increment Special Revenue Fund, and the Street Improvement 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, and the discretely presented component unit – Economic Development Authority. 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, benefits and insurance, 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 fund 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 Comprehensive Annual Financial Report (CAFR) 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 $46,400,745 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, 2019 and 2018

	Governmental Activities		Business-Type Activities		Totals – Primary Government	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	$ 19,656,334	$ 23,316,986	$ 18,073,112	$ 18,308,279	$ 37,729,446	$ 41,625,265
Capital assets	34,660,840	31,629,545	16,193,199	14,438,195	50,854,039	46,067,740
Total assets	$ 54,317,174	$ 54,946,531	$ 34,266,311	$ 32,746,474	$ 88,583,485	$ 87,693,005
Deferred outflows of resources						
Pension plan deferments	$ 2,072,356	$ 2,745,572	$ 97,392	$ 167,845	$ 2,169,748	$ 2,913,417
OPEB plan deferments	32,259	25,637	13,998	12,231	46,257	37,868
Total deferred outflows of resources	$ 2,104,615	$ 2,771,209	$ 111,390	$ 180,076	$ 2,216,005	$ 2,951,285
Total assets and deferred outflows	$ 56,421,789	$ 57,717,740	$ 34,377,701	$ 32,926,550	$ 90,799,490	$ 90,644,290
Liabilities						
Other liabilities	$ 3,090,135	$ 2,090,068	$ 1,582,288	$ 1,937,808	$ 4,672,423	$ 4,027,876
Noncurrent liabilities	21,146,640	23,088,223	15,172,869	16,067,031	36,319,509	39,155,254
Total liabilities	$ 24,236,775	$ 25,178,291	$ 16,755,157	$ 18,004,839	$ 40,991,932	$ 43,183,130
Deferred inflows of resources						
Pension plan deferments	$ 3,062,227	$ 3,899,003	$ 344,586	$ 372,379	$ 3,406,813	$ 4,271,382
Net position						
Net investment in capital assets	$ 20,896,337	$ 18,936,454	$ 5,230,430	$ 5,118,537	$ 26,126,767	$ 24,054,991
Restricted	6,313,242	5,905,069	–	–	6,313,242	5,905,069
Unrestricted	1,913,208	3,798,923	12,047,528	9,430,795	13,960,736	13,229,718
Total net position	$ 29,122,787	$ 28,640,446	$ 17,277,958	$ 14,549,332	$ 46,400,745	$ 43,189,778
Total liabilities, deferred inflows, and net position	$ 56,421,789	$ 57,717,740	$ 34,377,701	$ 32,926,550	$ 90,799,490	$ 90,644,290

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 $13,960,736 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, both for the City as a whole, as well as for its separate governmental and business-type activities.

There was an increase in net position in the governmental activities of $482,341 and in the business-type activities of $2,728,626 for a total increase of $3,210,967 in net position. As presented on the next page, a portion of this total increase was due to a prior period adjustment as previously discussed.

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

Table 2
Change in Net Position
for the Years Ended December 31, 2019 and 2018

	Governmental Activities		Business-Type Activities		Total – Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	$ 1,473,181	$ 932,729	$ 15,670,079	$ 16,267,879	$ 17,143,260	$ 17,200,608
Operating grants and contributions	648,171	615,246	341,895	61,976	990,066	677,222
Capital grants and contributions	588,053	1,292,586	–	–	588,053	1,292,586
General revenues						
Property taxes	5,809,709	5,496,782	–	–	5,809,709	5,496,782
Franchise taxes	421,413	431,469	–	–	421,413	431,469
Grants and contributions not restricted to specific programs	1,843,392	1,838,514	–	–	1,843,392	1,838,514
Other	124,510	212,024	–	–	124,510	212,024
Investment earnings	460,597	174,935	597,528	164,874	1,058,125	339,809
Total revenues	11,369,026	10,994,285	16,609,502	16,494,729	27,978,528	27,489,014
Expenses						
General government	1,559,014	1,852,924	–	–	1,559,014	1,852,924
Public safety	4,087,960	4,006,547	–	–	4,087,960	4,006,547
Public works	2,104,125	1,790,048	–	–	2,104,125	1,790,048
Parks and recreation	586,040	636,499	–	–	586,040	636,499
Economic development	3,028,759	508,783	–	–	3,028,759	508,783
Interest and fiscal charges	383,719	415,264	–	–	383,719	415,264
Electric	–	–	8,098,292	8,960,653	8,098,292	8,960,653
Water	–	–	1,105,399	938,780	1,105,399	938,780
Surface water	–	–	480,131	642,322	480,131	642,322
Waste water	–	–	1,817,051	1,744,588	1,817,051	1,744,588
Fiber optic	–	–	138,423	181,099	138,423	181,099
Solid waste	–	–	1,492,205	991,685	1,492,205	991,685
Total expenses	11,749,617	9,210,065	13,131,501	13,459,127	24,881,118	22,669,192
Increase in net position before transfers	(380,591)	1,784,220	3,478,001	3,035,602	3,097,410	4,819,822
Transfers	862,932	841,130	(862,932)	(841,130)	–	–
Change in net position	482,341	2,625,350	2,615,069	2,194,472	3,097,410	4,819,822
Net position – beginning, as previously reported	28,640,446	26,015,096	14,549,332	12,354,860	43,189,778	38,369,956
Prior period adjustment	–	–	113,557	–	113,557	–
Net position – beginning, restated	28,640,446	26,015,096	14,662,889	12,354,860	43,303,335	38,369,956
Net position – ending	$ 29,122,787	$ 28,640,446	$ 17,277,958	$ 14,549,332	$ 46,400,745	$ 43,189,778

Governmental Activities – The City's net position for governmental activities increased by $482,341, or 1.7 percent, after $862,932 of net transfers from business-type activities. Key elements of this increase are seen in the table above.

Revenues increased overall by $374,741, or 3.4 percent.

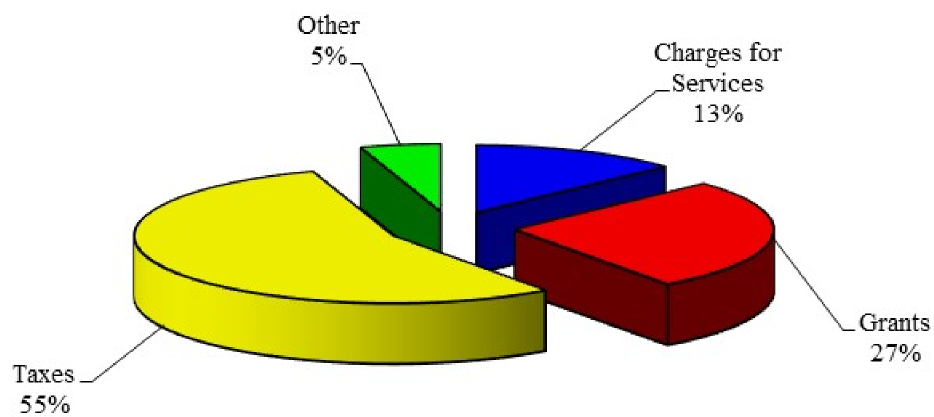
- The largest changes occurred in charges for services, capital grants and contributions, property taxes, and investment earnings. Charges for services increased, due to one-time charges for cable equipment and increased antennal rental fees. Capital grants and contributions decreased, due to reduced assessment activity in the current year. The increase in property taxes is a result of an increase in the levied amount approved by the City Council. Improved interest rates in the current year resulted in increased investment earnings.

Expenses increased overall by $2,539,552, or 27.6 percent.

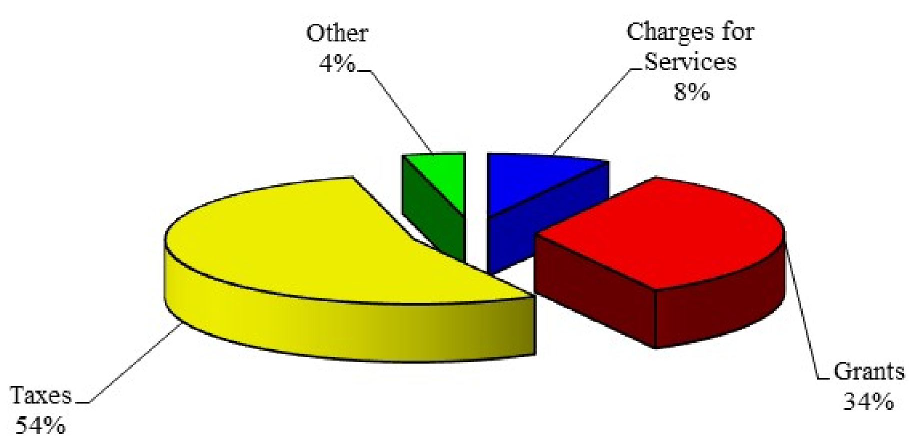
- The City experienced the largest increase within the economic development function, mainly due to an increase in tax increment district activity in the current year with site development work.

As seen in the following graph, taxes make up about 55 percent of the total revenues for 2019. Grants (operating, capital, and unrestricted grants and contributions), including state aids, such as local government aid, make up about 27.0 percent of the total and are followed by charges for services at 13 percent, and other at 5 percent of the total.

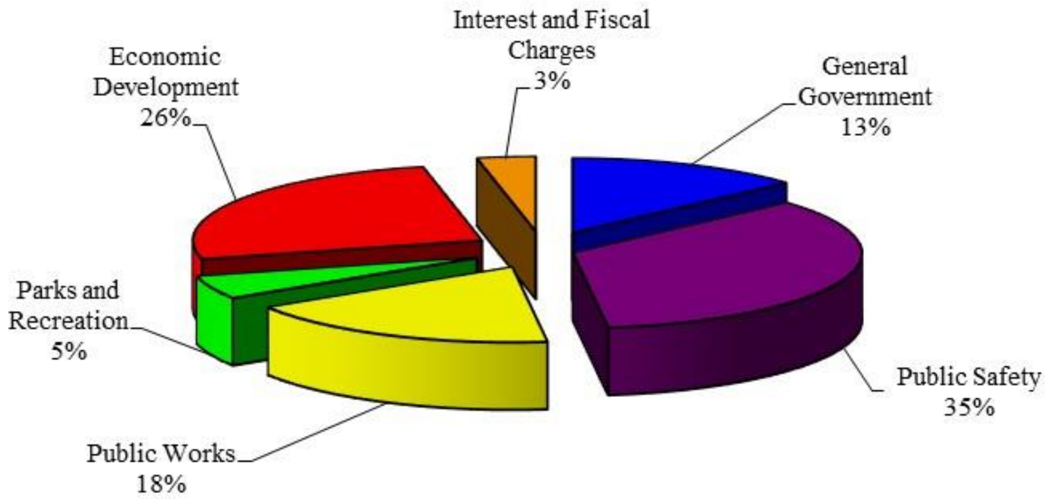
2019 Revenues by Source – Governmental Activities



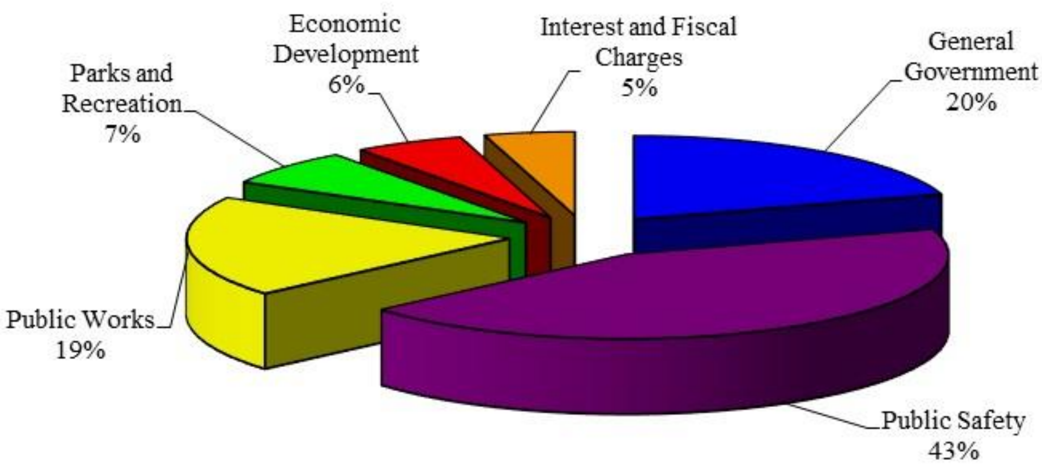
2018 Revenues by Source – Governmental Activities



2019 Expenses – Governmental Activities



2018 Expenses – Governmental Activities



The expenses in the graphs above for governmental activities show the amounts spent on different activities for 2019 and 2018.

Business-Type Activities – Business-type activities increased the City's total net position by $2,728,626. Key elements of the business-type activities are as follows:

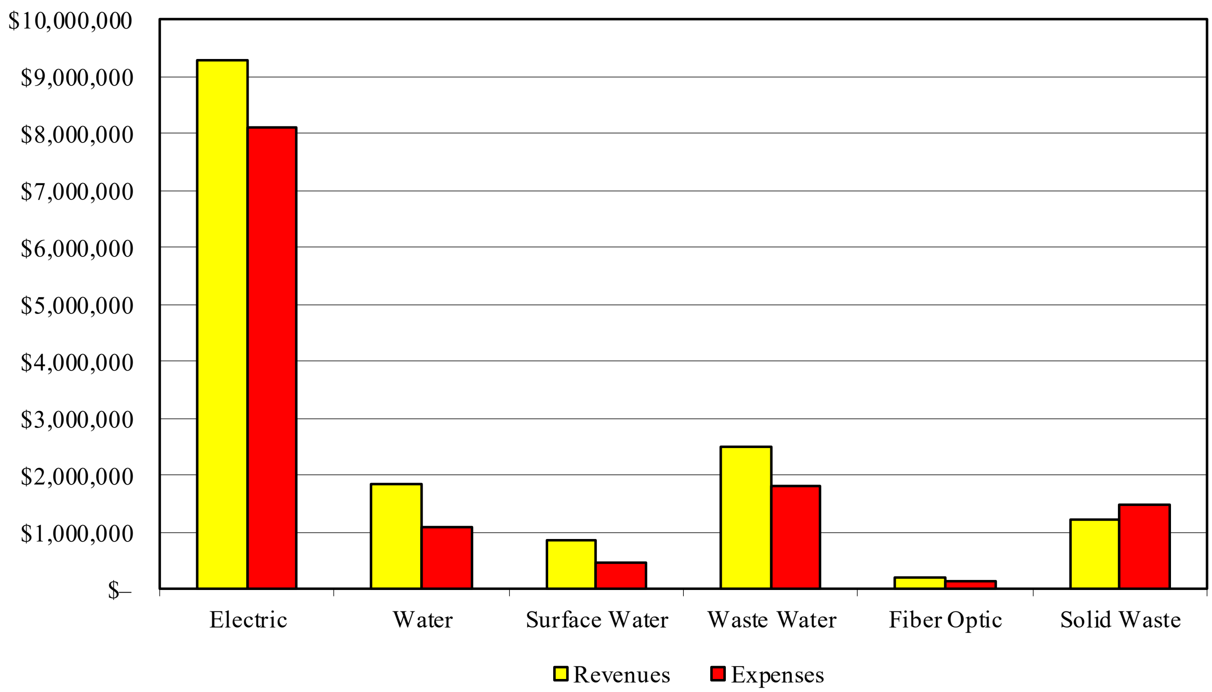
- Charges for services for business-type activities include charges for electric, water, surface water, waste water, fiber optic, and solid waste. The graph below shows the relationship between the program revenues and expenses for the various activities.

- About 62 percent of all business-type activity expenses are from the electric operations.

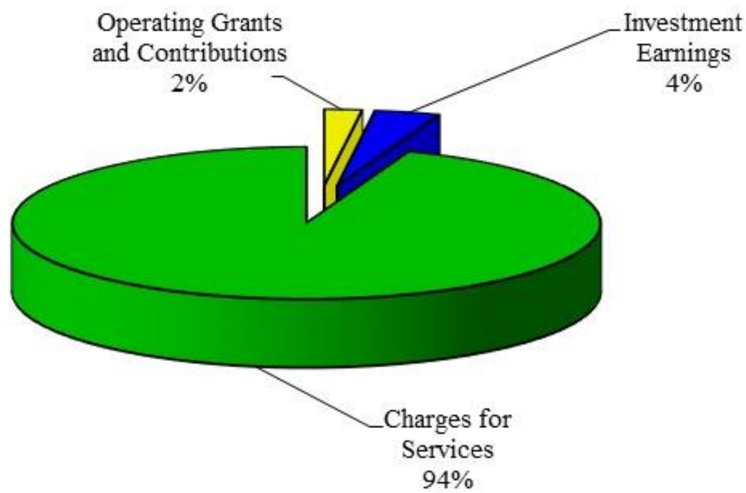
- Overall, business-type activities generated an increase in net position before transfers of $3,478,001. After considering transfers to governmental activities totaling $862,932, net position increased by $2,615,069, before the prior period adjustment reported in the current year.

- The City reported a prior period adjustment relating to the commercial environmental charge pass-through to Ramsey County, increasing beginning net position by $113,557, as previously mentioned.

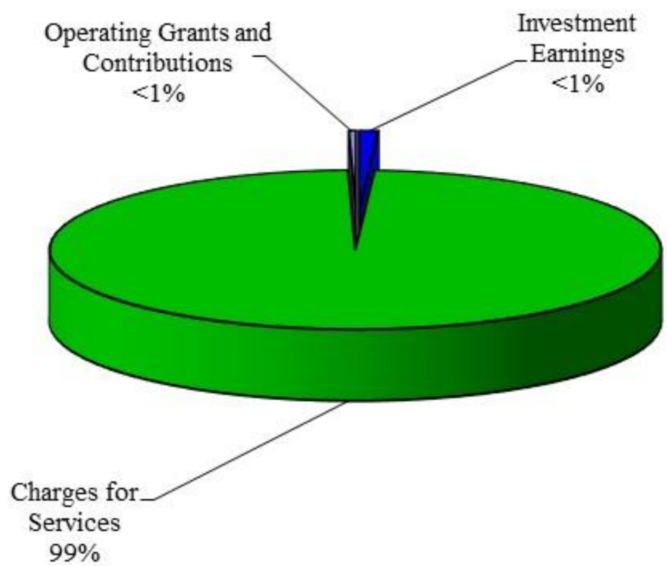
Revenues and Expenses – Business-Type Activities



2019 Revenues by Source – Business-Type Activities



2018 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 $12,577,189, a decrease of $4,574,957 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 $2,355,577. 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 28 percent of subsequent year budget expenditures.

Total fund balance for the City's General Fund increased by $521,566 during 2019. 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 a favorable variance in revenues, mainly in licenses and permits and intergovernmental.
- The City has a fund balance policy that limits the amount of unassigned fund balance at year-end to 35 percent of the following year's expenditures. This policy was changed in the current year from 25 percent to 35 percent. Any portion exceeding this limit will be transferred in the subsequent year as approved by the City Council.

The Anchor Block North – Soils Tax Increment Special Revenue Fund was a new tax increment financing district created in 2019. The City signed a contract for deed in the amount of $1,203,500 offset by expenditures of $2,069,574 relating to site development work, ending the year with a deficit fund balance of $866,074. This fund has $1,228,500 of assets held for resale, which is planned to be sold to a developer in fiscal year 2020.

The Street Improvement Capital Project Fund equity decreased by $2,631,814, ending the year with a fund balance of $933,970. The decrease was mainly due to the spend down of the 2018A General Obligation Bonds, which were issued for street construction projects.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The City is required to adopt a budget for the General Fund prior to the beginning of its fiscal year. There were no budget amendments made in the current year.

Revenues were over budget by $548,107, mainly in licenses and permits and intergovernmental revenue. Conservative budgeting in both of these areas contributed to the favorable revenue variance. General Fund expenditures recognized both favorable and unfavorable budget variances by function, with total expenditures ending the year $169,229, or 2.4 percent, over budget. After the variance in net transfers, the City's General Fund ended the year $521,566 more than anticipated in the budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City's investment in capital assets for its governmental and business-type activities as of December 31, 2019 amounts to $50,854,039 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and structures, furniture and equipment, and infrastructure.

City of North St. Paul's Capital Assets

Table 3
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Capital assets						
Land	$ 3,454,393	$ 3,454,393	$ 154,948	$ 154,948	$ 3,609,341	$ 3,609,341
Construction in progress	4,091,504	1,657,080	3,596,344	1,205,024	7,687,848	2,862,104
Buildings and structures	20,987,743	20,987,743	5,040,830	5,040,830	26,028,573	26,028,573
Furniture and equipment	5,108,040	4,540,225	3,083,196	3,025,628	8,191,236	7,565,853
Infrastructure	21,327,240	19,974,455	19,717,324	19,717,324	41,044,564	39,691,779
Less accumulated depreciation	(20,308,080)	(18,984,351)	(15,399,443)	(14,705,559)	(35,707,523)	(33,689,910)
Total capital assets, net of depreciation	$ 34,660,840	$ 31,629,545	$ 16,193,199	$ 14,438,195	$ 50,854,039	$ 46,067,740

The changes presented in the table above reflect the ongoing activity and completion of projects within the City during fiscal year 2019. The majority of the activity in construction in progress is for street and sanitary sewer improvements in recent years.

Additional information on the City's capital assets can be found in Note 4 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 $27,945,000. A portion of this comprises general obligation debt backed solely by the full faith and credit of the City. The remainder of the City's bonded debt represents bonds secured by special assessments, tax increment, specified revenue sources, and general obligation levy, if necessary.

City of North St. Paul's Noncurrent Liabilities

Table 4
Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
G.O. tax increment bonds	$ 1,195,000	$ 1,295,000	$ –	$ –	$ 1,195,000	$ 1,295,000
General obligation bonds	13,612,827	17,271,380	–	–	13,612,827	17,271,380
Utility revenue bonds	–	–	13,137,173	14,198,620	13,137,173	14,198,620
Premium	470,543	512,167	374,677	409,430	845,220	921,597
Contract for deed	2,075,000	–	–	–	2,075,000	–
Total OPEB liability	388,617	383,886	168,620	182,522	557,237	566,408
Net pension liability	2,714,106	3,002,994	1,252,244	1,049,750	3,966,350	4,052,744
Compensated absences	690,547	622,796	240,155	226,709	930,702	849,505
Total	$21,146,640	$23,088,223	$15,172,869	$16,067,031	$36,319,509	$39,155,254

The City's total bonded debt decreased by $4,820,000, or 14.7 percent, during 2019. The City's most recent bond rating by Standard & Poor's and Moody's was AA and Aa3, respectively.

In fiscal year 2019, the City signed a contract for deed for $2,075,000 to purchase land within a tax increment financing district and complete site development work. This land will be sold to developers in future fiscal years.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3 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 5 of the notes to basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Significant increases in local government aids and other state sources are not anticipated based on legislation at the time of writing this report.

- The U.S. federal government, state of Minnesota, county, and municipal governments have been working together to address the corona virus pandemic in an effort to flatten the demand on the healthcare system. This will have an unknown negative impact on the economy.

REQUESTS FOR INFORMATION

This CAFR 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 CAFR or requests for additional financial information should be addressed to the Finance Department, City of North St. Paul, 2400 Margaret Street, North St. Paul, Minnesota 55109.

BASIC FINANCIAL STATEMENTS

The basic financial statements, including the accompanying notes, constitute the core of the comprehensive annual 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 of Net Position
as of December 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Authority
Assets				
Cash and investments	$ 16,023,806	$ 12,838,988	$ 28,862,794	$ 197,965
Receivables				
Interest	44,912	60,690	105,602	590
Accounts	120,698	2,453,775	2,574,473	–
Loan	131,216	–	131,216	–
Taxes	255,062	–	255,062	–
Special assessments	1,357,348	52,652	1,410,000	–
Internal balances	(1,992,076)	1,992,076	–	–
Inventory	–	464,700	464,700	–
Prepaid items	79,177	16,731	95,908	–
Assets held for resale	3,433,961	–	3,433,961	49,248
Net pension asset	202,230	–	202,230	–
Restricted assets – temporarily restricted				
Cash and investments for debt service	–	193,500	193,500	–
Capital assets				
Not depreciated	7,545,897	3,751,292	11,297,189	–
Depreciated	27,114,943	12,441,907	39,556,850	–
Total capital assets, net of depreciation	34,660,840	16,193,199	50,854,039	–
Total assets	54,317,174	34,266,311	88,583,485	247,803
Deferred outflows of resources				
Pension plan deferments	2,072,356	97,392	2,169,748	–
OPEB plan deferments	32,259	13,998	46,257	–
Total deferred outflows of resources	2,104,615	111,390	2,216,005	–
Total assets and deferred outflows of resources	$ 56,421,789	$ 34,377,701	$ 90,799,490	$ 247,803
Liabilities				
Accounts and contracts payable	$ 2,346,662	$ 762,535	$ 3,109,197	$ 448
Accrued salaries and employee benefits payable	185,841	86,473	272,314	1,166
Accrued interest payable	156,973	161,769	318,742	–
Due to other governments	31,904	186,005	217,909	–
Customer deposits	275,042	196,384	471,426	–
Unearned revenue	93,713	189,122	282,835	–
Net pension liability				
Due in more than one year	2,714,106	1,252,244	3,966,350	–
Total OPEB liability				
Due in more than one year	388,617	168,620	557,237	–
Bonds, contract for deed, and compensated absences payable				
Due within one year	1,816,403	1,323,211	3,139,614	–
Due in more than one year	16,227,514	12,428,794	28,656,308	–
Total liabilities	24,236,775	16,755,157	40,991,932	1,614
Deferred inflows of resources				
Pension plan deferments	3,062,227	344,586	3,406,813	–
Net position				
Net investment in capital assets	20,896,337	5,230,430	26,126,767	–
Restricted for				
Housing Redevelopment Authority	1,227,511	–	1,227,511	–
Tax increment	420,182	–	420,182	–
Police forfeiture	110,603	–	110,603	–
Debt service	4,222,629	–	4,222,629	–
Pension benefits	332,317	–	332,317	–
Economic Development Authority	–	–	–	246,189
Unrestricted	1,913,208	12,047,528	13,960,736	–
Total net position	29,122,787	17,277,958	46,400,745	246,189
Total liabilities, deferred inflows of resources, and net position	$ 56,421,789	$ 34,377,701	$ 90,799,490	$ 247,803

See notes to basic financial statements

CITY OF NORTH ST. PAUL

Statement of Activities
Year Ended December 31, 2019

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	$ 1,559,014	$ 498,603	$ –	$ –
Public safety	4,087,960	129,933	382,109	7,074
Public works	2,104,125	580,660	134,846	580,979
Parks and recreation	586,040	263,985	–	–
Economic development	3,028,759	–	131,216	–
Interest and fiscal charges	383,719	–	–	–
Total governmental activities	11,749,617	1,473,181	648,171	588,053
Business-type activities				
Electric	8,098,292	9,284,280	20,016	–
Water	1,105,399	1,853,028	311	–
Surface water	480,131	881,196	245	–
Waste water	1,817,051	2,325,937	187,230	–
Fiber optic	138,423	218,655	–	–
Solid waste	1,492,205	1,106,983	134,093	–
Total business-type activities	13,131,501	15,670,079	341,895	–
Total primary government	$ 24,881,118	$ 17,143,260	$ 990,066	$ 588,053
Component unit				
Economic development authority	$ 48,435	$ –	$ –	$ –

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

Change in net position

Net position – beginning, as previously reported
Prior period adjustment
Net position – beginning, restated

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
$ (1,060,411)	$ –	$ (1,060,411)	$ –
(3,568,844)	–	(3,568,844)	–
(807,640)	–	(807,640)	–
(322,055)	–	(322,055)	–
(2,897,543)	–	(2,897,543)	–
(383,719)	–	(383,719)	–
(9,040,212)	–	(9,040,212)	–
–	1,206,004	1,206,004	–
–	747,940	747,940	–
–	401,310	401,310	–
–	696,116	696,116	–
–	80,232	80,232	–
–	(251,129)	(251,129)	–
–	2,880,473	2,880,473	–
(9,040,212)	2,880,473	(6,159,739)	–
–	–	–	(48,435)
5,809,709	–	5,809,709	156,231
421,413	–	421,413	–
1,843,392	–	1,843,392	–
84,352	–	84,352	22
460,597	597,528	1,058,125	3,640
40,158	–	40,158	–
862,932	(862,932)	–	–
9,522,553	(265,404)	9,257,149	159,893
482,341	2,615,069	3,097,410	111,458
28,640,446	14,549,332	43,189,778	134,731
–	113,557	113,557	–
28,640,446	14,662,889	43,303,335	134,731
$ 29,122,787	$ 17,277,958	$ 46,400,745	$ 246,189

CITY OF NORTH ST. PAUL

Balance Sheet
Governmental Funds
as of December 31, 2019

	General	Special Revenue – Anchor Block North – Soils Tax Increment	Capital Projects – Street Improvement
Assets			
Cash and investments	$ 2,827,943	$ –	$ 961,940
Receivables			
Interest	8,530	–	–
Accounts	73,752	–	–
Loan	–	–	–
Taxes	109,093	–	–
Special assessments	5,031	–	248,555
Due from other funds	–	–	771,824
Prepaid items	40,770	–	–
Assets held for resale	–	1,228,500	–
Advance to other funds	114,081	–	–
Total assets	$ 3,179,200	$ 1,228,500	$ 1,982,319
Liabilities			
Accounts and contracts payable	$ 198,518	$ 842,204	$ 801,171
Accrued salaries and employee benefits payable	177,317	–	–
Due to other funds	–	–	–
Due to other governments	28,278	–	–
Customer deposits	275,042	–	–
Unearned revenue	88,213	–	–
Advance from other funds	–	1,252,370	–
Total liabilities	767,368	2,094,574	801,171
Deferred inflows of resources			
Unavailable revenue – loan receivable	–	–	–
Unavailable revenue – property taxes	51,277	–	–
Unavailable revenue – special assessments	4,978	–	247,178
Total deferred inflows of resources	56,255	–	247,178
Fund balances (deficit)			
Nonspendable	154,851	–	–
Restricted	–	–	212,908
Committed	–	–	–
Assigned	17,740	–	721,062
Unassigned	2,182,986	(866,074)	–
Total fund balances (deficit)	2,355,577	(866,074)	933,970
Total liabilities, deferred inflows of resources, and fund balances	$ 3,179,200	$ 1,228,500	$ 1,982,319

See notes to basic financial statements

Nonmajor	Total
$ 9,347,005	$ 13,136,888
27,835	36,365
46,946	120,698
131,216	131,216
145,969	255,062
1,103,762	1,357,348
–	771,824
–	40,770
2,205,461	3,433,961
–	114,081
$ 13,008,194	$ 19,398,213
$ 473,748	$ 2,315,641
706	178,023
771,824	771,824
3,569	31,847
–	275,042
5,500	93,713
384,719	1,637,089
1,640,066	5,303,179
131,216	131,216
3,887	55,164
1,079,309	1,331,465
1,214,412	1,517,845
–	154,851
5,603,898	5,816,806
4,217,917	4,217,917
1,037,602	1,776,404
(705,701)	611,211
10,153,716	12,577,189
$ 13,008,194	$ 19,398,213

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF NORTH ST. PAUL

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of December 31, 2019

Total fund balances – governmental funds	$	12,577,189
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		51,820,194
Less accumulated depreciation		(18,416,546)
Net pension assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		202,230
Long-term liabilities are not payable with current financial resources and, therefore, are not reported in governmental funds.		
Due within one year		(1,816,403)
Due in more than one year		(19,330,237)
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.		(156,973)
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		3,774,649
Internal balances for internal services used by business-type activities		(91,549)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments		2,072,356
Deferred outflows of resources – OPEB plan deferments		32,259
Deferred inflows of resources – pension plan deferments		(3,062,227)
Deferred inflows of resources – unavailable revenues		1,517,845
Total net position – governmental activities	$	29,122,787

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2019

	General	Special Revenue – Anchor Block North – Soils Tax Increment	Capital Projects – Street Improvement
Revenues			
Taxes	$ 4,010,984	$ –	$ –
Special assessments	4,483	–	48,604
Licenses and permits	631,259	–	–
Intergovernmental	1,670,594	–	600,000
Charges for services	215,238	–	–
Fines and forfeits	33,274	–	–
Investment earnings	61,775	–	62,680
Other	318,582	–	–
Total revenues	6,946,189	–	711,284
Expenditures			
Current			
General government	1,325,646	–	–
Public safety	4,329,204	–	–
Public works	1,093,499	–	–
Parks and recreation	509,206	–	–
Economic development	–	2,062,930	–
Capital outlay	–	–	3,343,098
Debt service			
Principal	–	–	–
Interest and fiscal charges	–	6,644	–
Total expenditures	7,257,555	2,069,574	3,343,098
Excess (deficiency) of revenues over expenditures	(311,366)	(2,069,574)	(2,631,814)
Other financing sources (uses)			
Contract for deed issued	–	1,203,500	–
Payment on refunded debt	–	–	–
Transfers in	882,932	–	–
Transfers out	(50,000)	–	–
Total other financing sources (uses)	832,932	1,203,500	–
Net change in fund balances	521,566	(866,074)	(2,631,814)
Fund balances			
Beginning of year	1,834,011	–	3,565,784
End of year	$ 2,355,577	$ (866,074)	$ 933,970

See notes to basic financial statements

Nonmajor	Total
$ 2,232,994	$ 6,243,978
211,527	264,614
–	631,259
680,846	2,951,440
–	215,238
–	33,274
251,494	375,949
266,044	584,626
3,642,905	11,300,378
–	1,325,646
26	4,329,230
–	1,093,499
–	509,206
971,943	3,034,873
956,504	4,299,602
1,348,553	1,348,553
456,014	462,658
3,733,040	16,403,267
(90,135)	(5,102,889)
871,500	2,075,000
(2,410,000)	(2,410,000)
130,000	1,012,932
(100,000)	(150,000)
(1,508,500)	527,932
(1,598,635)	(4,574,957)
11,752,351	17,152,146
$ 10,153,716	$ 12,577,189

THIS PAGE INTENTIONALLY LEFT BLANK

Reconciliation of the Statement of
Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended December 31, 2019

Total net change in fund balances – governmental funds	$ (4,574,957)
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	3,881,475
Depreciation expense	(1,211,113)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balance.	(40,966)
Net pension assets are only recorded in the government-wide financial statements as they are not current financial resources to governmental funds.	(108,985)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Other long-term debt adjustments are also made between the governmental funds and the Statement of Activities for premiums, compensated absences, OPEB liability, and net pension liability.	1,941,583
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.	37,315
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	(673,216)
Deferred outflows of resources – OPEB plan deferments	6,622
Deferred inflows of resources – pension plan deferments	836,776
Deferred inflows of resources – unavailable revenues	(78,379)
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	591,825
Internal balances for internal service activity for business-type activities	(125,639)
Change in net position – governmental activities	$ 482,341

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF NORTH ST. PAUL

Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenues				
Taxes	$ 4,136,414	$ 4,136,414	$ 4,010,984	$ (125,430)
Special assessments	–	–	4,483	4,483
Licenses and permits	276,000	276,000	631,259	355,259
Intergovernmental	1,570,102	1,570,102	1,670,594	100,492
Charges for services	134,144	134,144	215,238	81,094
Fines and forfeits	33,600	33,600	33,274	(326)
Investment earnings	9,000	9,000	61,775	52,775
Other	238,822	238,822	318,582	79,760
Total revenues	6,398,082	6,398,082	6,946,189	548,107
Expenditures				
Current				
General government	1,327,990	1,327,990	1,325,646	(2,344)
Public safety	4,116,970	4,116,970	4,329,204	212,234
Public works	1,086,179	1,086,179	1,093,499	7,320
Parks and recreation	557,187	557,187	509,206	(47,981)
Total expenditures	7,088,326	7,088,326	7,257,555	169,229
Excess (deficiency) of revenues over expenditures	(690,244)	(690,244)	(311,366)	378,878
Other financing sources (uses)				
Transfers in	756,744	756,744	882,932	126,188
Transfers out	(66,500)	(66,500)	(50,000)	16,500
Total other financing sources (uses)	690,244	690,244	832,932	142,688
Net change in fund balances	$ –	$ –	521,566	$ 521,566
Fund balances				
Beginning of year			1,834,011	
End of year			$ 2,355,577	

Statement of Net Position
Proprietary Funds
as of December 31, 2019

	Business-Type Activities – Enterprise Funds			
	Major Funds			
	Electric	Water	Surface Water	Waste Water
Assets				
Current assets				
Cash and investments	$ 4,910,447	$ 3,769,334	$ 1,590,336	$ 1,766,403
Receivables				
Interest	22,663	14,315	9,869	11,451
Accounts	1,260,219	265,455	136,504	377,057
Special assessments	94	29,047	1,470	19,125
Due from other funds	377,519	–	–	–
Inventory	464,700	–	–	–
Prepaid items	5,849	5,475	–	5,407
Total current assets	7,041,491	4,083,626	1,738,179	2,179,443
Noncurrent assets				
Cash and investments restricted for debt service	193,500	–	–	–
Advances to other funds	1,523,008	–	1,213,338	1,213,338
Capital assets				
Land	154,948	–	–	–
Construction in progress	–	1,551,477	752,690	1,292,177
Buildings and structures	2,490,117	1,192,912	–	1,357,801
Furniture and equipment	1,770,077	277,933	335,551	699,635
Infrastructure	1,724,924	6,798,821	3,116,116	5,846,731
Less accumulated depreciation	(4,821,350)	(4,780,876)	(1,632,990)	(3,662,931)
Total capital assets (net of accumulated depreciation)	1,318,716	5,040,267	2,571,367	5,533,413
Total noncurrent assets	3,035,224	5,040,267	3,784,705	6,746,751
Total assets	10,076,715	9,123,893	5,522,884	8,926,194
Deferred outflows of resources				
Pension plan deferments	69,828	10,378	8,173	9,013
OPEB plan deferments	8,877	2,808	1,106	1,207
Total deferred outflows of resources	78,705	13,186	9,279	10,220
Total assets and deferred outflows of resources	$ 10,155,420	$ 9,137,079	$ 5,532,163	$ 8,936,414
Current liabilities				
Accounts and contracts payable	$ 436,382	$ 105,105	$ 33,066	$ 33,461
Accrued salaries and employee benefits payable	57,297	11,065	7,210	7,791
Accrued interest payable	21,353	46,670	28,385	62,620
Due to other funds	–	–	–	–
Due to other governments	63,097	29,346	–	55,649
Customer deposits	191,374	–	–	5,010
Unearned revenue	–	–	–	–
Compensated absences payable – current	117,313	3,213	3,213	–
Bonds payable – current	135,000	296,077	161,971	556,024
Total current liabilities	1,021,816	491,476	233,845	720,555
Noncurrent liabilities				
Advances from other funds	–	–	–	–
Compensated absences payable	102,326	7,045	7,045	–
Total OPEB liability	106,934	33,824	13,318	14,544
Net pension liability	897,835	133,438	105,085	115,886
Bonds payable	750,000	3,621,063	2,408,281	5,266,309
Total noncurrent liabilities	1,857,095	3,795,370	2,533,729	5,396,739
Total liabilities	2,878,911	4,286,846	2,767,574	6,117,294
Deferred inflows of resources				
Pension plan deferments	247,061	36,719	28,917	31,889
Net position				
Net investment in capital assets	1,318,716	1,160,763	547,730	473,785
Unrestricted	5,710,732	3,652,751	2,187,942	2,313,446
Total net position	7,029,448	4,813,514	2,735,672	2,787,231
Total liabilities, deferred inflows of resources, and net position	$ 10,155,420	$ 9,137,079	$ 5,532,163	$ 8,936,414

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

Fiber Optic	Solid Waste	Total	Governmental Activities – Internal Service
$ –	$ 802,468	$ 12,838,988	$ 2,886,918
–	2,392	60,690	8,547
79,356	335,184	2,453,775	–
–	2,916	52,652	–
–	–	377,519	–
–	–	464,700	–
–	–	16,731	38,407
79,356	1,142,960	16,265,055	2,933,872
–	–	193,500	–
–	–	3,949,684	–
–	–	154,948	–
–	–	3,596,344	–
–	–	5,040,830	–
–	–	3,083,196	3,148,726
2,230,732	–	19,717,324	–
(501,296)	–	(15,399,443)	(1,891,534)
1,729,436	–	16,193,199	1,257,192
1,729,436	–	20,336,383	1,257,192
1,808,792	1,142,960	36,601,438	4,191,064
–	–	97,392	–
–	–	13,998	–
–	–	111,390	–
$ 1,808,792	$ 1,142,960	$ 36,712,828	$ 4,191,064
$ –	$ 154,521	$ 762,535	$ 31,021
85	3,025	86,473	7,818
–	2,741	161,769	–
–	–	–	377,519
–	37,913	186,005	57
–	–	196,384	–
189,122	–	189,122	–
–	–	123,739	–
–	50,400	1,199,472	–
189,207	248,600	2,905,499	416,415
2,426,676	–	2,426,676	–
–	–	116,416	–
–	–	168,620	–
–	–	1,252,244	–
–	266,725	12,312,378	–
2,426,676	266,725	16,276,334	–
2,615,883	515,325	19,181,833	416,415
–	–	344,586	–
1,729,436	–	5,230,430	1,257,192
(2,536,527)	627,635	11,955,979	2,517,457
(807,091)	627,635	17,186,409	3,774,649
$ 1,808,792	$ 1,142,960	$ 36,712,828	$ 4,191,064
		$ 17,186,409	
		91,549	
		$ 17,277,958	

CITY OF NORTH ST. PAUL

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2019

	Business-Type Activities – Enterprise Funds			
	Major Funds			
	Electric	Water	Surface Water	Waste Water
Operating revenue				
Charges for services	$ 8,999,568	$ 1,803,015	$ 869,028	$ 2,275,272
Other services	283,366	49,685	12,168	50,665
Total operating revenue	9,282,934	1,852,700	881,196	2,325,937
Operating expenses				
Personal services	1,586,793	266,686	181,691	238,471
Professional services	512,951	493,857	91,807	238,677
Purchased utilities	5,492,106	–	–	1,039,029
Materials and supplies	334,770	62,793	44,400	11,865
Insurance	–	–	–	–
Other	15,364	4,533	–	8,452
Total operating expenses	7,941,984	827,869	317,898	1,536,494
Operating income (loss) before depreciation	1,340,950	1,024,831	563,298	789,443
Depreciation	101,290	205,280	137,772	205,103
Operating income (loss)	1,239,660	819,551	425,526	584,340
Nonoperating revenues (expenses)				
Intergovernmental	20,016	311	245	187,230
Investment earnings (charges)	223,595	142,853	100,198	111,037
Gain on disposal of capital assets	–	–	–	–
Other	1,346	328	–	–
Interest expense	(55,443)	(111,135)	(52,736)	(133,547)
Total nonoperating revenue (expenses)	189,514	32,357	47,707	164,720
Income (loss) before transfers	1,429,174	851,908	473,233	749,060
Transfers out	(372,932)	(205,000)	(80,000)	(145,000)
Change in net position	1,056,242	646,908	393,233	604,060
Net position				
Beginning of year, as previously reported	5,973,206	4,166,606	2,342,439	2,183,171
Prior period adjustment	–	–	–	–
Beginning of year, restated	5,973,206	4,166,606	2,342,439	2,183,171
End of year	$ 7,029,448	$ 4,813,514	$ 2,735,672	$ 2,787,231

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

			Governmental Activities –
Fiber Optic	Solid Waste	Total	Internal Service
$ 205,149	$ 1,043,486	$ 15,195,518	$ 1,313,207
13,506	63,497	472,887	–
218,655	1,106,983	15,668,405	1,313,207
2,606	85,598	2,361,845	103,163
91,378	14,262	1,442,932	487,821
–	911,067	7,442,202	–
–	476,026	929,854	80,893
–	–	–	3,221
–	–	28,349	–
93,984	1,486,953	12,205,182	675,098
124,671	(379,970)	3,463,223	638,109
44,439	–	693,884	171,090
80,232	(379,970)	2,769,339	467,019
–	134,093	341,895	–
(14,936)	34,781	597,528	84,648
–	–	–	40,158
–	–	1,674	–
–	(5,213)	(358,074)	–
(14,936)	163,661	583,023	124,806
65,296	(216,309)	3,352,362	591,825
–	(60,000)	(862,932)	–
65,296	(276,309)	2,489,430	591,825
(872,387)	790,387	14,583,422	3,182,824
–	113,557	113,557	–
(872,387)	903,944	14,696,979	3,182,824
$ (807,091)	$ 627,635	$ 17,186,409	$ 3,774,649
		$ 2,489,430	
		125,639	
		$ 2,615,069	

CITY OF NORTH ST. PAUL

Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2019

	Business-Type Activities – Enterprise Funds			
	Major Funds			
	Electric	Water	Surface Water	Waste Water
Cash flows from operating activities				
Cash received from customers	$ 9,353,226	$ 1,828,446	$ 868,381	$ 2,308,026
Cash receipts on interfund services provided	–	–	–	–
Cash payments to suppliers	(6,683,476)	(498,583)	(123,522)	(1,296,490)
Cash payments to employees for services	(1,424,413)	(225,130)	(164,398)	(199,239)
Net cash flows from operating activities	1,245,337	1,104,733	580,461	812,297
Cash flows from noncapital financing activities				
Grants received	20,016	311	245	187,230
Cash received from other funds	–	–	10,083	10,083
Cash paid to other funds	(1,625,974)	–	–	–
Transfers out	(372,932)	(205,000)	(80,000)	(145,000)
Net cash flows from noncapital financing activities	(1,978,890)	(204,689)	(69,672)	52,313
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(57,568)	(1,031,625)	(500,487)	(859,208)
Proceeds from the disposal of capital assets	–	–	–	–
Payment on bonds	(130,000)	(238,477)	(136,761)	(505,809)
Interest paid	(58,233)	(114,268)	(56,253)	(147,523)
Net cash flows from capital and related financing activities	(245,801)	(1,384,370)	(693,501)	(1,512,540)
Cash flows from investing activities				
Interest received (paid) on investments	218,492	141,095	98,887	110,351
Net change in cash and cash equivalents	(760,862)	(343,231)	(83,825)	(537,579)
Cash and investments				
Beginning of year	5,864,809	4,112,565	1,674,161	2,303,982
End of year	$ 5,103,947	$ 3,769,334	$ 1,590,336	$ 1,766,403
Reconciliation of cash and cash equivalents				
Cash and investments	$ 4,910,447	$ 3,769,334	$ 1,590,336	$ 1,766,403
Cash and investments restricted for debt service	193,500	–	–	–
Cash and cash equivalents per Statement of Net Position	$ 5,103,947	$ 3,769,334	$ 1,590,336	$ 1,766,403
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	$ 1,239,660	$ 819,551	$ 425,526	$ 584,340
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Depreciation	101,290	205,280	137,772	205,103
Other	1,346	328	–	–
Change in assets, deferred outflows, liabilities, and deferred inflows				
Accounts receivable	76,559	(21,391)	(13,409)	(31,150)
Special assessments receivable	83	(3,191)	594	13,229
Inventory	(26,110)	–	–	–
Prepaid items	463	837	–	87,425
Deferred outflows	65,362	2,409	2,604	(2,068)
Accounts and contracts payable	(276,501)	55,572	13,397	(122,563)
Accrued salaries and employee benefits	5,483	3,491	1,723	1,813
Customer deposits	(7,696)	–	–	10
Due to other governments	(26,137)	6,191	(712)	36,671
Unearned revenue	–	–	–	–
Total OPEB liability	(17,637)	14,210	(2,381)	(2,695)
Net pension liability	110,657	26,675	21,188	43,974
Compensated absences	17,290	(1,922)	(1,922)	–
Deferred inflows	(18,775)	(3,307)	(3,919)	(1,792)
Net cash flows from operating activities	$ 1,245,337	$ 1,104,733	$ 580,461	$ 812,297
Noncash investing, capital, and financing activities				
Amortization of bond premium (discount)	$ –	$ 10,543	$ 6,567	$ 16,026

See notes to basic financial statements

Fiber Optic	Solid Waste	Total	Governmental Activities – Internal Service
$ 197,040	$ 1,034,748	$ 15,589,867	$ –
–	–	–	1,317,494
(159,331)	(1,312,162)	(10,073,564)	(738,766)
(2,607)	(90,357)	(2,106,144)	(108,429)
35,102	(367,771)	3,410,159	470,299
–	134,093	341,895	–
–	–	20,166	102,966
(20,166)	–	(1,646,140)	–
–	(60,000)	(862,932)	–
(20,166)	74,093	(2,147,011)	102,966
–	–	(2,448,888)	(594,783)
–	–	–	61,952
–	(50,400)	(1,061,447)	–
–	(7,250)	(383,527)	–
–	(57,650)	(3,893,862)	(532,831)
(14,936)	35,403	589,292	82,898
–	(315,925)	(2,041,422)	123,332
–	1,118,393	15,073,910	2,763,586
$ –	$ 802,468	$ 13,032,488	$ 2,886,918
$ –	$ 802,468	$ 12,838,988	$ 2,886,918
–	–	193,500	–
$ –	$ 802,468	$ 13,032,488	$ 2,886,918
$ 80,232	$ (379,970)	$ 2,769,339	$ 467,019
44,439	–	693,884	171,090
–	–	1,674	–
(58,110)	(72,107)	(119,608)	–
–	(128)	10,587	–
–	–	(26,110)	–
–	–	88,725	(33,607)
–	379	68,686	–
(67,953)	96,421	(301,627)	(95,756)
(1)	261	12,770	(979)
–	–	(7,686)	–
–	(7,228)	8,785	(37,468)
36,495	–	36,495	–
–	(5,399)	(13,902)	–
–	–	202,494	–
–	–	13,446	–
–	–	(27,793)	–
$ 35,102	$ (367,771)	$ 3,410,159	$ 470,299
$ –	$ 1,617	$ 34,753	$ –

THIS PAGE INTENTIONALLY LEFT BLANK

Index to Notes

THIS PAGE INTENTIONALLY LEFT BLANK

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) 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 wastewater. All revenues received and expenses paid in relation to the services provided to this extended service area are included in the accompanying financial statements.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Government-Wide Financial Statement Presentation

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

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

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

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

E. Fund Financial Statement Presentation

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

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

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

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

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.

Anchor Block North – Soils Tax Increment Special Revenue Fund – This fund administers the resources for the development of this tax increment district.

Street Improvement 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 wastewater 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 types:

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, Benefits and Insurance 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 property taxes 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, 2019 totaled $7,352.

K. Inventories

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

L. Prepaid Items

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Capital Assets

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

Capital assets are recorded in the government-wide and proprietary fund financial statements, but are not reported in the governmental fund financial statements. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capital assets are depreciated using the straight-line method over their estimated useful lives. Capital assets not being depreciated include land and construction in progress.

The estimated useful lives are as follows:

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

N. Compensated Absences

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

O. Long-Term Obligations

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

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position or balance sheets will sometimes report separate sections for deferred outflows or inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position 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, differences 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.

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.

Q. State-Wide Pension Plans

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from the PERA's fiduciary net position have been determined on the same basis as they are reported by the PERA, except that the PERA's fiscal year-end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments, and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The PERA has a special funding situation created by a direct aid contribution made by the state of Minnesota. The direct aid is a result of the merger of the Minneapolis Employees Retirement Fund into the PERA on January 1, 2015.

R. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements for the General Fund, Housing Redevelopment Authority Fund, 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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Budgetary control is maintained at the department level. Also, inherent in this controlling function is management's philosophy that the existence of a particular item or appropriation in the approved budget does not automatically mean that it will be spent. The budget process has flexibility in that, where need has been properly demonstrated, an adjustment can be made within the department budget by the city manager, or between departments by the City Council. Therefore, there is a constant review process and expenditures are not approved until it has been determined that: 1) adequate funds were appropriated, 2) the expenditure is still necessary, and 3) funds are available.

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

S. Assets Held for Resale

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

T. Statement of Cash Flows

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

U. Net Position and Flow Assumptions

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

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.

- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

- **Unrestricted Net Position** – All other elements of net position that do not meet the definition of "restricted" or "net investment in capital assets."

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

V. Fund Balance Classifications and Flow Assumptions

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.

- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.

- **Committed** – Consists of internally imposed constraints that are established by resolution of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

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

- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, the City first uses restricted resources, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use, the City uses resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

W. Restricted Assets

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

X. Risk Management

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Y. Use of Estimates

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

Z. Prior Period Adjustment

During the year ended December 31, 2019, the City recorded a prior period adjustment relating to the commercial environmental charge pass-through to Ramsey County. This change increased beginning net position in the business-type activities and Solid Waste Proprietary Fund financial statements by $113,557.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	$	6,155,449
Investments		23,098,210
Cash on hand		600
Total	$	29,254,259

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

Statement of Net Position		
Primary government		
Cash and investments	$	28,862,794
Restricted assets – temporarily restricted		
Cash and investments for debt service		193,500
Component unit		
Cash and investments		197,965
Total	$	29,254,259

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Deposits

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

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

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

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

At year-end, the carrying amount of the City's deposits was $6,155,449, while the balance on the bank records was $7,046,426. At December 31, 2019, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the City's agent in the City's name.

C. Investments

The City has the following investments at year-end:

	Credit Risk		Fair Value Measurements	Interest Risk – Maturity Duration in Years			
Investment Type	Rating	Agency	Using	Less Than 1	1 to 5	5 to 10	Total
U.S. agencies	AA	S&P	Level 2	$ 499,540	$ 2,994,710	$ –	$ 3,494,250
Municipal securities	AAA	S&P	Level 2	225,198	–	–	225,198
Municipal securities	AA	S&P	Level 2	907,282	398,413	–	1,305,695
Municipal securities	AA	Moody's	Level 2	1,636,288	816,648	–	2,452,936
Negotiable certificates of deposit	N/R	N/A	Level 2	6,142,422	6,151,252	490,343	12,784,017
				$ 9,410,730	$ 10,361,023	$ 490,343	20,262,096
Investment pools/mutual funds							
First American Government Obligation Fund	AAA	S&P	Level 2	N/A	N/A	N/A	2,707,953
Minnesota Municipal Money Market Fund	N/R	N/A	N/A	N/A	N/A	N/A	128,161
Total investments							$ 23,098,210

N/A – Not Applicable
N/R – Not Rated

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

Concentration Risk – This is the risk associated with investing a significant portion of the City's investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The City's investment policies do not limit the concentration of investments. At year-end, the City's investment portfolio includes the Federal Farm Credit Bank at 6.5 percent and Independent School District No. 16, Spring Lake Park, Minnesota (municipal bonds) at 5.9 percent.

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 – INTERFUND TRANSACTIONS

A. Due To and Due From Other Funds

Interfund receivables and payables at year-end were as follows:

	Due To Other Funds		
	Governmental	Proprietary	
Due From Other Funds	Nonmajor	Internal Service	Total
Governmental			
Street Improvement	$ 771,824	$ –	$ 771,824
Proprietary			
Electric	–	377,519	377,519
Total	$ 771,824	$ 377,519	$ 1,149,343

Interfund borrowing is utilized for cash flow purposes to eliminate temporary cash balance deficits.

B. 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	Anchor Block North – Soils Tax Increment	Nonmajor	Fiber Optic	Total
Governmental				
General	$ –	$ 114,081	$ –	$ 114,081
Proprietary				
Electric	1,252,370	270,638	–	1,523,008
Surface Water	–	–	1,213,338	1,213,338
Waste Water	–	–	1,213,338	1,213,338
Total	$ 1,252,370	$ 384,719	$ 2,426,676	$ 4,063,765

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

NOTE 3 – INTERFUND TRANSACTIONS (CONTINUED)

C. Interfund Transfers

Interfund transfers for the year were as follows:

Transfers Out	Transfers In: Governmental: General	Transfers In: Governmental: Nonmajor	Total
Governmental			
General	$ –	$ 50,000	$ 50,000
Nonmajor	20,000	80,000	100,000
Proprietary			
Electric	372,932	–	372,932
Water	205,000	–	205,000
Surface Water	80,000	–	80,000
Waste Water	145,000	–	145,000
Solid Waste	60,000	–	60,000
Total	$ 882,932	$ 130,000	$ 1,012,932

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

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

A. Changes in Capital Assets Used in Governmental Activities

	Beginning Balance	Additions	Deletions	Completed Construction	Ending Balance
Capital assets, not being depreciated					
Land	$ 3,454,393	$ –	$ –	$ –	$ 3,454,393
Construction in progress	1,657,080	3,828,175	(40,966)	(1,352,785)	4,091,504
Total capital assets, not being depreciated	5,111,473	3,828,175	(40,966)	(1,352,785)	7,545,897
Capital assets, depreciated					
Buildings and structures	20,987,743	–	–	–	20,987,743
Furniture and equipment	4,540,225	648,083	(80,268)	–	5,108,040
Infrastructure	19,974,455	–	–	1,352,785	21,327,240
Total capital assets, depreciated	45,502,423	648,083	(80,268)	1,352,785	47,423,023
Less accumulated depreciation on					
Buildings and structures	6,600,464	526,941	–	–	7,127,405
Furniture and equipment	3,082,840	235,988	(58,474)	–	3,260,354
Infrastructure	9,301,047	619,274	–	–	9,920,321
Total accumulated depreciation	18,984,351	1,382,203	(58,474)	–	20,308,080
Total capital assets, depreciated, net	26,518,072	(734,120)	(21,794)	1,352,785	27,114,943
Net capital assets	$ 31,629,545	$ 3,094,055	$ (62,760)	$ –	$ 34,660,840

NOTE 4 – CAPITAL ASSETS (CONTINUED)

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

	Beginning Balance	Additions	Deletions	Completed Construction	Ending Balance
Capital assets, not being depreciated					
Land	$ 154,948	$ –	$ –	$ –	$ 154,948
Construction in progress	1,205,024	2,391,320	–	–	3,596,344
Total capital assets, not being depreciated	1,359,972	2,391,320	–	–	3,751,292
Capital assets, depreciated					
Buildings and structures	5,040,830	–	–	–	5,040,830
Furniture and equipment	3,025,628	57,568	–	–	3,083,196
Infrastructure	19,717,324	–	–	–	19,717,324
Total capital assets, depreciated	27,783,782	57,568	–	–	27,841,350
Less accumulated depreciation on					
Buildings and structures	3,370,274	67,881	–	–	3,438,155
Furniture and equipment	2,020,694	115,904	–	–	2,136,598
Infrastructure	9,314,591	510,099	–	–	9,824,690
Total accumulated depreciation	14,705,559	693,884	–	–	15,399,443
Total capital assets, depreciated, net	13,078,223	(636,316)	–	–	12,441,907
Net capital assets	$ 14,438,195	$ 1,755,004	$ –	$ –	$ 16,193,199

C. Depreciation Expense by Function

Depreciation expense was charged to the following functions:

Governmental activities	
General government	$ 295,589
Public safety	21,033
Public works	807,379
Parks and recreation	87,112
Capital assets held by the City’s internal service funds are charged to the various functions based on their usage of the assets	171,090
Total depreciation expense – governmental activities	$ 1,382,203
Business-type activities	
Electric	$ 101,290
Water	205,280
Surface water	137,772
Waste water	205,103
Fiber optic	44,439
Total depreciation expense – business-type activities	$ 693,884

NOTE 5 – 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 Abatement Bonds of 2004A	$ 800,000	2.200–4.600%	2004	2020	$ 70,000
Municipal Building Refunding Bonds of 2012A	$ 3,760,000	0.450–1.950%	2012	2023	1,575,000
Special Assessment Bonds of 2014A	$ 2,360,000	2.000–3.000%	2014	2030	1,640,000
Tax Increment Refunding Bonds of 2015A	$ 1,595,000	2.000–3.000%	2015	2032	1,195,000
Improvement Bonds of 2016A	$ 2,640,000	2.000–2.100%	2016	2032	2,305,000
Tax Abatement Bonds of 2016A	$ 1,240,000	2.000–2.500%	2016	2037	1,140,000
Capital Improvement Refunding Bonds of 2016B	$ 2,430,000	2.000%	2016	2025	2,430,000
Improvement Bonds of 2017A	$ 1,051,380	1.650–3.000%	2017	2033	977,827
Improvement Bonds of 2018A	$ 3,475,000	3.000–5.000%	2018	2034	3,475,000
Contract for deed	$ 2,075,000	3.000%	2019	2024	2,075,000
Premium					470,543
Compensated absences					690,547
Total governmental activities					$ 18,043,917
Business-type activities					
Electric Utility Revenue Bonds of 2009C	$ 1,935,000	2.750–6.000%	2009	2025	$ 885,000
General obligation bonds					
Utility Revenue Bonds of 2014A	$ 2,560,000	2.000–3.000%	2014	2030	1,950,000
Utility Revenue Refunding Bonds of 2015A	$ 4,650,000	2.000–3.000%	2015	2027	3,340,000
Utility Revenue Bonds of 2016A	$ 3,605,000	2.000–2.100%	2016	2032	3,180,000
Utility Revenue Bonds of 2017A	$ 438,620	1.650–3.000%	2017	2033	317,172
Utility Revenue Bonds of 2018A	$ 3,465,000	3.000–5.000%	2018	2034	3,465,000
Premium					374,678
Compensated absences					240,155
Total business-type activities					$ 13,752,005
Total government-wide activities					$ 31,795,922

B. Changes in Long-Term Debt

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities					
G.O. tax increment bonds	$ 1,295,000	$ –	$ 100,000	$ 1,195,000	$ 110,000
General obligation bonds	17,271,380	–	3,658,553	13,612,827	1,430,528
Premium	512,167	–	41,624	470,543	–
Total bonds	19,078,547	–	3,800,177	15,278,370	1,540,528
Contract for deed	–	2,075,000	–	2,075,000	–
Compensated absences	622,796	343,626	275,875	690,547	275,875
Total governmental activities	19,701,343	2,418,626	4,076,052	18,043,917	1,816,403
Business-type activities					
Utility revenue bonds	14,198,620	–	1,061,447	13,137,173	1,199,472
Premium	409,430	–	34,753	374,677	–
Total bonds	14,608,050	–	1,096,200	13,511,850	1,199,472
Compensated absences	226,709	137,185	123,739	240,155	123,739
Total business-type activities	14,834,759	137,185	1,219,939	13,752,005	1,323,211
Total government-wide	$ 34,536,102	$ 2,555,811	$ 5,295,991	$ 31,795,922	$ 3,139,614

NOTE 5 – LONG-TERM DEBT (CONTINUED)

C. Minimum Debt Payments

Minimum annual payments required to retire bonds are as follows:

	Governmental Activities				Business-Type Activities	
Year Ending	Tax Increment		General Obligation		Utility Revenue	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 110,000	$ 27,913	$ 1,430,528	$ 337,155	$ 1,199,472	$ 365,530
2021	100,000	25,813	1,437,426	303,022	1,287,574	331,007
2022	100,000	23,813	1,475,276	270,162	1,189,724	293,700
2023	105,000	21,631	1,495,159	235,168	1,209,841	257,502
2024	115,000	19,156	1,125,038	202,084	1,249,962	219,106
2025–2029	525,000	53,281	3,778,276	635,473	4,566,724	609,683
2030–2034	140,000	6,450	2,651,124	188,265	2,433,876	543,412
2035–2037	–	–	220,000	8,375	–	–
Total	$ 1,195,000	$ 178,057	$ 13,612,827	$ 2,179,704	$ 13,137,173	$ 2,619,940

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.

- **Contract for Deed** – The City signed a contract for deed to purchase land. The balance of the contract for deed, together with accrued interest, shall be paid on or before five years from the date of the contract, except that, in the event of a sale of a lot included in the proposed plat of the property, the City shall pay an installment payment on the date of sale of the relevant lot, together with any accrued interest. No interest shall accrue during the first year of this contract. Thereafter, any principal amount remaining to be paid under this contract shall bear interest at the rate of 3 percent per annum.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

- **Total OPEB Liability** – This liability represents the City's OPEB liability as further described later in these notes. The General, Electric, Water, Surface Water, and Waste Water Funds will be used to liquidate this liability.

- **Net Pension Liability** – This liability represents the City's pension benefit obligations as further described later in these notes. The General, Electric, Water, Surface Water, and Waste Water Funds will be used to liquidate this liability.

  The City participates in two state-wide, cost-sharing, multi-employer defined benefit pension plans administered by the PERA, and a single-employer plan administered by the fire relief association. The following is a summary of the net pension asset, net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended December 31, 2019:

Pension Plans	Net Pension Asset	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA – GERF	$ –	$ 2,250,212	$ 175,008	$ 619,201	$ 225,092
PERA – PEPFF	–	1,716,138	1,696,086	2,619,045	241,041
Fire Relief	202,230	–	298,654	168,567	92,571
Total – all pensions	$ 202,230	$ 3,966,350	$ 2,169,748	$ 3,406,813	$ 558,704

- **Compensated Absences** – This liability represents vested benefits earned by employees through the end of the year, which will be paid or used in future periods. The General, Electric, Water, and Surface Water Funds will be used to liquidate this liability.

E. Refunding Bond Activity

During 2016, the City issued General Obligation Capital Improvement Plan Refunding Bonds, Series 2016B, in a crossover refunding of Series 2008A bonds. The crossover refunding of Series 2008A bonds occurred in 2019. This refunding resulted in a net cash flow savings of $212,292 and a net present value benefit of $204,067. The difference between the carrying amount of the refunded debt and its reacquisition price was not material, and was included in current year expense on the government-wide financial statements.

F. Arbitrage Rebate

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

NOTE 5 – LONG-TERM DEBT (CONTINUED)

G. 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	$ 1,373,057	$ 130,013	$ 204,308
Electric Utility Revenue Bonds of 2009C	Utility improvements	Utility charges	100%	2009–2025	$ 1,047,784	$ 184,595	$ 9,282,934
Utility Revenue Bonds of 2014A	Utility improvements	Utility charges	100%	2014–2030	$ 2,252,731	$ 205,038	$ 5,059,833
Utility Revenue Refunding Bonds of 2015A	Utility improvements	Utility charges	100%	2015–2027	$ 3,621,669	$ 517,488	$ 6,166,816
Utility Revenue Bonds of 2016A	Utility improvements	Utility charges	100%	2016–2032	$ 3,615,590	$ 281,160	$ 5,059,833
Utility Revenue Bonds of 2017A	Utility improvements	Utility charges	100%	2017–2033	$ 340,884	$ 132,369	$ 3,207,133
Utility Revenue Bonds of 2018A	Utility improvements	Utility charges	100%	2018–2034	$ 4,878,455	$ 117,160	$ 5,059,833

H. Bond Ratings

The City's most recent bond rating by Standard & Poor's and Moody's was AA and Aa3, respectively.

NOTE 6 – 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 Public Employees Retirement Association (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.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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 of average salary for each of the first 10 years of service, and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7 percent of average salary 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.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the post-retirement increase will be 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 June 30 before the effective date of the increase, will receive the full increase. For recipients receiving the annuity or benefit for at least one month, but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. PEPFF Benefits

Benefits for the PEPFF members first hired after June 30, 2010 but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 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 percent after 10 years up to 100 percent after 20 years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the post-retirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase, will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months, but less than 36 months as of the June 30 before the effective date of the increase, will receive a reduced prorated increase.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

C. Contributions

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

1. GERF Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2019. 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, 2019, were $216,451. The City's contributions were equal to the required contributions as set by state statutes.

2. PEPFF Contributions

Police and fire member's contribution rates increased from 10.80 percent of pay to 11.30 percent and employer rates increased from 16.20 percent to 16.95 percent on January 1, 2019. The City's contributions to the PEPFF for the year ended December 31, 2019, were $289,482. The City's contributions were equal to the required contributions as set by state statutes.

D. Pension Costs

1. GERF Pension Costs

At December 31, 2019, the City reported a liability of $2,250,212 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019, relative to the total employer contributions received from all of the PERA's participating employers. The City's proportionate share was 0.0407 percent at the end of the measurement period and 0.0431 percent for the beginning of the period.

The City's net pension liability reflected a reduction, due to the state of Minnesota's contribution of $16 million to the fund in 2019. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. 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	$ 2,250,212
State's proportionate share of the net pension liability associated with the City	$ 69,997

For the year ended December 31, 2019, the City recognized pension expense of $219,850 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional $5,242 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of $16 million to the GERF.

At December 31, 2019, 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	$ 65,414	$ –
Changes in actuarial assumptions	–	188,974
Differences between projected and actual investment earnings	–	242,467
Changes in proportion	–	187,760
Contributions paid to the PERA subsequent to the measurement date	109,594	–
Total	$ 175,008	$ 619,201

A total of $109,594 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, 2020. 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
2020	$ (217,480)
2021	$ (258,823)
2022	$ (81,112)
2023	$ 3,628

2. PEPFF Pension Costs

At December 31, 2019, the City reported a liability of $1,716,138 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019, relative to the total employer contributions received from all of the PERA's participating employers. The City's proportionate share was 0.1612 percent at the end of the measurement period and 0.1559 percent for the beginning of the period.

For the year ended December 31, 2019, the City recognized pension expense of $219,279 for its proportionate share of the PEPFF's pension expense. The City also recognized $21,762 for the year ended December 31, 2019, 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. Legislation passed in 2013 required the state of Minnesota to begin contributing $9 million to the PEPFF each year until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. In addition, the state will pay $4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay $9 million until full funding is reached or July 1, 2048, whichever is earlier.

At December 31, 2019, 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	$ 71,504	$ 262,144
Changes in actuarial assumptions	1,431,189	1,888,379
Differences between projected and actual investment earnings	–	342,356
Changes in proportion	50,865	126,166
Contributions paid to the PERA subsequent to the measurement date	142,528	–
Total	$ 1,696,086	$ 2,619,045

A total of $142,528 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, 2020. 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
2020	$ (142,289)
2021	$ (243,861)
2022	$ (690,721)
2023	$ 3,420
2024	$ 7,964

E. Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50% per year
Active member payroll growth	3.25% per year
Investment rate of return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP-2014 tables for males and females, as appropriate, with slight adjustments to fit the PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the GERF, and 1.00 percent per year for the PEPFF.

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the GERF was completed in 2019. The most recent four-year experience study for the PEPFF was completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions and plan provisions occurred in 2019:

1. **GERF**

CHANGES IN ACTUARIAL ASSUMPTIONS

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

CHANGES IN PLAN PROVISIONS

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

2. **PEPFF**

CHANGES IN ACTUARIAL ASSUMPTIONS

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

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	35.5 %	5.10 %
Private markets	25.0	5.90 %
Fixed income	20.0	0.75 %
International equity	17.5	5.90 %
Cash equivalents	2.0	– %
Total	100.0 %	

F. Discount Rate

The discount rate used to measure the total pension liability in 2019 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the GERF and the PEPFF 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 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

G. 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 6.50%	Discount Rate 7.50%	1% Increase in Discount Rate 8.50%
The City's proportionate share of the GERF net pension liability	$ 3,699,227	$ 2,250,212	$ 1,053,762
The City's proportionate share of the PEPFF net pension liability	$ 3,751,156	$ 1,716,138	$ 33,209

H. 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 PERA website at www.mnpera.org; by writing to the PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103; or by calling (651) 296-7460 or (800) 652-9026.

NOTE 7 – 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 December 31, 2018, the plan covered 31 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 7 – 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, 2019 totaling $31,677. Furthermore, the firefighters have no obligation to contribute to the plan.

D. Pension Costs

At December 31, 2019, the City reported a net pension asset of $202,230 for the plan. The net pension asset was measured as of December 31, 2018. The total pension liability used to calculate the net pension asset in accordance with GASB Statement No. 68 was determined by Van Iwaarden Associates applying an actuarial formula to specific census data certified by the Department as of December 31, 2018.

For the year ended December 31, 2019, the City recognized pension expense of $92,571. The City also recognized $60,649 as revenue for the state of Minnesota's on-behalf contributions to the Department.

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning balance – January 1, 2019	$ 1,242,534	$ 1,553,749	$ (311,215)
Changes for the year			
Service cost	53,145	–	53,145
Interest	87,458	–	87,458
Differences between expected and actual experience	(89,257)	–	(89,257)
Changes of assumptions	11,318	–	11,318
Contributions (state and local)	–	101,130	(101,130)
Contributions (donations and other income)	–	2,110	(2,110)
Net investment income	–	(139,861)	139,861
Administrative costs	–	(9,700)	9,700
Total net changes	62,664	(46,321)	108,985
Ending balance – December 31, 2019	$ 1,305,198	$ 1,507,428	$ (202,230)

NOTE 7 – DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION (CONTINUED)

At December 31, 2019, 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	$ 29,121	$ 81,475
Changes in actuarial assumptions	10,331	24,577
Differences between projected and actual investment earnings	165,010	–
City contributions subsequent to the measurement date	31,677	–
State aid to the City subsequent to the measurement date	62,515	62,515
Total	$ 298,654	$ 168,567

Deferred outflows of resources totaling $94,192 related to pensions resulting from city contributions and state aid received subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Deferred inflows of resources totaling $62,515 related to state aid received subsequent to the measurement date will be recognized for its impact on the net pension liability in the year ending December 31, 2020. 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
2020	$ 48,761
2021	$ 24,623
2022	$ 23,305
2023	$ 42,493
2024	$ (6,457)
Thereafter	$ (34,315)

E. Actuarial Assumptions

The total pension liability at December 31, 2018 was determined using the entry-age normal actuarial cost method and the following actuarial assumptions:

Retirement eligibility at 100 percent service pension at age 50 with 20 years of service, early vested retirement at age 50 with 10 years of service reduced by 4 percent for each year of service less than 20 years and eligibility for deferred service pension payable at age 50 with 20 years of service	
Inflation rate	2.50% per year
Cost of living increases	zero percent per year
Investment rate of return	6.50%
20-year municipal bond yield	3.71%

The investment rate of return 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.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION (CONTINUED)

The 6.50 percent long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using the plan's target investment allocation along with long-term return expectations by asset class. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Domestic equity	47.99 %	4.95 %	7.45 %
International equity	18.13	5.24	7.74
Fixed income	32.02	1.99	4.49
Real estate and alternatives	0.90	4.19	6.69
Cash and equivalents	0.96	0.58	3.08
Total	100.00 %		6.50

F. Discount Rate

The discount rate used to measure the total pension liability was 6.50 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 (5.50%)	Current (6.50%)	1% Increase (7.50%)
Defined benefit plan	$ (155,326)	$ (202,230)	$ (245,693)

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 8 – 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 $46,257.

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 $557,237 as of year-end was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, 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	3.71%
20-year municipal bond yield	3.71%
Inflation rate	2.75%
Medical trend rate	6.30%, grading to 4.00% over 56 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 RP-2014 mortality tables with projected mortality improvements based on Scale MP-2017, and other adjustments.

G. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balance	$ 566,408
Changes for the year	
Service cost	22,435
Interest	18,864
Changes of assumptions	(12,602)
Benefit payments	(37,868)
Total net changes	(9,171)
Ending balance	$ 557,237

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 3.31 percent to 3.71 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	Discount Rate	1% Increase in Discount Rate
OPEB discount rate	2.71%	3.71%	4.71%
Total OPEB liability	$ 589,490	$ 557,237	$ 527,398

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

	1% Decrease in Healthcare Trend Rate	Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
OPEB healthcare trend rate	5.30% decreasing to 3.00% over 56 years	6.30% decreasing to 4.00% over 56 years	7.30% decreasing to 5.00% over 56 years
Total OPEB liability	$ 518,426	$ 557,237	$ 600,931

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

For the current year ended, the City recognized OPEB expense of $28,697. 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	$ 46,257	$ –

A total of $46,257 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, 2020.

NOTE 9 – STEWARDSHIP AND ACCOUNTABILITY

A. Deficit Fund Equity

The following funds have a deficit fund equity at December 31, 2019:

	Amount
Governmental	
Special revenue fund	
Anchor Block North – Soils Tax Increment	$ 866,074
Nonmajor funds	
Special revenue funds	
7th and Margaret Street Tax Increment	$ 194,496
Margaret Street Tax Increment	$ 26,128
Capital projects fund	
2020 Street and Utility	$ 485,077
Proprietary	
Enterprise fund	
Fiber Optic	$ 807,091
Internal service funds	
City Mechanic	$ 190,010
Building Maintenance	$ 215,737

NOTE 9 – STEWARDSHIP AND ACCOUNTABILITY (CONTINUED)

The deficit in the Anchor Block North – Soils Tax Increment Special Revenue Fund will be reduced and eliminated as assets held for resale are sold and as tax increment funds are received as a result of development.

The deficit in the 7th and 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 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 2020 Street and Utility Capital Projects Fund will be reduced and eliminated through bond proceeds issued in the subsequent year.

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

The deficit in the City Mechanic Fund will be eliminated with future charges for services.

The deficit in the Building Maintenance Fund will be eliminated with future charges for services.

B. Expenditures Exceeding Appropriations

For the year ended December 31, 2019, actual expenditures exceeded budgeted expenditures in the following fund:

	Amount
Primary Government	
General Fund	$ 169,229

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

NOTE 10 – FUND BALANCES

A. Classifications

At December 31, 2019, the City had the following governmental fund balances:

	General Fund	Anchor Block North – Soils Tax Increment	Street Improvement	Nonmajor	Total
Nonspendable					
Prepaid items	$ 40,770	$ –	$ –	$ –	$ 40,770
Advance to other funds	114,081	–	–	–	114,081
Total nonspendable	154,851	–	–	–	154,851
Restricted					
Debt service	–	–	–	3,435,948	3,435,948
Street improvements	–	–	212,908	–	212,908
Housing Redevelopment Authority	–	–	–	1,093,196	1,093,196
Tax increment	–	–	–	964,151	964,151
Police forfeiture	–	–	–	110,603	110,603
Total restricted	–	–	212,908	5,603,898	5,816,806
Committed					
Silver Lake Beach	–	–	–	35,057	35,057
Asset Preservation	–	–	–	1,900,102	1,900,102
Street maintenance	–	–	–	2,282,758	2,282,758
Total committed	–	–	–	4,217,917	4,217,917
Assigned					
Housing improvements	–	–	–	177,102	177,102
Fire relief	4,783	–	–	–	4,783
Downtown beautification	1,225	–	–	–	1,225
Community events	11,732	–	–	–	11,732
Street improvements	–	–	721,062	–	721,062
Permanent improvement revolving	–	–	–	500,490	500,490
Park improvements	–	–	–	360,010	360,010
Total assigned	17,740	–	721,062	1,037,602	1,776,404
Unassigned	2,182,986	(866,074)	–	(705,701)	611,211
Total	$ 2,355,577	$ (866,074)	$ 933,970	$ 10,153,716	$ 12,577,189

B. 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 an unassigned General Fund balance of 35 percent of the subsequent year's budgeted expenditures. This policy was changed in the current year from 25 percent to 35 percent. The City Council shall approve any transfer of excess fund balance in the subsequent year. At December 31, 2019, the unassigned fund balance for the General Fund was 28 percent of the subsequent year's budgeted expenditures.

NOTE 11 – 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, 2019 were $5,492,106. 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 12 – TAX ABATEMENT AGREEMENTS

The City, in order to spur economic development and redevelopment, will enter into private development and redevelopment agreements to encourage a developer to construct, expand, or improve new or existing properties and buildings or clean-up and redevelop blighted areas. These agreements may in substance be a tax abatement but will depend on their individual circumstances. The City currently has five agreements that would be considered a tax abatement under GASB Statement No. 77.

In 2006, the City entered into a development agreement with Gervais Court Properties, LLC to assist the developer with the financing of certain costs of a project constructed within the development district. For this agreement, the City used an economic development vehicle known as tax increment financing whereby tax increment revenue is generated on the incremental increase in value above a base value established on the date that the tax increment district is created. The City will make annual installment payments to reimburse the landowner and developer for site acquisition and improvement costs through September 1, 2023. The outstanding principal balance as of December 31, 2019 for this agreement was $108,000 and the City made payments totaling $27,000 in the current year.

In 2009, the City entered into a development agreement with Flex Holding, LLC to assist the developer with the financing of certain costs of a project constructed within the development district. In 2013, the City entered into a second development agreement with Flex Holding, LLC. For both of these agreements, the City used an economic development vehicle known as tax increment financing whereby tax increment revenue is generated on the incremental increase in value above a base value established on the date that the tax increment district is created. The City will abate 90 percent of the incremental taxes received through execution of a tax increment revenue note to be retired in 2022. The outstanding principal balance as of December 31, 2019 for the first agreement was $50,361 and the City rebated $37,359 in the current year. The outstanding principal balance on the second agreement was $125,000 and the City did not have any rebate 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, 2019 for this agreement was $2,357,143 and the City rebated $231,375 in the current year.

In 2019, the City entered into a development agreement with M/I Homes Minneapolis/St. Paul, LLC to assist the developer with the financing of certain costs of a project constructed within the development district. For this agreement, the City used an economic development vehicle known as tax increment financing whereby tax increment revenue is generated on the incremental increase in value above a base value established on the date that the tax increment district is created. The note will be issued in the maximum aggregate principal amount of $3,050,000. The City did not have any rebate in the current year.

NOTE 12 – TAX ABATEMENT AGREEMENTS (CONTINUED)

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 13 – 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, 2019 is $74,831.

NOTE 14 – SUBSEQUENT EVENTS

A. Construction Commitments

The City awarded two construction contracts subsequent to year-end for the McKnight Road intersection improvements and 2020 street and utility improvement project. The total approved contract amount for these two projects is $6,442,253.

B. Investment Fair Values

The City generally reports its investments at fair value based on standards described earlier in these notes. Subsequent to year-end, the Novel Coronavirus (COVID – 19) pandemic has caused significant volatility in economic conditions, including substantial reductions in the quoted active-market prices of some investments. The City's portfolio consists primarily of shorter-term investments, many with guaranteed maturity values. The City does not expect any losses ultimately realized from this market decline to be material. However, the potential negative impact could be heightened if increased demand on city resources and/or a sustained economic downturn hampers the City's ability to hold such investments to maturity as planned. The potential future impact of these conditions on the fair value of the City's investment portfolio is not determinable at this time.

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, 2019

City financial statement year ended December 31,	2015	2016	2017	2018	2019
Measurement period – December 31,	2014	2015	2016	2017	2018
Total pension liability					
Service cost	$ 44,596	$ 49,217	$ 59,100	$ 53,518	$ 53,145
Interest	57,027	61,325	68,098	76,514	87,458
Differences between expected and actual experience	–	–	37,947	–	(89,257)
Changes of assumptions	–	(9,781)	(11,354)	(11,126)	11,318
Changes of benefit terms	55,211	89,727	30,905	–	–
Benefit payments, including refunds of member contributions	(97,000)	(82,672)	(183,083)	–	–
Net change in total pension liability	59,834	107,816	1,613	118,906	62,664
Total pension liability – beginning of year	954,365	1,014,199	1,122,015	1,123,628	1,242,534
Total pension liability – end of year	1,014,199	1,122,015	1,123,628	1,242,534	1,305,198
Plan fiduciary net position					
Contributions – employer	39,982	21,000	22,000	34,504	40,481
Contributions – nonemployer (state)	55,788	59,922	60,125	59,121	60,649
Projected investment earnings	77,887	28,294	21,230	27,270	25,162
Asset gain/(loss)	(2,543)	(66,762)	52,391	152,792	(165,023)
Benefit payments, including refunds of member contributions	(97,000)	(82,672)	(183,083)	–	–
Administrative expenses	(8,700)	(8,950)	(9,350)	(9,500)	(9,700)
Other	–	2,800	1,848	2,259	2,110
Net change in plan fiduciary net position	65,414	(46,368)	(34,839)	266,446	(46,321)
Plan fiduciary net position – beginning of year	1,303,096	1,368,510	1,322,142	1,287,303	1,553,749
Plan fiduciary net position – end of year	1,368,510	1,322,142	1,287,303	1,553,749	1,507,428
Net pension liability (asset)	$ (354,311)	$ (200,127)	$ (163,675)	$ (311,215)	$ (202,230)
Fiduciary net position as a percentage of the total pension liability	134.94%	117.84%	114.57%	125.05%	115.49%

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.

North St. Paul Fire Department Relief Association
Schedule of City Contributions and Nonemployer Contributing Entities
December 31, 2019

	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	59,222
2016	–	22,000	22,000	60,125
2017	–	34,504	34,504	59,121
2018	–	40,481	40,481	60,649
2019	–	31,677	31,677	62,515

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.

PERA – General Employees Retirement Fund
Schedule of City's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended December 31, 2019

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%	78.19%
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%

PERA – General Employees Retirement Fund
Schedule of City Contributions
Year Ended December 31, 2019

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%

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

CITY OF NORTH ST. PAUL

PERA – Public Employees Police and Fire Fund
Schedule of City's Proportionate Share of Net Pension Liability
Year Ended December 31, 2019

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 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	$ 1,464,630	124.90%	86.60%
12/31/2016	06/30/2016	0.1620%	$ 6,501,343	$ 1,560,254	416.68%	63.90%
12/31/2017	06/30/2017	0.1580%	$ 2,133,189	$ 1,620,507	131.64%	85.40%
12/31/2018	06/30/2018	0.1559%	$ 1,661,734	$ 1,643,072	101.14%	88.80%
12/31/2019	06/30/2019	0.1612%	$ 1,716,138	$ 1,700,395	100.93%	89.30%

PERA – Public Employees Police and Fire Fund
Schedule of City Contributions
Year Ended December 31, 2019

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%

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, 2019

City financial statement year ended December 31,	2018	2019
Measurement period – December 31,	2017	2018
Total OPEB liability		
Service cost	$ 19,631	$ 22,435
Interest	20,889	18,864
Changes of assumptions	16,149	(12,602)
Benefit payments	(37,784)	(37,868)
Net change in total OPEB liability	18,885	(9,171)
Total OPEB liability – beginning of year	547,523	566,408
Total OPEB liability – end of year	$ 566,408	$ 557,237
Covered payroll	$ 4,088,418	$ 4,215,283
Total OPEB liability as a percentage of covered payroll	13.9%	13.2%

Note: 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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN PLAN PROVISIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

2017 CHANGES IN PLAN PROVISIONS

- The state's contribution for the Minneapolis Employees Retirement Fund equals $16.0 million in 2017 and 2018, and $6.0 million thereafter.

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.

- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892.0 million. Upon consolidation, state and employer contributions were revised; the state's contribution of $6.0 million, which meets the special funding situation definition, was due September 2015.

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

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.

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND (CONTINUED)

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

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.

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.

CITY OF NORTH ST. PAUL

Nonmajor Governmental Funds
Combining Balance Sheet
as of December 31, 2019

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and investments	$ 928,778	$ 3,399,931	$ 5,018,296	$ 9,347,005
Receivables				
Interest	2,752	10,135	14,948	27,835
Accounts	896	–	46,050	46,946
Loan	131,216	–	–	131,216
Taxes	141,899	4,070	–	145,969
Special assessments	–	1,073,100	30,662	1,103,762
Assets held for resale	1,504,808	–	700,653	2,205,461
Total assets	$ 2,710,349	$ 4,487,236	$ 5,810,609	$ 13,008,194
Liabilities				
Accounts and contracts payable	$ 207,247	$ 1,675	$ 264,826	$ 473,748
Accrued salaries and employee benefits payable	706	–	–	706
Due to other funds	–	–	771,824	771,824
Due to other governments	979	–	2,590	3,569
Unearned revenue	–	–	5,500	5,500
Advance from other funds	384,719	–	–	384,719
Total liabilities	593,651	1,675	1,044,740	1,640,066
Deferred inflows of resources				
Unavailable revenue – loan receivable	131,216	–	–	131,216
Unavailable revenue – property taxes	3,099	788	–	3,887
Unavailable revenue – special assessments	–	1,048,825	30,484	1,079,309
Total deferred inflows of resources	134,315	1,049,613	30,484	1,214,412
Fund balances (deficits)				
Restricted	2,167,950	3,435,948	–	5,603,898
Committed	35,057	–	4,182,860	4,217,917
Assigned	–	–	1,037,602	1,037,602
Unassigned	(220,624)	–	(485,077)	(705,701)
Total fund balances	1,982,383	3,435,948	4,735,385	10,153,716
Total liabilities, deferred inflows of resources, and fund balances	$ 2,710,349	$ 4,487,236	$ 5,810,609	$ 13,008,194

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2019

	Special Revenue	Debt Service	Capital Projects	Total
Revenue				
Taxes	$ 502,555	$ 1,707,939	$ 22,500	$ 2,232,994
Special assessments	–	201,683	9,844	211,527
Intergovernmental	–	–	680,846	680,846
Investment earnings	27,206	70,407	153,881	251,494
Other	52,301	–	213,743	266,044
Total revenue	582,062	1,980,029	1,080,814	3,642,905
Expenditures				
Current				
Public safety	26	–	–	26
Economic development	971,943	–	–	971,943
Capital outlay	–	–	956,504	956,504
Debt service				
Principal	–	1,348,553	–	1,348,553
Interest and fiscal charges	3,756	452,258	–	456,014
Total expenditures	975,725	1,800,811	956,504	3,733,040
Excess (deficiency) of revenues over expenditures	(393,663)	179,218	124,310	(90,135)
Other financing sources (uses)				
Contract for deed issued	871,500	–	–	871,500
Payment on refunded debt	–	(2,410,000)	–	(2,410,000)
Transfers in	–	80,000	50,000	130,000
Transfers out	(20,000)	–	(80,000)	(100,000)
Total other financing sources (uses)	851,500	(2,330,000)	(30,000)	(1,508,500)
Net change in fund balances	457,837	(2,150,782)	94,310	(1,598,635)
Fund balances				
Beginning of year	1,524,546	5,586,730	4,641,075	11,752,351
End of year	$ 1,982,383	$ 3,435,948	$ 4,735,385	$ 10,153,716

THIS PAGE INTENTIONALLY LEFT BLANK

NONMAJOR SPECIAL REVENUE FUNDS

Nonmajor special revenue funds are used to account for the proceeds of certain 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.
- **Police Forfeiture Fund** – Administers the resources received through court ordered forfeitures.
- **Silver Lake Beach Fund** – Administers the resources received and expended separately for Silver Lake Beach.
- **Reflex Medical Tax Increment Fund –** Administers the resources for the development of this tax increment district.
- **Charles Street Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **Helen Street Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **7th and Margaret Street Tax Increment Fund –** Administers the resources for the development of this tax increment district.
- **Margaret Street Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **Anchor Block North – Housing Tax Increment Fund** – Administers the resources for the development of this tax increment district.

Nonmajor Special Revenue Funds
Combining Balance Sheet
as of December 31, 2019

	Housing Redevelopment Authority	Police Forfeiture	Silver Lake Beach	Reflex Medical Tax Increment
Assets				
Cash and investments	$ 473,022	$ 110,274	$ 34,953	$ 5,744
Receivables				
Interest	1,410	329	104	–
Accounts	896	–	–	–
Loan	131,216	–	–	–
Taxes	6,156	–	–	–
Assets held for resale	633,308	–	–	–
Total assets	$ 1,246,008	$ 110,603	$ 35,057	$ 5,744
Liabilities				
Accounts and contracts payable	$ 17,250	$ –	$ –	$ –
Accrued salaries and employee benefits payable	706	–	–	–
Due to other governments	541	–	–	–
Advance from other funds	–	–	–	–
Total liabilities	18,497	–	–	–
Deferred inflows of resources				
Unavailable revenue – loan receivable	131,216	–	–	–
Unavailable revenue – property taxes	3,099	–	–	–
Total deferred inflows of resources	134,315	–	–	–
Fund balances (deficits)				
Restricted for Housing Redevelopment Authority	1,093,196	–	–	–
Restricted for tax increment	–	–	–	5,744
Restricted for police forfeiture	–	110,603	–	–
Committed for Silver Lake Beach	–	–	35,057	–
Unassigned	–	–	–	–
Total fund balances (deficits)	1,093,196	110,603	35,057	5,744
Total liabilities, deferred inflows of resources, and fund balances	$ 1,246,008	$ 110,603	$ 35,057	$ 5,744

Charles Street Tax Increment	Helen Street Tax Increment	7th and Margaret Street Tax Increment	Margaret Street Tax Increment	Anchor Block North – Housing Tax Increment	Total
$ 208,826	$ 95,959	$ –	$ –	$ –	$ 928,778
622	287	–	–	–	2,752
–	–	–	–	–	896
–	–	–	–	–	131,216
2,793	132,950	–	–	–	141,899
–	–	–	–	871,500	1,504,808
$ 212,241	$ 229,196	$ –	$ –	$ 871,500	$ 2,710,349
$ 26,999	$ –	$ 106,105	$ –	$ 56,893	$ 207,247
–	–	–	–	–	706
–	–	438	–	–	979
–	–	87,953	26,128	270,638	384,719
26,999	–	194,496	26,128	327,531	593,651
–	–	–	–	–	131,216
–	–	–	–	–	3,099
–	–	–	–	–	134,315
–	–	–	–	–	1,093,196
185,242	229,196	–	–	543,969	964,151
–	–	–	–	–	110,603
–	–	–	–	–	35,057
–	–	(194,496)	(26,128)	–	(220,624)
185,242	229,196	(194,496)	(26,128)	543,969	1,982,383
$ 212,241	$ 229,196	$ –	$ –	$ 871,500	$ 2,710,349

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year Ended December 31, 2019

	Housing Redevelopment Authority	Police Forfeiture	Silver Lake Beach	Reflex Medical Tax Increment
Revenues				
Taxes	$ 155,866	$ –	$ –	$ 44,536
Investment earnings	11,117	3,414	955	–
Other	36,280	7,350	8,671	–
Total revenues	203,263	10,764	9,626	44,536
Expenditures				
Current				
Public safety	–	26	–	–
Economic development	152,349	–	–	37,894
Debt service				
Interest and fiscal charges	–	–	–	–
Total expenditures	152,349	26	–	37,894
Excess (deficiency) of revenues over expenditures	50,914	10,738	9,626	6,642
Other financing sources (uses)				
Contract for deed issued	–	–	–	–
Transfers out	(20,000)	–	–	–
Total other financing sources (uses)	(20,000)	–	–	–
Net change in fund balances	30,914	10,738	9,626	6,642
Fund balances (deficits)				
Beginning of year	1,062,282	99,865	25,431	(898)
End of year	$ 1,093,196	$ 110,603	$ 35,057	$ 5,744

Charles Street Tax Increment		Helen Street Tax Increment		7th and Margaret Street Tax Increment		Margaret Street Tax Increment		Anchor Block North – Housing Tax Increment		Total	
$	113,160	$	188,993	$	–	$	–	$	–	$	502,555
	3,249		8,471		–		–		–		27,206
	–		–		–		–		–		52,301
	116,409		197,464		–		–		–		582,062
	–		–		–		–		–		26
	27,817		209,484		193,516		25,990		324,893		971,943
	–		–		980		138		2,638		3,756
	27,817		209,484		194,496		26,128		327,531		975,725
	88,592		(12,020)		(194,496)		(26,128)		(327,531)		(393,663)
	–		–		–		–		871,500		871,500
	–		–		–		–		–		(20,000)
	–		–		–		–		871,500		851,500
	88,592		(12,020)		(194,496)		(26,128)		543,969		457,837
	96,650		241,216		–		–		–		1,524,546
$	185,242	$	229,196	$	(194,496)	$	(26,128)	$	543,969	$	1,982,383

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, 2019

	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
Assets				
Cash and investments	$ 119,361	$ 857,017	$ 374,456	$ 158,548
Receivables				
Interest	356	2,555	1,117	472
Taxes	–	–	–	4,070
Special assessments	–	–	238,901	–
Total assets	$ 119,717	$ 859,572	$ 614,474	$ 163,090
Liabilities				
Accounts and contracts payable	$ 373	$ 374	$ 94	$ 75
Deferred inflows of resources				
Unavailable revenue – property taxes	–	–	–	788
Unavailable revenue – special assessments	–	–	234,279	–
Total deferred inflows of resources	–	–	234,279	788
Fund balances				
Restricted for debt service	119,344	859,198	380,101	162,227
Total liabilities, deferred inflows of resources, and fund balances	$ 119,717	$ 859,572	$ 614,474	$ 163,090

Charles Street TIF G.O. Refunding Bonds of 2015A	G.O. Bonds of 2016A	G.O. Abatement Bonds of 2016A	G.O. Capital Improvement Plan Bonds of 2008A/ G.O. Capital Improvement Plan Refunding Bonds of 2016B	G.O. Bonds of 2017A	G.O. Bonds of 2018A	Total
$ 22,051	$ 306,980	$ 114,523	$ 754,866	$ 234,794	$ 457,335	$ 3,399,931
66	915	341	2,250	700	1,363	10,135
–	–	–	–	–	–	4,070
–	338,043	–	–	207,621	288,535	1,073,100
$ 22,117	$ 645,938	$ 114,864	$ 757,116	$ 443,115	$ 747,233	$ 4,487,236
$ 75	$ 92	$ –	$ 374	$ 124	$ 94	$ 1,675
–	–	–	–	–	–	788
–	335,282	–	–	204,870	274,394	1,048,825
–	335,282	–	–	204,870	274,394	1,049,613
22,042	310,564	114,864	756,742	238,121	472,745	3,435,948
$ 22,117	$ 645,938	$ 114,864	$ 757,116	$ 443,115	$ 747,233	$ 4,487,236

Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year Ended December 31, 2019

	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
Revenues				
Taxes	$ 76,881	$ 427,395	$ 163,240	$ 91,148
Special assessments	–	–	33,707	–
Investment earnings	2,324	18,691	8,364	2,113
Total revenues	79,205	446,086	205,311	93,261
Expenditures				
Debt service				
Principal retirement	70,000	375,000	175,000	65,000
Interest and fiscal charges	8,803	30,261	42,831	18,940
Total expenditures	78,803	405,261	217,831	83,940
Excess (deficiency) of revenues over expenditures	402	40,825	(12,520)	9,321
Other financing sources (uses)				
Payment on refunded debt	–	–	–	–
Transfers in	–	–	–	–
Total other financing sources (uses)	–	–	–	–
Net change in fund balances	402	40,825	(12,520)	9,321
Fund balances				
Beginning of year	118,942	818,373	392,621	152,906
End of year	$ 119,344	$ 859,198	$ 380,101	$ 162,227

	Charles Street TIF G.O. Refunding Bonds of 2015A	G.O. Bonds of 2016A	G.O. Abatement Bonds of 2016A	G.O. Capital Improvement Plan Bonds of 2008A/ G.O. Capital Improvement Plan Refunding Bonds of 2016B	G.O. Bonds of 2017A	G.O. Bonds of 2018A	Total
	$ –	$ 157,244	$ –	$ 487,762	$ 60,944	$ 243,325	$ 1,707,939
	–	52,669	–	–	42,637	72,670	201,683
	582	4,608	3,139	16,155	4,314	10,117	70,407
	582	214,521	3,139	503,917	107,895	326,112	1,980,029
	35,000	165,000	50,000	340,000	73,553	–	1,348,553
	14,687	48,576	25,198	114,517	29,403	119,042	452,258
	49,687	213,576	75,198	454,517	102,956	119,042	1,800,811
	(49,105)	945	(72,059)	49,400	4,939	207,070	179,218
	–	–	–	(2,410,000)	–	–	(2,410,000)
	–	–	80,000	–	–	–	80,000
	–	–	80,000	(2,410,000)	–	–	(2,330,000)
	(49,105)	945	7,941	(2,360,600)	4,939	207,070	(2,150,782)
	71,147	309,619	106,923	3,117,342	233,182	265,675	5,586,730
	$ 22,042	$ 310,564	$ 114,864	$ 756,742	$ 238,121	$ 472,745	$ 3,435,948

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.
- **Housing Improvement Fund** – Administers the resources for the rehabilitation of various blighted properties within the City.
- **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.
- **Casey Lake Project Fund** – Administers the resources for the Casey Lake Project.
- **2020 Street and Utility Fund** – Administers the resources for the 2020 street and utility improvement project.

Nonmajor Capital Projects Funds
Combining Balance Sheet
as of December 31, 2019

	Park	Park Dedication	Housing Improvement	Permanent Improvement Revolving
Assets				
Cash and investments	$ 289,740	$ 75,685	$ –	$ 498,837
Receivables				
Interest	864	226	–	1,475
Accounts	50	–	–	–
Special assessments	–	–	–	30,662
Assets held for resale	–	–	700,653	–
Total assets	$ 290,654	$ 75,911	$ 700,653	$ 530,974
Liabilities				
Accounts and contracts payable	$ 1,055	$ –	$ –	$ –
Due to other funds	–	–	523,337	–
Due to other governments	–	–	214	–
Unearned revenue	5,500	–	–	–
Total liabilities	6,555	–	523,551	–
Deferred inflows of resources				
Unavailable revenue – special assessments	–	–	–	30,484
Fund balances				
Committed for asset preservation	–	–	–	–
Committed for street maintenance	–	–	–	–
Assigned for housing improvements	–	–	177,102	–
Assigned for permanent improvement revolving	–	–	–	500,490
Assigned for park improvements	284,099	75,911	–	–
Unassigned	–	–	–	–
Total fund balances	284,099	75,911	177,102	500,490
Total liabilities, deferred inflows of resources, and fund balances	$ 290,654	$ 75,911	$ 700,653	$ 530,974

Asset Preservation	Street Maintenance	Casey Lake Project	2020 Street and Utility	Total
$ 1,918,055	$ 2,235,979	$ –	$ –	$ 5,018,296
5,718	6,665	–	–	14,948
–	46,000	–	–	46,050
–	–	–	–	30,662
–	–	–	–	700,653
$ 1,923,773	$ 2,288,644	$ –	$ –	$ 5,810,609
$ 23,671	$ 5,886	$ –	$ 234,214	$ 264,826
–	–	–	248,487	771,824
–	–	–	2,376	2,590
–	–	–	–	5,500
23,671	5,886	–	485,077	1,044,740
–	–	–	–	30,484
1,900,102	–	–	–	1,900,102
–	2,282,758	–	–	2,282,758
–	–	–	–	177,102
–	–	–	–	500,490
–	–	–	–	360,010
–	–	–	(485,077)	(485,077)
1,900,102	2,282,758	–	(485,077)	4,735,385
$ 1,923,773	$ 2,288,644	$ –	$ –	$ 5,810,609

CITY OF NORTH ST. PAUL

Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year Ended December 31, 2019

	Park	Park Dedication	Housing Improvement	Permanent Improvement Revolving
Revenues				
Taxes	$ –	$ –	$ –	$ –
Special assessment	–	–	–	9,844
Intergovernmental	100,000	–	–	–
Investment earnings (charges)	8,142	2,284	–	15,718
Other				
Donations	6,322	–	–	–
Miscellaneous	37,635	50,400	–	–
Total revenues	152,099	52,684	–	25,562
Expenditures				
Capital outlay	65,206	–	1,853	–
Excess (deficiency) of revenues over expenditures	86,893	52,684	(1,853)	25,562
Other financing sources (uses)				
Transfers in	–	–	–	–
Transfers out	(65,000)	–	–	–
Total other financing sources (uses)	(65,000)	–	–	–
Net change in fund balances	21,893	52,684	(1,853)	25,562
Fund balances (deficits)				
Beginning of year	262,206	23,227	178,955	474,928
End of year	$ 284,099	$ 75,911	$ 177,102	$ 500,490

Asset Preservation	Street Maintenance	Casey Lake Project	2020 Street and Utility	Total
$ –	$ –	$ 22,500	$ –	$ 22,500
–	–	–	–	9,844
226,000	354,846	–	–	680,846
59,599	68,347	(209)	–	153,881
–	–	–	–	6,322
93,952	–	25,434	–	207,421
379,551	423,193	47,725	–	1,080,814
269,631	134,737	–	485,077	956,504
109,920	288,456	47,725	(485,077)	124,310
–	50,000	–	–	50,000
(15,000)	–	–	–	(80,000)
(15,000)	50,000	–	–	(30,000)
94,920	338,456	47,725	(485,077)	94,310
1,805,182	1,944,302	(47,725)	–	4,641,075
$ 1,900,102	$ 2,282,758	$ –	$ (485,077)	$ 4,735,385

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

CITY OF NORTH ST. PAUL

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Year Ended December 31, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019			2018
	Final Budget	Actual	Over (Under) Budget	Actual
Revenues				
Taxes				
Property taxes				
Current	$ 3,613,158	$ 3,567,970	$ (45,188)	$ 3,304,682
Delinquent	–	21,601	21,601	26,221
Electric franchise	363,256	227,068	(136,188)	244,007
Gas franchise	90,000	100,065	10,065	102,973
Cable franchise	70,000	94,280	24,280	84,489
Total taxes	4,136,414	4,010,984	(125,430)	3,762,372
Special assessments	–	4,483	4,483	1,396
Licenses and permits				
Liquor and beer licenses	42,000	42,825	825	44,558
Cigarette licenses	2,500	2,400	(100)	1,200
Contractor licenses	11,000	14,450	3,450	13,200
Garbage haulers licenses	3,000	4,400	1,400	3,300
Miscellaneous licenses	10,000	29,685	19,685	17,876
Building permits	120,000	380,872	260,872	171,721
Electrical inspections	13,000	25,004	12,004	16,803
Heating and air conditioning permits	22,000	67,283	45,283	28,739
Plumbing permits	9,000	28,868	19,868	9,681
Animal licenses	3,000	1,378	(1,622)	5,722
Rental inspection	40,000	26,104	(13,896)	34,620
Miscellaneous permits	500	7,990	7,490	8,028
Total licenses and permits	276,000	631,259	355,259	355,448
Intergovernmental				
Local Government Aid	1,290,351	1,251,294	(39,057)	1,290,351
State aid police	127,500	139,683	12,183	139,202
State aid fire	60,000	62,515	2,515	64,764
PERA aid	12,251	12,251	–	12,251
Liaison officer	65,000	73,080	8,080	68,500
Other grants	15,000	131,771	116,771	89,778
Total intergovernmental	1,570,102	1,670,594	100,492	1,664,846

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019			2018
	Final Budget	Actual	Over (Under) Budget	Actual
Revenues (continued)				
Charges for services				
Administration charges	18,000	21,828	3,828	14,996
Searches	4,000	5,520	1,520	5,100
Snow removal	11,000	18,380	7,380	15,422
Recreation	16,734	19,510	2,776	21,293
Community center				
Rentals	84,410	150,000	65,590	100,000
Total charges for services	134,144	215,238	81,094	156,811
Fines and forfeits	33,600	33,274	(326)	38,536
Investment earnings	9,000	61,775	52,775	17,565
Other				
Antenna income	228,822	268,822	40,000	217,687
Donations	–	200	200	8,785
Sales of property	–	295	295	762
Miscellaneous	10,000	49,265	39,265	53,633
Total other	238,822	318,582	79,760	280,867
Total revenues	6,398,082	6,946,189	548,107	6,277,841
Expenditures				
Current				
General government				
City Council				
Personal services	32,928	32,079	(849)	32,418
Materials and supplies	100	268	168	109
Contractual services	86,562	89,720	3,158	85,091
Capital outlay	–	–	–	6,110
Other	–	1,410	1,410	70
Total City Council	119,590	123,477	3,887	123,798
Administration				
Personal services	392,256	338,608	(53,648)	358,526
Materials and supplies	2,000	1,317	(683)	621
Contractual services	172,452	162,331	(10,121)	138,563
Capital outlay	–	–	–	1,222
Total administration	566,708	502,256	(64,452)	498,932

(continued)

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019			2018
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
General government (continued)				
Finance				
Personal services	327,235	302,338	(24,897)	304,397
Materials and supplies	1,800	1,070	(730)	1,432
Contractual services	45,942	40,437	(5,505)	27,463
Total finance	374,977	343,845	(31,132)	333,292
Elections				
Personal services	22,963	517	(22,446)	1,767
Contractual services	25,125	26,567	1,442	25,883
Total elections	48,088	27,084	(21,004)	27,650
Community events				
Materials and supplies	–	–	–	425
Contractual services	–	25,235	25,235	24,500
Total community events	–	25,235	25,235	24,925
Community services				
Personal services	115,878	147,639	31,761	169,436
Materials and supplies	2,500	3,981	1,481	4,363
Contractual services	100,249	152,079	51,830	160,248
Capital outlay	–	–	–	398
Other	–	50	50	–
Total community services	218,627	303,749	85,122	334,445
Total general government	1,327,990	1,325,646	(2,344)	1,343,042
Public safety				
Police protection				
Personal services	2,295,156	2,235,535	(59,621)	2,183,961
Materials and supplies	100,533	54,550	(45,983)	71,968
Contractual services	549,807	557,446	7,639	464,096
Capital outlay	9,000	6,952	(2,048)	4,921
Total police protection	2,954,496	2,854,483	(100,013)	2,724,946

(continued)

CITY OF NORTH ST. PAUL

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019			2018
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Public safety (continued)				
Fire				
Personal services	574,924	601,802	26,878	656,148
Materials and supplies	50,396	92,877	42,481	34,997
Contractual services	355,481	371,557	16,076	325,587
Capital outlay	–	5,881	5,881	31,885
Total fire	980,801	1,072,117	91,316	1,048,617
Inspections				
Personal services	–	–	–	92,848
Materials and supplies	–	362	362	146
Contractual services	181,673	402,242	220,569	73,242
Total inspections	181,673	402,604	220,931	166,236
Total public safety	4,116,970	4,329,204	212,234	3,939,799
Public works				
Street maintenance				
Personal services	389,381	381,755	(7,626)	362,861
Materials and supplies	145,595	134,912	(10,683)	129,463
Contractual services	364,235	366,108	1,873	356,209
Capital outlay	–	10,831	10,831	–
Total street maintenance	899,211	893,606	(5,605)	848,533
Urban forestry				
Personal services	80,812	110,406	29,594	110,618
Materials and supplies	10,250	6,348	(3,902)	10,673
Contractual services	54,906	77,139	22,233	39,666
Capital outlay	41,000	6,000	(35,000)	11,955
Total urban forestry	186,968	199,893	12,925	172,912
Total public works	1,086,179	1,093,499	7,320	1,021,445

(continued)

CITY OF NORTH ST. PAUL

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019			2018
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Parks and recreation				
Parks maintenance				
Personal services	161,420	141,622	(19,798)	165,363
Materials and supplies	63,950	55,131	(8,819)	55,507
Contractual services	121,890	114,590	(7,300)	174,012
Capital outlay	25,000	59,714	34,714	59,750
Total parks maintenance	372,260	371,057	(1,203)	454,632
Recreation				
Personal services	127,919	115,128	(12,791)	51,865
Materials and supplies	14,322	8,819	(5,503)	3,056
Contractual services	42,686	14,202	(28,484)	13,419
Total recreation	184,927	138,149	(46,778)	68,340
Total parks and recreation	557,187	509,206	(47,981)	522,972
Other				
Insurance	–	–	–	18,006
Total expenditures	7,088,326	7,257,555	169,229	6,845,264
Excess (deficiency) of revenues over expenditures	(690,244)	(311,366)	378,878	(567,423)
Other financing sources (uses)				
Transfers in	756,744	882,932	126,188	861,130
Transfers out	(66,500)	(50,000)	16,500	(218,618)
Total other financing sources (uses)	690,244	832,932	142,688	642,512
Net change in fund balances	–	521,566	521,566	75,089
Fund balance				
Beginning of year	1,834,011	1,834,011	–	1,758,922
End of year	$ 1,834,011	$ 2,355,577	$ 521,566	$ 1,834,011

THIS PAGE INTENTIONALLY LEFT BLANK

HOUSING REDEVELOPMENT AUTHORITY FUND

The Housing Redevelopment Authority Fund administers the resources for the rehabilitation of various blighted properties within the City.

THIS PAGE INTENTIONALLY LEFT BLANK

Housing Redevelopment Authority
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Year Ended December 31, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019			2018
	Final Budget	Actual	Over (Under) Budget	Actual
Revenues				
Taxes	$ 159,419	$ 155,866	$ (3,553)	$ 149,556
Investment earnings	6,000	11,117	5,117	1,866
Other	299,900	36,280	(263,620)	84,874
Total revenues	465,319	203,263	(262,056)	236,296
Expenditures				
Current				
Economic development	445,319	152,349	(292,970)	194,590
Excess of revenues over expenditures	20,000	50,914	30,914	41,706
Other financing sources (uses)				
Transfers out	(20,000)	(20,000)	–	(76,600)
Net change in fund balances	–	30,914	30,914	(34,894)
Fund balance				
Beginning of year	1,062,282	1,062,282	–	1,097,176
End of year	$ 1,062,282	$ 1,093,196	$ 30,914	$ 1,062,282

THIS PAGE INTENTIONALLY LEFT BLANK

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, a Benefits and Insurance Internal Service Fund, and a Building Maintenance Internal Service Fund in managing city operations.

CITY OF NORTH ST. PAUL

Internal Service Funds
Combining Statement of Net Position
as of December 31, 2019

	Equipment	City Mechanic	Benefits and Insurance	Building Maintenance	Total
Assets					
Current assets					
Cash and investments	$ 2,867,079	$ –	$ 19,839	$ –	$ 2,886,918
Receivables					
Interest	8,547	–	–	–	8,547
Prepaid items	–	–	32,290	6,117	38,407
Total current assets	2,875,626	–	52,129	6,117	2,933,872
Noncurrent assets					
Capital assets					
Furniture and equipment	3,148,726	–	–	–	3,148,726
Less accumulated depreciation	(1,891,534)	–	–	–	(1,891,534)
Total capital assets	1,257,192	–	–	–	1,257,192
Total assets	$ 4,132,818	$ –	$ 52,129	$ 6,117	$ 4,191,064
Current liabilities					
Accounts and contracts payable	$ –	$ 8,215	$ 264	$ 22,542	$ 31,021
Accrued salaries and employee benefits payable	–	3,531	4,287	–	7,818
Due to other funds	–	178,264	–	199,255	377,519
Due to other governments	–	–	–	57	57
Total current liabilities	–	190,010	4,551	221,854	416,415
Net position					
Investment in capital assets	1,257,192	–	–	–	1,257,192
Unrestricted	2,875,626	(190,010)	47,578	(215,737)	2,517,457
Total net position	4,132,818	(190,010)	47,578	(215,737)	3,774,649
Total liabilities and net position	$ 4,132,818	$ –	$ 52,129	$ 6,117	$ 4,191,064

CITY OF NORTH ST. PAUL

Internal Service Funds
Combining Statement of Revenues,
Expenses, and Changes in Net Position
Year Ended December 31, 2019

	Equipment	City Mechanic	Benefits and Insurance	Building Maintenance	Total
Operating revenues					
Charges for services	$ 609,551	$ 272,838	$ 1,145	$ 429,673	$ 1,313,207
Operating expenses					
Personal services	–	98,299	–	4,864	103,163
Professional services	–	179,140	–	308,681	487,821
Materials and supplies	5,726	1,232	–	73,935	80,893
Insurance	–	–	3,221	–	3,221
Total operating expenses	5,726	278,671	3,221	387,480	675,098
Operating income (loss) before depreciation	603,825	(5,833)	(2,076)	42,193	638,109
Depreciation	171,090	–	–	–	171,090
Operating income (loss)	432,735	(5,833)	(2,076)	42,193	467,019
Nonoperating revenues					
Investment earnings (charges)	88,805	–	(443)	(3,714)	84,648
Gain on disposal of capital assets	40,158	–	–	–	40,158
Total nonoperating revenues	128,963	–	(443)	(3,714)	124,806
Change in net position	561,698	(5,833)	(2,519)	38,479	591,825
Net position					
Beginning of year	3,571,120	(184,177)	50,097	(254,216)	3,182,824
End of year	$ 4,132,818	$ (190,010)	$ 47,578	$ (215,737)	$ 3,774,649

Internal Service Funds
Combining Statement of Cash Flows
Year Ended December 31, 2019

	Equipment	City Mechanic	Benefits and Insurance	Building Maintenance	Total
Cash flows from operating activities					
Cash receipts on interfund services provided	$ 609,551	$ 272,838	$ 5,432	$ 429,673	$ 1,317,494
Cash paid to suppliers	(5,726)	(177,329)	(39,706)	(516,005)	(738,766)
Cash payments to employees for services	–	(97,975)	–	(10,454)	(108,429)
Net cash flows from operating activities	603,825	(2,466)	(34,274)	(96,786)	470,299
Cash flows from noncapital-related financing activities					
Cash received from other funds	–	2,466	–	100,500	102,966
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(594,783)	–	–	–	(594,783)
Proceeds from the disposal of capital assets	61,952	–	–	–	61,952
Net cash flows from capital and related financing activities	(532,831)	–	–	–	(532,831)
Cash flows from investing activities					
Interest received (paid) on investments	86,920	–	(308)	(3,714)	82,898
Net change in cash and cash equivalents	157,914	–	(34,582)	–	123,332
Cash and cash equivalents					
Beginning of year	2,709,165	–	54,421	–	2,763,586
End of year	$ 2,867,079	$ –	$ 19,839	$ –	$ 2,886,918
Reconciliation of operating income (loss) to net cash flows from operating activities					
Operating income (loss)	$ 432,735	$ (5,833)	$ (2,076)	$ 42,193	$ 467,019
Adjustments to reconcile operating income (loss) to net cash flows from operating activities					
Depreciation	171,090	–	–	–	171,090
Change in assets and liabilities					
Prepaid items	–	–	(32,290)	(1,317)	(33,607)
Accounts and contracts payable	–	3,043	(4,195)	(94,604)	(95,756)
Accrued salaries and employee benefits	–	324	4,287	(5,590)	(979)
Due to other governments	–	–	–	(37,468)	(37,468)
Total adjustments	171,090	3,367	(32,198)	(138,979)	3,280
Net cash flows from operating activities	$ 603,825	$ (2,466)	$ (34,274)	$ (96,786)	$ 470,299

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.

Economic Development Authority
(Discretely Presented Component Unit)
Balance Sheet
as of December 31, 2019

Assets		
Cash and investments	$	197,965
Receivables		
Interest		590
Assets held for resale		49,248
Total assets	$	247,803
Liabilities		
Accounts and contracts payable	$	448
Accrued salaries and employee benefits payable		1,166
Total liabilities		1,614
Fund balances		
Restricted for Economic Development Authority		246,189
Total liabilities and fund balances	$	247,803

Economic Development Authority
(Discretely Presented Component Unit)
Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Year Ended December 31, 2019

	Final Budget	Actual	Over (Under) Budget
Revenues			
Taxes	$ 156,231	$ 156,231	$ –
Investment earnings	–	3,640	3,640
Miscellaneous	–	22	22
Total revenues	156,231	159,893	3,662
Expenditures			
Current			
Economic development	83,623	48,435	(35,188)
Net change in fund balances	72,608	111,458	38,850
Fund balances			
Beginning of year	134,731	134,731	–
End of year	$ 207,339	$ 246,189	$ 38,850

THIS PAGE INTENTIONALLY LEFT BLANK

STATISTICAL SECTION

(UNAUDITED)

THIS PAGE INTENTIONALLY LEFT BLANK

STATISTICAL SECTION

(UNAUDITED)

This part of the City's Comprehensive Annual Financial Report (CAFR) 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 CAFR 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 CAFR for the relevant year.

CITY OF NORTH ST. PAUL

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

	Fiscal Year 2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	$ 19,902,525	$ 19,858,975	$ 19,540,662	$ 19,051,478
Restricted	1,323,286	2,048,297	2,123,059	2,685,809
Unrestricted	1,780,263	1,984,776	1,758,884	2,211,236
Total governmental activities net position	$ 23,006,074	$ 23,892,048	$ 23,422,605	$ 23,948,523
Business-type activities				
Net investment in capital assets	$ 7,017,330	$ 6,511,318	$ 7,203,491	$ 7,158,035
Unrestricted	2,253,411	2,425,788	2,904,372	4,250,023
Total business-type activities net position	$ 9,270,741	$ 8,937,106	$ 10,107,863	$ 11,408,058
Primary government				
Net investment in capital assets	$ 26,919,855	$ 26,370,293	$ 26,744,153	$ 26,209,513
Restricted	1,323,286	2,048,297	2,123,059	2,685,809
Unrestricted	4,033,674	4,410,564	4,663,256	6,461,259
Total primary government net position	$ 32,276,815	$ 32,829,154	$ 33,530,468	$ 35,356,581

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.

2014	2015	2016	2017	2018	2019
$ 18,499,040	$ 18,732,114	$ 18,613,487	$ 19,304,556	$ 18,936,454	$ 20,896,337
3,083,209	3,734,922	4,343,924	5,086,728	5,905,069	6,313,242
3,473,659	1,113,925	1,535,730	1,906,846	3,798,923	1,913,208
$ 25,055,908	$ 23,580,961	$ 24,493,141	$ 26,298,130	$ 28,640,446	$ 29,122,787
$ 5,050,697	$ 5,230,857	$ 5,361,800	$ 5,125,174	$ 5,118,537	$ 5,230,430
4,560,899	3,946,517	4,870,810	7,364,722	9,430,795	12,047,528
$ 9,611,596	$ 9,177,374	$ 10,232,610	$ 12,489,896	$ 14,549,332	$ 17,277,958
$ 23,549,737	$ 23,962,971	$ 23,975,287	$ 24,429,730	$ 24,054,991	$ 26,126,767
3,083,209	3,734,922	4,343,924	5,086,728	5,905,069	6,313,242
8,034,558	5,060,442	6,406,540	9,271,568	13,229,718	13,960,736
$ 34,667,504	$ 32,758,335	$ 34,725,751	$ 38,788,026	$ 43,189,778	$ 46,400,745

CITY OF NORTH ST. PAUL

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

	Fiscal Year			
	2010	2011	2012	2013
Expenses				
Governmental activities				
General government	$ 872,406	$ 889,925	$ 936,804	$ 1,264,749
Public safety	3,140,467	3,123,608	3,159,955	3,434,875
Public works	1,311,529	1,839,882	2,325,063	1,933,101
Parks and recreation	765,969	629,378	632,045	520,989
Economic development	199,905	1,090,876	265,550	169,026
Interest and fiscal charges	543,946	486,550	567,513	342,214
Total governmental activities expenses	6,834,222	8,060,219	7,886,930	7,664,954
Business-type activities				
Electric	7,944,059	8,026,117	8,001,969	7,720,874
Water	1,105,838	1,181,656	1,035,281	1,253,111
Surface water	226,884	257,538	491,557	483,987
Waste water	1,472,506	1,314,816	1,386,220	1,282,431
Fiber optic	234,136	271,090	217,054	173,268
Solid waste	845,021	871,207	911,130	949,179
Total business-type activities expenses	11,828,444	11,922,424	12,043,211	11,862,850
Total primary government expenses	$18,662,666	$19,982,643	$19,930,141	$19,527,804
Program revenues				
Governmental activities				
Charges for services				
General government	$ 237,152	$ 233,619	$ 255,715	$ 362,839
Public safety	168,399	198,676	171,251	149,689
Public works	204,326	145,128	118,711	147,646
Parks and recreation	205,114	125,702	87,787	274,041
Operating grants and contributions	598,893	672,154	318,614	733,851
Capital grants and contributions	207,138	199,193	170,821	57,958
Total governmental activities program revenues	1,621,022	1,574,472	1,122,899	1,726,024
Business-type activities				
Charges for services				
Electric	8,427,393	8,727,126	8,764,946	8,875,437
Water	1,015,249	1,071,303	1,384,986	1,408,464
Surface water	568,024	579,930	576,499	575,374
Waste water	1,325,014	1,372,504	1,493,831	1,555,043
Fiber optic	74,238	120,715	117,651	118,059
Solid waste	979,508	962,084	984,013	1,056,099
Operating grants and contributions	–	68,032	66,950	84,609
Total business-type activities program revenues	12,389,426	12,901,694	13,388,876	13,673,085
Total primary government program revenues	$14,010,448	$14,476,166	$14,511,775	$15,399,109

2014	2015	2016	2017	2018	2019
$ 1,048,772	$ 2,548,971	$ 2,635,566	$ 2,500,256	$ 1,852,924	$ 1,559,014
3,143,696	2,706,191	4,237,119	3,802,714	4,006,547	4,087,960
2,466,394	1,655,722	1,576,435	1,512,014	1,790,048	2,104,125
385,973	457,126	544,721	439,167	636,499	586,040
394,293	109,130	184,357	472,262	508,783	3,028,759
346,375	356,642	412,714	409,252	415,264	383,719
7,785,503	7,833,782	9,590,912	9,135,665	9,210,065	11,749,617
8,723,726	8,447,378	8,443,299	8,329,029	8,960,653	8,098,292
1,139,639	1,168,913	1,110,248	752,207	938,780	1,105,399
394,302	401,214	428,295	538,861	642,322	480,131
1,260,549	1,480,667	1,620,631	1,484,530	1,744,588	1,817,051
226,918	130,473	167,886	154,236	181,099	138,423
863,961	1,186,419	835,013	987,790	991,685	1,492,205
12,609,095	12,815,064	12,605,372	12,246,653	13,459,127	13,131,501
$20,394,598	$20,648,846	$22,196,284	$21,382,318	$22,669,192	$24,881,118
$ 305,751	$ 287,497	$ 298,971	$ 371,906	$ 340,303	$ 498,603
124,973	127,217	107,199	119,264	124,392	129,933
230,044	143,158	182,465	257,790	298,035	580,660
172,060	199,228	193,670	228,307	169,999	263,985
431,658	407,347	445,180	490,623	615,246	648,171
730,920	128,637	701,665	720,308	1,292,586	588,053
1,995,406	1,293,084	1,929,150	2,188,198	2,840,561	2,709,405
9,000,195	9,090,354	9,226,380	9,534,315	10,149,233	9,284,280
1,431,055	1,601,572	1,676,387	1,787,727	1,823,416	1,853,028
581,341	613,555	669,380	727,237	820,017	881,196
1,653,655	1,832,948	2,060,406	2,105,749	2,198,476	2,325,937
104,472	108,615	145,673	148,684	141,209	218,655
1,100,932	1,128,070	1,084,284	1,099,506	1,135,528	1,106,983
109,690	80,666	178,469	48,752	61,976	341,895
13,981,340	14,455,780	15,040,979	15,451,970	16,329,855	16,011,974
$15,976,746	$15,748,864	$16,970,129	$17,640,168	$19,170,416	$18,721,379

(continued)

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

	Fiscal Year 2010	2011	2012	2013
Net (expense) revenue				
Governmental activities	$ (5,213,200)	$ (6,485,747)	$ (6,764,031)	$ (5,938,930)
Business-type activities	560,982	979,270	1,345,665	1,810,235
Total primary government net expense	$ (4,652,218)	$ (5,506,477)	$ (5,418,366)	$ (4,128,695)
General revenues and other changes in net position				
Governmental activities				
Property taxes	$ 3,713,970	$ 3,705,019	$ 3,771,018	$ 3,706,365
Franchise taxes	393,444	400,851	411,996	435,582
Unrestricted grants and contributions	1,929,029	1,922,347	1,874,103	1,882,736
Other general revenues	104,763	14,547	207,959	29,041
Investment earnings (charges)	16,751	9,093	(19,198)	(41,785)
Transfers	4,281,718	1,319,864	152,877	453,175
Total governmental activities	10,439,675	7,371,721	6,398,755	6,465,114
Business-type activities				
Investment earnings	22,130	6,959	(22,031)	(57,131)
Transfers	(4,281,718)	(1,319,864)	(152,877)	(453,175)
Total business-type activities	(4,259,588)	(1,312,905)	(174,908)	(510,306)
Total primary government	$ 6,180,087	$ 6,058,816	$ 6,223,847	$ 5,954,808
Change in net position				
Governmental activities	$ 5,226,475	$ 885,974	$ (365,276)	$ 526,184
Business-type activities	(3,698,606)	(333,635)	1,170,757	1,299,929
Total primary government	$ 1,527,869	$ 552,339	$ 805,481	$ 1,826,113

2014	2015	2016	2017	2018	2019
$ (5,790,097)	$ (6,540,698)	$ (7,661,762)	$ (6,947,467)	$ (6,369,504)	$ (9,040,212)
1,372,245	1,640,716	2,435,607	3,205,317	2,870,728	2,880,473
$ (4,417,852)	$ (4,899,982)	$ (5,226,155)	$ (3,742,150)	$ (3,498,776)	$ (6,159,739)
$ 3,838,375	$ 3,885,640	$ 4,546,034	$ 5,111,242	$ 5,496,782	$ 5,809,709
522,358	563,829	544,367	531,178	431,469	421,413
1,900,433	1,828,503	1,919,280	1,812,458	1,838,514	1,843,392
52,840	4,606	38,802	126,853	212,024	124,510
97,640	88,086	76,459	123,925	174,935	460,597
970,000	1,205,589	1,449,000	1,046,800	841,130	862,932
7,381,646	7,576,253	8,573,942	8,752,456	8,994,854	9,522,553
83,333	96,825	68,629	98,769	164,874	597,528
(970,000)	(1,205,589)	(1,449,000)	(1,046,800)	(841,130)	(862,932)
(886,667)	(1,108,764)	(1,380,371)	(948,031)	(676,256)	(265,404)
$ 6,494,979	$ 6,467,489	$ 7,193,571	$ 7,804,425	$ 8,318,598	$ 9,257,149
$ 1,591,549	$ 1,035,555	$ 912,180	$ 1,804,989	$ 2,625,350	$ 482,341
485,578	531,952	1,055,236	2,257,286	2,194,472	2,615,069
$ 2,077,127	$ 1,567,507	$ 1,967,416	$ 4,062,275	$ 4,819,822	$ 3,097,410

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF NORTH ST. PAUL

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

Fiscal Year	Property Tax	Franchise Tax	Total
2010	$ 3,713,970	$ 393,444	$ 4,107,414
2011	3,705,019	400,851	4,105,870
2012	3,771,018	411,996	4,183,014
2013	3,706,365	435,582	4,141,947
2014	3,838,375	522,358	4,360,733
2015	3,885,640	563,829	4,449,469
2016	4,546,034	544,367	5,090,401
2017	5,111,242	531,178	5,642,420
2018	5,496,782	431,469	5,928,251
2019	5,809,709	421,413	6,231,122

CITY OF NORTH ST. PAUL

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

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
Unreserved	$ 1,372,835	$ –	$ –	$ –
Nonspendable	–	–	718	12,521
Restricted	–	12,099	–	–
Assigned	–	193,718	443,914	943,890
Unassigned	–	1,323,990	1,420,191	1,278,326
Total General Fund	$ 1,372,835	$ 1,529,807	$ 1,864,823	$ 2,234,737
All other governmental funds				
Reserved	$ 1,857,568	$ –	$ –	$ –
Unreserved, reported in				
Special revenue funds	(681,756)	–	–	–
Capital projects funds	(84,244)	–	–	–
Debt service funds	1,492,573	–	–	–
Nonspendable	–	–	–	3
Restricted	–	2,167,904	6,085,749	2,805,663
Committed	–	9,714	9,672	17,068
Assigned	–	1,083,644	774,040	708,899
Unassigned, reported in				
Other governmental funds	–	(223,823)	(159,717)	(122,942)
Total all other governmental funds	$ 2,584,141	$ 3,037,439	$ 6,709,744	$ 3,408,691
Total all governmental funds				
Reserved	$ 1,857,568	$ –	$ –	$ –
Unreserved, reported in				
General Fund	1,372,835	–	–	–
Special revenue funds	(681,756)	–	–	–
Capital projects funds	(84,244)	–	–	–
Debt service funds	1,492,573	–	–	–
Nonspendable	–	–	718	12,524
Restricted	–	2,180,003	6,085,749	2,805,663
Committed	–	9,714	9,672	17,068
Assigned	–	1,277,362	1,217,954	1,652,789
Unassigned, reported in				
General Fund	–	1,323,990	1,420,191	1,278,326
Other governmental funds	–	(223,823)	(159,717)	(122,942)
Total all governmental funds	$ 3,956,976	$ 4,567,246	$ 8,574,567	$ 5,643,428

Note: The City implemented GASB Statement No. 54 in fiscal 2011. Prior year information has not been restated.

2014	2015	2016	2017	2018	2019
$ –	$ –	$ –	$ –	$ –	$ –
2,910	1,800	23,492	26,016	24,135	154,851
–	–	–	–	–	–
–	31,455	25,230	23,261	19,985	17,740
1,682,876	1,725,949	1,713,152	1,708,472	1,788,706	2,182,986
$ 1,685,786	$ 1,759,204	$ 1,761,874	$ 1,757,749	$ 1,832,826	$ 2,355,577
$ –	$ –	$ –	$ –	$ –	$ –
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
3,577,232	3,089,182	6,554,769	7,114,605	9,661,240	5,816,806
1,470,423	2,042,917	2,369,282	3,196,670	3,774,915	4,217,917
572,634	607,146	1,166,478	996,304	1,931,788	1,758,664
(126,182)	(103,906)	(113,371)	(6,954)	(48,623)	(1,571,775)
$ 5,494,107	$ 5,635,339	$ 9,977,158	$ 11,300,625	$ 15,319,320	$ 10,221,612
$ –	$ –	$ –	$ –	$ –	$ –
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
2,910	1,800	23,492	26,016	24,135	154,851
3,577,232	3,089,182	6,554,769	7,114,605	9,661,240	5,816,806
1,470,423	2,042,917	2,369,282	3,196,670	3,774,915	4,217,917
572,634	638,601	1,191,708	1,019,565	1,951,773	1,776,404
1,682,876	1,725,949	1,713,152	1,708,472	1,788,706	2,182,986
(126,182)	(103,906)	(113,371)	(6,954)	(48,623)	(1,571,775)
$ 7,179,893	$ 7,394,543	$ 11,739,032	$ 13,058,374	$ 17,152,146	$ 12,577,189

CITY OF NORTH ST. PAUL

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

	Fiscal Year			
	2010	2011	2012	2013
Revenues				
Taxes	$ 4,108,880	$ 4,105,870	$ 4,327,852	$ 4,204,967
Special assessments	72,831	94,037	74,796	32,978
Licenses and permits	269,470	194,472	197,529	215,313
Intergovernmental	2,596,912	2,749,174	2,300,123	2,643,668
Charges for services	215,627	148,213	117,652	298,480
Fines and forfeits	108,117	137,393	106,206	84,592
Investment earnings (charges)	12,502	6,482	(14,109)	(29,281)
Other	318,429	219,354	408,655	361,919
Total revenues	7,702,768	7,654,995	7,518,704	7,812,636
Expenditures				
Current				
General government	635,641	665,578	680,556	1,056,706
Public safety	2,786,494	2,788,505	2,819,415	3,330,340
Public works	988,204	989,558	1,085,088	1,272,887
Parks and recreation	633,739	564,772	533,239	413,634
Other	37,445	36,389	42,273	35,000
Economic development	81,255	1,059,468	225,949	166,860
Capital outlay	1,090,805	894,765	626,575	165,764
Debt service				
Principal	571,876	674,231	655,000	670,000
Interest	522,866	498,235	546,186	430,759
Total expenditures	7,348,325	8,171,501	7,214,281	7,541,950
Excess of revenues over (under) expenditures	354,443	(516,506)	304,423	270,686
Other financing sources (uses)				
Bonds issued	–	–	–	–
Refunding bonds issued	–	–	3,760,000	–
Contract for deed issued	–	–	–	–
Premium (discount) on bonds issued	–	–	–	–
Payments to refunded bond escrow agent	–	–	–	(3,655,000)
Transfers in	589,215	1,805,548	340,744	521,355
Transfers out	(728,331)	(678,772)	(293,679)	(68,180)
Total other financing sources (uses)	(139,116)	1,126,776	3,807,065	(3,201,825)
Net change in fund balances	$ 215,327	$ 610,270	$ 4,111,488	$ (2,931,139)
Debt service as a percentage of noncapital expenditures	17.3%	15.8%	16.9%	14.8%

2014	2015	2016	2017	2018	2019
$ 4,366,055	$ 4,453,106	$ 5,083,188	$ 5,643,488	$ 5,923,559	$ 6,243,978
260,366	125,435	303,753	313,972	557,833	264,614
293,691	241,532	275,704	302,716	355,448	631,259
2,298,181	2,219,522	2,358,025	2,646,164	2,673,823	2,951,440
198,806	214,366	188,516	207,009	156,811	215,238
61,758	50,850	34,824	37,032	38,536	33,274
78,708	63,514	65,760	100,440	148,593	375,949
379,683	257,538	329,038	415,313	497,783	584,626
7,937,248	7,625,863	8,638,808	9,666,134	10,352,386	11,300,378
828,533	2,093,492	2,107,655	2,142,817	1,435,772	1,325,646
3,235,138	3,136,479	3,453,098	3,582,576	3,939,849	4,329,230
1,498,650	792,389	902,417	884,974	1,021,445	1,093,499
357,404	568,318	351,891	374,020	522,972	509,206
35,000	–	–	–	18,006	–
363,347	81,715	172,600	442,989	450,164	3,034,873
2,238,418	1,036,298	3,677,596	1,507,700	1,654,658	4,299,602
760,000	775,000	1,010,000	1,020,000	1,265,000	1,348,553
328,208	386,549	366,628	434,638	434,329	462,658
9,644,698	8,870,240	12,041,885	10,389,714	10,742,195	16,403,267
(1,707,450)	(1,244,377)	(3,403,077)	(723,580)	(389,809)	(5,102,889)
2,360,000	–	3,880,000	1,051,380	3,475,000	–
–	1,595,000	2,430,000	–	–	–
–	–	–	–	–	2,075,000
71,655	36,316	208,277	40,155	226,760	–
–	(1,575,000)	–	–	–	(2,410,000)
2,433,320	1,681,475	2,143,316	1,387,155	1,157,039	1,012,932
(1,620,794)	(278,764)	(914,027)	(435,768)	(375,218)	(150,000)
3,244,181	1,459,027	7,747,566	2,042,922	4,483,581	527,932
$ 1,536,731	$ 214,650	$ 4,344,489	$ 1,319,342	$ 4,093,772	$ (4,574,957)
14.2%	15.1%	16.0%	16.1%	18.3%	14.5%

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF NORTH ST. PAUL

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
2010	$ 3,715,436	$ 242,393	$ 103,481	$ 47,570	$ 4,108,880
2011	3,705,019	248,025	108,494	44,332	4,105,870
2012	3,915,856	279,158	86,178	46,660	4,327,852
2013	3,769,385	283,302	107,017	45,263	4,204,967
2014	3,843,697	344,743	132,899	44,716	4,366,055
2015	3,889,277	375,224	109,676	78,929	4,453,106
2016	4,538,821	346,059	83,298	115,010	5,083,188
2017	5,112,310	368,484	90,270	72,424	5,643,488
2018	5,492,090	244,007	102,973	84,489	5,923,559
2019	5,822,565	227,068	100,065	94,280	6,243,978

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
2010	$ 8,193,815	$ 2,010,328	$ 77,226	$ (1,032,722)	$ 2,118,903
2011	7,625,673	1,958,071	86,212	(1,092,613)	2,242,221
2012	7,032,781	1,806,985	83,858	(1,060,962)	2,271,311
2013	5,388,769	1,624,210	91,614	(846,062)	1,978,627
2014	5,245,026	1,591,017	93,742	(805,980)	2,017,025
2015	5,690,060	1,591,017	98,878	(751,660)	2,267,716
2016	6,217,732	1,572,193	100,787	(924,565)	2,298,449
2017	6,718,235	1,582,800	111,924	(969,996)	2,419,838
2018	7,065,334	1,720,882	108,396	(1,028,487)	2,559,341
2019	7,678,389	1,782,523	98,904	(1,110,250)	2,681,211

(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

Total Tax Capacity Value	Total Direct Tax Rate	Total Estimated Market Value	Tax Capacity Value as a Percentage of Market Value
$ 11,367,550	27.603 %	$ 921,154,500	1.2 %
10,819,564	29.022	862,978,100	1.3
10,133,973	33.380	795,535,900	1.3
8,237,158	36.719	703,251,000	1.2
8,140,830	36.185	688,371,700	1.2
8,896,011	35.169	730,216,600	1.2
9,264,596	38.707	777,362,600	1.2
9,862,801	41.919	821,838,000	1.2
10,425,466	42.515	861,724,000	1.2
11,130,777	43.834	919,851,300	1.2

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF NORTH ST. PAUL

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	
2010	22.183 %	5.420 %	27.603 %	50.248 %	25.359 %	11.117 %	114.327 %
2011	23.420	5.602	29.022	54.678	27.785	11.598	123.083
2012	26.378	7.002	33.380	61.316	28.337	12.283	135.316
2013	26.060	10.659	36.719	65.240	32.552	13.597	148.108
2014	25.681	10.504	36.185	63.735	37.643	13.610	151.173
2015	27.012	8.157	35.169	58.922	36.008	12.718	142.817
2016	27.095	11.612	38.707	58.885	35.706	12.638	145.936
2017	31.215	10.704	41.919	55.850	33.798	12.029	143.596
2018	31.980	10.535	42.515	53.962	30.284	12.270	139.031
2019	33.095	10.739	43.834	52.880	29.226	13.446	139.386

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

Source: Ramsey County

CITY OF NORTH ST. PAUL

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2019 Estimated Market Value	2019 Rank	2019 Percentage of Total Estimated Market Value	2010 Estimated Market Value	2010 Rank	2010 Percentage of Total Estimated Market Value
Helen Street Senior Housing, LLC	$ 16,164,700	1	1.76 %	$ –	–	– %
Cedarview Commons	15,000,000	2	1.63	10,926,200	3	1.19
Franklyn Park Apartments	11,612,300	3	1.26	7,230,600	4	0.78
Berwald Investment Company	10,416,900	4	1.13	13,331,900	1	1.45
Target Stores, Inc.	10,146,000	5	1.10	12,000,000	2	1.30
Parkside Apartments – LHB Properties, LLC	9,553,200	6	1.04	5,750,000	5	0.62
Cottages of North St. Paul	9,303,400	7	1.01	5,700,000	6	0.62
Bigos Regency Park, LLC	7,680,000	8	0.83	–	–	–
Baypointe Investment Partnership, LLC	7,023,300	9	0.76	–	–	–
NSP Burke LLC	6,148,400	10	0.67	–	–	–
Regency Park Apartments	–	–	–	4,888,000	7	0.53
DEW Corporation	–	–	–	4,589,400	8	0.50
Silas Point Apartments	–	–	–	4,429,000	9	0.48
McKnight Plaza	–	–	–	4,100,000	10	0.45
Total	$ 103,048,200		11.20 %	$ 72,945,100		7.92 %

Source: Ramsey County Department of Property Taxation

CITY OF NORTH ST. PAUL

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 in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	$ 3,183,232	$ 3,119,313	98.0 %	$ 63,919	$ 3,183,232	100.0 %
2011	3,221,550	3,177,876	98.6	43,674	3,221,550	100.0
2012	3,378,239	3,331,434	98.6	46,805	3,378,239	100.0
2013	3,373,711	3,342,142	99.1	31,371	3,373,513	100.0
2014	3,658,474	3,622,632	99.0	34,207	3,656,839	100.0
2015	3,876,496	3,842,585	99.1	32,151	3,874,736	100.0
2016	4,186,996	4,148,345	99.1	33,858	4,182,203	99.9
2017	4,768,855	4,728,652	99.2	33,301	4,761,953	99.9
2018	5,144,397	5,093,568	99.0	38,702	5,132,270	99.8
2019	5,545,599	5,504,917	99.3	–	5,504,917	99.3

(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	Capital Leases	Contract for Deed	Premiums
2010	$ 4,480,000	$ –	$ 1,930,000	$ 620,000	$ 5,000,000	$ 44,231	$ –	$ –
2011	4,215,000	–	1,865,000	565,000	4,755,000	–	–	–
2012	7,700,000	–	1,795,000	510,000	4,500,000	–	–	–
2013	3,760,000	–	1,725,000	455,000	4,240,000	–	–	–
2014	3,410,000	2,360,000	1,650,000	395,000	3,965,000	–	–	66,878
2015	3,055,000	2,360,000	1,595,000	335,000	3,680,000	–	–	96,281
2016	2,695,000	4,815,000	1,490,000	1,510,000	5,815,000	–	–	297,645
2017	2,325,000	5,686,380	1,395,000	1,445,000	5,505,000	–	–	312,858
2018	1,950,000	8,811,380	1,295,000	1,330,000	5,180,000	–	–	512,167
2019	1,575,000	8,397,827	1,195,000	1,210,000	2,430,000	–	2,075,000	470,543

* Information not available for the 2019 year.

(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.

	Business-Type Activities					Percentage	
Total	Revenue Bonds	Capital Loans	Premiums	Total	Total Primary Government	of Personal Income (1)	Per Capita (1)
$ 12,074,231	$ 8,740,000	$ 1,214,163	$ –	$ 9,954,163	$ 22,028,394	5.17 %	$ 1,904
11,400,000	8,295,000	1,015,037	–	9,310,037	20,710,037	4.85	1,807
14,505,000	7,825,000	806,798	–	8,631,798	23,136,798	5.33	2,015
10,180,000	7,350,000	589,029	–	7,939,029	18,119,029	4.09	1,560
11,846,878	9,410,000	361,294	–	9,771,294	21,618,172	4.64	1,809
11,121,281	11,435,000	123,136	117,264	11,675,400	22,796,681	4.67	1,899
16,622,645	14,360,000	–	205,469	14,565,469	31,188,114	9.24	2,577
16,669,238	11,663,620	–	206,372	11,869,992	28,539,230	7.93	2,365
19,078,547	14,198,620	–	409,430	14,608,050	33,686,597	8.79	2,784
17,353,370	13,137,173	–	374,677	13,511,850	30,865,220	*	2,538

CITY OF NORTH ST. PAUL

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)
2010	$ 9,480,000	$ –	$ 920,758	$ 8,559,242	0.93 %	$ 740
2011	8,970,000	–	974,639	7,995,361	0.93	698
2012	12,200,000	–	4,709,853	7,490,147	0.94	652
2013	8,000,000	–	1,074,211	6,925,789	0.98	596
2014	7,375,000	–	1,253,419	6,121,581	0.89	512
2015	6,735,000	–	1,312,400	5,422,600	0.74	452
2016	8,510,000	110,519	3,875,411	4,745,108	0.61	392
2017	7,830,000	98,239	3,902,113	4,026,126	0.49	334
2018	7,130,000	85,960	3,935,715	3,280,245	0.38	271
2019	4,005,000	73,680	1,615,940	2,462,740	0.27	203

(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 entity-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

Direct and Overlapping Governmental Activities Debt
as of December 31, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Direct debt			
City of North St. Paul	$ 17,353,370	100.0 %	$ 17,353,370
Overlapping debt			
Independent School District No. 622	385,025,000	11.3	43,546,615
Ramsey County	154,352,000	3.0	4,623,436
Ramsey County Library	27,180,000	3.7	996,737
Metropolitan Council	1,555,384,035	1.5	23,330,761
Total overlapping debt			72,497,548
Total direct and overlapping debt			$ 89,850,918

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county'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			
	2010	2011	2012	2013
Debt limit	$ 27,634,635	$ 25,889,343	$ 23,866,077	$ 20,097,530
Total net debt applicable to the limit	8,559,242	7,995,361	7,490,147	6,925,789
Legal debt margin	$ 19,075,393	$ 17,893,982	$ 16,375,930	$ 13,171,741
Total net debt applicable to the limit as a percentage of debt limit	30.97%	30.88%	31.38%	34.46%

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

2014	2015	2016	2017	2018	2019
$ 20,651,151	$ 21,906,498	$ 23,320,878	$ 24,655,140	$ 25,851,720	$ 27,595,539
6,121,581	5,422,600	4,634,589	3,927,887	3,194,285	2,389,060
$ 14,529,570	$ 16,483,898	$ 18,686,289	$ 20,727,253	$ 22,657,435	$ 25,206,479
29.64%	24.75%	19.87%	15.93%	12.36%	8.66%

Legal Debt Margin Calculation for Fiscal Year 2019	
Market value	$ 919,851,300
Debt limit (3 percent of market value)	27,595,539
Debt applicable to the limit	
General obligation bonds	4,005,000
Less amount set aside for repayment of general obligation debt	(1,615,940)
Total net debt applicable to the limit	2,389,060
Legal debt margin	$ 25,206,479

CITY OF NORTH ST. PAUL

Pledged Revenue Coverage
Last Ten Fiscal Years

	Revenue Bonds					
	Operating	Less Operating	Net Available	Debt Service		
Fiscal Year	Revenues	Expenses	Revenue	Principal	Interest	Coverage
2010	$ 12,315,188	$ 10,451,097	$ 1,864,091	$ 325,000	$ 376,484	2.66
2011	12,780,979	10,538,859	2,242,120	445,000	363,126	2.77
2012	13,271,225	10,738,422	2,532,803	470,000	349,675	3.09
2013	13,555,026	10,671,672	2,883,354	475,000	334,487	3.56
2014	13,760,220	11,598,333	2,161,887	500,000	351,253	2.54
2015	14,260,639	11,932,652	2,327,987	505,000	369,682	2.66
2016	14,706,437	11,604,993	3,101,444	680,000	425,394	2.81
2017	15,254,109	11,398,378	3,855,731	680,000	295,905	3.95
2018	16,121,710	12,341,182	3,780,528	930,000	352,495	2.95
2019	15,449,750	12,111,198	3,338,552	1,061,447	358,074	2.35

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 and 2017 principal payments do not include the refunded portion of bonds paid.

CITY OF NORTH ST. PAUL

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (1)	School Enrollment (3)	Unemployment Rate (4)
2010	11,569	$ 425,924,304	$ 36,816	33.7	11,072	6.8 %
2011	11,460	427,274,640	37,284	33.7	10,979	5.6
2012	11,485	434,178,940	37,804	33.7	10,885	5.2
2013	11,618	442,831,688	38,116	33.7	10,912	4.2
2014	11,951	466,089,000	39,000	33.7	10,727	3.2
2015	12,006	488,211,984	40,664	38.5	10,715	3.1
2016	12,104	337,520,040	27,885	38.5	10,669	3.5
2017	12,069	359,994,132	29,828	38.2	10,480	2.8
2018	12,099	383,223,726	31,674	38.2	10,633	2.7
2019	12,159	*	*	37.9	10,624	2.9

* Information not available for the 2019 year.

Data sources:
(1) Metropolitan Council
(2) U.S. Census Bureau; Information prior to 2016 from Minnesota Department of Economic Security
(3) Independent School District No. 622 Comprehensive Annual Financial Report
(4) Minnesota Department of Economic Security

Principal Employers
Current Year and Nine Years Ago

Employer	2019 Employees	2019 Rank	2010 Employees	2010 Rank
Independent School District No. 622	1,550	1	1,600	1
Target Stores, Inc.	172	2	400	2
Berwald Roofing	155	3	150	3
Metropolitan Area Agency on Aging	96	4	–	–
REM Ramsey	80	5	–	–
T.A. Schifsky	70	6	40	10
Rust-Oleum	65	7	–	–
Lillie Suburban Newspapers	60	8	125	4
Ideal Credit Union	52	9	–	–
Rock Solid	50	10	–	–
Aetrium	–	–	85	5
Postal Employees Credit Union	–	–	60	6
City of North St. Paul	–	–	60	6
Custom Millwork	–	–	45	8
Burger King	–	–	42	9
Total	2,350		2,607	

Note 1: 2018 employment figures used for 2019.

Note 2: The percentage of total city employment is unavailable.

Source: Springsted Bond Consultants

CITY OF NORTH ST. PAUL

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function										
General government	6	5	5	7	13	13	13	14	15	15
Public safety										
Police										
Officers	18	19	19	15	15	18	17	18	17	17
Civilians	2	2	2	2	3	3	4	4	4	2
Fire										
Firefighters and officers	3	3	3	3	3	4	4	4	4	4
Highways and streets										
Engineering	2	2	2	2	1	–	–	–	–	–
Maintenance	8	7	7	8	3	4	4	4	4	4
Parks and recreation	1	1	1	1	4	4	4	4	4	4
Water	6	3	3	5	3	3	3	3	3	3
Electric	14	12	12	9	11	12	12	13	12	10
Total	60	54	54	52	55	61	61	64	63	59

Source: Various government departments

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2010	2011	2012	2013
Function				
Police				
Parking violations	973	1,043	949	798
Traffic violations	2,356	2,715	1,710	1,446
Fire				
Number of calls answered	920	947	1,103	1,055
Rental inspections	308	203	219	81
Code compliance cases	336	337	269	176
Commercial inspections	5	14	2	6
Highways and streets				
Street resurfacing (miles)	–	–	–	–
Potholes repaired	3,000	3,300	–	–
Tons of asphalt used (1)	–	–	85.5	231.3
Parks and recreation				
Community center admissions (2)	80,000	80,000	80,000	–
Water				
New connections	2	3	8	11
Water main breaks	5	6	8	20
Average daily consumption (thousands of gallons)	1,015	1,009	1,235	1,066

(1) Beginning in 2012, potholes repaired is reflected in tons of asphalt used.

(2) Beginning in 2013, the North St. Paul Community Center was closed to the public.

Source: Various government departments

2014	2015	2016	2017	2018	2019
629	838	740	1,054	937	753
839	902	596	690	560	592
999	1,071	1,243	1,319	1,318	1,355
189	169	243	382	297	274
177	612	700	447	468	295
–	1	21	145	31	35
1.8	0.5	1.6	1.9	0.3	2.6
–	–	–	–	–	–
431.1	468.0	579.7	616.0	729.8	925.0
–	–	–	–	–	–
4	12	21	9	4	46
8	4	8	6	12	6
909	900	972	973	1,104	840

CITY OF NORTH ST. PAUL

Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year			
	2010	2011	2012	2013
Function				
Public safety				
Police				
Stations	1	1	1	1
Patrol units	8	8	8	10
Fire stations	1	1	1	1
Highways and streets				
Streets (miles)	45	45	45	45
Streetlights/security lights	625	625	625	626
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
Community centers	1	1	1	–
Water				
Water mains (miles)	44	44	44	44
Fire hydrants	609	609	609	609
Gallons sold per year (thousands of gallons)	370,625	368,335	393,821	389,142
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	68	68	68	69

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

Source: Various government departments

2014	2015	2016	2017	2018	2019
1	1	1	1	1	1
10	10	10	10	10	10
1	1	1	1	1	1
45	45	45	45	45	45
630	630	630	630	630	639
1	1	1	1	1	1
140	140	140	140	140	140
13	13	13	13	13	13
1	1	1	1	1	1
9	9	9	9	9	9
–	–	–	–	–	–
44	44	44	44	44	62
609	609	609	609	609	622
330,467	328,624	273,021	362,558	403,082	306,547
43	43	43	43	43	46
21	21	21	21	21	44
1	1	1	1	1	1
70	70	70	70	71	72

THIS PAGE INTENTIONALLY LEFT BLANK

Management Report

for

City of North St. Paul, Minnesota

December 31, 2019

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

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, 2019. We have organized this report into the following sections:

- Audit Summary
- Governmental Funds Overview
- Enterprise Funds Overview
- Government-Wide Financial Statements
- Legislative Updates
- 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
April 28, 2020

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

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, 2019. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

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

AUDIT OPINION AND FINDINGS

Based on our audit of the City's financial statements for the year ended December 31, 2019:

- We have issued an unmodified opinion on the City's basic financial statements.

- We reported one matter involving the City's internal control over financial reporting that we considered to be a significant deficiency. This finding, as further detailed in the City's Special Purpose Audit Reports, includes the following:

    1. Segregation of Duties

- The results of our testing disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

- We reported two findings based on our testing of the City's compliance with Minnesota laws and regulations. These findings, as further detailed in the City's Special Purpose Audit Reports, include the following:

    1. Solid Waste Management Billing
    2. Payroll Declaration

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, 2019, we performed procedures to follow-up on the findings and recommendations that resulted from our prior year audit. We reported the following finding that was corrected by the City in the current year:

- Minnesota Statutes require the City to transmit the fire state aid and firefighter retirement supplemental state aid received from the Commissioner of Management and Budget to the fire relief association within 30 days of receipt by the City. The City was not in compliance with these statutes in fiscal year 2018. We are pleased to report this is not a finding in the current year.

OTHER OBSERVATIONS AND RECOMMENDATIONS

- **Impact of Novel Coronavirus (COVID-19)** – Shortly after the end of the 2019 fiscal year, the onset of the novel coronavirus (COVID-19) pandemic caused substantial volatility in economic conditions and tremendous disruption in the way governments, businesses, and individuals function. Minnesota cities may experience the impact of this pandemic in a myriad of financial areas, such as: declines in investment rates of return, cash flow issues, increased utility billing and property tax delinquencies, significant increases in the number and frequency of employees working remotely, challenges in processing general and payroll disbursements, disruption of prescribed internal control procedures, delays in internal and external financial reporting, and new compliance requirements attached to potential federal relief subsidies. As your city adapts to the new normal of municipal operations in a post-COVID-19 world, the assessment of and responses to new risks that may accompany operational changes will be critical to the safeguarding of city resources and sound financial stewardship. We encourage management and governance to include a robust financial risk assessment process when planning responses to these challenges, and to reassess and adapt internal controls over financial transactions and reporting to align with significant changes made to daily operations, even those intended to be temporary.

- **Housing Improvement Interfund Loan and Land Held for Resale** – The Housing Improvement Fund is used to administer the resources for the rehabilitation of blighted properties within the City. The City holds a significant amount of assets held for resale, which management reports at the lower of cost or acquisition value. Cash resources have been made available primarily through the use of interfund loans and transfers, allowing this fund to purchase various properties as they became available. With interfund borrowing experiencing minimal activity in the current year, a significant balance still remains. Therefore, we continue to recommend that the City adopt a plan that would create a more formal arrangement on the related interfund loans. This plan would include the establishment of the terms of the interfund loans, including interest rates and length of borrowing. We recognize the City is working on an ongoing basis to utilize these assets in the best interest of the City. We also recommend that the City continue to review these property values to ensure a proper reporting of city assets and financial activity between funds for accurate presentation.

- **Individual Fund Deficits** – As reported in the City's Comprehensive Annual Financial Report as of December 31, 2019, the City has three special revenue funds that have a deficit fund equity totaling $1,086,698, one capital projects fund deficit totaling $485,077, one enterprise fund deficit totaling $807,091, and two internal service fund deficits totaling $405,747. 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 are 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, 2019, the Fiber Optic Fund's unrestricted component of net position has a deficit of $2,536,527. 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.

- **Purchasing Policy Recommendation** – With changes in Minnesota Statutes in the current year regarding bids and quotations, we recommend that the City review and update the current purchasing policy to be consistent with these statutes.

- **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, 2019; however, the City implemented the following governmental accounting standard during the fiscal year:

- GASB Statement No. 84, *Fiduciary Activities,* which established new criteria for identifying and reporting fiduciary activities.

- Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements,* which improved and clarified the information to be disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements.

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 the GASB Nos. 68 and 75. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, proportionate share, and employee turnover.

- **Depreciation** – Management's estimates of depreciation expense are based on the estimated useful lives of the assets.

- **Compensated Absences** – Management's estimate is based on current rates of pay and unused compensated absence balances.

- **Value of Land Held for Resale** – Management's estimates of these assets are based on net realizable value (lower of cost or acquisition value).

We evaluated the key factors and assumptions used by management to develop these 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. Where applicable, management has corrected all such misstatements, including the prior period adjustment noted in the comprehensive annual financial report. There were no additional misstatements detected as a result of audit procedures that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

DISAGREEMENTS WITH MANAGEMENT

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

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated April 28, 2020.

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

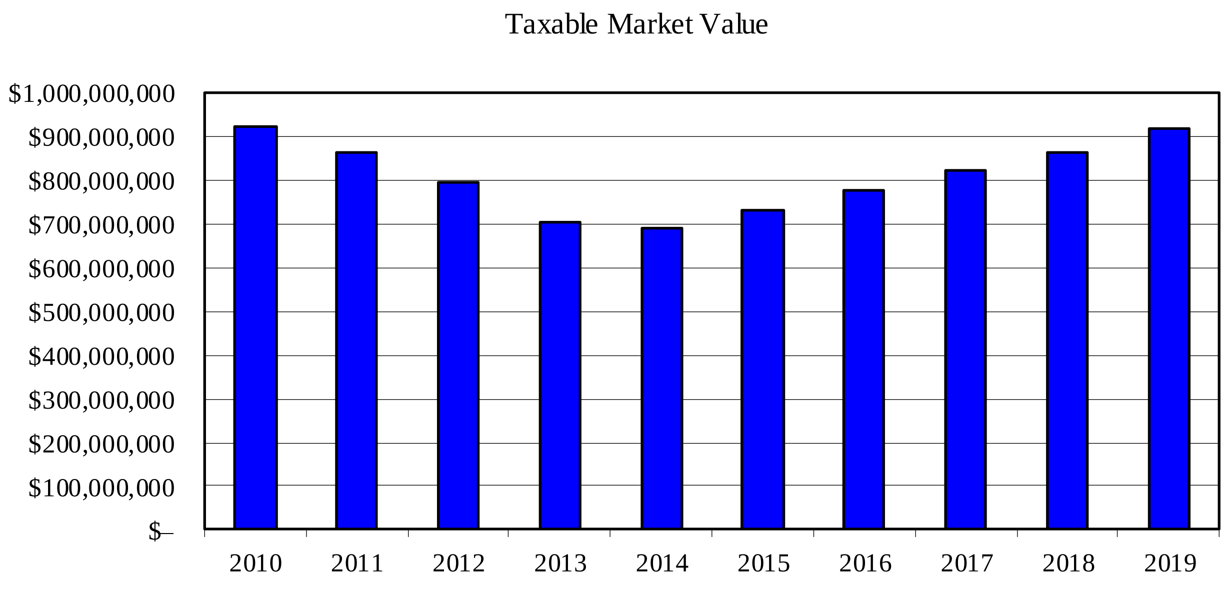
This section of the report provides you with an overview of the financial trends and activities of the City's governmental funds, which includes the General, special revenue, debt service, and capital project funds. These funds are used to account for the basic services the City provides to all of its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

PROPERTY TAXES

Minnesota cities rely heavily on local property tax levies to support their governmental fund activities. For the 2018 fiscal year, local ad valorem property tax levies provided 41.5 percent of the total governmental fund revenues for cities over 2,500 in population, and 36.7 percent for cities under 2,500 in population. Total property taxes levied by all Minnesota cities for taxes payable in 2019 increased 5.6 percent from the prior year.

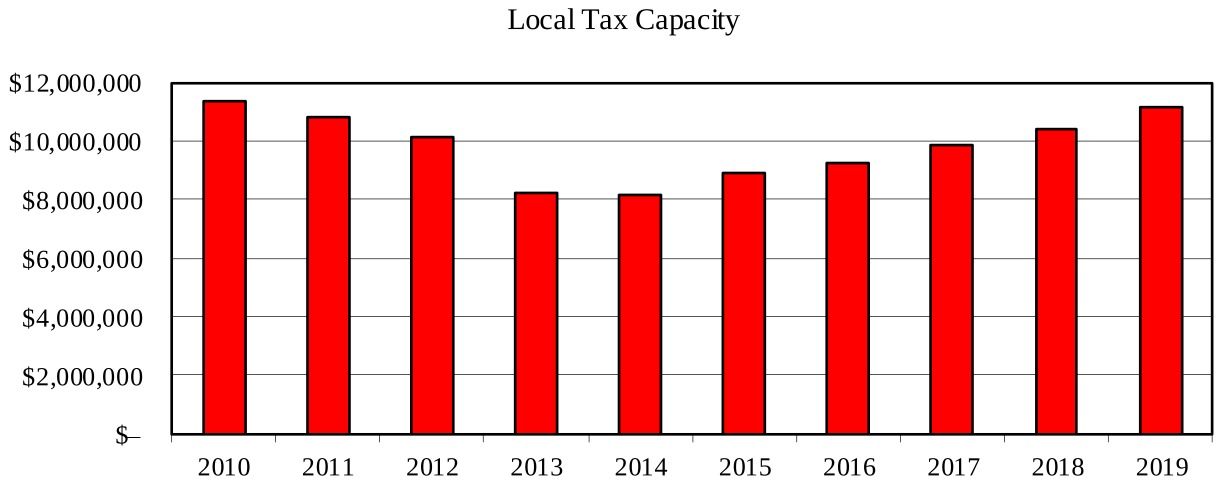
The total tax capacity value of property in Minnesota cities increased about 7.1 percent for the 2019 levy year. The tax capacity values used for levying property taxes are based on the assessed market values for the previous fiscal year (e.g., tax capacity values for taxes levied in 2019 were based on assessed market values as of January 1, 2018), 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 4.9 percent for taxes payable in 2018 and 6.7 percent for taxes payable in 2019. 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 5.7 percent for 2018 and 6.8 percent for 2019.

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		
	2017	2018	2019
Average tax rate			
City	41.9	42.5	43.8
County	55.9	53.9	52.9
School	33.8	30.3	29.2
Special taxing	12.0	12.3	13.4
Total	143.6	139.0	139.3

The total average tax rate was consistent with the prior year. An increase in the City and special taxing authority portions were offset by decreases in the county and school rates.

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, 2019, presented both by fund balance classification and by fund:

Governmental Funds Change in Fund Balance

	Fund Balance as of December 31, 2019	Fund Balance as of December 31, 2018	Increase (Decrease)
Fund balances of governmental funds			
Total by classification			
Nonspendable	$ 154,851	$ 24,135	$ 130,716
Restricted	5,816,806	9,661,240	(3,844,434)
Committed	4,217,917	3,774,915	443,002
Assigned	1,776,404	1,951,773	(175,369)
Unassigned	611,211	1,740,083	(1,128,872)
Total governmental funds	$ 12,577,189	$ 17,152,146	$ (4,574,957)
Total by fund			
General	$ 2,355,577	$ 1,834,011	$ 521,566
Anchor Block North – Soils Tax Increment	(866,074)	–	(866,074)
Street Improvement	933,970	3,565,784	(2,631,814)
Nonmajor	10,153,716	11,752,351	(1,598,635)
Total governmental funds	$ 12,577,189	$ 17,152,146	$ (4,574,957)

In total, the fund balances of the City's governmental funds decreased by $4,574,957 during the year ended December 31, 2019. The decrease is due largely to the decrease in restricted funds in the Street Improvement Capital Projects Fund as a result of the spend down of prior year bond proceeds on street projects. The remainder of the decrease in restricted funds is due to the City refunding $2,410,000 of outstanding bonds in 2019. Unassigned fund balance decreased mainly in tax increment funds, due to the increased activity in site development work 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 on these tables may be classified differently than how they appear on 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, 2018			2017	2018	2019
Population	2,500–10,000	10,000–20,000	20,000–100,000	12,069	12,099	12,159
Property taxes	$ 495	$ 472	$ 493	$ 387	$ 414	$ 443
Tax increments	28	27	43	37	40	36
Franchise and other taxes	41	48	50	44	36	35
Special assessments	53	40	57	26	46	22
Licenses and permits	38	35	47	25	29	52
Intergovernmental revenues	303	271	157	219	221	243
Charges for services	130	102	112	17	13	18
Other	97	78	49	46	57	82
Total revenue	$ 1,185	$ 1,073	$ 1,008	$ 801	$ 856	$ 931

The City's governmental funds have generated significantly less revenue per capita in total than other Minnesota cities in its population class. A city's stage of development, along with the way a city finances various capital projects, will impact the mix of revenue sources it receives.

The City generated $11,300,378 of total revenue in its governmental funds in 2019, an increase of $947,992 (9.2 percent) from the prior year. The City's per capita governmental funds revenue for 2019 was $931, an increase of $75, from the prior year, including the effect of a change in estimated population. The largest changes occurred with increases in property taxes and other revenues. The increase in property taxes was mainly due to the increased general property tax levy. Other revenue increased with a one-time reimbursement for cable equipment purchases and increased investment earnings.

Governmental Fund Expenditures

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

- **Current** – These are typically the general operating type expenditures occurring on an annual basis and are primarily funded by general sources, such as taxes and intergovernmental revenues.

- **Capital Outlay and Construction** – These expenditures do not occur on a consistent basis, more typically fluctuating significantly from year-to-year. Many of these expenditures are project-oriented and are often funded by specific sources that have benefited from the expenditure, such as special assessment improvement projects.

- **Debt Service** – Although the expenditures for debt service may be relatively consistent over the term of the respective debt, the funding source is the important factor. Some debt may be repaid through specific sources, such as special assessments or redevelopment funding, while other debt may be repaid with general property taxes.

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

Governmental Funds Expenditures per Capita
With State-Wide Averages by Population Class

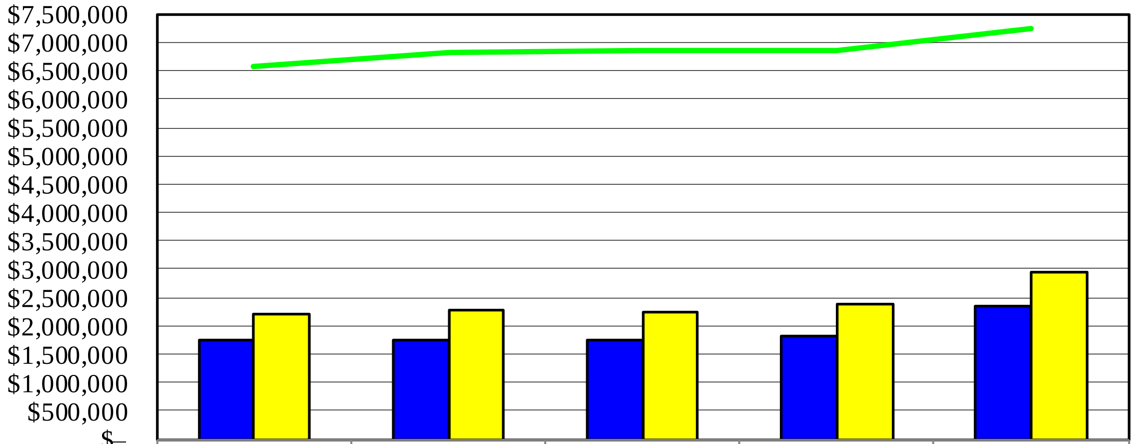
	State-Wide			City of North St. Paul		
Year	December 31, 2018			2017	2018	2019
Population	2,500–10,000	10,000–20,000	20,000–100,000	12,069	12,099	12,159
Current						
General government	$ 150	$ 121	$ 104	$ 178	$ 119	$ 109
Public safety	286	272	294	297	326	356
Streets and highways	135	125	106	73	84	90
Parks and recreation	96	115	104	31	43	42
All other	75	74	78	37	39	250
	742	707	686	616	611	847
Capital outlay and construction	417	351	307	125	137	354
Debt service						
Principal	178	153	109	85	105	111
Interest and fiscal	41	39	29	36	36	38
	219	192	138	121	141	149
Total expenditures	$ 1,378	$ 1,250	$ 1,131	$ 862	$ 889	$ 1,350

Total expenditures in the City's governmental funds for 2019 were $16,403,267, an increase of $5,661,072 (52.7 percent). The City's per capita governmental funds total expenditures increased $461, or 51.9 percent. This increase was mainly in all other and capital outlay and construction. All other expenditures increased $211 per capita, due to increased economic development activity within the City's tax increment financing districts. The $217 per capita increase in capital outlay and construction is 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,



	2015	2016	2017	2018	2019
Fund Balance	$1,759,204	$1,761,874	$1,757,749	$1,832,826	$2,355,577
Cash (Net)	$2,208,507	$2,261,283	$2,224,485	$2,378,154	$2,942,024
Expenditures	$6,585,504	$6,814,126	$6,854,703	$6,845,264	$7,257,555

The City's General Fund cash and investment balance (net of borrowing) at December 31, 2019 was $2,942,024, an increase of $563,870 from the previous year. Total fund balance at December 31, 2019 was $2,355,577, an increase of $522,751 from the prior year.

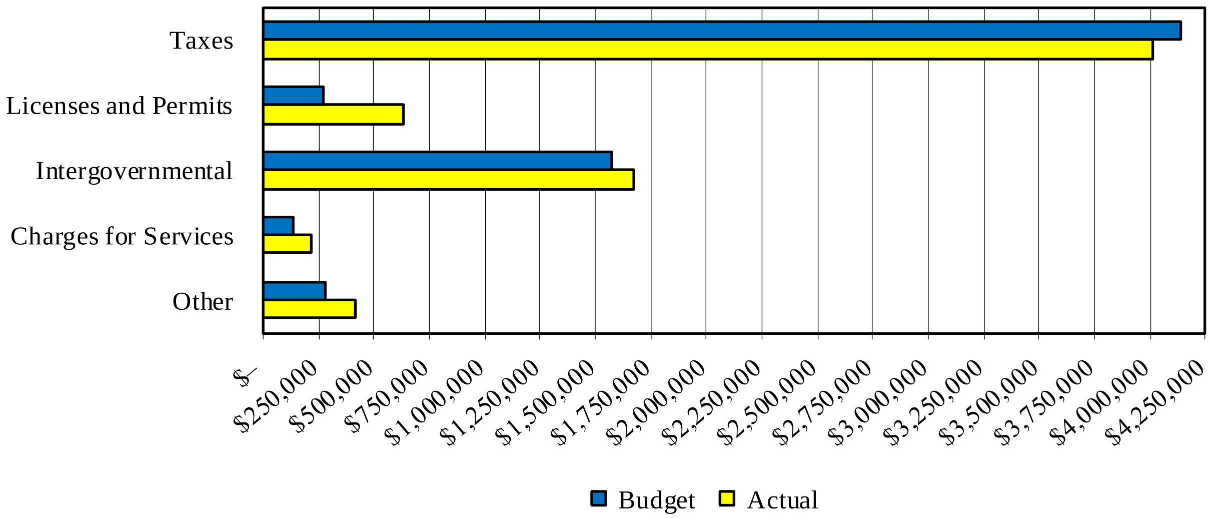
The level of General Fund balance is greatly attributed to the City's fund balance policies, as well as the general budgeting policies. These policies have allowed the City to provide funding for the General Fund operations, as well as equipment replacement and street improvement programs without disrupting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

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

Current city policy allows fund balance in the General Fund to grow to 35 percent of the subsequent year's budgeted expenditures, while the State Auditor recommends that cities maintain an unrestricted fund balance that is between 35 percent and 50 percent of total current expenditures. The City changed the policy in the current year from 25 percent to 35 percent. At December 31, 2019, the unassigned fund balance for the General Fund was 28 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 2019:

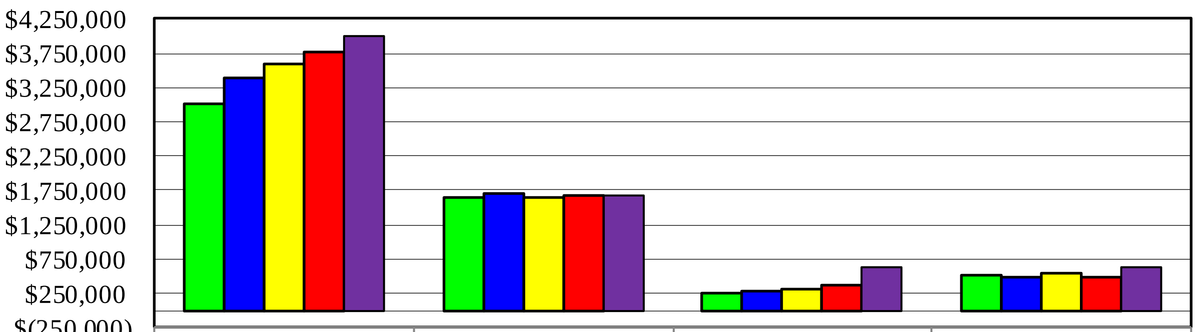
General Fund Revenue



Total General Fund revenues for 2019 were $6,946,189, an increase of $668,348 from the previous year, and were $548,107 (8.6 percent) over budget. Revenues were more than projected in each category as presented above, except for the tax revenue category. The largest variances were in licenses and permits, other, and intergovernmental, which were $355,259, $136,692, and $100,492, 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,

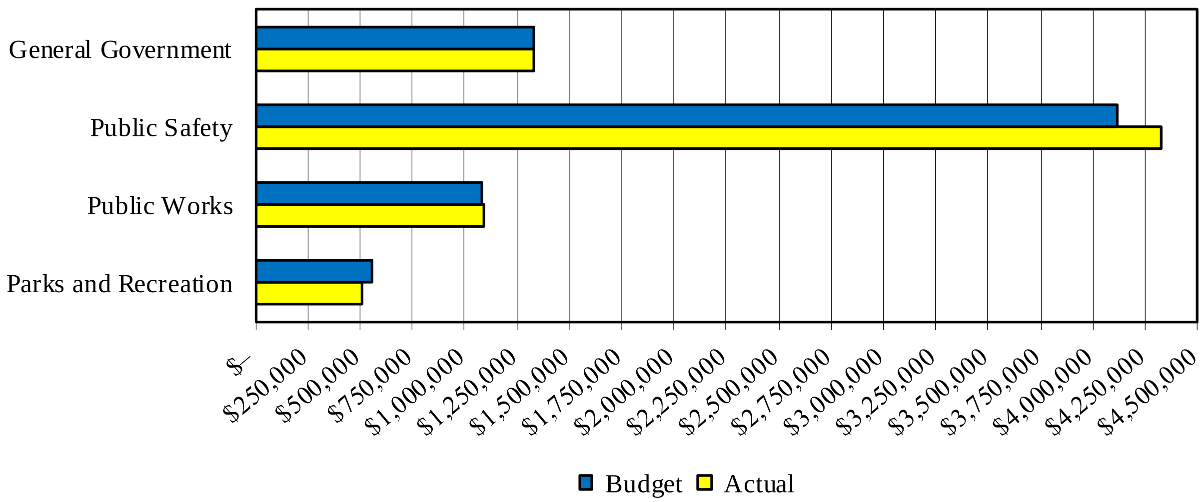


	Taxes	Intergovernmental	Licenses and Permits	All Other
2015	$3,001,290	$1,646,938	$241,532	$526,782
2016	$3,403,580	$1,710,429	$275,704	$487,624
2017	$3,587,226	$1,647,917	$302,716	$554,067
2018	$3,762,372	$1,664,846	$355,448	$495,175
2019	$4,010,984	$1,670,594	$631,259	$633,352

The General Fund is primarily financed by property and other taxes, along with local government aid, to operate activities in this fund. The largest changes occurred in licenses and permits and tax sources, which increased by $275,811 and $248,612, respectively, from the prior year. Licenses and permits increased as a result of the increased building activity in the current year. The increase in taxes is a result of an increase in the general property tax levy approved by the City Council for 2019.

The following graph reflects the City's General Fund expenditures compared to budget for 2019:

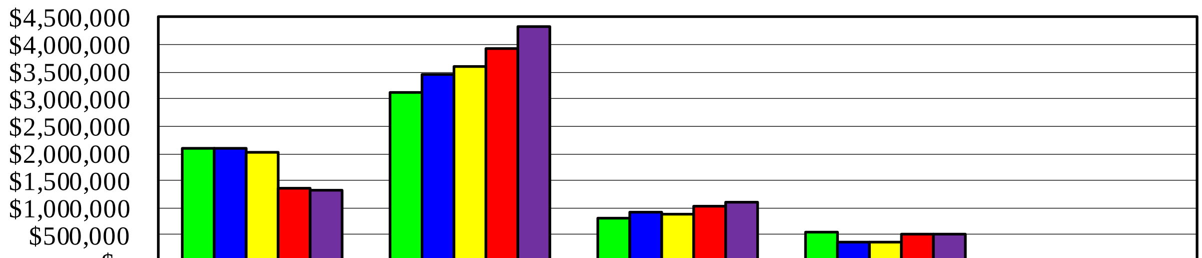
General Fund Expenditures



Total General Fund expenditures for 2019 were $7,257,555, an increase of $412,291, or 6.0 percent, from the previous year, and $169,229, or 2.4 percent, over budget. The largest variance occurred in the public safety function, which was over budget by $212,234, mainly in the inspections department, due to the increased economic development activity.

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	Other
2015	$2,091,457	$3,136,479	$792,389	$565,179	$–
2016	$2,106,720	$3,453,098	$902,417	$351,891	$–
2017	$2,013,213	$3,582,496	$884,974	$374,020	$–
2018	$1,343,042	$3,939,799	$1,021,445	$522,972	$18,006
2019	$1,325,646	$4,329,204	$1,093,499	$509,206	$–

Typical to other cities we audit, public safety costs comprise the largest portion of General Fund spending. The largest increase in the current year was in public safety, which increased $389,405, mainly in the inspections department, due to the increased economic development activity as previously mentioned.

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2019, presented both by classification and by fund:

Enterprise Funds Change in Financial Position

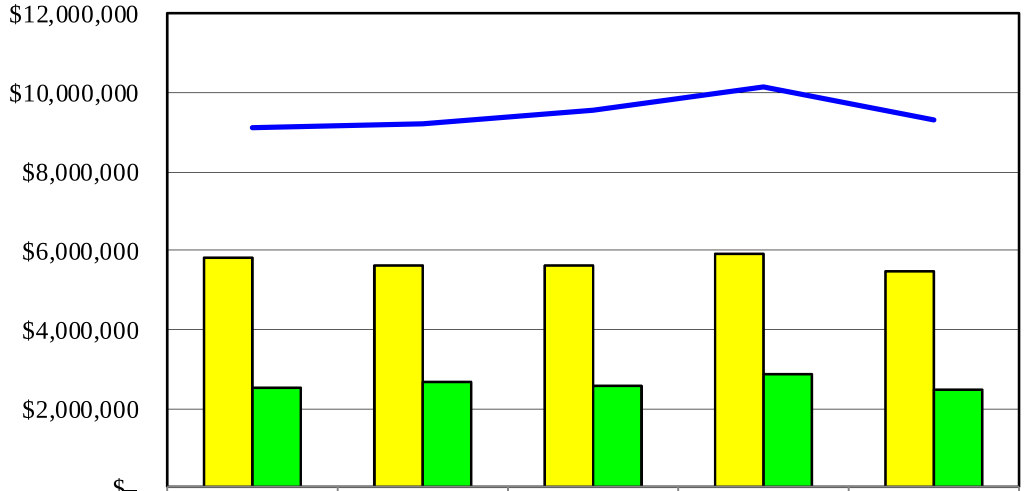
	Net Position as of December 31, 2019	Net Position as of December 31, 2018	Increase (Decrease)
Net position of enterprise funds			
Total by classification			
Net investment in capital assets	$ 5,230,430	$ 5,118,537	$ 111,893
Unrestricted	11,955,979	9,464,885	2,491,094
Total enterprise funds	$ 17,186,409	$ 14,583,422	$ 2,602,987
Total by fund			
Electric	$ 7,029,448	$ 5,973,206	$ 1,056,242
Water	4,813,514	4,166,606	646,908
Surface Water	2,735,672	2,342,439	393,233
Waste Water	2,787,231	2,183,171	604,060
Fiber Optic	(807,091)	(872,387)	65,296
Solid Waste	627,635	790,387	(162,752)
Total enterprise funds	$ 17,186,409	$ 14,583,422	$ 2,602,987

In total, the net position of the City's enterprise funds increased by $2,602,987 during the year ended December 31, 2019. The prior period adjustment, as previously mentioned, increased net position by $113,557, while current year operating results increased net position by $2,489,430.

ELECTRIC FUND

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

Electric Fund Operations
Years Ended December 31,



	2015	2016	2017	2018	2019
Purchased Utilities	$5,800,842	$5,612,907	$5,598,551	$5,934,267	$5,492,106
Other Operating Expenses	$2,513,005	$2,676,080	$2,575,595	$2,847,699	$2,449,878
Net Sales	$9,089,050	$9,215,980	$9,533,890	$10,148,273	$9,282,934

	2015	2016	2017	2018	2019
Total operating revenue	$ 9,089,050	$ 9,215,980	$ 9,533,890	$ 10,148,273	$ 9,282,934
Purchased utilities	5,800,842	5,612,907	5,598,551	5,934,267	5,492,106
Gross profit	3,288,208	3,603,073	3,935,339	4,214,006	3,790,828
Other operating expenses	(2,513,005)	(2,676,080)	(2,575,595)	(2,847,699)	(2,449,878)
Depreciation	(65,916)	(71,606)	(73,602)	(85,306)	(101,290)
Interest expense	(76,546)	(74,761)	(66,894)	(64,256)	(55,443)
Other income (loss)	73,904	69,321	75,077	97,891	244,957
Income (loss) before transfers	706,645	849,947	1,294,325	1,314,636	1,429,174
Net transfers in (out)	(1,146,021)	(959,000)	(556,800)	(351,130)	(372,932)
Change in net position	$ (439,376)	$ (109,053)	$ 737,525	$ 963,506	$ 1,056,242
Income (loss) before transfers as a percentage of net sales	7.8 %	9.2 %	13.6 %	13.0 %	15.4 %

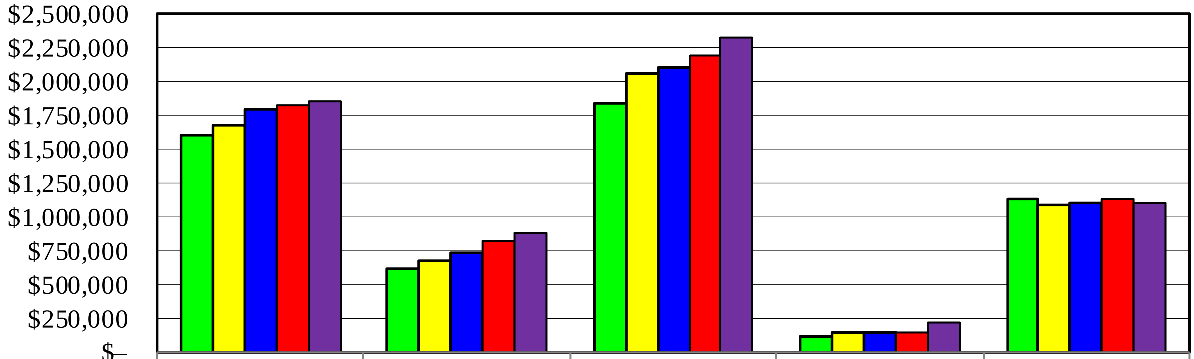
Gross profit results for the City's Electric Fund decreased by $423,178 from the prior year. This decrease was mainly due to decreased rates in the current year, as approved by the City Council, and decreased consumption.

The Electric Fund ended fiscal 2019 with a total net position of $7,029,448, of which $5,710,732 was unrestricted, with the remaining balance being classified as net investment in capital assets. At December 31, 2019, unrestricted cash and investments totaled $4,910,447.

OTHER ENTERPRISE UTILITY FUNDS

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

Utility Revenue
Years Ended December 31,



	Water	Surface Water	Waste Water	Fiber Optic	Solid Waste
2015	$1,597,494	$613,504	$1,832,616	$108,615	$1,127,975
2016	$1,676,387	$669,380	$2,060,406	$145,673	$1,084,284
2017	$1,787,727	$727,237	$2,105,749	$148,684	$1,099,506
2018	$1,823,416	$820,017	$2,194,476	$141,209	$1,135,528
2019	$1,852,700	$881,196	$2,325,937	$218,655	$1,106,983

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 of 2009C, 2014A, 2015A, 2016A, 2017A, and 2018A.

WATER FUND

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

	2015	2016	2017	2018	2019
Operating revenue	$ 1,597,494	$ 1,676,387	$ 1,787,727	$ 1,823,416	$ 1,852,700
Operating expenses	(934,400)	(825,720)	(532,654)	(642,292)	(827,869)
Depreciation	(162,240)	(162,915)	(167,070)	(194,217)	(205,280)
Operating income	500,854	687,752	1,088,003	986,907	819,551
Nonoperating revenue (expenses)	(80,462)	(111,442)	(42,463)	(50,743)	32,357
Income before transfers	420,392	576,310	1,045,540	936,164	851,908
Net transfers in (out)	(142,201)	(205,000)	(205,000)	(205,000)	(205,000)
Change in net position	$ 278,191	$ 371,310	$ 840,540	$ 731,164	$ 646,908
Income before transfers as a percentage of operating revenue	26.3 %	34.4 %	58.5 %	51.3 %	46.0 %

The Water Fund ended 2019 with a net position of $4,813,514, an increase of $646,908 from the prior year. Of this, $1,160,763 represents the net investment in capital assets, while $3,652,751 is considered unrestricted.

Operating revenue increased $29,284 from the previous year, or about 1.6 percent. Increased rates resulted in this overall increase in operating revenue. Operating expenses increased $185,577, or about 28.9 percent, from the prior year primarily in professional services. Professional services were up with more building maintenance, utilities, and water main repairs.

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

SURFACE WATER FUND

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

	2015	2016	2017	2018	2019
Operating revenue	$ 613,504	$ 669,380	$ 727,237	$ 820,017	$ 881,196
Operating expenses	(246,858)	(301,498)	(413,569)	(457,275)	(317,898)
Depreciation	(99,533)	(99,533)	(106,553)	(127,752)	(137,772)
Operating income	267,113	268,349	207,115	234,990	425,526
Nonoperating revenue (expense)	(33,472)	(23,831)	(11,740)	(14,690)	47,707
Income before transfers	233,641	244,518	195,375	220,300	473,233
Net transfers in (out)	164,599	(80,000)	(80,000)	(80,000)	(80,000)
Change in net position	$ 398,240	$ 164,518	$ 115,375	$ 140,300	$ 393,233
Income before transfers as a percentage of operating revenue	38.1 %	36.5 %	26.9 %	26.9 %	53.7 %

The Surface Water Fund ended 2019 with a net position of $2,735,672, an increase of $393,233 from the prior year. Of this, $547,730 represents the net investment in capital assets, while $2,187,942 is considered unrestricted.

Operating revenues increased $61,179 from the previous year, or about 7.5 percent, due to the increased rates. Operating expenses decreased $139,377, or about 30.5 percent, from the previous year primarily in professional services, due to decreased repairs and maintenance in the current year.

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

WASTE WATER FUND

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

	2015	2016	2017	2018	2019
Operating revenue	$ 1,832,616	$ 2,060,406	$ 2,105,749	$ 2,194,476	$ 2,325,937
Operating expenses	(1,270,007)	(1,362,513)	(1,298,095)	(1,474,719)	(1,536,494)
Depreciation	(113,889)	(106,296)	(108,295)	(156,383)	(205,103)
Operating income	448,720	591,597	699,359	563,374	584,340
Nonoperating revenue (expenses)	(99,808)	(32,810)	(89,755)	(84,975)	164,720
Income before transfers	348,912	558,787	609,604	478,399	749,060
Net transfers in (out)	(61,966)	(145,000)	(145,000)	(145,000)	(145,000)
Change in net position	$ 286,946	$ 413,787	$ 464,604	$ 333,399	$ 604,060
Income before transfers as a percentage of operating revenue	19.0 %	27.1 %	29.0 %	21.8 %	32.2 %

The Waste Water Fund ended 2019 with a net position of $2,787,231, an increase of $604,060 from the prior year. Of this, $473,785 represents the net investment in capital assets, while the unrestricted portion has a balance of $2,313,446.

Operating revenue increased $131,461 from the previous year, or about 6.0 percent, largely due to the increase in rates applied in fiscal 2019. Operating expenses increased $61,775, or about 4.2 percent, primarily in personal services.

Nonoperating revenue (expenses) increased $249,695 from the previous year, due to improved investment earnings and due to the City receiving a Metropolitan Council inflow and infiltration grant in the current year.

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

FIBER OPTIC FUND

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

	2015	2016	2017	2018	2019
Operating revenue	$ 108,615	$ 145,673	$ 148,684	$ 141,209	$ 218,655
Operating expenses	(73,756)	(121,364)	(109,781)	(136,660)	(93,984)
Depreciation	(44,440)	(44,440)	(44,440)	(44,439)	(44,439)
Operating income (loss)	(9,581)	(20,131)	(5,537)	(39,890)	80,232
Nonoperating revenue (expenses)	(5,293)	(24,000)	(36,221)	(41,642)	(14,936)
Change in net position	(14,874)	(44,131)	(41,758)	(81,532)	65,296
Net position					
Beginning of year	(690,092)	(704,966)	(749,097)	(790,855)	(872,387)
End of year	$ (704,966)	$ (749,097)	$ (790,855)	$ (872,387)	$ (807,091)
Net position					
Net investment in capital assets	$ 1,784,058	$ 1,862,754	$ 1,818,314	$ 1,773,875	$ 1,729,436
Unrestricted	(2,489,024)	(2,611,851)	(2,609,169)	(2,646,262)	(2,536,527)
Total net position	$ (704,966)	$ (749,097)	$ (790,855)	$ (872,387)	$ (807,091)

The Fiber Optic Fund ended 2019 with a net position deficit of $807,091, an improvement of $65,296 from the prior year. Of this, $1,729,436 represents the net investment in capital assets, while the unrestricted portion has a deficit balance of $2,536,527.

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:

	2015	2016	2017	2018	2019
Operating revenue	$ 1,127,975	$ 1,084,284	$ 1,099,506	$ 1,135,528	$ 1,106,983
Operating expenses	(1,167,540)	(826,275)	(979,914)	(984,930)	(1,486,953)
Operating income	(39,565)	258,009	119,592	150,598	(379,970)
Nonoperating revenue (expenses)	23,069	27,545	28,887	37,730	163,661
Income (loss) before transfers	(16,496)	285,554	148,479	188,328	(216,309)
Net transfers in (out)	(20,000)	(20,000)	(60,000)	(60,000)	(60,000)
Change in net position	$ (36,496)	$ 265,554	$ 88,479	$ 128,328	$ (276,309)
Income (loss) before transfers as a percentage of operating revenue	(1.5) %	26.3 %	13.5 %	16.6 %	(19.5) %

The Solid Waste Fund ended 2019 with a net position of $627,635, a decrease of $162,752 from the prior year, all of which is reported as unrestricted net position. This fund reported a $113,557 prior period adjustment in the current year.

Operating revenue decreased $28,545 from the previous year, or about 2.5 percent, due to the decreased rates. Operating expenses increased $502,023, or about 51.0 percent, due to the purchase of new city-owned garbage and recycling containers for city residents.

Nonoperating revenue (expenses) increased $125,931 from the previous year, mainly due to a grant received for the purchase of the city-owned garbage and recycling containers.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION

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

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

The following table presents the components of the City's net position as of December 31, 2019 and 2018 for governmental activities, business-type activities (utility fund operations), and the Economic Development Authority (EDA) component unit:

	As of December 31,		Increase
	2019	2018	(Decrease)
Net position			
Primary government			
Governmental activities			
Net investment in capital assets	$ 20,896,337	$ 18,936,454	$ 1,959,883
Restricted	6,313,242	5,905,069	408,173
Unrestricted	1,913,208	3,798,923	(1,885,715)
Total governmental activities	29,122,787	28,640,446	482,341
Business-type activities			
Net investment in capital assets	5,230,430	5,118,537	111,893
Unrestricted	12,047,528	9,430,795	2,616,733
Total business-type activities	17,277,958	14,549,332	2,728,626
Total primary government	46,400,745	43,189,778	3,210,967
Component unit			
Economic Development Authority			
Restricted	246,189	134,731	111,458
Total net position	$ 46,646,934	$ 43,324,509	$ 3,322,425

The City (including the EDA) ended 2019 with a combined total net position of $46,646,934, an increase of $3,322,425 from the prior year. The City recorded a prior period adjustment in the current year, increasing beginning net position by $113,557. At the end of the current fiscal year, the City is able to present positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

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, 2019 and 2018:

	2019			2018
	Expenses	Program Revenues	Net Change	Net Change
Net (expense) revenue				
Primary government				
Governmental activities				
General government	$ 1,559,014	$ 498,603	$ (1,060,411)	$ (1,512,621)
Public safety	4,087,960	519,116	(3,568,844)	(3,366,685)
Public works	2,104,125	1,296,485	(807,640)	(99,651)
Parks and recreation	586,040	263,985	(322,055)	(466,500)
Economic development	3,028,759	131,216	(2,897,543)	(508,783)
Interest and fiscal charges	383,719	–	(383,719)	(415,264)
Business-type activities				
Electric	8,098,292	9,304,296	1,206,004	1,215,453
Water	1,105,399	1,853,339	747,940	885,731
Surface water	480,131	881,441	401,310	178,578
Waste water	1,817,051	2,513,167	696,116	454,846
Fiber optic	138,423	218,655	80,232	(39,890)
Solid waste	1,492,205	1,241,076	(251,129)	176,010
Total primary government	24,881,118	18,721,379	(6,159,739)	(3,498,776)
Component unit				
Economic Development Authority	48,435	–	(48,435)	(154,961)
Total net (expense) revenue	$ 24,929,553	$ 18,721,379	(6,208,174)	(3,653,737)
General revenues				
Property and franchise taxes			6,387,353	6,077,250
Grants and contributions not restricted to specific programs			1,843,392	1,838,514
Other general revenues			84,374	184,277
Investment earnings			1,061,765	339,809
Gain on sale of assets			40,158	32,631
Total general revenues			9,417,042	8,472,481
Change in net position			$ 3,208,868	$ 4,818,744

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

LEGISLATIVE UPDATES

The 2019 legislative session began with a projected state general fund surplus of $1.052 billion. The legislative agenda was primarily focused on setting an operating budget for the state's fiscal 2020-2021 biennium. At the end of the regular session, only a higher education budget bill had been completed. However, after a special session, the Legislature was able to address the 11 remaining budget bills, as well as pass an omnibus tax bill and small pension bill. The following is a brief summary of specific legislative changes from the 2019 session or previous legislative sessions potentially impacting Minnesota cities.

Local Government Aid (LGA) – An additional $26 million was added to the appropriation for the city LGA formula beginning in fiscal 2020, bringing the total state-wide appropriation to $560.4 million. An additional $4 million was added to the appropriation beginning in fiscal 2021. The LGA distribution formula for 2020 was altered to provide that a city's 2020 LGA may not be less than its 2019 aid, and the cap on maximum aid losses in any year thereafter was modified.

Bonding Bill – The 2019 bonding bill provided financing for approximately $102 million of projects and funding authorized by the 2018 omnibus bonding bill, which had been legally challenged due to their reliance on the use of the Environment and Natural Resources Trust Fund to generate appropriation bonds. The 2019 Legislature changed the funding source for these projects to general obligation bonds, clearing the way for the projects to go forward. Included in this was $59 million earmarked for city water and wastewater projects through the state Public Facilities Authority.

Local Option Sales Tax Process – Effective May 1, 2019, the process for cities to enact a local option sales tax have been modified, requiring special legislation prior to a local referendum vote. Cities must now adopt a resolution specifying the proposed sales tax rate and time frame for the sales tax. The resolution must also include a detailed description of the project or projects (up to five) to be funded by the sales tax, the amount to be raised for each project, and documentation of the regional significance of each project. The resolution must be submitted to the House and Senate tax committee chairs by January 31st to be considered for special legislation by the State Legislature. If special legislation is approved, voter approval must be obtained by referendum at a general election within two years of legislative approval.

Wage Theft – The Legislature enacted a number of changes in employment law aimed at reducing wage theft by employers. The changes require employers to provide written notice to new employees of specific wage information including rate of pay, allowances, paid leave, deductions, days in a pay period, and the employer's legal name, address, and phone number. Employers must also provide an earnings statement that includes similar information. The changes also create new requirements for employer recordkeeping for hours worked each day and each workweek, and imposes penalties for failure to do so and for refusal to make the records available for inspection by the Department of Labor.

Written Estimates of Consulting Fees – Effective August 1, 2019, upon request by applicants for a permit, license, or other approval relating to real estate development or construction, cities are required to provide a written, nonbinding estimate of consulting fees to be charged to the applicant based on information available at that time. The related application will not be considered complete until the city has provided the estimate, received the required application fees, and received the applicant's signed acceptance of the fee estimate along with a signed statement that the applicant has not relied on the fee estimate in its decision to proceed with the application.

Contract Retainage – Effective for contracts entered into August 1, 2019 or later, contract retainage must be released no later than 60 days after the related construction project reaches substantial completion as defined by statute. After substantial completion, cities can still withhold amounts equal to, 1) 250 percent of the cost to correct or complete work known at the time of substantial completion, and 2) the greater of $500 or 1 percent of the value of the contract pending the completion of "final paperwork," including documents required to fulfill contractual obligations such as operating manuals, payroll documents for projects subject to prevailing wage requirements, and contractor payroll tax withholding affidavits. Any resulting reduction in retainage must be passed from the contractor to all subcontractors at the same rate.

Driver and Vehicle Registration System (VTRS) – The Legislature selected VTRS, a third party vendor system, to replace the failed Minnesota Licensing and Registration System (MNLARS). Fees from driver's licenses, license plates, and filing fees were increased and a technology surcharge imposed on vehicle registration renewals to pay for the implementation of VTRS, the decommissioning of MNLARS, and to temporarily increase the capacity of Driver and Vehicle Services to meet public service needs. Included in this is $13 million appropriated in 2019 for reimbursement grants to deputy registrars for costs related to MNLARS. The grants, which would be determined by formula, would require the deputy registrar accepting the grant to release the state from any further liability or claims related to MNLARS.

Vaping Ordinance Authority – Effective July 1, 2019, cities are allowed to enact and enforce ordinances with more stringent measures than the Minnesota Clean Indoor Air Act to protect individuals from involuntary exposure to aerosol or vapor from electronic delivery devices.

Water Connection Fees – Effective January 1, 2020, the annual water connection fees cities are required to collect on behalf of the Minnesota Department of Health for water testing and support has been increased from $6.36 to $9.72.

Military Exception to Open Meeting Law – Effective August 1, 2019, members of a public body that are in the military will be allowed to participate in public meetings via interactive television when they are at a required drill, deployed, or on active duty. The member may participate under this exception up to three times a year.

Pension Plan Changes – The 2019 pension bill included several changes to the various pension plans throughout the state:

- Changes to plans administered by the Public Employees Retirement Association (PERA) included:

  - The rights of PERA General Employees Retirement Fund (GERF) plan and Public Employees Police and Fire Fund (PEPFF) plan members to purchase service credit for periods of military leave were expanded. This gives plan members the right to purchase up to five years of service credit for military service leave that is not federally protected because the service occurred prior to public employment or the member did not meet the payment deadlines applicable to federally protected leave service credit purchases.

  - The Phased Retirement Option (PRO) program, which gives cities an opportunity to retain potentially retiring employees that are GERF plan members aged 62 or over, was altered and made permanent. Under a PRO arrangement, an employee would begin collecting a retirement annuity, but could continue working for their current employer for up to five years if they agree to a work schedule that represents a reduction of at least 25 percent each pay period from their current schedule, up to a maximum of 1,044 hours per year. Employees would not be allowed to contribute to a pension benefit plan or accrue additional service time while working under a PRO.

  - A process was established for municipalities and joint powers entities to terminate participation in the PERA Statewide Volunteer Firefighter (SVF) plan if, 1) the entity has either eliminated its fire department or ceased using the services of all departing firefighters and any other noncareer or volunteer firefighters, and 2) the entity's account has assets sufficient to cover all liabilities including the fully vested liabilities for all departing firefighters and administrative expenses.

- Changes impacting volunteer firefighter relief associations (VRFAs) included:
    - Effective January 1, 2020, vesting schedules for defined contribution plans cannot require that a member have more than 20 years of active service to become 100 percent vested in the member's account, or provide for a larger vesting percentage with respect to the completed years of service than as provided in the statutory schedule.
    - Effective January 1, 2020, the permitted graded vesting schedule for defined benefit pension plans is reduced from 20 years to 10 years for full vesting. Also, plans cannot require that a member have more than 20 years of active service to become 100 percent vested in the member's accrued service pension, or provide for a larger vesting percentage with respect to the completed years of service than as provided in the statutory schedule.
    - Effective January 1, 2020, supplemental benefits are allowed to be paid to designated beneficiaries or estates when plan members have no surviving spouse or children.

THIS PAGE INTENTIONALLY LEFT BLANK

ACCOUNTING AND AUDITING UPDATES

The following is a summary of GASB standards expected to be implemented in the next few years. However, due to the COVID-19 outbreak, the GASB is currently considering a proposal to delay the original implementation dates of these and other standards by a year. At this point, the implementation dates for the standards listed below are tentative and may be subject to change.

GASB STATEMENT NO. 87, *LEASES*

A lease is a contract that transfers control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this statement.

Governments enter into leases for many types of assets. Under the previous guidance, leases were classified as either capital or operating depending on whether the lease met any of the four tests. In many cases, the previous guidance resulted in reporting lease transactions differently than similar nonlease financing transactions.

The goal of this statement is to better meet the information needs of users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Under this statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

To reduce the cost of implementation, this statement includes an exception for short-term leases, defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB STATEMENT NO. 91, *CONDUIT DEBT OBLIGATIONS*

The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

This statement also addresses arrangements, often characterized as leases, that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third party obligors in the course of their activities.

This statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

CITY OF NORTH ST. PAUL
RAMSEY COUNTY, MINNESOTA

Special Purpose Audit Reports

Year Ended
December 31, 2019

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF NORTH ST. PAUL
RAMSEY COUNTY, MINNESOTA

Special Purpose Audit Reports
Year Ended December 31, 2019

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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 28, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2019-001, that we consider to be a significant deficiency.

(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

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

CITY'S RESPONSE TO FINDING

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
April 28, 2020

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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 28, 2020.

MINNESOTA LEGAL COMPLIANCE

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minnesota Statutes § 6.65, except as described in the Schedule of Findings and Responses as items 2019-002 and 2019-003. 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 RESPONSES TO FINDINGS

The City's responses to the legal compliance findings identified in our audit have been included in the Schedule of Findings and Responses. The City's responses were not subject to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on them.

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
April 28, 2020

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

THIS PAGE INTENTIONALLY LEFT BLANK

FINDINGS – SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER FINANCIAL REPORTING

2019-001 SEGREGATION OF DUTIES

Criteria – Internal control over financial reporting.

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

Context – This is a current year finding.

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

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

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

Management Response – There is no disagreement with the audit finding. The City reviews and makes improvements to its internal control structure on an ongoing basis and attempts to maximize the segregation of duties in all areas within the limits of the staff available. Subsequent to year-end, the City has increased staffing to address this audit finding.

FINDINGS – MINNESOTA LEGAL COMPLIANCE AUDIT

2019-002 SOLID WASTE MANAGEMENT BILLING

Criteria – Minnesota Statutes § 297H.07.

Condition – Minnesota Statutes require any taxes imposed on solid waste management services to be itemized separately by the City on each customer's bill. The City was not in compliance with this statute.

Context – This is a current year and prior year finding.

Cause – The billing software for the City does not separately itemize taxes imposed on solid waste management fees.

Effect – The City did not separately itemize taxes imposed for solid waste management services on customer billing statements as required by Minnesota Statutes.

Recommendation – We recommend that the City review the format of its customer billing statements to ensure future compliance with this statute.

Management Response – There is no disagreement with the audit finding. The City has worked with the billing software company and has subsequently corrected on the April 2020 billing statements to ensure future compliance with this statute.

2019-003 PAYROLL DECLARATION

Criteria – Minnesota Statutes § 412.271, Subd. 2.

Condition – Minnesota Statutes require that when any claim for wages listed on a payroll is paid, the employee shall sign a declaration, which may be a part of the payroll, to the effect that the employee has received the wages and done the work for which the wages have been paid. Each employee claiming payment from the City is required to make the following written declaration: "I declare under penalties of law that I have received the wages stated on this payroll opposite my name and have done the work for which the wages were paid." This declaration was not obtained for certain employees tested in fiscal year 2019.

Context – This is a current year finding.

Cause – This was an oversight by city personnel.

Effect – The City did not properly obtain this declaration for certain employees tested in 2019 as required by Minnesota Statutes.

Recommendation – We recommend that the City include the required declaration onto each timesheet in the future to ensure compliance with this statute.

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

Agenda Information Memorandum
North St. Paul City Council
City Council Workshop
May 19, 2020

FROM THE OFFICE OF THE FINANCE DEPARTMENT

Subject: Post-Issuance Debt Compliance Policy

To: Honorable Mayor and City Council

Background/Facts:

Historically, when a municipality sold bonds, the Finance Director (and/or delegate) completed a variety of duties including but not limited to recordkeeping, arbitrage rebate compliance and reporting, assembling and retaining expenditure and asset documentation and continuing disclosure. These duties were assumed by the position in relation to all the City's debt issues.

In August of 2018, the Securities and Exchange Commission (SEC) approved new amendments, effective February 27, 2019, to Rule 15c2-12 (the "Rule"). This Rule governs disclosure requirements associated with municipal securities. The new amendments are required in order to provide additional financial information to investors where an issuer (i.e. City of North St. Paul) may have material financial obligations that could impact bond holders. Governments will have to state in continuing disclosure agreements entered on or after the effective date that they will disclose to the market any new and material financial obligations and notify the market when an outstanding or new financial obligation reflects material financial difficulties.

The attached policy includes specific language added to reflect the City's commitment to the Continuing Disclosure Obligations set forth by the SEC in the Rule. This policy does not change the procedures of the Finance department, rather it formalizes the process.

Recommendation: It is recommended that the City Council provide feedback with the intention of this item going forward for approval at the first City Council meeting in June.

Attachments:
Post-Issuance Debt Compliance Policy

Respectfully submitted,

/s/ JZ by mm

Jason Zimmerman
Finance Director

APPROVED FOR AGENDA ENCLOSURE:

/s/ SD by mm

Scott Duddeck
City Manager

POST-ISSUANCE DEBT COMPLAINCE POLICY

Adopted ____, 2020

The City of North St. Paul, Minnesota Post-Issuance Debt Compliance Policy

The City Council (the "Council") of the City of North St. Paul, Minnesota (the "City") has chosen, by policy, to take steps to help ensure that all obligations will follow all applicable federal regulations. This policy may be amended, as necessary, in the future.

IRS Background

The Internal Revenue Service (IRS) is responsible for enforcing compliance with the Internal Revenue Code (the "Code") and regulations promulgated thereunder ("Treasury Regulations") governing certain obligations (for example: tax-exempt obligations, Build America Bonds, Recovery Zone Development Bonds and various "Tax Credit" Bonds). The IRS encourages issuers and beneficiaries of these obligations to adopt and implement a post-issuance debt compliance policy and procedures to safeguard against post-issuance violations.

SEC Background

The Securities and Exchange Commission (SEC) is responsible for enforcing compliance with the SEC Rule 15c2-12 (the "Rule"). Governments or governmental entities issuing obligations generally have a requirement to meet specific continuing disclosure standards set forth in continuing disclosure agreements ("CDA"). Unless the issuer, obligated person, or a specific obligation is exempt from compliance with CDAs, these agreements are entered at the time of obligation issuance to enable underwriter(s) to comply with the Rule. The Rule sets forth certain obligations of (i) underwriters to receive, review and disseminate official statements prepared by issuers of most primary offerings of municipal securities, (ii) underwriters to obtain CDAs from issuers and other obligated persons to provide material event disclosure and annual financial information on a continuing basis, and (iii) broker-dealers to have access to such continuing disclosure in order to make recommendations of municipal securities transactions in the secondary market. The SEC encourages issuers and beneficiaries adopt and implement a post-issuance debt compliance policy and procedures to safeguard against Rule violations.

When obligations are issued, the CDA commits the issuer or obligated person to provide certain annual financial information and material event notices to the public. Issuers and other obligated persons may also choose to provide periodic, voluntary financial information and filings to investors in addition to fulfilling the specific responsibilities delineated in their CDA. It is important to note that issuers and other obligated persons should not give any one investor certain information that is not readily available to all market participants by disseminating information to the marketplace, at large. Issuers and other obligated persons should be aware that any disclosure activities determined to be "communicating to the market" can be subject to regulatory scrutiny.

Post-Issuance Debt Compliance Policy Objective

The City desires to monitor these obligations to ensure compliance with the IRS Code, Treasury Regulations and the SEC Rule. To help ensure compliance, the City has developed the following policy (the "Post-Issuance Debt Compliance Policy"). The Post- Issuance Debt Compliance Policy shall apply to the obligations mentioned above, including bonds, notes, loans, lease purchase contracts, lines of credit, commercial paper or any other form of debt that is subject to compliance.

Post-Issuance Debt Compliance Policy

The Finance Director of the City is designated as the City's agent who is responsible for post-issuance compliance of these obligations.

The Finance Director shall assemble all relevant documentation, records and activities required to ensure post-issuance debt compliance as further detailed in corresponding procedures (the "Post-Issuance Debt

Compliance Procedures"). At a minimum, the Post- Issuance Debt Compliance Procedures for each qualifying obligation will address the following:

1. General Post-Issuance Compliance
2. General Recordkeeping
3. Arbitrage Yield Restriction and Rebate Recordkeeping
4. Expenditure and Asset Documentation to be Assembled and Retained
5. Miscellaneous Documentation to be Assembled and Retained
6. Additional Undertakings and Activities that Support Sections 1 through 5 above
7. Continuing Disclosure Obligations
8. Compliance with Future Requirements

The Finance Director shall apply the Post-Issuance Debt Compliance Procedures to each qualifying obligation and maintain a record of the results. Further, the Finance Director will ensure that the Post-Issuance Debt Compliance Policy and Procedures are updated on a regular and as needed basis.

The Finance Director or any other individuals responsible for assisting the Finance Director in maintaining records needed to ensure post-issuance debt compliance, are authorized to expend funds as needed to attend training or secure use of other educational resources for ensuring compliance such as consulting, publications, and compliance assistance.

Most of the provisions of this Post-Issuance Debt Compliance Policy are not applicable to taxable governmental obligations unless there is a reasonable possibility that the City may refund their taxable governmental obligation, in whole or in part, with the proceeds of a tax- exempt governmental obligation. If this refunding possibility exists, then the Finance Director shall treat the taxable governmental obligation as if such issue were an issue of tax-exempt governmental obligations and comply with the requirements of this Post- Issuance Debt Compliance Policy.

Private Activity Bonds

The City may issue tax-exempt obligations that are "private activity" bonds because either (1) the bonds finance a facility that is owned by the City but used by one or more qualified 501(c)(3) organizations, or (2) the bonds are so-called "conduit bonds", where the proceeds are loaned to a qualified 501(c)(3) organization or another private entity that finances activities eligible for tax-exempt financing under federal law (such as certain manufacturing projects and certain affordable housing projects). Prior to the issuance of either of these types of bonds, the Finance Director shall take steps necessary to ensure that such obligations will remain in compliance with the requirements of this Post-Issuance Debt Compliance Policy.

In a case where compliance activities are reasonably within the control of a private party (i.e., a 501(c)(3) organization or conduit borrower), the Finance Director may determine that all or some portion of compliance responsibilities described in this Post-Issuance Debt Compliance Policy shall be assigned to the relevant party. In the case of conduit bonds, the conduit borrower will be assigned all compliance responsibilities other than those required to be undertaken by the City under federal law. In a case where the Finance Director is concerned about the compliance ability of a private party, the Finance Director may require that a trustee or other independent third party be retained to assist with record keeping for the obligation and/or that the trustee or such third party be responsible for all or some portion of the compliance responsibilities.

The Finance Director is additionally authorized to seek the advice, as necessary, of bond counsel and/or its financial advisor to ensure the City follows this Post-Issuance Debt Compliance Policy.

Agenda Information Memorandum
North St. Paul City Council
Workshop
May 19, 2020

FROM THE OFFICE OF THE FINANCE DEPARTMENT

Agenda placement: Council Workshop

Subject: Quarterly Financial Reports

To: Honorable Mayor and City Council

Background/Facts:

The attached unaudited financial reports for the quarter ending March 31, 2020 include:

- Quarterly financial information for the General, Water, Sanitary Sewer, Electric, Storm Water, Solid Waste and Fiber Funds for the quarter ending March 2020 prepared by the finance department. The report includes budget and quarterly amounts for 2020.
    - This is summarized information and reflects transactions that have occurred to date through the quarter. Many of the general fund revenues are received in lump payments at various times during the year and many expenses are seasonal.
- Investment portfolio information for the quarter ending March 31, 2020 prepared by the financial department has been included. The report includes quarterly cash position for 2019 and 2020.
- Cash balance by fund for the quarter ending March 31, 2020.
- 2020 Street and Utility Improvement Project costs for the quarter ending March 31, 2020.

Recommendation: Staff is requesting Council feedback on the content and format for future quarterly reports.

Attachments:
First Quarter 2020 Financial Reports

Respectfully submitted,

/s/ JZ by mm

Jason Zimmerman
Finance Director

APPROVED FOR AGENDA ENCLOSURE:

/s/ SD by mm

Scott Duddeck
City Manager

UNAUDITED

NORTH ST.PAUL extraordinary.

CITY OF NORTH ST. PAUL, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020

	2020 Adopted Budget	2020 Amended Budget	3/31/2020 Actual	Variance	Percent of Budget	Comparative 3/31/2019 Actual	Comparative Variance from 2019 Actual Positive (Negative)	
REVENUES								
Taxes	4,457,184	4,457,184	111,277	(4,345,907)	2%	59,013	52,264	47%
Licenses	71,000	71,000	7,425	(63,575)	10%	12,440	(5,015)	-68%
Permits	517,500	517,500	67,780	(449,720)	13%	159,715	(91,935)	-136%
Court Fines	33,600	33,600	8,164	(25,436)	24%	5,696	2,468	30%
Intergovernmental	1,656,488	1,656,488	8,606	(1,647,882)	1%	37,314	(28,708)	-334%
Charges for Services	41,000	41,000	5,896	(35,104)	14%	54,945	(49,049)	-832%
Other Revenues	252,798	252,798	85,384	(167,414)	34%	107,686	(22,302)	-26%
Transfers	820,000	820,000	205,000	(615,000)	25%	-	205,000	100%
TOTAL REVENUES	7,849,570	7,849,570	499,532	(7,350,038)	6%	436,809	62,723	13%
EXPENDITURES								
City Council	123,973	123,973	36,627	87,346	30%	35,432	(1,195)	-3%
Administration	504,653	504,653	110,560	394,093	22%	138,249	27,689	25%
Elections	26,674	26,674	5,552	21,122	21%	34	(5,518)	-99%
Finance	298,192	298,192	52,368	245,824	18%	79,185	26,817	51%
Community Development	300,807	300,807	57,512	243,295	19%	65,276	7,764	13%
Police	3,143,152	3,143,152	752,054	2,391,098	24%	604,807	(147,247)	-20%
Fire & Code Enforcement	1,066,928	1,066,928	203,167	863,761	19%	147,748	(55,419)	-27%
Building Inspections	393,950	393,950	47,960	345,990	12%	119,063	71,103	148%
Street Maintenance	1,029,693	1,029,693	216,729	812,964	21%	224,917	8,188	4%
Urban Forestry	210,673	210,673	32,474	178,199	15%	27,468	(5,006)	-15%
Park Maintenance	585,567	585,567	68,199	517,368	12%	104,013	35,814	53%
Recreation	165,308	165,308	36,321	128,987	22%	21,694	(14,627)	-40%
TOTAL EXPENDITURES	7,849,570	7,849,570	1,619,523	6,230,047	21%	1,567,886	(51,637)	-3%
CHANGE IN FUND BALANCE	0	0	(1,119,991)	(1,119,991)		(1,131,077)	11,086	
TARGET YEAR-TO-DATE %	25%							

UNAUDITED

CITY OF NORTH ST. PAUL, MINNESOTA
GENERAL FUND
STATEMENT OF EXPENDITURES
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020

	2020 Adopted Budget	2020 Amended Budget	3/31/2020 Actual	Variance	Percent of Budget	Comparative: 3/31/2019 Actual	Comparative: Variance from 2019 Actual Positive (Negative)	
CITY COUNCIL - 11								
Total Personnel Services	33,542	33,542	7,919	25,623	24%	8,043	124	2%
Total Supplies	150	150	-	150	0%	61	61	0%
Total Contractual Services	90,281	90,281	28,708	61,573	32%	27,328	(1,380)	-5%
TOTAL CITY COUNCIL	123,973	123,973	36,627	87,346	30%	35,432	(1,195)	-3%
ADMINISTRATION - 12								
Total Personnel Services	262,663	262,663	58,451	204,212	22%	90,671	32,220	55%
Total Supplies	1,000	1,000	118	882	12%	53	(65)	-55%
Total Contractual Services	240,990	240,990	51,614	189,376	21%	47,525	(4,089)	-8%
Total Capital	-	-	377	(377)	0%	-	(377)	-100%
TOTAL ADMINISTRATION	504,653	504,653	110,560	394,093	22%	138,249	27,689	25%
ELECTIONS - 14								
Total Personnel Services	-	-	-	-	0%	34	34	0%
Total Contractual Services	26,674	26,674	5,552	21,122	21%	-	(5,552)	-100%
TOTAL ELECTIONS	26,674	26,674	5,552	21,122	21%	34	(5,518)	-99%
FINANCE - 16								
Total Personnel Services	247,884	247,884	38,442	209,442	16%	69,519	31,077	81%
Total Supplies	2,082	2,082	1,319	763	63%	57	(1,262)	-96%
Total Contractual Services	48,226	48,226	12,607	35,619	26%	9,609	(2,998)	-24%
TOTAL FINANCE	298,192	298,192	52,368	245,824	18%	79,185	26,817	51%
COMMUNITY DEVELOPMENT - 19								
Total Personnel Services	180,842	180,842	38,436	142,406	21%	26,517	(11,919)	-31%
Total Supplies	3,400	3,400	857	2,543	25%	868	11	1%
Total Contractual Services	116,565	116,565	18,219	98,346	16%	37,891	19,672	108%
TOTAL COMMUNITY DEVELOPMENT	300,807	300,807	57,512	243,295	19%	65,276	7,764	13%
POLICE - 21								
Total Personnel Services	2,502,024	2,502,024	550,602	1,951,422	22%	502,628	(47,974)	-9%
Total Supplies	86,383	86,383	39,934	46,449	46%	21,669	(18,265)	-46%
Total Contractual Services	550,545	550,545	161,410	389,135	29%	80,290	(81,120)	-50%
Total Capital	4,200	4,200	108	4,092	3%	220	112	104%
TOTAL POLICE	3,143,152	3,143,152	752,054	2,391,098	24%	604,807	(147,247)	-20%
FIRE & CODE ENFORCEMENT - 26								
Total Personnel Services	732,110	732,110	135,684	596,426	19%	108,507	(27,177)	-20%
Total Supplies	56,320	56,320	6,340	49,980	11%	8,726	2,386	38%
Total Contractual Services	278,498	278,498	61,143	217,355	22%	30,515	(30,628)	-50%
Total Transfers	-	-	-	-	0%	-	-	0%
TOTAL FIRE & CODE ENFORCEMENT	1,066,928	1,066,928	203,167	863,761	19%	147,748	(55,419)	-27%
BUILDING INSPECTIONS -28								
Total Supplies	-	-	137	(137)	0%	362	225	164%
Total Contractual Services	393,950	393,950	47,823	346,127	12%	118,701	70,878	148%
TOTAL BUILDING INSPECTIONS	393,950	393,950	47,960	345,990	12%	119,063	71,103	148%

(continued)

UNAUDITED

CITY OF NORTH ST. PAUL, MINNESOTA
GENERAL FUND
STATEMENT OF EXPENDITURES
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020

	2020 Adopted Budget	2020 Amended Budget	3/31/2020 Actual	Variance	Percent of Budget	Comparative 3/31/2019 Actual	Variance from 2019 Actual Positive (Negative)	
STREET MAINTENANCE - 31								
Total Personnel Services	446,753	446,753	89,791	356,962	20%	80,170	(9,621)	-11%
Total Supplies	145,195	145,195	37,705	107,490	26%	29,416	(8,289)	-22%
Total Contractual Services	387,745	387,745	76,733	311,012	20%	56,838	(19,895)	-26%
Total Capital	-	-	-	-	0%	58,493	58,493	0%
Total Transfers	50,000	50,000	12,500	37,500	25%	-	(12,500)	-100%
TOTAL STREET MAINTENANCE	1,029,693	1,029,693	216,729	812,964	21%	224,917	8,188	4%
URBAN FORESTRY - 36								
Total Personnel Services	98,863	98,863	19,773	79,090	20%	25,232	5,459	28%
Total Supplies	10,250	10,250	2,385	7,865	23%	301	(2,084)	-87%
Total Contractual Services	56,560	56,560	10,316	46,244	18%	1,935	(8,381)	-81%
Total Capital	45,000	45,000	-	45,000	0%	-	-	0%
TOTAL URBAN FORESTRY	210,673	210,673	32,474	178,199	15%	27,468	(5,006)	-15%
PARK MAINTENANCE - 40								
Total Personnel Services	225,857	225,857	38,129	187,728	17%	28,020	(10,109)	-27%
Total Supplies	59,650	59,650	7,813	51,837	13%	14,019	6,206	79%
Total Contractual Services	258,560	258,560	18,132	240,428	7%	14,402	(3,730)	-21%
Total Capital	25,000	25,000	-	25,000	0%	47,572	47,572	0%
Total Transfers	16,500	16,500	4,125	12,375	25%	-	(4,125)	-100%
TOTAL PARK MAINTENANCE	585,567	585,567	68,199	517,368	12%	104,013	35,814	53%
RECREATION - 41								
Total Personnel Services	127,922	127,922	31,998	95,924	25%	20,571	(11,427)	-36%
Total Supplies	8,200	8,200	281	7,919	3%	196	(85)	-30%
Total Contractual Services	29,186	29,186	4,042	25,144	14%	927	(3,115)	-77%
TOTAL RECREATION	165,308	165,308	36,321	128,987	22%	21,694	(14,627)	-40%
TOTAL EXPENDITURES	7,849,570	7,849,570	1,619,523	6,230,047	21%	1,567,886	(51,637)	-3%
TARGET YEAR-TO-DATE %	25%							

UNAUDITED

CITY OF NORTH ST. PAUL, MINNESOTA
ENTERPRISE - WATER FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020

	2020 Adopted Budget	2020 Amended Budget	3/31/2020 Actual	Variance	Percent of Budget	Comparative 3/31/2019 Actual	Comparative Variance from 2019 Actual Positive (Negative)	
REVENUES								
Charges for Services	1,745,850	1,745,850	433,114	(1,312,736)	25%	417,469	15,645	4%
Other Revenues	30,000	30,000	24,481	(5,519)	82%	45,099	(20,618)	-84%
TOTAL REVENUES	1,775,850	1,775,850	457,595	(1,318,255)	26%	462,568	(4,973)	-1%
EXPENSES								
Personnel Services	253,194	253,194	49,700	203,494	20%	49,718	18	0%
Supplies	88,000	88,000	29,759	58,241	34%	9,669	(20,090)	-68%
Contractual Services	503,521	503,521	113,897	389,624	23%	73,712	(40,185)	-35%
Capital	195,000	195,000	-	195,000	0%	4,505	4,505	100%
Transfers	205,000	205,000	51,250	153,750	25%	-	(51,250)	-100%
Debt Issuance & Interest	112,585	112,585	12,728	99,857	11%	(6,734)	(19,462)	-153%
TOTAL EXPENSES	1,357,300	1,357,300	257,334	1,099,966	19%	130,870	(126,464)	-49%
CHANGE IN NET POSITION	418,550	418,550	200,261	(218,289)		331,698	(131,437)	
TARGET YEAR-TO-DATE %	25%							

UNAUDITED

CITY OF NORTH ST. PAUL, MINNESOTA
ENTERPRISE - WASTE WATER FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020

	2020 Adopted Budget	2020 Amended Budget	3/31/2020 Actual	Variance	Percent of Budget	Comparative 3/31/2019 Actual	Comparative Variance from 2019 Actual Positive (Negative)	
REVENUES								
Charges for Services	2,130,000	2,130,000	609,734	(1,520,266)	29%	572,709	37,025	6%
Other Revenues	50,000	50,000	19,964	(30,036)	40%	40,180	(20,216)	-101%
TOTAL REVENUES	2,180,000	2,180,000	629,698	(1,550,302)	29%	612,889	16,809	3%
EXPENSES								
Personnel Services	208,202	208,202	45,354	162,848	22%	40,448	(4,906)	-11%
Supplies	40,500	40,500	2,305	38,195	6%	1,879	(426)	-18%
Contractual Services	1,346,264	1,346,264	427,471	918,793	32%	366,251	(61,220)	-14%
Capital	161,382	161,382	-	161,382	0%	-	-	100%
Transfers	145,000	145,000	36,250	108,750	25%	-	(36,250)	-100%
Debt Issuance & Interest	136,010	136,010	13,494	122,516	10%	(1,994)	(15,488)	-115%
TOTAL EXPENSES	2,037,358	2,037,358	524,874	1,512,484	26%	406,584	(118,290)	-23%
CHANGE IN NET POSITION	142,642	142,642	104,824	(37,818)		206,305	(101,481)	
TARGET YEAR-TO-DATE %	25%							

UNAUDITED

NORTH ST.PAUL
extraordinary.

CITY OF NORTH ST. PAUL, MINNESOTA
ENTERPRISE - ELECTRIC FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020

	2020 Adopted Budget	2020 Amended Budget	3/31/2020 Actual	Variance	Percent of Budget	Comparative: 3/31/2019 Actual	Comparative: Variance from 2019 Actual Positive (Negative)	
REVENUES								
Intergovernemental	16,000	16,000	-	(16,000)	0%	-	-	0%
Charges for Services	9,573,678	9,573,678	2,087,297	(7,486,381)	22%	2,218,611	(131,314)	-6%
Other Revenues	248,200	248,200	96,206	(151,994)	39%	137,593	(41,387)	-43%
TOTAL REVENUES	9,837,878	9,837,878	2,183,503	(7,654,375)	22%	2,356,204	(172,701)	-8%
EXPENSES								
Personnel Services	1,729,740	1,729,740	358,879	1,370,861	21%	262,247	(96,632)	-27%
Supplies	307,150	307,150	19,927	287,223	6%	54,005	34,078	171%
Contractual Services	6,613,331	6,613,331	1,014,693	5,598,638	15%	1,052,103	37,410	4%
Capital	125,307	125,307	-	125,307	0%	14,065	14,065	100%
Bad Debt Expense	50,000	50,000	19,342	30,658	39%	8,974	(10,368)	-54%
Transfers	300,000	300,000	75,000	225,000	25%	-	(75,000)	-100%
Debt Issuance & Interest	47,750	47,750	5,821	41,929	12%	4,829	(992)	-17%
TOTAL EXPENSES	9,173,278	9,173,278	1,493,662	7,679,616	16%	1,396,223	(97,439)	-7%
CHANGE IN NET POSITION	664,600	664,600	689,841	25,241		959,981	(270,140)	
TARGET YEAR-TO-DATE %	25%							

UNAUDITED

CITY OF NORTH ST. PAUL, MINNESOTA
ENTERPRISE - SURFACE WATER FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020

	2020 Adopted Budget	2020 Amended Budget	3/31/2020 Actual	Variance	Percent of Budget	Comparative 3/31/2019 Actual	Comparative Variance from 2019 Actual Positive (Negative)	
REVENUES								
Charges for Services	798,250	798,250	230,045	(568,205)	29%	216,645	13,400	6%
Other Revenues	15,000	15,000	14,156	(844)	94%	28,869	(14,713)	-104%
TOTAL REVENUES	813,250	813,250	244,201	(569,049)	30%	245,514	(1,313)	-1%
EXPENSES								
Personnel Services	201,439	201,439	40,623	160,816	20%	35,007	(5,616)	-14%
Supplies	20,300	20,300	587	19,713	3%	1,307	720	123%
Contractual Services	247,439	247,439	32,975	214,464	13%	(599)	(33,574)	-102%
Capital	127,751	127,751	-	127,751	0%	-	-	100%
Transfers	80,000	80,000	20,000	60,000	25%	-	(20,000)	-100%
Debt Issuance & Interest	54,148	54,148	1,313	52,835	2%	(8,416)	(9,729)	-741%
TOTAL EXPENSES	731,077	731,077	95,498	635,579	13%	27,299	(68,199)	-71%
CHANGE IN NET POSITION	82,173	82,173	148,703	66,530		218,215	(69,512)	
TARGET YEAR-TO-DATE %	25%							

NORTH ST.PAUL
extraordinary.

UNAUDITED

CITY OF NORTH ST. PAUL, MINNESOTA
ENTERPRISE - SOLID WASTE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020

	2020 Adopted Budget	2020 Amended Budget	3/31/2020 Actual	Variance	Percent of Budget	3/31/2019 Actual	Comparative Variance from 2019 Actual Positive (Negative)	
REVENUES								
Intergovernemental	28,638	28,638	(100,000)	(128,638)	-349%	-	(100,000)	100%
Charges for Services	944,892	944,892	237,720	(707,172)	25%	270,331	(32,611)	-14%
Other Revenues	25,000	25,000	10,152	(14,848)	41%	22,173	(12,021)	-118%
TOTAL REVENUES	998,530	998,530	147,872	(850,658)	15%	292,504	(144,632)	-98%
EXPENSES								
Personnel Services	40,896	40,896	9,257	31,639	23%	18,754	9,497	103%
Contractual Services	860,449	860,449	147,590	712,859	17%	236,763	89,173	60%
Capital	-	-	-	-	0%	3,771	3,771	100%
Transfers	60,000	60,000	15,000	45,000	25%	-	(15,000)	-100%
Debt Issuance & Interest	5,775	5,775	548	5,227	9%	632	84	15%
TOTAL EXPENSES	967,120	967,120	172,395	794,725	18%	259,920	87,525	51%
CHANGE IN NET POSITION	31,410	31,410	(24,523)	(55,933)		32,584	(57,107)	
TARGET YEAR-TO-DATE %	25%							

UNAUDITED

CITY OF NORTH ST. PAUL, MINNESOTA
ENTERPRISE - FIBER OPTIC FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020

	2020 Adopted Budget	2020 Amended Budget	3/31/2020 Actual	Variance	Percent of Budget	Comparative 3/31/2019 Actual	Comparative Variance from 2019 Actual Positive (Negative)	
REVENUES								
Charges for Services	198,100	198,100	46,517	(151,583)	23%	30,416	16,101	35%
Other Revenues	9,359	9,359	-	(9,359)	0%	(6,544)	6,544	0%
TOTAL REVENUES	207,459	207,459	46,517	(160,942)	22%	23,872	22,645	49%
EXPENSES								
Personnel Services	-	-	16	(16)	0%	564	548	3425%
Contractual Services	95,739	95,739	47,941	47,798	50%	50,071	2,130	4%
Capital	44,440	44,440	-	44,440	0%	-	-	100%
TOTAL EXPENSES	140,179	140,179	47,957	92,222	34%	50,635	2,678	6%
CHANGE IN NET POSITION	67,280	67,280	(1,440)	(68,720)		(26,763)	25,323	
TARGET YEAR-TO-DATE %	25%							

NORTH ST.PAUL
extraordinary.

CITY OF NORTH ST. PAUL, MINNESOTA
CASH AND INVESTMENTS BY FUND
AS OF MARCH 31, 2020

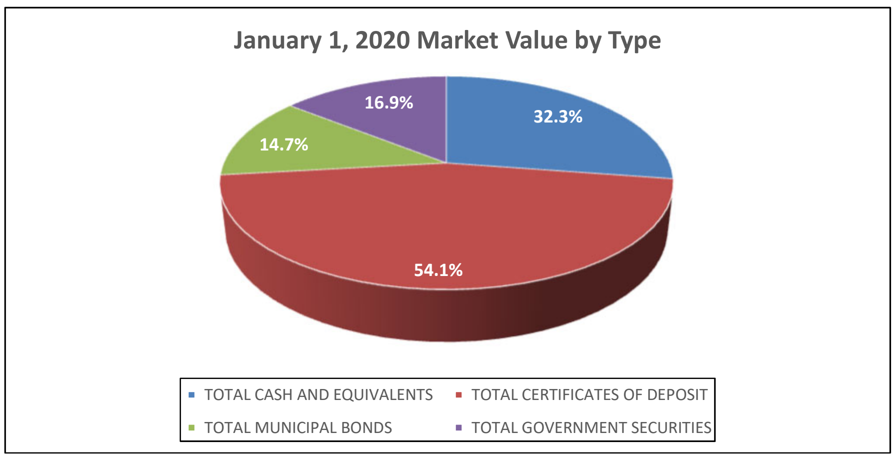
Fund	Fund #		January 1, 2020	March 31, 2020	Variance
GENERAL FUND	001		$2,814,117	$1,469,297	($1,344,820)
SPECIAL REVENUE					
Community Center	002		-	20,977	20,977
Fire Relief	023		4,759	27,551	22,792
Police Forfeiture	026		110,274	111,126	852
Silver Lake Beach	031		119,706	124,711	5,005
HRA	101		473,022	430,503	(42,519)
EDA	102		197,965	188,495	(9,470)
Helen Street TIF	032		95,959	230,594	134,635
Reflex Medical TIF	039		5,744	(14,282)	(20,026)
Charles Street TIF	046		208,826	186,112	(22,714)
TIF 4-8 7th & Margaret St	208	**A**	-	(109,447)	(109,447)
TIF 4-9 Margaret St	209	**B**	-	-	-
TIF 4-10 Anchor North Redevelopment	210	**C**	-	(57,323)	(57,323)
TIF 4-11 Anchor North Soils	211	**D**	-	(825,593)	(825,593)
TOTAL SPECIAL REVENUE			1,216,255	313,424	(902,831)
DEBT SERVICE					
Penn Place TIF GO Refunding Bonds of 2015A	045		158,548	84,749	(73,799)
Charles Street TIF GO Refunding Bonds of 2015A	078		22,051	(24,905)	(46,956)
GO Tax Abatement 2004A	076		119,361	47,727	(71,634)
GO CIP Refunding Bonds of 2016B	084		754,866	352,770	(402,096)
GO Building Refunding Bonds of 2012A	183		857,017	466,530	(390,487)
GO Bonds of 2014A	184		374,456	185,666	(188,790)
GO Bonds of 2016A	071		306,980	145,713	(161,267)
GO Abatement Bonds of 2016A	075		114,523	128,111	13,588
GO Bonds of 2017A	074		234,794	139,204	(95,590)
GO Bonds of 2018A	309		457,335	264,615	(192,720)
TOTAL DEBT SERVICE			3,399,931	1,790,180	(1,609,751)
CAPITAL PROJECT					
Asset Preservation	010		1,918,055	1,893,246	(24,809)
Street Maintenance	011		2,235,979	2,409,007	173,028
Street Improvement Revolving	022		1,733,765	1,000,431	(733,334)
Permanent Improvement Revolving	061		498,837	502,689	3,852
Park Fund	063		289,740	241,091	(48,649)
Housing Improvement	064		(523,338)	(528,777)	(5,439)
2020 Street & Utility CP	450		(248,487)	(356,231)	(107,744)
TOTAL CAPITAL PROJECT			5,904,551	5,161,456	(743,095)
ENTERPRISE					
Water	048		3,769,334	3,528,178	(241,156)
Waste Water	049		2,979,740	2,413,303	(566,437)
Electric	050		5,480,865	5,604,444	123,579
Surface Water	052		2,803,674	2,674,943	(128,731)
Solid Waste	053		802,468	766,659	(35,809)
Fiber Optic	054		(2,426,676)	(2,356,030)	70,646
TOTAL ENTERPRISE			13,409,405	12,631,497	(777,908)
INTERNAL SERVICE					
Information Technology	095		-	41,188	41,188
Insurance	096		19,839	52,292	32,453
Equipment	097		2,867,079	3,050,511	183,432
City Mechanic	098		(178,264)	(197,069)	(18,805)
Building Maintenance	099		(199,255)	(168,175)	31,080
TOTAL INTERNAL SERVICE			2,509,399	2,778,747	269,348
Total Pooled Cash			$29,253,658	$24,144,601	(5,109,057)

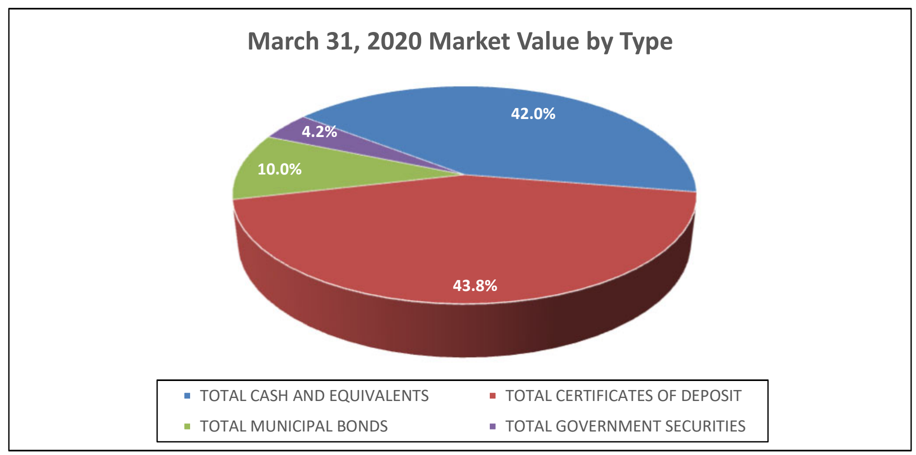
Interfund Loans listed below as of December 31, 2019 updated annually at year-end:

A Resolution 2020-044 Interfund Loan from the General fund for a maximum of $500,000 of which $86,973 has been drawn.
B Resolution 2019-020 Interfund Loan from the General fund for a maximum of $100,000 of which $25,989 has been drawn.
C Resolution 2019-090 Interfund Loan from the Electric fund for a maximum of $11,642,871 of which $268,000 has been drawn.
D Resolution 2019-092 Interfund Loan from the Electric fund for a maximum of $2,328,265 of which $1,245,726 has been drawn.

CITY OF NORTH ST. PAUL, MINNESOTA
INVESTMENT SUMMARY BY TYPE
AS OF MARCH 31, 2020

	INVESTMENT AMOUNT			MARKET VALUE			AVG YIELD
	JANUARY 1, 2020	MARCH 31, 2020	VARIANCE	JANUARY 1, 2020	MARCH 31, 2020	VARIANCE	ON MARKET
CASH AND EQUIVALENTS							
4M	$115,540	$2,647,398	$2,531,858	$115,540	$2,647,398	$2,531,858	1.15%
4M Plus	12,621	12,664	43	12,621	12,664	43	1.27%
Premier Savings	4,442,840	4,506,550	(63,710)	4,442,840	4,506,550	63,710	2.06%
Premier Unspent Bond Proceeds	359,442	343,578	15,864	359,442	343,578	(15,864)	2.06%
US Bank Money Market	2,707,953	2,407,905	(300,048)	2,707,953	2,407,905	(300,048)	0.41%
TOTAL CASH AND EQUIVALENTS	7,638,396	9,918,095	2,184,007	7,638,396	9,918,095	2,279,699	
CERTIFICATES OF DEPOSIT							
US Bank	12,725,143	10,260,143	(2,465,000)	12,784,017	10,350,717	(2,433,300)	2.08%
TOTAL CERTIFICATES OF DEPOSIT	12,725,143	10,260,143	(2,465,000)	12,784,017	10,350,717	(2,433,300)	
MUNICIPAL BONDS							
RBC Capital	2,458,209	1,306,699	(1,151,510)	2,452,936	1,318,961	(1,133,975)	2.94%
US Bank	1,059,009	1,059,009	-	1,030,263	1,033,714	3,451	2.21%
TOTAL MUNICIPAL BONDS	3,517,218	2,365,708	(1,151,510)	3,483,199	2,352,675	(1,130,524)	
GOVERNMENT SECURITIES							
RBC Capital	3,998,607	1,007,596	(2,991,011)	3,994,880	1,000,965	(2,993,915)	1.81%
TOTAL GOVERNMENT SECURITIES	3,998,607	1,007,596	(2,991,011)	3,994,880	1,000,965	(2,993,915)	
TOTAL INVESTMENTS	$27,879,364	$23,551,542	($4,423,514)	$27,900,492	$23,622,452	($4,278,040)	

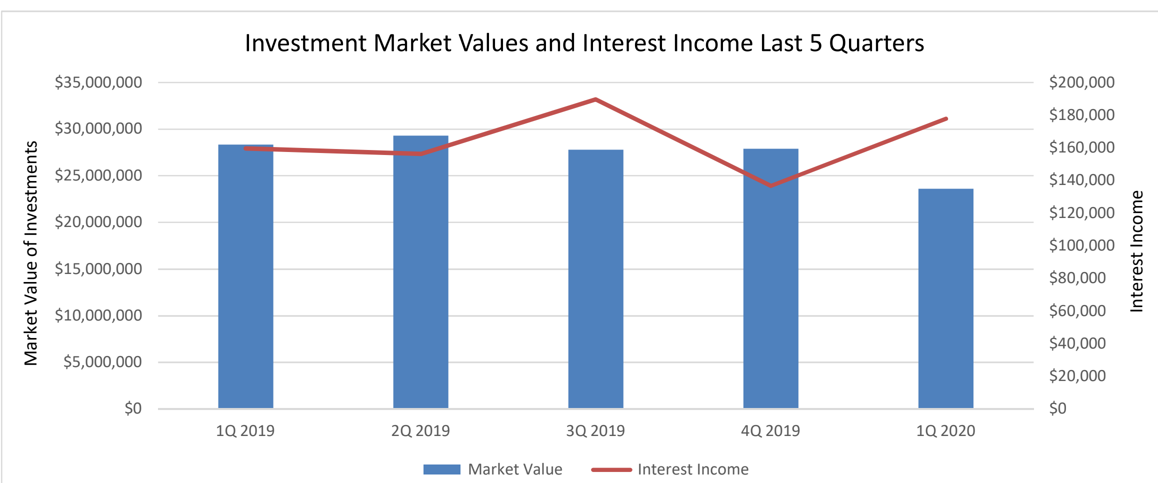




CITY OF NORTH ST. PAUL, MINNESOTA
INTEREST INCOME BY BROKER
THROUGH MARCH 31, 2020

	MARKET VALUE			INTEREST INCOME FOR THE QUARTER ENDED		
	JANUARY 1, 2020	MARCH 31, 2020	VARIANCE	JANUARY 1, 2020	MARCH 31, 2020	VARIANCE
4M FUND						
4M	$115,540	$2,647,398	$2,531,858	$1,354	$2,513	$1,159
4M Plus	12,621	12,664	43	50	43	(7)
TOTAL 4M FUND	128,161	2,660,062	2,531,901	1,404	2,556	1,152
PREMIER						
Savings	4,442,840	4,506,550	63,710	183	209	26
Unspent Bond Proceeds	359,442	343,578	(15,864)	27,064	23,188	(3,876)
TOTAL PREMIER	4,802,282	4,850,128	47,846	27,247	23,397	(3,850)
RBC CAPITAL						
Municipal Bonds	2,452,936	1,318,961	(1,133,975)	6,668	27,624	20,956
Government Securities	3,994,880	1,000,965	(2,993,915)	33,843	16,721	(17,122)
TOTAL RBC CAPITAL	6,447,816	2,319,926	(4,127,890)	40,511	44,345	3,834
US BANK						
Money Market	2,707,953	2,407,905	(300,048)	8,114	9,861	1,747
Certificates of Deposit	12,784,017	10,350,717	(2,433,300)	52,786	92,823	40,037
Municipal Bonds	1,030,263	1,033,714	3,451	6,647	4,759	(1,888)
TOTAL US BANK	16,522,233	13,792,336	(2,729,897)	67,547	107,443	39,896
TOTAL	$27,900,492	$23,622,452	($4,278,040)	$136,709	$177,741	$41,032

The City's investment portfolio inventory is prepared quarterly for presentation to the City Council. The Summary above shows investment by vendor (broker) as of March 31, 2020 and reflects a market value of $23.6 million. The market value last quarter was $27.9 million. The reduction in investment accounts is a result of normal spending within the General Fund, annual debt service made in February, and spending on TIF districts 4-8, 4-10, and 4-11. Overall the portfolio is stable and increasing liquidity to prepare for potential delays in property tax receipts and financing of the McKnight and Anchor Crossing road work.



CITY OF NORTH ST. PAUL, MINNESOTA
2020 STREET & UTILITY IMPROVEMENT PROJECT TRACKING
PROJECT TO DATE

Fund Sources and Uses	As of December 31, 2019	As of March 31, 2020
Surface Water		
Sources		
MSA Advance	$0	$0
2020B GO Utility Revenue Bonds	-	-
Total Sources	-	-
Uses		
Engineering	$82,552	$105,609
Construction	-	-
Other (Advertising, Postage, etc.)	-	389
Total Uses	82,552	105,998
Total Surface Water	($82,552)	($105,998)
Waste Water		
Sources		
2020B GO Utility Revenue Bonds	$0	$0
Uses		
Engineering	$20,938	$26,786
Construction	-	-
Other (Advertising, Postage, etc.)	-	99
Total Uses	20,938	26,885
Total Waste Water	($20,938)	($26,885)
Water		
Sources		
2020B GO Utility Revenue Bonds	$0	$0
Uses		
Engineering	$41,723	$53,376
Construction	-	-
Other (Advertising, Postage, etc.)	-	197
Total Uses	41,723	53,572
Total Water	($41,723)	($53,572)

(continued)

CITY OF NORTH ST. PAUL, MINNESOTA
2020 STREET & UTILITY IMPROVEMENT PROJECT TRACKING
PROJECT TO DATE

Fund Sources and Uses	As of December 31, 2019	As of March 31, 2020
Street Improvement		
Sources		
MSA Advance	$0	$0
2020B GO Utility Revenue Bonds	-	-
Street Maintenance Fund	-	-
Total Sources	-	-
Uses		
Engineering	$162,703	$208,146
Construction	-	-
Other (Advertising, Postage, etc.)	381	1,148
Total Uses	163,084	209,294
Total Street Improvement	($163,084)	($209,294)
Combined		
Combined Sources		
MSA Advance	$0	$0
2020B GO Utility Revenue Bonds	-	-
Street Maintenance Fund	-	-
Total Sources		
Combined Uses		
Engineering	$307,916	$393,917
Construction	-	-
Other (Advertising, Postage, etc.)	381	1,833
Total Uses	308,297	395,749
Combined Excess (Deficiency)	($308,297)	($395,749)