

**CITY OF NORTH ST. PAUL
CITY COUNCIL
REGULAR MEETING AGENDA
May 4, 2021
6:30 PM**

The City Council Meeting will be conducted on Tuesday, May 4, 2021 at 6:30 p.m. The meeting location is the City Council Chambers of City Hall, located at 2400 Margaret St., North St. Paul.

The City Council will also be meeting by interactive TV under Minn. Stat. 13D.02. Members of the public are permitted to attend the meeting in person, however, it is strongly encouraged to participate in the meeting remotely. Instructions can be found below.

The **May 4, 2021 Zoom meeting** can be accessed **[HERE](https://us02web.zoom.us/j/82140972224?pwd=dDdmRytwVS9IeFBvV3lQOUFnOGtYQT09)** or via:

<https://us02web.zoom.us/j/82140972224?pwd=dDdmRytwVS9IeFBvV3lQOUFnOGtYQT09>

(from a PC, Mac, tablet, iPhone or Android device)

Meeting ID: 821 4097 2224

Password: 362656 or by phone at 1-929-205-6099, meeting ID 821 4097 2224, password 362656.

The City Council Zoom meeting will be ‘open to the public’ to listen in, but will be muted from contributing at all times with the exception of a Public Hearing and open to the public forum.

Please join the meeting early to test your audio and video settings.

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

Council Member Thorsen
Council Member Petersen
Council Member Cole
Council Member Wong
Mayor Furlong

IV. ADOPT AGENDA

V. PRESENTATIONS

Mike Lang Retirement

VI. CONSENT AGENDA

- A. April 20, 2021 workshop meeting minutes.
- B. April 20, 2021 regular meeting minutes.
- C. General accounts payable: \$455,045.55.
- D. EDA accounts payable: \$1216.33.
- E. HRA accounts payable: \$496.94.
- F. Review of the 2020 financial report with the city’s audit firm of Mally, Montague, Karnowski, Radosevich & Co. P.A. (MMKR).

VII. MEETING OPEN TO THE PUBLIC

Note: This is a courtesy extended to persons wishing to address the council who are not on the agenda. A completed public comment form should be presented to the Deputy Clerk prior to the meeting; presentations will be limited to 3 minutes. This session will be limited to 15 minutes.

VIII. PUBLIC HEARINGS

None

IX. CITY BUSINESS ACTION ITEMS & RECOMMENDATIONS

- A. Resolution Approving Acceptance of a Donations received January 1, 2021 – March 31, 2021.
- B. Amendments to TIF District No. 4-10 and 4-11
- C. First Reading – Ordinance Establishing the Arts and Culture Commission and an Ordinance abolishing the Design Review Commission.
- D. Cowern Elementary Addition Conditional Use Permit Amendment
- E. Declaration of Equipment Surplus

X. REPORTS OF CITY MANAGER & DEPARTMENTS

XI. REPORTS OF COUNCIL, COMMISSIONS & COMMITTEES

XII. GENERAL BUSINESS

XIII. CLOSED SESSION

None

XIV. ADJOURNMENT

The next regularly scheduled City Council meeting is Tuesday, May 18, 2021 at 6:30 p.m.

City of North Saint Paul
April 20, 2021
Proposed City Council Workshop Meeting Minutes

I. CALL TO ORDER

Mayor Furlong called the meeting to order at 5:00 p.m. The meeting was conducted via Zoom.

II. ROLL CALL

Present: Council Member Candy Petersen
Council Member Lisa Wong
Council Member Tim Cole
Mayor Terry Furlong

Absent: Council Member Scott Thorsen

Staff: City Manager Scott Duddeck, Deputy Clerk Jennie Kloos, Finance Director Jason Zimmerman, Communications Consultant Kari Erpenbach, Fire Chief Jason Mallinger, Chief of Police Tom Lauth, Shana Conklin City Attorney

III. ADOPT AGENDA

On motion by Council Member Petersen, seconded by Council Member Cole, with all present voting aye (4-0), motion carried to approve the agenda as presented.

IV. TOPIC(S)

A. Lexipol Presentation

City Manager Duddeck introduced Karen James and Bruce Bjorge who will gave a presentation on Lexipol. Police and Fire policies have been created and updated within the department and with North St. Paul staff. Lexipol's presentation included what they provide, risk management, tools available to the Chiefs and policy managers, regular policy updates and implementation support.

Currently, Lexipol services over 140 law enforcement agencies in MN and over 30 Fire departments. Each Department would be provided a full set of policies for each manual. Lexipol would edit, customize and implement any of our own policies. The main value of Lexipol is to provide the most up to date, legally defensible policy content. They provide a high quality policy content, provide regular policy updates based on changing laws and regulations and provide ongoing training on policies, which is very critical. After starting the implementation process, policies would be ready within 60-90 days.

Both Chief Lauth and Chief Mallinger commented that it would be nice to have the full-time staff through Lexipol to continually review and update the policies.

B. Discussion on Commissions to Add/Remove

City Manager Duddeck mentioned that currently the Environmental Commission and the Design/Review Commission continue to be on hiatus. The proposal would be to disband the Design/Review Commission and have those services combined into the Planning Commission, to re-engage the Environmental Advisory Commission, and to add an Arts Commission.

Mayor Furlong commented that he recalls discussions that the Environmental Commission would stay on hiatus at this time, until pandemic is over and we were able to get staffing back to where it should be. Mr. Duddeck mentioned that being there are no members at this time it would need to go through the full application process and would take some time to get established.

Council Member Wong commented that she likes the idea of Arts Council and would like to expand to an Arts and Culture Commission. She would also like to see a timeline regarding the process and start of the Environmental Commission.

The consensus of the Council was to approve staff to draft Ordinance changes and bring back to a future council meeting for approval to add the Arts and Culture Commission and to eliminate the Design/Review Commission.

C. Update City Code Chapter 112 Related to Gambling

City Attorney Shana Conklin commented that the current gambling permit application has not been updated in quite some time. There have been some changes with State Law that specifically need to be addressed. The City does have the authority to consider various requirements for the gambling permit ordinance. Considerations were outlined and reviewed.

Council Member Wong asked if Ms. Conklin might be able to address if other municipalities implement a tax and if they have any net profits, have they used it to contribute to the general fund? Ms. Conklin spoke that with net profits, they cannot be distributed to the general fund but would have to be in a separate fund to only be used for specified expenditures.

The consensus of the Council is to bring this item back to a future workshop for continued discussions.

Due to time constraints, the last two items (Downtown Streetscape Plan and Operational Updates) on the workshop agenda will be discussed during the regular City Council meeting to follow.

OTHER BUSINESS

There was no other business

VI. ADJOURNMENT

There being no further business, on motion by Council Member Cole, seconded by Council Member Wong, with all present voting aye (4-0), Mayor Furlong adjourned the workshop meeting at 6:33 p.m.

Terrance Furlong, Mayor

Attest:

Scott A. Duddeck, City Manager/Clerk

City of North Saint Paul
April 20, 2021
Proposed Regular City Council Meeting Minutes

I. CALL TO ORDER

Mayor Furlong called the meeting to order at 6:30 p.m. The meeting was conducted via Zoom.

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

Present: Council Member Thorsen EXCUSED ABSENT
Council Member Petersen
Council Member Cole
Council Member Wong
Mayor Furlong

Staff: City Manager Scott Duddeck, Deputy Clerk, Jennie Kloos, Communications Consultant Kari Erpenbach, Electric Utility Director Brian Frandle, City Engineer Morgan Dawley, City Attorney Shana Conklin.

IV. ADOPT AGENDA

City Manager Duddeck requested an update from Kari Erpenbach, Communications Staff, regarding this evening's virtual meeting status.

Ms. Erpenbach stated City Staff have tried to ensure that there are no updated agendas posted on the City website. She added the online system triggers a new agenda whenever the posted agenda is opened, and usually there are no amendments. She noted any substantive changes are highlighted in red and noted in the "comments" section.

Ms. Erpenbach stated residents have expressed concern about multiple "amended" copies of the meeting agendas. She added the web provider has indicated that this safeguard is built into the system and City Staff cannot override it. She noted the City will soon be moving over to CiviClerk, and she is unsure whether this same experience will continue to happen.

Ms. Erpenbach stated last-minute changes were made to this evening's agenda to notify the public that the meeting status would be changed to "virtual", and that triggered another agenda posting. She apologized for any confusion this may have caused for the City Council or the community. She noted additional security messages that were posted online were triggered by a security certificate lapse on the part of the web provider, which has since been fixed.

On motion by Council Member Wong, seconded by Council Member Cole, with all present voting aye (4-0), motion carried to approve the agenda as submitted.

V. PRESENTATIONS

There were no presentations.

VI. APPROVAL OF CONSENT AGENDA

On motion by Council Member Cole, seconded by Council Member Petersen, with all present voting aye (4-0), motion carried to approve the consent agenda, Resolution No. 2021-038 consisting of:

- A. April 6, 2021 workshop meeting minutes.
- B. April 6, 2021 regular meeting minutes.
- C. General accounts payable: \$1,646,236.01.
- D. HRA accounts payable: \$1,506.00

VII. MEETING OPEN TO PUBLIC

There were no comments.

VIII. PUBLIC HEARINGS

There were no scheduled hearings.

IX. CITY BUSINESS ACTION ITEMS & RECOMMENDATIONS

A. FMLA Policy Update

City Attorney Shana Conklin reviewed proposed clarifications to the City's Family Medical Leave Act (FMLA) policy. The amended policy indicates, on page 2, that any FMLA leave would run concurrent with other benefits, which is standard practice for municipalities. Page 3 of the policy, related to medical certification, indicates that these clarifications are consistent federal law standard practices. Changes related to intermittent leave are also clarified, as well as the "return to work" policy on the bottom of page 3.

Ms. Conklin stated some of the recommended clarifications are taken from the League of Minnesota Cities' FMLA policy.

Councilmember Wong asked whether the "fitness for duty" report must be completed by a medical doctor, or if it is self-provided. Ms. Conklin stated a fitness for duty report must be completed by the employee's medical provider.

On motion by Council Member Cole, seconded by Council Member Wong, with all present voting aye (4-0), motion carried to adopt Resolution No. 2021-039 Amending Family Medical Leave Act Policy.

B. Downtown Streetscape Plan

Mr. Duddeck stated the revised downtown streetscape plan has been reviewed in workshops and by the Business Association. He showed depictions of potential changes, including removal of a circular concrete pattern in the sidewalk and patio areas. Permanent concrete seat planters are proposed to be removed from the plan to facilitate wintertime snow removal, and replaced with movable tables, chairs and planters. A simplified rectangular panel shape is proposed for the concrete which is easier to replicate than the circular pattern.

Mr. Duddeck requested feedback and comment from the City Council on these proposed design changes.

City Engineer Morgan Dawley stated the changes are proposed to facilitate long-term maintenance and management, and to allow more flexibility in the street scape. He added there have been comments regarding inclusion of ADA parking stalls, which are not depicted on the plan. He noted all ADA requirements will be satisfied in the final design and implementation.

Mayor Furlong asked about the flowerbed on the east end. Mr. Dawley stated that planting area may be altered to create a softer transition for people walking north from the pedestrian ramp. Construction plans can be modified to accommodate that change, and he will work with City Staff to ensure that it is included in the final design.

Mayor Furlong stated he would like to see the changes before the final implementation. He asked whether the City Council will have a say in what types of plantings are used, and what the outdoor furniture will look like. Mr. Duddeck confirmed this, adding proposals will be presented to the City Council for approval. He noted this approval is for the sidewalk plan, so construction can begin soon.

Council Member Cole asked whether the sidewalk coloration will be natural. Mr. Duddeck confirmed this.

Council Member Wong stated the curb cuts on the eastern portion appear to be large. She asked whether it is typical to have larger curb cuts where there is more foot traffic.

Mr. Dawley stated the width of the curb cut in this installation is controlled by the angle of the intersection. The minimum width of a sidewalk crossing might be 4-5 feet, and these crossings will be wider to fit in the area that is not perpendicular to the curb line.

Council Member Petersen stated she likes the proposed design, and she thinks the changes will be good. She added she supports the amendments.

On motion by Council Member Petersen, seconded by Council Member Cole, with all present voting aye (4-0), motion carried to accept removal of permanent concrete benches and planters into sidewalk layout, and removing circular design.

C. SAD 18-01 Bid Package #2 Payment No. 11 and Final

Mr. Dawley reviewed the second contract for underground water mains and sanitary sewer improvements in the Silver Lake neighborhood that was begun in 2018. He added all the work has been completed. The contractor completed their final voucher, and the total was 7% over the contract amount due to additional construction pay items that were measured by quantity. The main contributor to the overage was a section of roadway near the park between 19th Avenue and 20th Avenue, originally slated for reclamation that had to be reconstructed due to water main failures. Additionally, the alley and sidewalk between 19th Avenue and 20th Avenue was paved.

Mr. Dawley thanked the neighborhood residents and the community for their patience in dealing with such a lengthy and substantial project. He added the project was completed satisfactorily,

including efforts to save trees, water quality improvement measures for the lake, and infrastructure improvement. He noted City Council approval of this final request for payment will put a cap on this project.

Mayor Furlong asked whether the 7% over budget removes the contingency. Mr. Dawley stated contingencies are typically 5%, but this is an overage that is better addressed now than later as it involves a water main break.

On motion by Council Member Wong, seconded by Council Member Cole, with all present voting aye (4-0), motion carried to adopt Resolution No. 2021-040 authorizing final payment for 2018 street and utility improvement project bid package.

D. Purchase 2020 Ditch Witch HX50 Hydro-Vac Excavator

Electric Director Brian Frandle reviewed the proposed purchase of a Ditch Witch hydro vacuum excavator, a critical piece of equipment that is used to find underground utilities. He added this is not a budgeted item, as the current excavator has a faulty pump, and the manufacturer has been contacted. It is hoped that there will be a trade-in which would not affect the budget.

Council Member Wong asked whether the Ditch Witch has a life span. Mr. Frandle stated the last excavator lasted 8-9 years. He added he hopes to get 8-10 years out of the new one.

Council Member Wong asked whether the Ditch Witch comes with a warranty. Mr. Frandle stated there is a one-year warranty on mechanical aspects of the equipment, and an extended warranty that can be purchased but is not included in the proposal.

Council Member Cole asked whether it would make sense to add this equipment as a budget line item, since it seems to need replacing every 7-8 years. Mr. Frandle stated this will be added as a budget item.

Council Member Petersen stated she has a lot of faith in Mr. Frandle, and she is okay with the purchase.

On motion by Council Member Petersen, seconded by Council Member Cole, with all present voting aye (4-0), motion carried authorizing purchase of 2020 Ditch Witch HX50 Hydro Vacuum Excavator.

E. Purchase of Park Benches and Picnic Tables for Parks

Council Member Cole reviewed a recommendation from the Parks & Recreation Commission for new park benches and ADA-compliant picnic tables in Colby Hills Park, Polar Park and Dorothy Park. The Commission undertook an inventory of the City's parks to determine which parks are in need of updating, and new benches and tables were reviewed as a way of improving and updating these three parks. Colby Hills Park and Polar Park both have new playgrounds and sidewalks, but no benches, and Dorothy Park does not have an ADA-compliant picnic table or bench.

Council Member Cole stated the Parks & Recreation Commission recommends City Council approval of the purchase a one bench at each of the three parks: Colby Hills, Polar and Dorothy

Parks; and one ADA-compliant picnic table at Dorothy Park. These items are proposed to be installed by Public Works with costs not to exceed \$7,000 including materials and installation. He added this project will be funded through the Parks Improvement Fund.

Mr. Duddeck stated City Staff intends to follow up with the League of Minnesota Cities about ADA-accessible requirements and recommendations for sidewalks in the City's parks.

On motion by Council Member Wong, seconded by Council Member Cole, with all present voting aye (4-0), motion carried to approve purchase of three benches and one ADA-compliant table to be installed by Public Works with costs not to exceed \$7,000 including materials and installation.

X. REPORTS OF CITY MANAGER AND DEPARTMENTS

Mr. Duddeck provided a draft Covid Operational Policy for the City Council's review and comment. He added the policy and plans are based on data from the Minnesota Department of Public Health, including a graph showing positive test rates with high-risk time periods, and provides data-driven guidance moving forward. He noted parameters were added related to closing of City Hall and zoom or hybrid City meetings.

Mayor Furlong stated the City Council has done a good job of communicating with each other and making protocol changes together. He added this proposed policy is beneficial in that it provides a data-driven approach and provides clarity for the general public.

Council Member Wong agreed, adding she likes the data-driven approach and providing clear information for residents. She added she would need to review the policy and look at protocols, but she has no questions about the policy at this time based on the presentation.

Council Member Cole asked whether the State of Minnesota has defined guidelines, and whether this policy lines up with State guidelines. Mr. Duddeck stated the data included in the City's proposed policy comes from the State, and he drafted the operational guidelines based on that data.

Council Member Cole stated he is not in agreement with putting hard or fast percentages to determine what the City will do.

Mr. Duddeck stated the graph gives some guidance to City Staff and the City Council about what to do and when to do it. He added he is not proposing that City Hall should be closed.

Council Member Petersen stated she likes the draft policy as it shows both the good and the bad, and provides a good protocol, and she supports it. She added it is unclear how long the peaks will continue.

Mayor Furlong stated the City Manager can use this tool to recommend decisions to the City Council about closing or re-opening City buildings.

Mr. Duddeck stated he would forward the draft policy to the City Council Members for their review and comments.

Mr. Duddeck stated downtown sidewalk construction will begin within a few weeks. There will be a lane closure on 7th Street between 1st and 3rd Avenues, with crews working on a center median project with plantings in the medians and boulevard trees on both sides. A number of plants will be added to the new pond area on the corner of 7th Street and 1st Avenue, and the final layer of new street surface will probably be laid in early June.

Mr. Duddeck stated a temporary asphalt paved area will be added to the sidewalk area as the intersection may see some improvements this summer. He added it will still be used as a sidewalk.

Mr. Duddeck stated progress continues at the 128-unit Anchor North project site, with the last pour of footing foundation scheduled for tomorrow. He added Kwik Trip construction will begin around the end of May or early June. He noted the storage facility is coming along with signage installed on the building, and the interior nearly completed.

Mr. Duddeck stated the townhomes project on 7th Street is well under way, with grading complete and foundation excavation begun for the first build.

Mr. Duddeck stated interviews were held today for a new police patrol officer. He added the vacancy is the result of promotions within the Department effective April 19, 2021, as well as Chief Lang's retirement.

XI. REPORTS OF COUNCIL, COMMISSIONS & COMMITTEES

Council Member Cole stated the Parks & Recreation Commission will meet April 28, 2021 at 6:30 p.m. via Zoom. He added the goal is to continue the conversation regarding the Parks Improvement Plan. He noted this is a three-step process, and goals for Years 1 and 2 have already been reviewed.

Council Member Wong stated the Planning Commission's next meeting is scheduled for May 6, 2021 at 6:30 p.m.

Council Member Petersen stated Metro Cities held a virtual conference and elections last week. She added the Ramsey County League of Local Government met with school districts to discuss mental health, food insecurity and pandemic-related issues for students.

Mayor Furlong stated the Business Association met in person last week. He added the meeting featured a presentation by Mr. Duddeck on the plans for the downtown area.

XII. GENERAL BUSINESS

Council Member Wong stated many recent historic events have occurred in the Twin Cities community, including the guilty verdict of Derek Chauvin and the shooting of Daunte Wright, as well as living through a pandemic. She stressed the importance of acknowledging these tragedies, through which there are opportunities to be intentional in terms of making connections and building relationships with the community. She added she hopes everyone is taking care of themselves and each other and seek out relationships. She noted this will be a difficult time for many people.

Mayor Furlong stated he would like to give a pre-recorded “State of the City” report on April 27, 2021, with the City Council’s approval. He thanked Council Member Wong for her comments, which were well said.

Council Member Petersen stated the City-wide garage sale will be held May 6-8, 2021. She encouraged residents to sign up with the City. She added the City’s recycling event will be held May 8, 2021 at the Public Works building.

Mr. Duddeck requested a moment of silence in honor of the recent death of a family member of Planning Commission Vice Chair John Monge. He offered prayers and support to the family.

Mayor Furlong expressed his appreciation for City Staff’s hard work in arranging tonight’s Zoom meeting.

XIII. CLOSED SESSION

There was no closed session.

XIV. ADJOURNMENT

There being no further business, on motion by Council Member Petersen, seconded by Council Member Wong, with all present voting aye (4-0), Mayor Furlong adjourned the meeting at 7:56 p.m.

Terrence J. Furlong, Mayor

Attest: _____
Scott A. Duddeck, City Manager/ Manager



**NORTH
ST. PAUL**
extraordinary.

MEMORANDUM

TO: Mayor & Council Members
FROM: Jacquelyn Lutmer - Accounting Technician
DATE: May 4, 2021
SUBJECT: Recommendation of approval of GENERAL claims list.

Claim Date

4/23/2021 Payroll Register DD		\$109,840.39
4/23/2021 Payroll Direct Payables		\$98,908.64
4/23/2021 Fire Payroll Register DD		\$15,817.06
4/23/2021 Fire Payroll Direct Payables		\$4,923.59
	Payroll Subtotal	<u>\$229,489.68</u>

5/5/2021 A/P Checks	138252-138309	213,048.28
5/5/2021 Drafts	001057-001059	\$ 12,507.59
	AP Subtotal	<u>\$ 225,555.87</u>

Grand Total \$ 455,045.55

Approved this 4th day of May 2021

/s/ Terrence J. Furlong, Mayor by Consent Resolution
/s/ Scott A. Duddeck, City Manager/Clerk by Consent Resolution

PAYROLL NO: 01 City of North St. Paul

PAYROLL DATE: 4/23/2021

*** REGISTER TOTALS ***

REGULAR CHECKS:		
DIRECT DEPOSIT REGULAR CHECKS:	61	109,840.39
MANUAL CHECKS:		
PRINTED MANUAL CHECKS:		
DIRECT DEPOSIT MANUAL CHECKS:		
VOIDED CHECKS:		
NON CHECKS:		

TOTAL CHECKS:	61	109,840.39

*** NO ERRORS FOUND ***

** END OF REPORT **

PACKET: 04857 4/23/2021 PAYROLL - 9
 VENDOR SET: 01 City of North St Paul *** DRAFT/OTHER LISTING ***
 BANK: AP PREMIER BANK

VENDOR	I.D.	NAME	ITEM TYPE	PAID DATE	DISCOUNT	AMOUNT	ITEM NO#	ITEM AMOUNT
E05000		EFTPS						
	I-T1 202104216815	FEDERAL WITHHOLDING	D	4/23/2021		16,558.46	001049	
	I-T3 202104216815	FICA TAXES	D	4/23/2021		13,515.28	001049	
	I-T4 202104216815	MEDICARE TAXES	D	4/23/2021		5,075.86	001049	35,149.60
H08033		H S A BANK						
	I-444202104216815	HSA ACCOUNT	D	4/23/2021		5,787.00	001050	5,787.00
I09137		I C M A DISTRIBUTION CENTER						
	I-2 202104216815	EMP/EMPR DEFERRED COMP	D	4/23/2021		10,195.98	001051	
	I-21 202104216815	EMP/EMPR DEFERRED COMP	D	4/23/2021		2,304.50	001051	
	I-26 202104216815	LOAN PAYMENTS TO ICMA	D	4/23/2021		494.09	001051	
	I-2CM202104216815	CITY MGR 9% DEFERRED COMP	D	4/23/2021		669.66	001051	
	I-2IR202104216815	EMP/EMPR DEFERRED COM	D	4/23/2021		1,575.00	001051	15,239.23
M12900		MNEFTS						
	I-T2 202104216815	MN Income Tax WH	D	4/23/2021		7,314.82	001052	7,314.82
M13320		MN STATE RETIREMENT SYSTEM						
	I-12 202104216815	POST DEDUCTIONS	D	4/23/2021		850.00	001053	
	I-2MN202104216815	POST DEDUCTIONS	D	4/23/2021		75.00	001053	925.00
P16470		P E R A						
	I-91 202104216815	6634-00 REG PERA	D	4/23/2021		14,745.21	001054	
	I-92 202104216815	6634-00 PERA PD	D	4/23/2021		19,607.76	001054	
	I-94 202104216815	6634-00 PERA DCP ELECTED	D	4/23/2021		140.02	001054	34,492.99

* * B A N K T O T A L S * *	NO#	DISCOUNTS	CHECK AMT	TOTAL APPLIED
REGULAR CHECKS:	0	0.00	0.00	0.00
HANDWRITTEN CHECKS:	0	0.00	0.00	0.00
PRE-WRITE CHECKS:	0	0.00	0.00	0.00
DRAFTS:	6	0.00	98,908.64	98,908.64
VOID CHECKS:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
CORRECTIONS:	0	0.00	0.00	0.00
BANK TOTALS:	6	0.00	98,908.64	98,908.64

PAYROLL NO: 01 City of North St. Paul

PAYROLL DATE: 4/23/2021

*** REGISTER TOTALS ***

REGULAR CHECKS:		
DIRECT DEPOSIT REGULAR CHECKS:	30	15,817.06
MANUAL CHECKS:		
PRINTED MANUAL CHECKS:		
DIRECT DEPOSIT MANUAL CHECKS:		
VOIDED CHECKS:		
NON CHECKS:	1	

TOTAL CHECKS:	30	15,817.06

*** NO ERRORS FOUND ***

** END OF REPORT **

PACKET: 04858 4/23/2021 FIRE PAYROLL -
 VENDOR SET: 01 City of North St Paul *** DRAFT/OTHER LISTING ***
 BANK: AP PREMIER BANK

VENDOR	I.D.	NAME	ITEM TYPE	PAID DATE	DISCOUNT	AMOUNT	ITEM NO#	ITEM AMOUNT

E05000		EFTPS						
	I-T1	202104226816	FEDERAL WITHHOLDING	D	4/23/2021	1,572.98	001055	
	I-T3	202104226816	FICA TAXES	D	4/23/2021	2,389.06	001055	
	I-T4	202104226816	MEDICARE TAXES	D	4/23/2021	558.72	001055	4,520.76
M12900		MNEFTS						
	I-T2	202104226816	MN Income Tax WH	D	4/23/2021	402.83	001056	402.83

* * B A N K T O T A L S * *	NO#	DISCOUNTS	CHECK AMT	TOTAL APPLIED
REGULAR CHECKS:	0	0.00	0.00	0.00
HANDWRITTEN CHECKS:	0	0.00	0.00	0.00
PRE-WRITE CHECKS:	0	0.00	0.00	0.00
DRAFTS:	2	0.00	4,923.59	4,923.59
VOID CHECKS:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
CORRECTIONS:	0	0.00	0.00	0.00
BANK TOTALS:	2	0.00	4,923.59	4,923.59

PACKET: 04863 Regular Payments 5/5/2021

VENDOR SET: 01

BANK : AP PREMIER BANK

**** CHECK LISTING ****

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
1	GO PERMITS LLC I-202104166814	GO PERMITS LLC:	R	5/05/2021		167.49CR	138252	167.49
1	JOHN FROVOLD I-202104276819	JOHN FROVOLD:	R	5/05/2021		45.00CR	138253	45.00
1	PA ZOU NERIA I-202104276820	PA ZOU NERIA:	R	5/05/2021		200.00CR	138254	200.00
A01183	AMARIL UNIFORM CO I-IV212630	FIRE RESISTANT BIBS	R	5/05/2021		1,336.73CR	138255	1,336.73
A01300	ASPEN EQUIPMENT COMPANY I-10228159	BUCKET CONTROL CYLINDER	R	5/05/2021		233.12CR	138256	233.12
A01310	ASPEN MILLS I-267238	FIREARM HOLSTERS	R	5/05/2021		1,598.50CR	138257	1,598.50
A1651	IEH AUTO PARTS LLC I-391046087 I-391050241 I-391050441 I-391050443	504 FILTERS 504 OIL FILTERS 504 OIL FILTERS FILTER WRENCH	R R R R	5/05/2021 5/05/2021 5/05/2021 5/05/2021		34.34CR 81.71CR 9.08CR 7.88CR	138258 138258 138258 138258	133.01
A20235	AUTONATION, INC I-562320	619 LIGHT REPAIR	R	5/05/2021		152.50CR	138259	152.50
A22500	ANITA JADER PHOTOGRAPHY I-202104276821	COUNCIL PHOTOS	R	5/05/2021		992.00CR	138260	992.00
B02228	BROCK WHITE COMPANY LLC I-14646598-00 I-14646724-00	CURB MATERIAL CURB TOOLS	R R	5/05/2021 5/05/2021		220.29CR 152.11CR	138261 138261	372.40
C03000	CALLNET I-210402120101	MNTHLY ANSWER SERV 3/29-4/25	R	5/05/2021		995.00CR	138262	995.00
C03002	CAMPBELL KNUTSON PA I-2076-0000G-155 I-2076-0066G-35	MAR 2021 LEGAL SERVICES MAR 2021 LEGAL SERVICES	R R	5/05/2021 5/05/2021		6,856.71CR 264.00CR	138263 138263	7,120.71
C03066	CINTAS I-4080396096 I-4080396196 I-4081071911 I-4081071948 I-4081071961 I-4081727101 I-4081727211 I-4081727216	UNIFORM SERVICES UNIFORM SERVICES UNIFORM SERVICES UNIFORM SERVICES UNIFORM SERVICES UNIFORM SERVICES UNIFORM SERVICES UNIFORM SERVICES	R R R R R R R R	5/05/2021 5/05/2021 5/05/2021 5/05/2021 5/05/2021 5/05/2021 5/05/2021 5/05/2021		8.54CR 106.01CR 8.54CR 106.01CR 69.37CR 8.54CR 106.01CR 69.37CR	138264 138264 138264 138264 138264 138264 138264 138264	482.39

PACKET: 04863 Regular Payments 5/5/2021

VENDOR SET: 01

BANK : AP PREMIER BANK

**** CHECK LISTING ****

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
C03139	COMCAST							
	I-202104286826	INTERNET SERVICE CH 4/27-5/26	R	5/05/2021		129.71CR	138265	129.71
C21221	CENTURY LINK							
	I-202104286840	MNTHLY PHONE SERV 4/19-5/18	R	5/05/2021		29.03CR	138266	29.03
D04085	DIRKS BROS LLC							
	I-04192121405	SHOP TOOLS	R	5/05/2021		264.50CR	138267	264.50
E05053	EDUCATION RESOURCE PARTNERS. INC							
	I-124	COMM CONSULT 3/15-3/26	R	5/05/2021		2,520.00CR	138268	
	I-125	COMM CONSULT 3/29-4/9	R	5/05/2021		2,130.00CR	138268	4,650.00
E05112	ELK RIVER WINLECTRIC CO							
	I-33029903	LED LIGHTS	R	5/05/2021		170.00CR	138269	170.00
E05230	ESS BROTHERS & SONS INC							
	I-BB1705	HDPE ADJ RINGS	R	5/05/2021		5,666.00CR	138270	
	I-BB1742	MANHOLE PLASTIC RINGS	R	5/05/2021		1,481.25CR	138270	7,147.25
F06002	FASTENAL							
	I-MNT11107246	STREET SIGN HARDWARE	R	5/05/2021		50.55CR	138271	50.55
F06475	FRA-DOR BLACK DIRT & RECY							
	I-2104043	BLACK DIRT FOR SOD REPAIRS	R	5/05/2021		180.00CR	138272	180.00
F06501	FRANKLIN ENERGY							
	I-122774	ENERGY AUDIT	R	5/05/2021		95.00CR	138273	95.00
G07049	GARY CARLSON EQUIPMENT CO							
	I-119730-2	BACKTOP RAKES	R	5/05/2021		224.66CR	138274	224.66
H08162	HOLIDAY							
	I-202104286827	GAS 1400015462906 UG ELECTRIC	R	5/05/2021		451.67CR	138275	
	I-202104286828	GAS 1400015462892 PARKS DEPT	R	5/05/2021		549.59CR	138275	
	I-202104286829	GAS 1400015462949 ST MAINT	R	5/05/2021		664.32CR	138275	
	I-202104286830	GAS 1400015462906 FIRE DEPT	R	5/05/2021		657.43CR	138275	
	I-202104286831	GAS 1400015462914 SEWER DEPT	R	5/05/2021		547.30CR	138275	
	I-202104286832	GAS 1400015462930 ST CLEANING	R	5/05/2021		585.15CR	138275	
	I-202104286833	GAS 1400015462973 WATER DEPT	R	5/05/2021		243.77CR	138275	
	I-202104286834	GAS 1400015462906 POLICE DEPT	R	5/05/2021		2,064.31CR	138275	
	I-202104286835	GAS 1400015463058 MECHANIC	R	5/05/2021		117.22CR	138275	
	I-202104286836	GAS 1400015463031 INVESTIGATNS	R	5/05/2021		19.75CR	138275	
	I-202104286837	GAS 1400015462884 OH ELECTRIC	R	5/05/2021		305.97CR	138275	6,206.48

PACKET: 04863 Regular Payments 5/5/2021

VENDOR SET: 01

BANK : AP PREMIER BANK

**** CHECK LISTING ****

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
H08165	HOME DEPOT							
	C-2341301	2198 2ND BLDG SUPPLIES	R	5/05/2021		130.52	138276	
	I-1011730	MEASURING WHEEL	R	5/05/2021		59.47CR	138276	
	I-1011800	HOCKEY BOARD REPAIRS	R	5/05/2021		20.98CR	138276	
	I-1020515	TORCH STRIKER	R	5/05/2021		9.72CR	138276	
	I-1020945	BATTING CAGE PARTS	R	5/05/2021		6.87CR	138276	
	I-3010256	MATERIALS FOR SOUTHWOOD PK	R	5/05/2021		57.32CR	138276	
	I-3763400	STAKES FOR SOUTHWOOD PK	R	5/05/2021		30.72CR	138276	
	I-5011222	BITS FOR TRUCK	R	5/05/2021		46.29CR	138276	
	I-5011267	RAKES	R	5/05/2021		79.92CR	138276	
	I-7063402	TRASH GRABBER	R	5/05/2021		19.97CR	138276	
	I-8012151	BATTING CAGE PARTS	R	5/05/2021		117.27CR	138276	
	I-8020790	WELL HOUSES SUPPLIES	R	5/05/2021		16.66CR	138276	
	I-8524618	BUILDING SUPPLIES	R	5/05/2021		62.64CR	138276	
	I-9014838	BOLTS FOR WELL HOUSE #2	R	5/05/2021		73.86CR	138276	471.17
VOID	VOID CHECK		V	5/05/2021			138277	**VOID**
I09178	STUART C IRBY CO							
	I-S012372335.001	MOLDED BOX PADS	R	5/05/2021		3,726.50CR	138278	3,726.50
L12194	LEAGUE OF MINN CITIES							
	I-340534	STORMWATER COALITION CONTRIBUT	R	5/05/2021		780.00CR	138279	780.00
L12388	LOCATORS & SUPPLIES INC							
	I-0291115-IN	MARKING PAINT	R	5/05/2021		220.80CR	138280	220.80
M13035	MACQUEEN EQUIPMENT CO							
	I-W07970	CAMERA CONTROLLER REPAIR	R	5/05/2021		594.03CR	138281	594.03
M13074	MET COUNCIL ENVIRONMENTAL SVCS							
	I-001122283	MAY 2021 WASTE WATER SVCS	R	5/05/2021		83,675.29CR	138282	83,675.29
M13110	MENARDS-OAKDALE							
	C-16086C	DUPLICATE PYMNT CORRECTION	R	5/05/2021		29.98	138283	
	I-19380	ORGANIZER MECHANIC STORAGE	R	5/05/2021		29.26CR	138283	
	I-19499	ORGANIZER FOR STORAGE ROOM	R	5/05/2021		41.40CR	138283	
	I-19639	STREET SIGN HARDWARE	R	5/05/2021		16.98CR	138283	
	I-19808	NORTHWOOD VB HARDWARE	R	5/05/2021		55.27CR	138283	
	I-20207	SHELVING MATERIAL	R	5/05/2021		70.96CR	138283	183.89
M13124	METROPOLITAN COUNCIL							
	I-2021-00383-0001	BUS SHELTER REPAIRS	R	5/05/2021		661.00CR	138284	661.00

PACKET: 04863 Regular Payments 5/5/2021

VENDOR SET: 01

BANK : AP PREMIER BANK

**** CHECK LISTING ****

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
M13143	MIDWEST FENCE & MFG CO							
	I-184206	VOLLYBALL NET POLES	R	5/05/2021		224.40CR	138285	224.40
M13339	M M K R & COMPANY PA							
	I-49916	2020 FINANCIAL AUDIT SERVICES	R	5/05/2021		16,200.00CR	138286	16,200.00
M14074	MNSPECT LLC							
	I-8602	MAR 2021 INSPECT/PERMIT FEES	R	5/05/2021		53,727.06CR	138287	53,727.06
M16475	NCPERS GROUP LIFE INS.							
	I-663400052021	MAY 2021 LIFE INSURANCE	R	5/05/2021		144.00CR	138288	144.00
N07096	NAPA AUTO PARTS							
	I-3617-086998	619 FUSE	R	5/05/2021		5.29CR	138289	
	I-3617-088851	SHOP FILTER WRENCH	R	5/05/2021		15.49CR	138289	20.78
N14125	NESCO, LLC							
	I-C004445	723 DRAW BAR EYE	R	5/05/2021		51.76CR	138290	51.76
N14168	NORTHERN TOOL & EQUIPMENT							
	I-0562042667	DEEP SOCKET	R	5/05/2021		72.99CR	138291	
	I-4131139633	WATER HOSE FOR HOTSYS	R	5/05/2021		74.98CR	138291	
	I-4133057628	ASPHALT TORCH	R	5/05/2021		57.99CR	138291	205.96
O15006	OAKDALE RENTAL CENTER							
	I-154842	CURB CONCRETE	R	5/05/2021		802.00CR	138292	802.00
P16261	PINE CREEK SERVICES							
	I-19203	FIRE BAY WINDOW WASHING	R	5/05/2021		200.00CR	138293	200.00
R18010	RAMSEY COUNTY							
	I-202104266817	ANCHOR CROSSING RECORDING FEE	R	5/05/2021		112.00CR	138294	112.00
R18200	RUFFRIDGE-JOHNSON EQUIPMENT COMPANY, INC							
	I-IA18947	512 HYDRAULIC FILTER	R	5/05/2021		130.54CR	138295	130.54
S19015	CITY OF SAINT PAUL							
	I-IN45035	POT HOLE ASPHALT	R	5/05/2021		923.16CR	138296	923.16
S19178	SHERWIN-WILLIAMS							
	I-1773-6	ROAD PAINT	R	5/05/2021		175.45CR	138297	175.45

PACKET: 04863 Regular Payments 5/5/2021

VENDOR SET: 01

BANK : AP PREMIER BANK

**** CHECK LISTING ****

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
T08168	THE GOODYEAR TIRE & RUBBER CO							
	I-124-1101252	553 TRAILER TIRES	R	5/05/2021		371.40CR	138298	371.40
T19150	T A SCHIFSKY & SONS INC							
	I-66950	ASPHALT PATCHING MATERIAL	R	5/05/2021		1,026.53CR	138299	
	I-66974	ASPHALT PATCHING MATERIAL	R	5/05/2021		1,787.56CR	138299	
	I-67004	ASPHALT FOR PATCHING	R	5/05/2021		332.99CR	138299	3,147.08
T20191	TIMESAVER OFF SITE SECRETARIAL INC.							
	I-M26376	APR 2021 SECRETARIAL SERVICES	R	5/05/2021		482.00CR	138300	482.00
T20192	T-MOBILE							
	I-202104286823	FD/PD TABLETS/CARDS 3/9-4/8	R	5/05/2021		625.09CR	138301	
	I-202104286824	FD/PD CARDS/INTERNET 3/11-4/10	R	5/05/2021		615.56CR	138301	1,240.65
T20240	T & R ELECTRIC SUPPLY CO							
	I-162358	OIL TESTING	R	5/05/2021		40.00CR	138302	40.00
T20285	TRI STATE BOBCAT INC							
	I-A86089	515 WHEEL STUDS & NUTS	R	5/05/2021		60.60CR	138303	
	I-A86090	606 NEW TIRES	R	5/05/2021		500.00CR	138303	560.60
T20470	TWIN CITY WATER CLINIC INC							
	I-15832	MAR 2021 WATER SAMPLES	R	5/05/2021		272.00CR	138304	272.00
V22049	VEIT DISPOSAL SYSTEMS							
	I-T10000024054	CONSTRUCTION DEBRIS	R	5/05/2021		143.48CR	138305	143.48
W23041	WATER CONSERVATION SERVICE INC							
	I-11260	LEAK LOCATE 2682 HENRY	R	5/05/2021		470.30CR	138306	470.30
X14164	XCEL ENERGY							
	I-0446800290	NAT GAS PW BLDG 3/18-4/18	R	5/05/2021		1,204.78CR	138307	
	I-0446824754	NAT GAS COMM CENTER 3/18-4/18	R	5/05/2021		1,374.16CR	138307	
	I-0447029044	NAT GAS CASEY LK PK 3/21-4/19	R	5/05/2021		79.71CR	138307	
	I-0447071803	NAT GAS HAUSE PARK 3/18-4/18	R	5/05/2021		55.99CR	138307	
	I-0447071981	NAT GAS CITY HALL 3/18-4/18	R	5/05/2021		1,111.91CR	138307	
	I-0447177999	NAT GAS WELL #1 3/21-4/19	R	5/05/2021		36.40CR	138307	
	I-0447178142	NAT GAS WELL #3 3/21-4/19	R	5/05/2021		53.01CR	138307	
	I-0447178540	NAT GAS MCKNIGHT FLD 3/18-4/18	R	5/05/2021		26.18CR	138307	
	I-0447178575	NAT GAS WELL #5 3/21-4/19	R	5/05/2021		41.08CR	138307	
	I-0447178668	NAT GAS WELL #4 3/21-4/19	R	5/05/2021		49.03CR	138307	
	I-0447179056	NAT GAS WELL #2 3/21-4/19	R	5/05/2021		35.42CR	138307	
	I-0447180794	NAT GAS HAUSE PARK 3/18-4/18	R	5/05/2021		42.58CR	138307	4,110.25

VENDOR	NAME / I.D.	DESC	CHECK	CHECK	DISCOUNT	AMOUNT	CHECK	CHECK
			TYPE	DATE			NO#	AMOUNT
Z26030	ZARNOTH BRUSH WORKS INC							
	I-0184274-IN	556 MAIN BROOM	R	5/05/2021		494.00CR	138308	
	I-0184275-IN	556 DIRT SHOE RUBBER	R	5/05/2021		208.20CR	138308	702.20
Z26047	ZAYO GROUP LLC							
	I-2021040011274	APRIL 2021 FIBER SERVICE	R	5/05/2021		5,302.50CR	138309	5,302.50

4/29/2021 9:49 AM			A / P CHECK REGISTER			PAGE: 7		
PACKET: 04863 Regular Payments 5/5/2021								
VENDOR SET: 01			*** DRAFT/OTHER LISTING ***					
BANK : AP PREMIER BANK								



NORTH
ST. PAUL
extraordinary.

MEMORANDUM

TO: Mayor & Council Members
FROM: Jacquelyn Lutmer, Accounting Technician
DATE: May 4, 2021
SUBJECT: Recommendation of approval of EDA claims list.

Claim Date			
5/5/2021	Drafts	001061	\$ 1,216.33
			\$ 1,216.33

Approved this 4th day of May 2021

/s/ Terrence J. Furlong, Mayor by Consent Resolution

/s/ Scott A. Duddeck, City Manager/Clerk by Consent Resolution



PACKET: 04865 EDA AP RUN

VENDOR SET: 01

BANK : AP PREMIER BANK

*** DRAFT/OTHER LISTING ***

VENDOR	NAME / I.D.	DESC	ITEM	PAID	DISCOUNT	AMOUNT	ITEM	ITEM
			TYPE	DATE			NO#	AMOUNT
N14207	CITY OF NORTH ST PAUL							
	I-202104286839	APRIL 2021 UTILITY BILL	D	5/05/2021		1,216.33CR	001061	1,216.33

* * T O T A L S * *	NO#	DISCOUNTS	CHECK AMT	TOTAL APPLIED
REGULAR CHECKS:	0	0.00	0.00	0.00
HANDWRITTEN CHECKS:	0	0.00	0.00	0.00
PRE-WRITE CHECKS:	0	0.00	0.00	0.00
DRAFTS:	1	0.00	1,216.33	1,216.33
VOID CHECKS:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
CORRECTIONS:	0	0.00	0.00	0.00
REGISTER TOTALS:	1	0.00	1,216.33	1,216.33

TOTAL ERRORS: 0

TOTAL WARNINGS: 0



**NORTH
ST. PAUL**
extraordinary.

MEMORANDUM

TO: HRA Chairman and Commissioners
FROM: Jacquelyn Lutmer, Accounting Technician
DATE: May 4, 2021
SUBJECT: Recommendation of approval of HRA claims list.

Claim Date

5/5/2021 A/P Check Register	138310	\$	104.20
5/5/2021 Drafts	001060	\$	392.74
Total			<u>\$496.94</u>

Approved this 4th day of May 2021

/s/ Terrence J. Furlong, Mayor by Consent Resolution
/s/ Scott A. Duddeck, City Manager/Clerk by Consent Resolution

			CHECK	CHECK			CHECK	CHECK
VENDOR	NAME / I.D.	DESC	TYPE	DATE	DISCOUNT	AMOUNT	NO#	AMOUNT
X14164	XCEL ENERGY							
	I-0446847434	NAT GAS 2198 2ND ST 3/18-4/18	R	5/05/2021		40.75CR	138310	
	I-0447071200	NAT GAS 2393 MARGRT 3/18-4/18	R	5/05/2021		63.45CR	138310	104.20

PACKET: 04864 HRA 5/5/2021 AP

VENDOR SET: 01

BANK : AP PREMIER BANK

*** DRAFT/OTHER LISTING ***

VENDOR	NAME / I.D.	DESC	ITEM	PAID	DISCOUNT	AMOUNT	ITEM	ITEM
			TYPE	DATE			NO#	AMOUNT
N14207	CITY OF NORTH ST PAUL							
	I-202104286838	APR 2021 UTILITY BILL	D	5/05/2021		392.74CR	001060	392.74

* * T O T A L S * *	NO#	DISCOUNTS	CHECK AMT	TOTAL APPLIED
REGULAR CHECKS:	1	0.00	104.20	104.20
HANDWRITTEN CHECKS:	0	0.00	0.00	0.00
PRE-WRITE CHECKS:	0	0.00	0.00	0.00
DRAFTS:	1	0.00	392.74	392.74
VOID CHECKS:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
CORRECTIONS:	0	0.00	0.00	0.00
REGISTER TOTALS:	2	0.00	496.94	496.94

TOTAL ERRORS: 0

TOTAL WARNINGS: 0

Agenda Information Memorandum
North St. Paul City Council
May 4, 2021

FROM THE OFFICE OF THE FINANCE DEPARTMENT

Agenda placement: Council Workshop/Council Consent Agenda

Subject: Review of the 2020 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 2020 Comprehensive Annual Finance Report and review their Management Report at the City Council Workshop on May 4, 2021.

Included with the council packet are four separate documents; the first document, and largest, is a copy of the Comprehensive Annual Financial Statements, the second is auditor's Management Report, the third is the Corrective Action Plan and Summary Schedule of Prior Audit Findings, and the fourth is the Special Purpose Audit Reports including opinions on compliance with Government Auditing Standards and Legal Compliance, and The Comprehensive Annual Financial Report will also be posted on the on the City's website.

Since the documents are large, good areas to start are in the ACFR 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 33rd 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: Approve a motion to acknowledge the financial reports associated with the 2020 financial audit for The City of North St. Paul.

Attachments:

2020 Comprehensive Annual Financial Report
2020 Management Report
2020 Corrective Action Plan and Summary Schedule of Prior Audit Findings
2020 Special Purpose Report

Respectfully submitted,

/s/ JZ by jk

Jason Zimmerman
Finance Director

APPROVED FOR AGENDA ENCLOSURE:

/s/ SD by jk

Scott Duddeck
City Manager

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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, 2020

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

	Reference	Page
INTRODUCTORY SECTION		
Letter of Transmittal		i–viii
GFOA Certificate of Achievement		ix
Organizational Chart		x
Elected Officials and Appointed Personnel		xi
FINANCIAL SECTION		
INDEPENDENT AUDITOR’S REPORT		1–3
MANAGEMENT’S DISCUSSION AND ANALYSIS		4–15
BASIC FINANCIAL STATEMENTS		
Government-Wide Financial Statements		
Statement of Net Position	Statement 1	16
Statement of Activities	Statement 2	17–18
Fund Financial Statements		
Governmental Funds		
Balance Sheet	Statement 3	19–20
Reconciliation of the Balance Sheet to the Statement of Net Position	Statement 4	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement 5	22–23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	Statement 6	24
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	Statement 7	25
Proprietary Funds		
Statement of Net Position	Statement 8	26–27
Statement of Revenues, Expenses, and Changes in Net Position	Statement 9	28–29
Statement of Cash Flows	Statement 10	30–31
Notes to Basic Financial Statements		32–69
REQUIRED SUPPLEMENTARY INFORMATION		
North St. Paul Fire Department Relief Association		
Schedule of Changes in the City’s Net Pension Liability and Related Ratios		70
Schedule of City Contributions and Nonemployer Contributing Entities		71
PERA – General Employees Retirement Fund		
Schedule of City’s and Nonemployer Proportionate Share of Net Pension Liability		72
Schedule of City Contributions		72
PERA – Public Employees Police and Fire Fund		
Schedule of City’s and Nonemployer Proportionate Share of Net Pension Liability		73
Schedule of City Contributions		73
Other Post-Employment Benefits Plan		
Schedule of Changes in the City’s Total OPEB Liability and Related Ratios		74
Notes to Required Supplementary Information		75–81
SUPPLEMENTARY INFORMATION		
Combining and Individual Fund Statements and Schedules		
Nonmajor Governmental Funds		
Combining Balance Sheet	Statement 11	82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement 12	83

CITY OF NORTH ST. PAUL

Table of Contents (continued)

	Reference	Page
SUPPLEMENTARY INFORMATION (CONTINUED)		
Combining and Individual Fund Statements and Schedules (continued)		
Nonmajor Special Revenue Funds		
Combining Balance Sheet	Statement 13	84–85
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement 14	86–87
Nonmajor Debt Service Funds		
Combining Balance Sheet	Statement 15	88–89
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement 16	90–91
Nonmajor Capital Projects Funds		
Combining Balance Sheet	Statement 17	92–93
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement 18	94–95
General Fund		
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	Statement 19	96–100
Balance Sheet by Account	Statement 20	101
Schedule of Revenues, Expenditures, and Changes in Fund Balances by Account	Statement 21	102
Housing Redevelopment Authority Fund		
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	Statement 22	103
Internal Service Funds		
Combining Statement of Net Position	Statement 23	104
Combining Statement of Revenues, Expenses, and Changes in Net Position	Statement 24	105
Combining Statement of Cash Flows	Statement 25	106
Discretely Presented Component Unit – EDA		
Balance Sheet	Statement 26	107
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	Statement 27	108
STATISTICAL SECTION (UNAUDITED)		
Net Position by Component	Table 1	109–110
Changes in Net Position	Table 2	111–114
Governmental Activities Tax Revenues by Source	Table 3	115
Fund Balances of Governmental Funds	Table 4	116–117
Changes in Fund Balances of Governmental Funds	Table 5	118–119
General Governmental Tax Revenues by Source	Table 6	120
Tax Capacity Value and Estimated Actual Value of Taxable Property	Table 7	121–122
Property Tax Rates – Direct and Overlapping Governments	Table 8	123
Principal Property Taxpayers	Table 9	124
Property Tax Levies and Collections	Table 10	125
Ratios of Outstanding Debt by Type	Table 11	126–127
Ratios of General Bonded Debt Outstanding	Table 12	128
Direct and Overlapping Governmental Activities Debt	Table 13	129
Legal Debt Margin Information	Table 14	130–131
Pledged Revenue Coverage	Table 15	132
Demographic and Economic Statistics	Table 16	133
Principal Employers	Table 17	134
Full-Time Equivalent City Government Employees by Function	Table 18	135
Operating Indicators by Function	Table 19	136–137
Capital Asset Statistics by Function	Table 20	138–139

INTRODUCTORY SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

April 22, 2021

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

INTRODUCTION

The Comprehensive Annual Financial Report of the City of North St. Paul, Minnesota (the City) for the fiscal year ended December 31, 2020 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 Comprehensive Annual Financial Report is complete and reliable, in all material respects.

The City's financial statements have been audited by Malloy, Montague, Karnowski, Radosevich & Co., P.A., 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, 2020, 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, 2020, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

PROFILE OF THE GOVERNMENT

The City, incorporated in 1887, is located in northeastern Ramsey County, and is a first ring northern suburb of the Minneapolis-St. Paul metropolitan area. This area is considered the major population and economic growth area in the state, and among the highly ranked economic growth areas in the country. The City encompasses an area 3.5 square miles and serves an estimated population of 12,161. The City is empowered to levy a property tax on both real and certain personal properties located within its borders.

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

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

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

The North St. Paul Fire Department Relief Association is a separate legal entity, and is included only in the government-wide financial statements. Additional information on this legally separate entity can be found in Note 8 of the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City submit requests for appropriations to the city manager in 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.

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

LOCAL ECONOMY

The City is located within Ramsey County and is part of the Minneapolis/St. Paul seven-county metropolitan area; an economically diverse environment, with an equally diverse labor force. Early in 2020, the coronavirus pandemic spread worldwide, with unprecedented global economic impacts. The unemployment rate for Ramsey County increased to 4.7 percent, which is also the state-wide rate for Minnesota, compared to the national rate of 6.7 percent. The Minneapolis-St. Paul-Bloomington area consumer price index was up 1.6 percent for 2020, compared to 1.4 percent nationally. These figures display the strength of the local economy, compared to the national average, and promotes confidence for a recovery to pre-pandemic employment and growth levels.

The City's tax base is comprised mainly of residential property. The 10 largest taxpayers make up about 10 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 172 people and is part of a large national chain of stores.

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

LONG-TERM PLANNING AND MAJOR INITIATIVES

Factors Affecting Financial Condition

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

Financial Planning

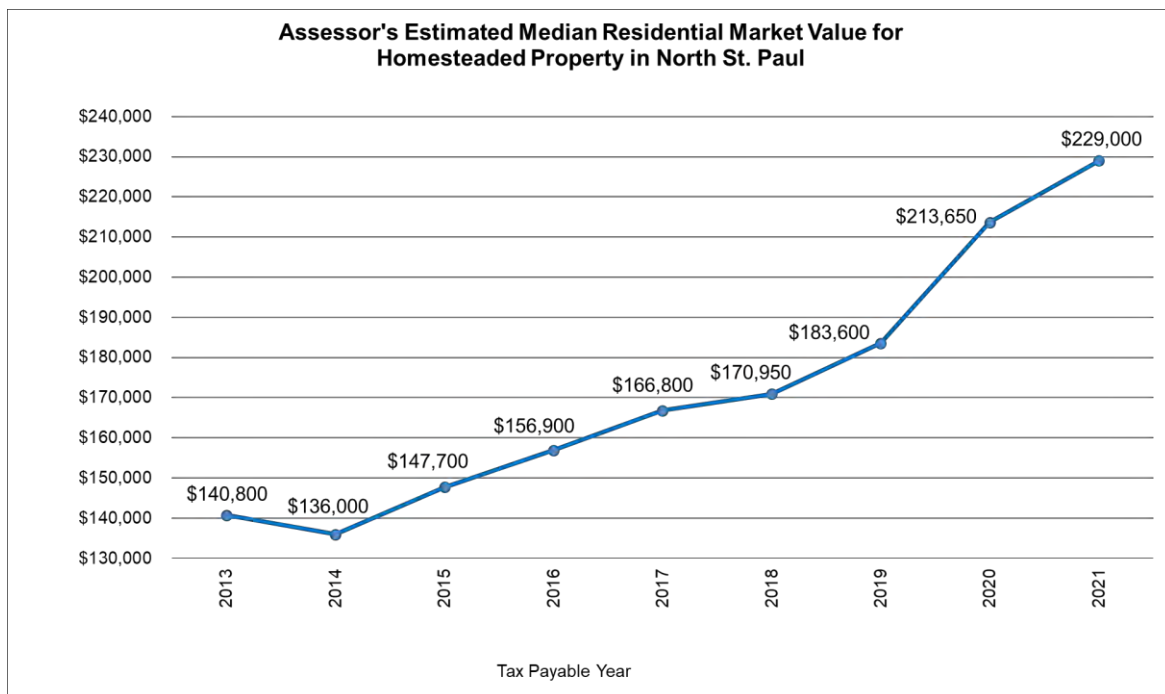
The City places a high priority on planning for future growth. Staff uses different long-range revenue and expenditure models during the annual preparation of a biennial budget plan for the General Fund, Housing Redevelopment Authority, Economic Development Authority, and enterprise funds. The biennial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

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

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 16.4 percent for 2020 taxes payable. Since 2013, the City has the largest cumulative increase in residential market values of any city/township within Ramsey County. Preliminary assessor values for 2021 continue this positive trend.

Increase (Decline) in Median Residential Value	
2014	(3.4%)
2015	8.6%
2016	6.2%
2017	6.3%
2018	2.5%
2019	7.4%
2020	16.4%
2021 Prelim	7.2%



Market Values

The City consistently adds new tax base each year. In 2020, a total of \$3.2 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 or currently underway. Total market value increased by \$98.8 million in 2020, resulting from improved market conditions. Conditions are expected to continue improving, with preliminary County Assessor data for taxes payable 2021 showing an estimated market value of \$1.1 billion, of which \$9.2 million results from new construction.



Major Initiatives

Anchor Block North: Located on the former Anchor Block site directly south of Highway 36, this project will contain 128 apartments, a 110,000 square foot indoor storage facility, and a gas/convenience store. Construction of the storage facility began in fall 2020, while the convenience store and apartment complex will break ground in spring 2021.

Anchor Block South: On the former Anchor Block site south of the Gateway Trail, this development is proposed to contain 100 townhomes. As of December 2020, 64 townhomes have been fully constructed. The developer expects the final townhome to be completed in winter 2021.

Old City Hall Site: On this site that held City Hall until 2004, this project will contain 89 market rate apartments with an additional 4,200 square feet of ground level commercial retail space. Completion of this project is anticipated in fall 2021.

7th Street Townhome Development: This proposed project, which was approved in 2020, will contain 18 single-level townhomes. Three additional single-family homes will also be built by the same developer on 6th Street. Construction will begin in spring 2021.

Delaware and 17th Redevelopment: This 2.5 acre city-owned parcel has sat as open space since the City acquired it in 2010. Discussions are ongoing with private developers and city staff about the future land use of this site.

Suite Living Redevelopment: In March 2020, construction of a 34-bed senior memory care and assisted living facility was completed on the site that formerly held the Independent School District No. 622 bus garage. This site had been vacant for the previous eight years.

Rotary Park Restroom Construction: In late 2019, the City partnered with the North Saint Paul-Maplewood Rotary Club to complete a new restroom facility at Rotary Park. The project was completed in the summer of 2020, and is the third park that has undergone significant site improvements within the last four years.

Capital Improvement Plan Update: Staff is updating the City's current Capital Improvement Plan (CIP) to span 10 years starting in 2021, an update to the five-year view that had historically been presented. The 10-year CIP identifies immediate needs, but also seeks to capture long-term capital needs throughout the City.

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

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.

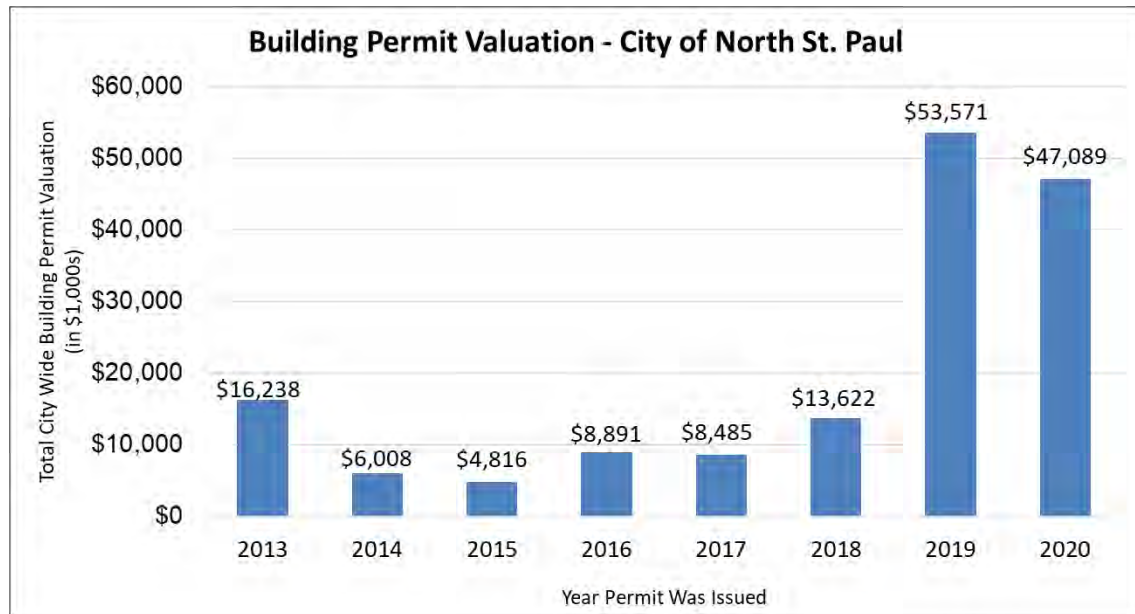
The City is also evaluating the condition of its two water towers. With the proposed residential development over the next several years, an increase in demand and storage will likely require the replacement of an existing water tower. Site studies are currently in process and any action on this project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

Housing and Redevelopment Authority and ISD No. 916 Partnership

The City's HRA 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, with an anticipated completion date of spring 2021. The original expected date of completion was the summer of 2020, but was pushed back, due to the coronavirus pandemic and suspension of in-person learning in March 2020. The program was subsequently modified to ensure compliance with recommendations from the Centers for Disease Control and Prevention and has resumed work on this construction project.

Building Permit Valuation

From 2013 to 2018, building permit valuation averaged \$9.7 million annually. 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 2020 building permit valuation remained strong at \$47.1 million, with permits for a mixed-use redevelopment project on the former City Hall site, an indoor climate-controlled storage facility on the north side of the former Anchor Block site, and continuation of the townhome project that began in 2019. The City expects 2021 permit valuations to be similar to 2020, as the remaining development projects on the former Anchor Block site are started.



Long-Term Financial Planning

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

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

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

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

Relevant Financial Policies

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2019. 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 Comprehensive Annual Financial Report, whose contents comply with rigorous standards of the program. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. The certificate is valid for a period of one year only. The City has received this certificate for the last 33 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,

A handwritten signature in black ink, appearing to read "Scott Duddeck", written in a cursive style.

Scott Duddeck
City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of North Saint Paul
Minnesota**

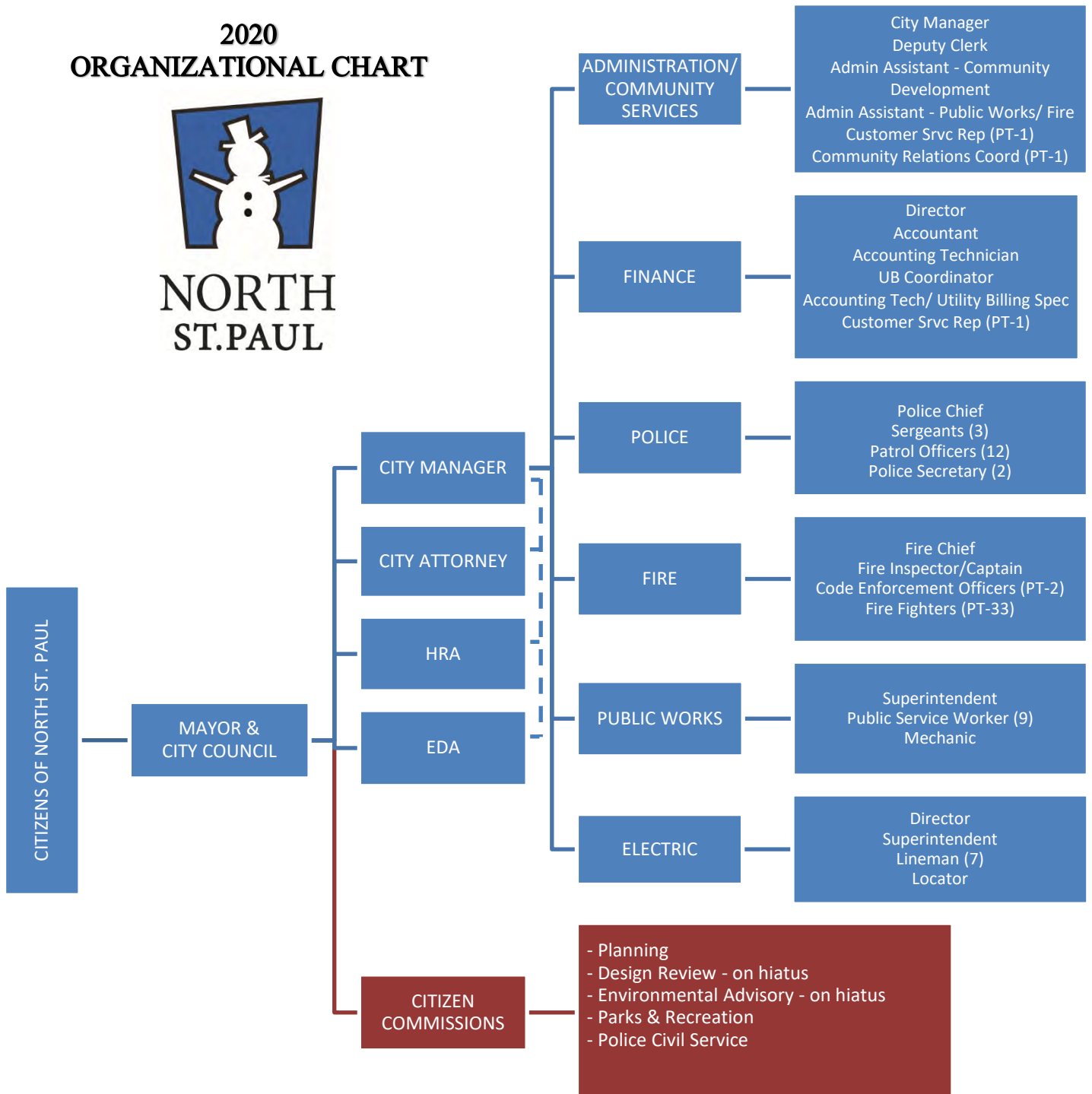
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO

2020 ORGANIZATIONAL CHART



CITY OF NORTH ST. PAUL

Elected Officials and Appointed Personnel
December 31, 2020

ELECTED OFFICIALS

		<u>Term Expires</u>
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
Ron Ritchie	Public Works Superintendent
Brian Frandle	Electric Director

THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

THIS PAGE INTENTIONALLY LEFT BLANK



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, 2020, 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)

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, 2020, 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.

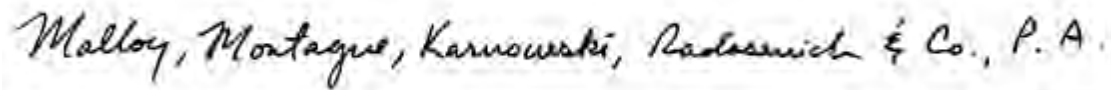
The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial 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 22, 2021, 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.

A handwritten signature in cursive script that reads "Malloy, Montague, Karnowski, Rademich & Co., P.A." is enclosed within a thin black rectangular border.

Minneapolis, Minnesota
April 22, 2021

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, 2020. 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 \$48,692,815 (*net position*). Of this amount, \$11,301,527 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors; \$6,750,568 is restricted for specific purposes (*restricted net position*); and \$30,640,720 represents the net investment in capital assets. The City's total net position increased \$2,292,070 during the year ended December 31, 2020.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,633,698, a decrease of \$2,943,491. The decrease is due in part to economic development and street construction projects that will be funded with future revenue sources.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,701,149, or 36 percent, of total General Fund expenditures based on 2021 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, 7th and Margaret Street Tax Increment Special Revenue Fund, Anchor Block North – Housing Tax Increment Special Revenue Fund, and the Municipal State Aid 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 – the EDA. A budgetary comparison statement has been provided for these funds to demonstrate compliance with these budgets.

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

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

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

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

Further, a statistical section has been included as part of the Comprehensive Annual Financial Report 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 \$48,692,815 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, 2020 and 2019						
	Governmental Activities		Business-Type Activities		Totals – Primary Government	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 18,536,122	\$ 19,656,334	\$ 20,558,624	\$ 18,073,112	\$ 39,094,746	\$ 37,729,446
Capital assets	38,611,907	34,660,840	18,615,610	16,193,199	57,227,517	50,854,039
Total assets	\$ 57,148,029	\$ 54,317,174	\$ 39,174,234	\$ 34,266,311	\$ 96,322,263	\$ 88,583,485
Deferred outflows of resources						
Pension plan deferments	\$ 1,200,678	\$ 2,072,356	\$ 138,753	\$ 97,392	\$ 1,339,431	\$ 2,169,748
OPEB Plan deferments	20,599	32,259	9,254	13,998	29,853	46,257
Total deferred outflows of resources	\$ 1,221,277	\$ 2,104,615	\$ 148,007	\$ 111,390	\$ 1,369,284	\$ 2,216,005
Total assets and deferred outflows of resources	\$ 58,369,306	\$ 56,421,789	\$ 39,322,241	\$ 34,377,701	\$ 97,691,547	\$ 90,799,490
Liabilities						
Other liabilities	\$ 2,123,620	\$ 3,090,135	\$ 1,814,071	\$ 1,582,288	\$ 3,937,691	\$ 4,672,423
Noncurrent liabilities	24,968,396	21,146,640	16,047,445	15,172,869	41,015,841	36,319,509
Total liabilities	\$ 27,092,016	\$ 24,236,775	\$ 17,861,516	\$ 16,755,157	\$ 44,953,532	\$ 40,991,932
Deferred inflows of resources						
Pension plan deferments	\$ 1,781,874	\$ 3,062,227	\$ 114,334	\$ 344,586	\$ 1,896,208	\$ 3,406,813
State aid received for subsequent years	2,148,992	–	–	–	2,148,992	–
Total deferred inflows of resources	\$ 3,930,866	\$ 3,062,227	\$ 114,334	\$ 344,586	\$ 4,045,200	\$ 3,406,813
Net position						
Net investment in capital assets	\$ 23,925,494	\$ 20,896,337	\$ 6,715,226	\$ 5,230,430	\$ 30,640,720	\$ 26,126,767
Restricted	6,750,568	6,313,242	–	–	6,750,568	6,313,242
Unrestricted	(3,329,638)	1,913,208	14,631,165	12,047,528	11,301,527	13,960,736
Total net position	\$ 27,346,424	\$ 29,122,787	\$ 21,346,391	\$ 17,277,958	\$ 48,692,815	\$ 46,400,745
Total liabilities, deferred inflows of resources, and net position	\$ 58,369,306	\$ 56,421,789	\$ 39,322,241	\$ 34,377,701	\$ 97,691,547	\$ 90,799,490

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 \$11,301,527 may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the City as a whole.

There was a decrease in net position in the governmental activities of \$1,776,363 and an increase in the business-type activities of \$4,068,433, for a total increase of \$2,292,070 in net position. The increase in total assets in the current year is due to ongoing street construction projects and the increase in noncurrent liabilities is due to tax increment revenue bonds issued for economic development.

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

Table 2
Change in Net Position
for the Years Ended December 31, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total – Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services	\$ 1,428,721	\$ 1,473,181	\$ 15,894,818	\$ 15,670,079	\$ 17,323,539	\$ 17,143,260
Operating grants and contributions	2,621,998	648,171	63,645	341,895	2,685,643	990,066
Capital grants and contributions	670,265	588,053	753,848	–	1,424,113	588,053
General revenues						
Property taxes	6,348,187	5,809,709	–	–	6,348,187	5,809,709
Franchise taxes	437,835	421,413	–	–	437,835	421,413
Grants and contributions not restricted to specific programs	1,800,995	1,843,392	–	–	1,800,995	1,843,392
Other	81,834	124,510	–	–	81,834	124,510
Investment earnings	186,263	460,597	326,675	597,528	512,938	1,058,125
Total revenues	13,576,098	11,369,026	17,038,986	16,609,502	30,615,084	27,978,528
Expenses						
General government	1,484,870	1,559,014	–	–	1,484,870	1,559,014
Public safety	4,298,332	4,087,960	–	–	4,298,332	4,087,960
Public works	1,712,876	2,104,125	–	–	1,712,876	2,104,125
Parks and recreation	577,988	586,040	–	–	577,988	586,040
Economic development	7,263,908	3,028,759	–	–	7,263,908	3,028,759
Interest and fiscal charges	701,700	383,719	–	–	701,700	383,719
Electric	–	–	7,950,155	8,098,292	7,950,155	8,098,292
Water	–	–	1,008,677	1,105,399	1,008,677	1,105,399
Surface water	–	–	462,958	480,131	462,958	480,131
Waste water	–	–	1,814,166	1,817,051	1,814,166	1,817,051
Fiber optic	–	–	140,622	138,423	140,622	138,423
Solid waste	–	–	906,762	1,492,205	906,762	1,492,205
Total expenses	16,039,674	11,749,617	12,283,340	13,131,501	28,323,014	24,881,118
Increase in net position before transfers	(2,463,576)	(380,591)	4,755,646	3,478,001	2,292,070	3,097,410
Transfers	687,213	862,932	(687,213)	(862,932)	–	–
Change in net position	(1,776,363)	482,341	4,068,433	2,615,069	2,292,070	3,097,410
Net position – beginning	29,122,787	28,640,446	17,277,958	14,662,889	46,400,745	43,303,335
Net position – ending	\$ 27,346,424	\$ 29,122,787	\$ 21,346,391	\$ 17,277,958	\$ 48,692,815	\$ 46,400,745

Governmental Activities – The City's net position for governmental activities decreased by \$1,776,363, or 6.1 percent, after \$687,213 of net transfers from business-type activities. Key elements of this decrease are seen in the table above.

Revenues increased overall by \$2,207,072, or 19.4 percent.

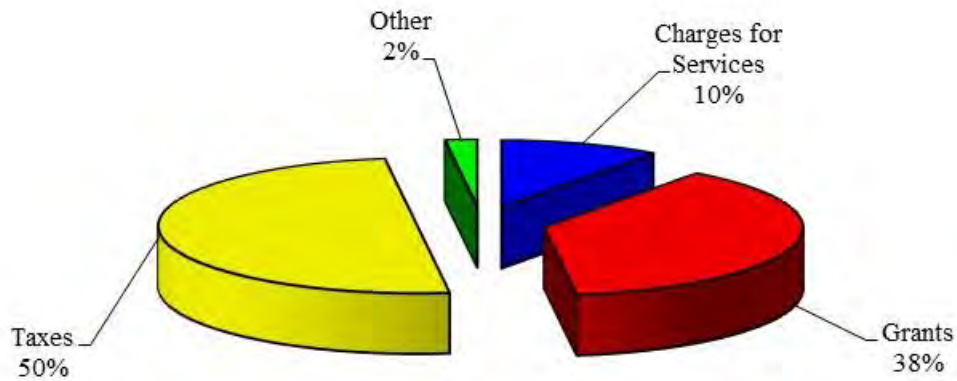
- The largest changes occurred in operating grants and contributions and property taxes. Operating grants and contributions increased, due to Coronavirus Relief Funds received and a gain on the sale of assets held for resale in the current year. The increase in property taxes is a result of an increase in the levied amount approved by the City Council.

Expenses increased overall by \$4,290,057, or 36.5 percent.

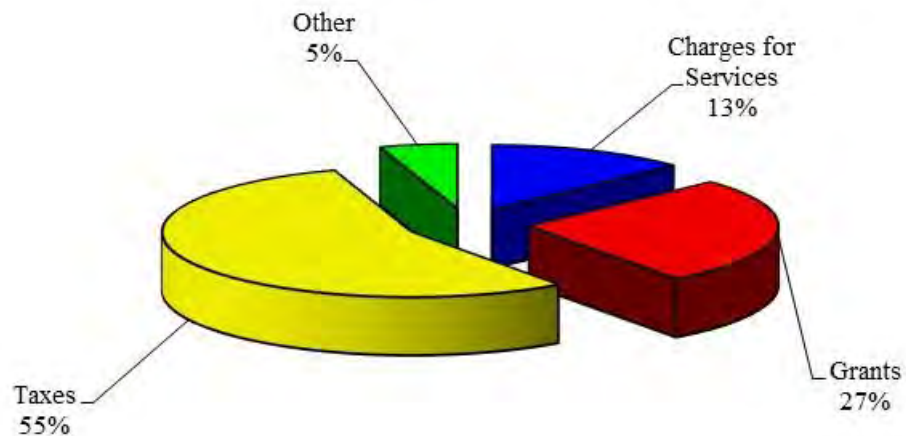
- The City experienced the largest increase within the economic development function, mainly due to an increase in tax increment district activity in the current year with site development work.

As seen in the following graph, taxes make up about 50 percent of the total revenues for 2020. Grants (operating, capital, and unrestricted grants and contributions), including state aids, such as local government aid, make up about 38 percent of the total and are followed by charges for services at 10 percent, and other at 2 percent of the total.

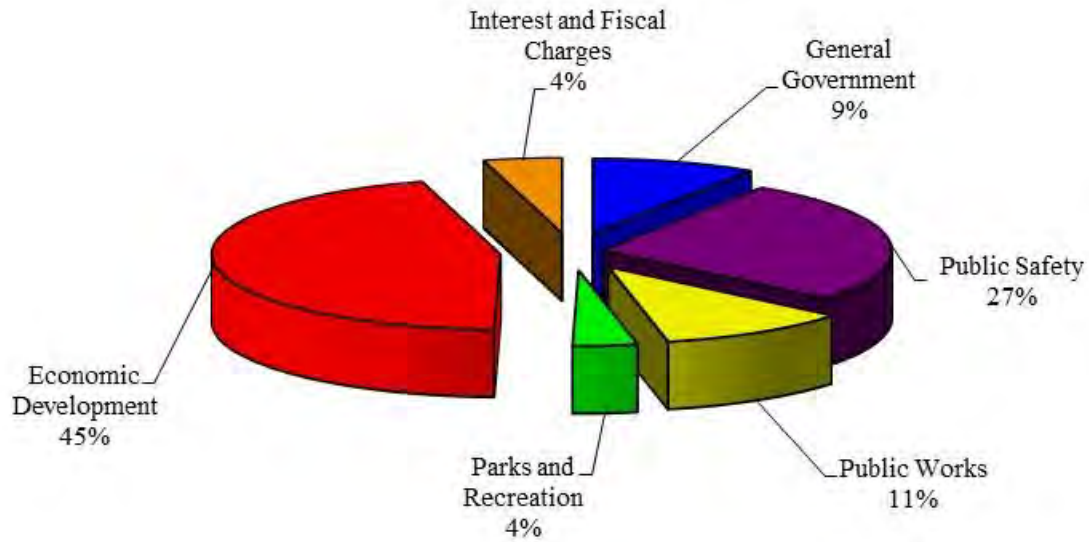
2020 Revenues by Source – Governmental Activities



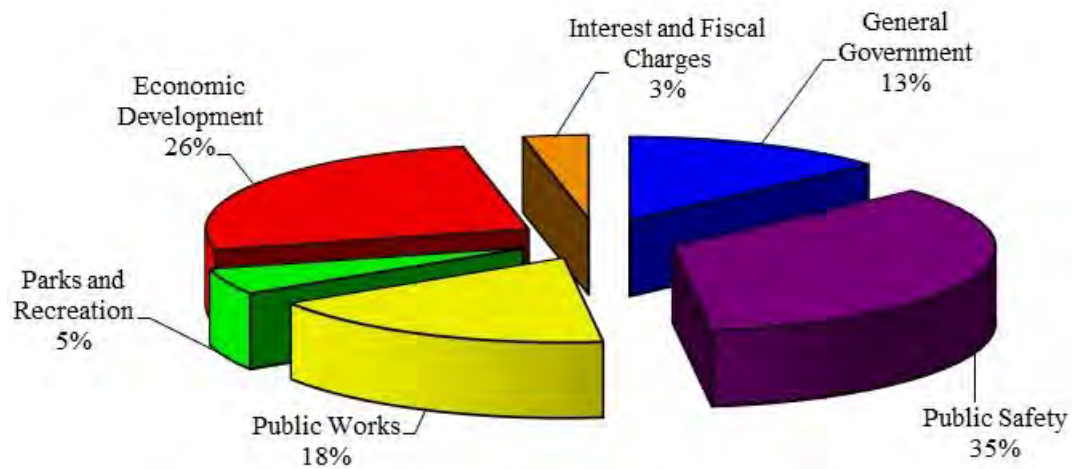
2019 Revenues by Source – Governmental Activities



2020 Expenses – Governmental Activities



2019 Expenses – Governmental Activities

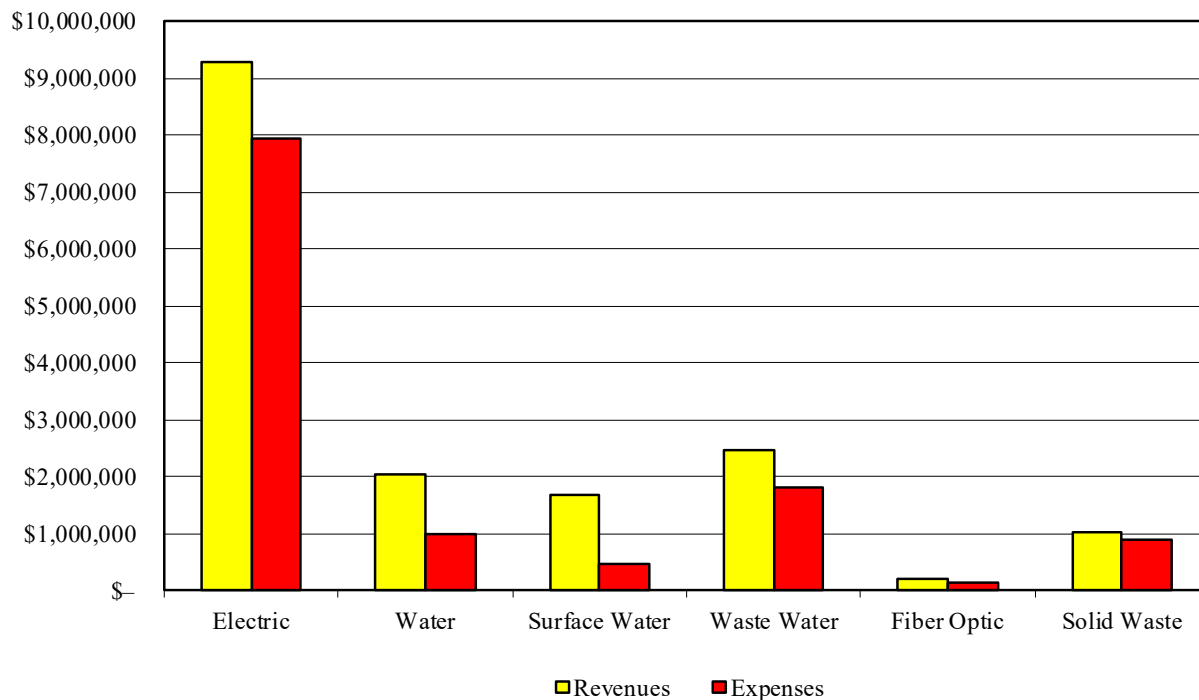


The expenses in the graphs above for governmental activities show the amounts spent on different activities for 2020 and 2019. The overall shift in spending in the current year, is largely due to increased economic development activity.

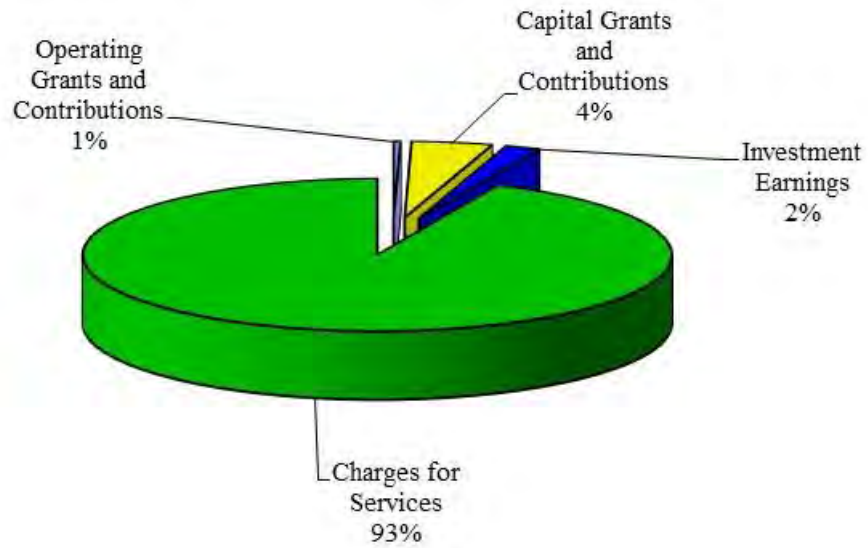
Business-Type Activities – Business-type activities increased the City’s total net position by \$4,068,433. Key elements of the business-type activities are as follows:

- 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.
- Capital grants and contributions increased \$753,848, due to municipal state aid funds received for capital related projects.
- Solid waste expenses decreased \$585,443, due to the purchase of new city-owned garbage and recycling containers for city residents in the prior year.
- About 65 percent of all business-type activity expenses are from the electric operations.
- Overall, business-type activities generated an increase in net position before transfers of \$4,755,646. After considering transfers to governmental activities totaling \$687,213, net position increased by \$4,068,433.

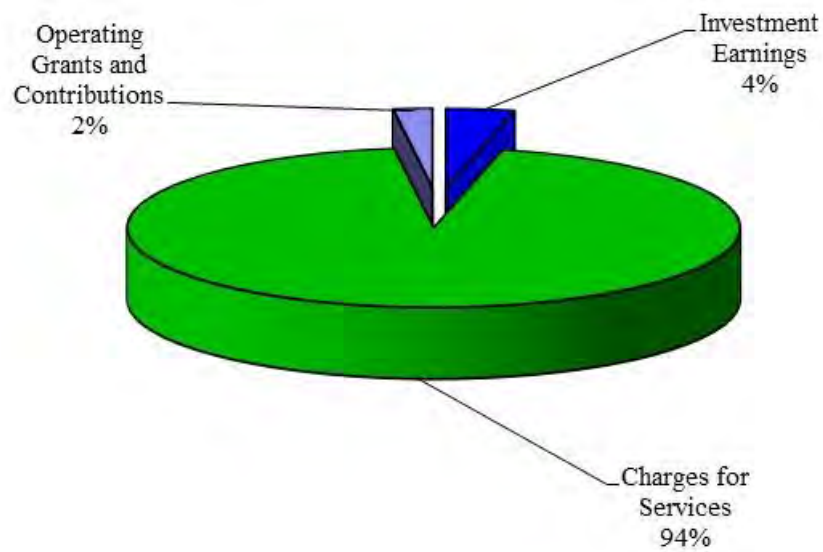
Revenues and Expenses – Business-Type Activities



2020 Revenues by Source – Business-Type Activities



2019 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 \$9,633,698, a decrease of \$2,943,491 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 \$2,843,542. 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 36 percent of subsequent year budget expenditures.

Total fund balance for the City's General Fund increased by \$487,965 during 2020. Key factors in this increase are as follows:

- The City adopted a balanced budget prior to the start of the current year.
- The City experienced favorable variances in both revenues and expenditures in the current year. These variances were spread across all revenue categories and expenditure functions.
- The City has a fund balance policy that limits the amount of unassigned fund balance at year-end to 35 percent of the following year's expenditures. Any portion exceeding this limit may be transferred in the subsequent year, as approved by the City Council.

The 7th and Margaret Street Tax Increment Special Revenue Fund equity increased \$380,565, ending the year with a fund balance of \$186,069. The increase was mainly due to the issuance of the 2020A Taxable General Obligation Tax Increment Revenue Bonds, which were issued for economic development projects. The proceeds were mainly spent in the current year, with the remaining proceeds to be spent in 2021.

The Anchor Block North – Housing Tax Increment Special Revenue Fund equity decreased \$2,666,751, ending the year with a deficit fund balance of \$2,122,782. The decrease was mainly due to a street construction project in this tax increment financing district in the current year. This fund has \$871,500 of assets held for resale, which is planned to be sold to a developer in fiscal year 2021. The remaining deficit will be eliminated as tax increment funds are received as a result of development.

The Municipal State Aid Capital Project Fund equity decreased by \$1,053,684, ending the year with a deficit fund balance of \$1,538,761. The decrease was mainly due to a street construction project in the current year, which is approved for Municipal State Aid funding. The City received an advance in the current year and will recognize its annual allocation of funding each year to eliminate this deficit.

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 was one budget amendment in the current year for the Coronavirus Relief Funds received.

Revenues were over budget by \$116,906, which was spread across most revenue categories. Conservative budgeting in these areas contributed to the favorable revenue variance. General Fund expenditures recognized favorable budget variances in each function, with total expenditures ending the year \$329,242, or 4.2 percent, under budget. After the variance in net transfers, the City's General Fund ended the year \$487,965 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, 2020 amounts to \$57,227,517 (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	
	2020	2019	2020	2019	2020	2019
Capital assets						
Land	\$ 3,926,167	\$ 3,454,393	\$ 331,728	\$ 154,948	\$ 4,257,895	\$ 3,609,341
Construction in progress	9,020,118	4,091,504	6,437,234	3,596,344	15,457,352	7,687,848
Buildings and structures	20,987,743	20,987,743	5,040,830	5,040,830	26,028,573	26,028,573
Furniture and equipment	4,960,736	5,108,040	3,100,983	3,083,196	8,061,719	8,191,236
Infrastructure	21,327,240	21,327,240	19,717,324	19,717,324	41,044,564	41,044,564
Less accumulated depreciation	(21,610,097)	(20,308,080)	(16,012,489)	(15,399,443)	(37,622,586)	(35,707,523)
Total capital assets, net of depreciation	<u>\$ 38,611,907</u>	<u>\$ 34,660,840</u>	<u>\$ 18,615,610</u>	<u>\$ 16,193,199</u>	<u>\$ 57,227,517</u>	<u>\$ 50,854,039</u>

The changes presented in the table above reflect the ongoing activity and completion of projects within the City during fiscal year 2020. The majority of the activity in construction in progress is for street and utility improvements in recent years.

Additional information on the City's capital assets can be found in Note 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 \$33,360,000. 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	
	2020	2019	2020	2019	2020	2019
G.O. tax increment bonds	\$ 7,410,000	\$ 1,195,000	\$ —	\$ —	\$ 7,410,000	\$ 1,195,000
General obligation bonds	12,182,299	13,612,827	—	—	12,182,299	13,612,827
Utility revenue bonds	—	—	13,767,701	13,137,173	13,767,701	13,137,173
Premium	546,688	470,543	451,017	374,677	997,705	845,220
Contract for deed	871,500	2,075,000	—	—	871,500	2,075,000
Total OPEB liability	185,182	388,617	83,197	168,620	268,379	557,237
Net pension liability	3,092,671	2,714,106	1,463,472	1,252,244	4,556,143	3,966,350
Compensated absences	680,056	690,547	282,058	240,155	962,114	930,702
Total	<u>\$24,968,396</u>	<u>\$21,146,640</u>	<u>\$16,047,445</u>	<u>\$15,172,869</u>	<u>\$41,015,841</u>	<u>\$36,319,509</u>

The City's total bonded debt increased by \$5,415,000, or 19.4 percent, during 2020. The City's most recent bond rating by Standard & Poor's and Moody's was AA and Aa3, respectively.

In fiscal year 2020, the City sold land that was within a tax increment financing district to developers, the proceeds of which were used to pay down the contract for deed.

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 coronavirus 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 Comprehensive Annual Financial Report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this Comprehensive Annual Financial Report, 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 1

Statement of Net Position
as of December 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Authority
Assets				
Cash and investments	\$ 19,189,992	\$ 12,744,328	\$ 31,934,320	\$ 324,880
Receivables				
Interest	35,388	36,190	71,578	615
Accounts	249,174	2,281,052	2,530,226	—
Loan	99,921	—	99,921	—
Taxes	166,189	—	166,189	—
Special assessments	1,181,925	50,572	1,232,497	—
Internal balances	(4,844,482)	4,844,482	—	—
Inventory	—	408,500	408,500	—
Prepaid items	79,436	—	79,436	—
Assets held for resale	1,936,155	—	1,936,155	49,248
Net pension asset	442,424	—	442,424	—
Restricted assets – temporarily restricted				
Cash and investments for debt service	—	193,500	193,500	—
Capital assets				
Not depreciated	12,946,285	6,768,962	19,715,247	—
Depreciated	25,665,622	11,846,648	37,512,270	—
Total capital assets, net of depreciation	38,611,907	18,615,610	57,227,517	—
Total assets	57,148,029	39,174,234	96,322,263	374,743
Deferred outflows of resources				
Pension plan deferments	1,200,678	138,753	1,339,431	—
OPEB Plan deferments	20,599	9,254	29,853	—
Total deferred outflows of resources	1,221,277	148,007	1,369,284	—
Total assets and deferred outflows of resources	\$ 58,369,306	\$ 39,322,241	\$ 97,691,547	\$ 374,743
Liabilities				
Accounts and contracts payable	\$ 1,247,440	\$ 934,640	\$ 2,182,080	\$ —
Accrued salaries and employee benefits payable	212,497	106,338	318,835	1,349
Accrued interest payable	230,251	170,482	400,733	—
Due to other governments	31,759	231,111	262,870	3,590
Customer deposits	305,393	195,884	501,277	—
Unearned revenue	96,280	175,616	271,896	—
Net pension liability				
Due in more than one year	3,092,671	1,463,472	4,556,143	—
Total OPEB liability				
Due in more than one year	185,182	83,197	268,379	—
Bonds, contract for deed, and compensated absences payable				
Due within one year	3,025,123	1,558,060	4,583,183	—
Due in more than one year	18,665,420	12,942,716	31,608,136	—
Total liabilities	27,092,016	17,861,516	44,953,532	4,939
Deferred inflows of resources				
Pension plan deferments	1,781,874	114,334	1,896,208	—
State aid received for subsequent years	2,148,992	—	2,148,992	—
Total deferred inflows of resources	3,930,866	114,334	4,045,200	—
Net position				
Net investment in capital assets	23,925,494	6,715,226	30,640,720	—
Restricted for				
Housing Redevelopment Authority	1,242,674	—	1,242,674	—
Tax increment	636,174	—	636,174	—
Police forfeiture	112,028	—	112,028	—
Debt service	4,428,088	—	4,428,088	—
Pension benefits	331,604	—	331,604	—
Economic Development Authority	—	—	—	369,804
Unrestricted	(3,329,638)	14,631,165	11,301,527	—
Total net position	27,346,424	21,346,391	48,692,815	369,804
Total liabilities, deferred inflows of resources, and net position	\$ 58,369,306	\$ 39,322,241	\$ 97,691,547	\$ 374,743

See notes to basic financial statements

CITY OF NORTH ST. PAUL

Statement of Activities
Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 1,484,870	\$ 360,872	\$ —	\$ —
Public safety	4,298,332	52,571	790,248	166
Public works	1,712,876	820,311	146,437	670,099
Parks and recreation	577,988	194,967	—	—
Economic development	7,263,908	—	1,685,313	—
Interest and fiscal charges	701,700	—	—	—
Total governmental activities	<u>16,039,674</u>	<u>1,428,721</u>	<u>2,621,998</u>	<u>670,265</u>
Business-type activities				
Electric	7,950,155	9,275,594	18,624	—
Water	1,008,677	2,015,977	15,060	—
Surface water	462,958	925,883	310	753,848
Waste water	1,814,166	2,477,861	336	—
Fiber optic	140,622	213,804	—	—
Solid waste	906,762	985,699	29,315	—
Total business-type activities	<u>12,283,340</u>	<u>15,894,818</u>	<u>63,645</u>	<u>753,848</u>
Total primary government	<u>\$ 28,323,014</u>	<u>\$ 17,323,539</u>	<u>\$ 2,685,643</u>	<u>\$ 1,424,113</u>
Component unit				
Economic development authority	<u>\$ 45,999</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

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

Change in net position

Net position – beginning

Net position – ending

Statement 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Economic Development Authority
\$ (1,123,998)	\$ —	\$ (1,123,998)	\$ —
(3,455,347)	—	(3,455,347)	—
(76,029)	—	(76,029)	—
(383,021)	—	(383,021)	—
(5,578,595)	—	(5,578,595)	—
(701,700)	—	(701,700)	—
(11,318,690)	—	(11,318,690)	—
—	1,344,063	1,344,063	—
—	1,022,360	1,022,360	—
—	1,217,083	1,217,083	—
—	664,031	664,031	—
—	73,182	73,182	—
—	108,252	108,252	—
—	4,428,971	4,428,971	—
(11,318,690)	4,428,971	(6,889,719)	—
—	—	—	(45,999)
6,348,187	—	6,348,187	166,769
437,835	—	437,835	—
1,800,995	—	1,800,995	—
71,986	—	71,986	57
186,263	326,675	512,938	2,788
9,848	—	9,848	—
687,213	(687,213)	—	—
9,542,327	(360,538)	9,181,789	169,614
(1,776,363)	4,068,433	2,292,070	123,615
29,122,787	17,277,958	46,400,745	246,189
\$ 27,346,424	\$ 21,346,391	\$ 48,692,815	\$ 369,804

CITY OF NORTH ST. PAUL

Balance Sheet
Governmental Funds
as of December 31, 2020

	001	208	210	450
	General	Special Revenue – TIF 4-8 7th and Margaret Street Tax Increment	Special Revenue – TIF 4-10 Anchor Block North – Housing Tax Increment	Capital Projects – Municipal State Aid
Assets				
Cash and investments	\$ 3,499,588	\$ 372,165	\$ –	\$ 809,667
Receivables				
Interest	7,467	245	–	390
Accounts	76,879	–	–	–
Loan	–	–	–	–
Taxes	143,537	–	–	–
Special assessments	2,981	–	–	–
Prepaid items	24,568	–	–	–
Assets held for resale	–	–	871,500	–
Advance to other funds	29,260	–	–	–
Total assets	\$ 3,784,280	\$ 372,410	\$ 871,500	\$ 810,057
Liabilities				
Accounts and contracts payable	\$ 257,534	\$ 186,341	\$ 185,838	\$ 198,704
Accrued salaries and employee benefits payable	204,165	–	–	–
Due to other governments	21,731	–	–	1,122
Customer deposits	305,393	–	–	–
Unearned revenue	93,730	–	–	–
Advance from other funds	–	–	2,808,444	–
Total liabilities	882,553	186,341	2,994,282	199,826
Deferred inflows of resources				
Unavailable revenue – loan receivable	–	–	–	–
Unavailable revenue – property taxes	55,552	–	–	–
Unavailable revenue – special assessments	2,633	–	–	–
State aid received for subsequent years	–	–	–	2,148,992
Total deferred inflows of resources	58,185	–	–	2,148,992
Fund balances (deficit)				
Nonspendable	53,828	–	–	–
Restricted	–	186,069	–	–
Committed	–	–	–	–
Assigned	88,565	–	–	–
Unassigned	2,701,149	–	(2,122,782)	(1,538,761)
Total fund balances (deficit)	2,843,542	186,069	(2,122,782)	(1,538,761)
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,784,280	\$ 372,410	\$ 871,500	\$ 810,057

Statement 3

Nonmajor	Total
\$ 10,814,049	\$ 15,495,469
20,295	28,397
172,295	249,174
99,921	99,921
22,652	166,189
1,178,944	1,181,925
683	25,251
1,064,655	1,936,155
—	29,260
<u>\$ 13,373,494</u>	<u>\$ 19,211,741</u>
\$ 381,097	\$ 1,209,514
3,306	207,471
8,814	31,667
—	305,393
2,550	96,280
1,443,967	4,252,411
<u>1,839,734</u>	<u>6,102,736</u>
99,921	99,921
10,426	65,978
1,157,783	1,160,416
—	2,148,992
<u>1,268,130</u>	<u>3,475,307</u>
683	54,511
5,726,477	5,912,546
4,026,933	4,026,933
1,943,532	2,032,097
(1,431,995)	(2,392,389)
<u>10,265,630</u>	<u>9,633,698</u>
<u>\$ 13,373,494</u>	<u>\$ 19,211,741</u>

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF NORTH ST. PAUL

Statement 4

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of December 31, 2020

Total fund balances – governmental funds	\$ 9,633,698
--	--------------

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	57,220,582
Less accumulated depreciation	(19,659,604)

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

442,424

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

Due within one year	(3,025,123)
Due in more than one year	(21,943,273)

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.

(230,251)

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	4,622,139
Internal balances for internal services used by business-type activities	(479,886)

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	1,200,678
Deferred outflows of resources – OPEB Plan deferments	20,599
Deferred inflows of resources – pension plan deferments	(1,781,874)
Deferred inflows of resources – unavailable revenues	1,326,315

Total net position – governmental activities	\$ <u>27,346,424</u>
--	----------------------

CITY OF NORTH ST. PAUL

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2020

	001	208	210	450
		Special Revenue –	Special Revenue –	Capital
		TIF 4-8	TIF 4-10	Projects –
		7th and	Anchor Block	Municipal
		Margaret Street	North – Housing	State Aid
	<u>General</u>	<u>Tax Increment</u>	<u>Tax Increment</u>	
Revenues				
Taxes	\$ 4,444,352	\$ –	\$ –	\$ –
Special assessments	4,783	–	–	–
Licenses and permits	630,386	–	–	–
Intergovernmental	2,113,531	–	–	630,123
Charges for services	28,683	–	–	–
Fines and forfeits	27,025	–	–	–
Investment earnings	26,490	703	–	936
Other	282,110	139,930	–	–
Total revenues	<u>7,557,360</u>	<u>140,633</u>	<u>–</u>	<u>631,059</u>
Expenditures				
Current				
General government	1,224,966	–	–	–
Public safety	4,625,463	–	–	–
Public works	1,069,926	–	–	–
Parks and recreation	533,473	–	–	–
Economic development	–	5,767,285	36,869	–
Capital outlay	–	–	2,568,240	2,053,891
Debt service				
Principal	–	–	–	–
Interest and fiscal charges	–	164,732	61,642	–
Total expenditures	<u>7,453,828</u>	<u>5,932,017</u>	<u>2,666,751</u>	<u>2,053,891</u>
Excess (deficiency) of revenues over expenditures	103,532	(5,791,384)	(2,666,751)	(1,422,832)
Other financing sources (uses)				
Bonds issued	–	6,049,818	–	–
Premium on bonds issued	–	122,131	–	–
Transfers in	845,317	–	–	369,148
Transfers out	(460,884)	–	–	–
Total other financing sources (uses)	<u>384,433</u>	<u>6,171,949</u>	<u>–</u>	<u>369,148</u>
Net change in fund balances	487,965	380,565	(2,666,751)	(1,053,684)
Fund balances (deficits)				
Beginning of year	<u>2,355,577</u>	<u>(194,496)</u>	<u>543,969</u>	<u>(485,077)</u>
End of year	<u>\$ 2,843,542</u>	<u>\$ 186,069</u>	<u>\$ (2,122,782)</u>	<u>\$ (1,538,761)</u>

Statement 5

Nonmajor	Total
\$ 2,330,856	\$ 6,775,208
228,576	233,359
—	630,386
1,122,034	3,865,688
102,000	130,683
—	27,025
114,972	143,101
1,393,369	1,815,409
<u>5,291,807</u>	<u>13,620,859</u>
296,740	1,521,706
59	4,625,522
—	1,069,926
35,897	569,370
1,300,031	7,104,185
1,046,985	5,669,116
2,744,028	2,744,028
448,034	674,408
<u>5,871,774</u>	<u>23,978,261</u>
(579,967)	(10,357,402)
275,182	6,325,000
—	122,131
572,932	1,787,397
(359,733)	(820,617)
<u>488,381</u>	<u>7,413,911</u>
(91,586)	(2,943,491)
<u>10,357,216</u>	<u>12,577,189</u>
<u>\$ 10,265,630</u>	<u>\$ 9,633,698</u>

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF NORTH ST. PAUL

Statement 6

Reconciliation of the Statement of
Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended December 31, 2020

Total net change in fund balances – governmental funds	\$ (2,943,491)
--	----------------

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	5,577,168
Depreciation expense	(1,243,058)

Contributions of capital assets to enterprise funds are not a use of current financial resources and, therefore, not reported in governmental funds.	(176,780)
--	-----------

Net pension assets are only recorded in the government-wide financial statements as they are not current financial resources to governmental funds.	240,194
---	---------

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.	(3,821,756)
---	-------------

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.	(73,278)
---	----------

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	(871,678)
Deferred outflows of resources – OPEB Plan deferments	(11,660)
Deferred inflows of resources – pension plan deferments	1,280,353
Deferred inflows of resources – unavailable revenues	(191,530)

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	847,490
Internal balances for internal service activity for business-type activities	(388,337)

Change in net position – governmental activities	<u><u>\$ (1,776,363)</u></u>
--	------------------------------

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF NORTH ST. PAUL

Statement 7

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 General Fund
 Year Ended December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenues				
Taxes	\$ 4,457,184	\$ 4,419,684	\$ 4,444,352	\$ 24,668
Special assessments	—	4,100	4,783	683
Licenses and permits	588,500	610,000	630,386	20,386
Intergovernmental	1,656,488	2,097,372	2,113,531	16,159
Charges for services	41,000	24,500	28,683	4,183
Fines and forfeits	33,600	33,600	27,025	(6,575)
Investment earnings	7,981	2,981	26,490	23,509
Other	244,817	248,217	282,110	33,893
Total revenues	<u>7,029,570</u>	<u>7,440,454</u>	<u>7,557,360</u>	<u>116,906</u>
Expenditures				
Current				
General government	1,254,299	1,312,259	1,224,966	(87,293)
Public safety	4,604,030	4,723,410	4,625,463	(97,947)
Public works	1,190,366	1,146,441	1,069,926	(76,515)
Parks and recreation	734,375	600,960	533,473	(67,487)
Total expenditures	<u>7,783,070</u>	<u>7,783,070</u>	<u>7,453,828</u>	<u>(329,242)</u>
Excess (deficiency) of revenues over expenditures	(753,500)	(342,616)	103,532	446,148
Other financing sources (uses)				
Transfers in	820,000	820,000	845,317	25,317
Transfers out	<u>(66,500)</u>	<u>(477,384)</u>	<u>(460,884)</u>	<u>16,500</u>
Total other financing sources (uses)	<u>753,500</u>	<u>342,616</u>	<u>384,433</u>	<u>41,817</u>
Net change in fund balances	<u>\$ —</u>	<u>\$ —</u>	487,965	<u>\$ 487,965</u>
Fund balances				
Beginning of year			<u>2,355,577</u>	
End of year			<u>\$ 2,843,542</u>	

CITY OF NORTH ST. PAUL

Statement of Net Position
Proprietary Funds
as of December 31, 2020

	Business-Type Activities – Enterprise Funds			
	Major Funds			
	050 Electric	048 Water	052 Surface Water	049 Waste Water
Assets				
Current assets				
Cash and investments	\$ 3,606,042	\$ 4,423,152	\$ 1,948,269	\$ 1,836,516
Receivables				
Interest	15,187	8,468	5,293	5,481
Accounts	1,263,334	264,181	140,313	389,673
Special assessments	116	23,728	2,092	21,057
Due from other funds	141,445	–	–	–
Inventory	408,500	–	–	–
Prepaid items	–	–	–	–
Total current assets	5,434,624	4,719,529	2,095,967	2,252,727
Noncurrent assets				
Cash and investments restricted for debt service	193,500	–	–	–
Advances to other funds	4,223,151	–	1,134,276	1,134,277
Capital assets				
Land	154,948	–	176,780	–
Construction in progress	–	2,486,191	2,094,006	1,857,037
Buildings and structures	2,490,117	1,192,912	–	1,357,801
Furniture and equipment	1,685,077	277,933	335,551	802,422
Infrastructure	1,724,924	6,798,821	3,116,116	5,846,731
Less accumulated depreciation	(4,840,089)	(4,986,156)	(1,770,762)	(3,869,747)
Total capital assets (net of accumulated depreciation)	1,214,977	5,769,701	3,951,691	5,994,244
Total noncurrent assets	5,631,628	5,769,701	5,085,967	7,128,521
Total assets	11,066,252	10,489,230	7,181,934	9,381,248
Deferred outflows of resources				
Pension plan deferments	102,938	13,015	10,942	11,858
OPEB Plan deferments	6,263	1,337	785	869
Total deferred outflows of resources	109,201	14,352	11,727	12,727
Total assets and deferred outflows of resources	\$ 11,175,453	\$ 10,503,582	\$ 7,193,661	\$ 9,393,975
Current liabilities				
Accounts and contracts payable	\$ 494,858	\$ 132,877	\$ 111,090	\$ 102,328
Accrued salaries and employee benefits payable	78,549	11,080	7,001	7,892
Accrued interest payable	18,400	53,283	35,631	60,847
Due to other funds	–	–	–	–
Due to other governments	56,898	26,252	18,903	44,090
Customer deposits	190,874	–	–	5,010
Unearned revenue	–	–	–	–
Compensated absences payable – current	145,516	4,985	4,985	–
Bonds payable – current	140,000	346,029	249,903	613,842
Total current liabilities	1,125,095	574,506	427,513	834,009
Noncurrent liabilities				
Advances from other funds	–	–	–	–
Compensated absences payable	111,408	7,582	7,582	–
Total OPEB liability	56,306	12,023	7,058	7,810
Net pension liability	1,085,720	137,272	115,410	125,070
Bonds payable	610,000	4,146,784	2,789,140	5,057,549
Total noncurrent liabilities	1,863,434	4,303,661	2,919,190	5,190,429
Total liabilities	2,988,529	4,878,167	3,346,703	6,024,438
Deferred inflows of resources				
Pension plan deferments	84,823	10,724	9,016	9,771
Net position				
Net investment in capital assets	1,214,977	1,276,888	1,574,165	964,199
Unrestricted	6,887,124	4,337,803	2,263,777	2,395,567
Total net position	8,102,101	5,614,691	3,837,942	3,359,766
Total liabilities, deferred inflows of resources, and net position	\$ 11,175,453	\$ 10,503,582	\$ 7,193,661	\$ 9,393,975

Net position – total enterprise funds

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

Net position – business-type activities

Statement 8

054 Fiber Optic	053 Solid Waste	Total	Governmental Activities – Internal Service
\$ –	\$ 930,349	\$ 12,744,328	\$ 3,694,523
–	1,761	36,190	6,991
30,500	193,051	2,281,052	–
–	3,579	50,572	–
–	–	141,445	–
–	–	408,500	–
–	–	–	54,185
30,500	1,128,740	15,662,087	3,755,699
–	–	193,500	–
–	–	6,491,704	–
–	–	331,728	–
–	–	6,437,234	–
–	–	5,040,830	–
–	–	3,100,983	3,001,422
2,230,732	–	19,717,324	–
(545,735)	–	(16,012,489)	(1,950,493)
1,684,997	–	18,615,610	1,050,929
1,684,997	–	25,300,814	1,050,929
1,715,497	1,128,740	40,962,901	4,806,628
–	–	138,753	–
–	–	9,254	–
–	–	148,007	–
\$ 1,715,497	\$ 1,128,740	\$ 41,110,908	\$ 4,806,628
\$ 5,237	\$ 88,250	\$ 934,640	\$ 37,926
–	1,816	106,338	5,026
–	2,321	170,482	–
–	–	–	141,445
–	84,968	231,111	92
–	–	195,884	–
175,616	–	175,616	–
–	–	155,486	–
–	52,800	1,402,574	–
180,853	230,155	3,372,131	184,489
2,268,553	–	2,268,553	–
–	–	126,572	–
–	–	83,197	–
–	–	1,463,472	–
–	212,671	12,816,144	–
2,268,553	212,671	16,757,938	–
2,449,406	442,826	20,130,069	184,489
–	–	114,334	–
1,684,997	–	6,715,226	1,050,929
(2,418,906)	685,914	14,151,279	3,571,210
(733,909)	685,914	20,866,505	4,622,139
\$ 1,715,497	\$ 1,128,740	\$ 41,110,908	\$ 4,806,628
		\$ 20,866,505	
		479,886	
		\$ 21,346,391	

CITY OF NORTH ST. PAUL

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2020

	Business-Type Activities – Enterprise Funds			
	Major Funds			
	050 Electric	048 Water	052 Surface Water	049 Waste Water
Operating revenue				
Charges for services	\$ 9,093,479	\$ 1,976,106	\$ 922,517	\$ 2,448,317
Other services	168,485	39,330	3,366	29,544
Total operating revenue	9,261,964	2,015,436	925,883	2,477,861
Operating expenses				
Personal services	1,638,850	182,952	169,157	180,247
Professional services	588,763	459,131	67,750	258,782
Purchased utilities	5,441,693	—	—	1,072,631
Materials and supplies	297,982	104,617	43,528	19,789
Insurance	—	—	—	—
Other	1,413	174	33,350	24,684
Total operating expenses	7,968,701	746,874	313,785	1,556,133
Operating income before depreciation	1,293,263	1,268,562	612,098	921,728
Depreciation	103,739	205,280	137,772	206,816
Operating income	1,189,524	1,063,282	474,326	714,912
Nonoperating revenues (expenses)				
Intergovernmental	18,624	15,060	310	336
Investment earnings	203,227	47,643	34,028	31,411
Franchise tax	—	—	—	—
Gain on disposal of capital assets	—	—	—	—
Other	13,630	541	—	—
Interest expense	(52,352)	(120,349)	(80,242)	(131,911)
Total nonoperating revenue (expenses)	183,129	(57,105)	(45,904)	(100,164)
Income before contributions and transfers	1,372,653	1,006,177	428,422	614,748
Capital contributions	—	—	930,628	—
Transfers in	—	—	—	102,787
Transfers out	(300,000)	(205,000)	(256,780)	(145,000)
Change in net position	1,072,653	801,177	1,102,270	572,535
Net position				
Beginning of year	7,029,448	4,813,514	2,735,672	2,787,231
End of year	\$ 8,102,101	\$ 5,614,691	\$ 3,837,942	\$ 3,359,766

Change in net position – total enterprise funds

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

Change in net position – business-type activities

Statement 9

054 Fiber Optic	053 Solid Waste	Total	Governmental Activities – Internal Service
\$ 213,804	\$ 976,521	\$ 15,630,744	\$ 1,719,841
–	9,178	249,903	–
213,804	985,699	15,880,647	1,719,841
–	38,443	2,209,649	13,284
96,183	836,416	2,307,025	401,207
–	9,622	6,523,946	–
–	17,662	483,578	57,387
–	–	–	341,437
–	–	59,621	–
96,183	902,143	11,583,819	813,315
117,621	83,556	4,296,828	906,526
44,439	–	698,046	193,041
73,182	83,556	3,598,782	713,485
–	29,315	63,645	–
–	10,366	326,675	43,162
–	–	–	183,782
–	–	–	9,848
–	–	14,171	–
–	(4,958)	(389,812)	–
–	34,723	14,679	236,792
73,182	118,279	3,613,461	950,277
–	–	930,628	–
–	–	102,787	–
–	(60,000)	(966,780)	(102,787)
73,182	58,279	3,680,096	847,490
(807,091)	627,635	17,186,409	3,774,649
<u>\$ (733,909)</u>	<u>\$ 685,914</u>	<u>\$ 20,866,505</u>	<u>\$ 4,622,139</u>
		\$ 3,680,096	
		388,337	
		<u>\$ 4,068,433</u>	

CITY OF NORTH ST. PAUL

Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2020

	Business-Type Activities – Enterprise Funds			
	Major Funds			
	050 Electric	048 Water	052 Surface Water	049 Waste Water
Cash flows from operating activities				
Cash received from customers	\$ 9,271,957	\$ 2,022,570	\$ 921,452	\$ 2,463,313
Cash receipts on interfund services provided	–	–	–	–
Cash payments to suppliers	(6,215,525)	(533,769)	(47,701)	(1,313,171)
Cash payments to employees for services	(1,635,790)	(225,756)	(185,341)	(202,321)
Net cash flows from operating activities	1,420,642	1,263,045	688,410	947,821
Cash flows from noncapital financing activities				
Grants received	18,624	15,060	310	336
Franchise tax received	–	–	–	–
Cash received from other funds	–	–	79,062	79,061
Cash paid to other funds	(2,464,069)	–	–	–
Transfers out	(300,000)	(205,000)	(256,780)	(145,000)
Net cash flows from noncapital financing activities	(2,745,445)	(189,940)	(177,408)	(65,603)
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	–	(934,714)	(1,341,316)	(667,647)
Transfers in	–	–	–	102,787
Transfers out	–	–	–	–
Proceeds from the disposal of capital assets	–	–	–	–
Capital contributions	–	–	753,848	–
Proceeds from issuance of revenue bonds	–	781,520	770,633	393,428
Payment on bonds	(135,000)	(192,955)	(292,836)	(528,281)
Interest paid	(55,305)	(126,628)	(82,002)	(149,773)
Net cash flows from capital and related financing activities	(190,305)	(472,777)	(191,673)	(849,486)
Cash flows from investing activities				
Interest received on investments	210,703	53,490	38,604	37,381
Net change in cash and cash equivalents	(1,304,405)	653,818	357,933	70,113
Cash and investments				
Beginning of year	5,103,947	3,769,334	1,590,336	1,766,403
End of year	\$ 3,799,542	\$ 4,423,152	\$ 1,948,269	\$ 1,836,516
Reconciliation of cash and cash equivalents				
Cash and investments	\$ 3,606,042	\$ 4,423,152	\$ 1,948,269	\$ 1,836,516
Cash and investments restricted for debt service	193,500	–	–	–
Cash and cash equivalents per Statement of Net Position	\$ 3,799,542	\$ 4,423,152	\$ 1,948,269	\$ 1,836,516
Reconciliation of operating income to net cash flows from operating activities				
Operating income	\$ 1,189,524	\$ 1,063,282	\$ 474,326	\$ 714,912
Adjustments to reconcile operating income to net cash flows from operating activities				
Depreciation	103,739	205,280	137,772	206,816
Other	13,630	541	–	–
Change in assets, deferred outflows, liabilities, and deferred inflows				
Accounts receivable	(3,115)	1,274	(3,809)	(12,616)
Special assessments receivable	(22)	5,319	(622)	(1,932)
Inventory	56,200	–	–	–
Prepaid items	5,849	5,475	–	5,407
Deferred outflows	(30,496)	(1,166)	(2,448)	(2,507)
Accounts and contracts payable	58,476	27,772	78,024	68,867
Accrued salaries and employee benefits	21,252	15	(209)	101
Customer deposits	(500)	–	–	–
Due to other governments	(6,199)	(3,094)	18,903	(11,559)
Unearned revenue	–	–	–	–
Total OPEB liability	(50,628)	(21,801)	(6,260)	(6,734)
Net pension liability	187,885	3,834	10,325	9,184
Compensated absences	37,285	2,309	2,309	–
Deferred inflows	(162,238)	(25,995)	(19,901)	(22,118)
Net cash flows from operating activities	\$ 1,420,642	\$ 1,263,045	\$ 688,410	\$ 947,821
Noncash investing, capital, and financing activities				
Amortization of bond premium (discount)	\$ –	\$ 12,892	\$ 9,006	\$ 16,089
Capital contributions	\$ –	\$ –	\$ 176,780	\$ –

Statement 10

054 Fiber Optic	053 Solid Waste	Total	Governmental Activities – Internal Service
\$ 249,154	\$ 1,127,169	\$ 16,055,615	\$ –
–	–	–	1,720,680
(90,946)	(882,916)	(9,084,028)	(808,969)
(85)	(39,652)	(2,288,945)	(16,815)
158,123	204,601	4,682,642	894,896
–	29,315	63,645	–
–	–	–	183,782
–	–	158,123	(236,074)
(158,123)	–	(2,622,192)	–
–	(60,000)	(966,780)	–
(158,123)	(30,685)	(3,367,204)	(52,292)
–	–	(2,943,677)	–
–	–	102,787	–
–	–	–	(102,787)
–	–	–	23,070
–	–	753,848	–
–	–	1,945,581	–
–	(50,400)	(1,199,472)	–
–	(6,632)	(420,340)	–
–	(57,032)	(1,761,273)	(79,717)
–	10,997	351,175	44,718
–	127,881	(94,660)	807,605
–	802,468	13,032,488	2,886,918
<u>\$ –</u>	<u>\$ 930,349</u>	<u>\$ 12,937,828</u>	<u>\$ 3,694,523</u>
\$ –	\$ 930,349	\$ 12,744,328	\$ 3,694,523
–	–	193,500	–
<u>\$ –</u>	<u>\$ 930,349</u>	<u>\$ 12,937,828</u>	<u>\$ 3,694,523</u>
\$ 73,182	\$ 83,556	\$ 3,598,782	\$ 713,485
44,439	–	698,046	193,041
–	–	14,171	–
48,856	142,133	172,723	–
–	(663)	2,080	–
–	–	56,200	–
–	–	16,731	(15,778)
–	–	(36,617)	–
5,237	(66,271)	172,105	6,977
(85)	(1,209)	19,865	(2,792)
–	–	(500)	–
–	47,055	45,106	(37)
(13,506)	–	(13,506)	–
–	–	(85,423)	–
–	–	211,228	–
–	–	41,903	–
–	–	(230,252)	–
<u>\$ 158,123</u>	<u>\$ 204,601</u>	<u>\$ 4,682,642</u>	<u>\$ 894,896</u>
<u>\$ –</u>	<u>\$ 1,254</u>	<u>\$ 39,241</u>	<u>\$ –</u>
<u>\$ –</u>	<u>\$ –</u>	<u>\$ 176,780</u>	<u>\$ –</u>

THIS PAGE INTENTIONALLY LEFT BLANK

Index to Notes

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

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

C. Service Area

The City’s utilities service area includes parts of the cities of Maplewood and Oakdale. The utilities provided are electric, water, and 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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Description of Funds

The City reports the following major governmental funds:

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

TIF 4-8 7th and Margaret Street Tax Increment Special Revenue Fund – This fund administers the resources for the development of this tax increment district.

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

Municipal State Aid Capital Projects Fund – This fund administers resources for street improvement projects funded by municipal state aid.

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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, Insurance Internal Service Fund, Information Technology Internal Service Fund, and Building Maintenance Internal Service Fund in managing city operations.

F. Cash and Investments

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

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

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

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

See Note 2 for the City's recurring fair value measurements as of year-end.

G. Receivables

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Interfund Receivables and Payables

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

I. Property Taxes

Property tax levies are set by the City Council in December of each year and are certified to Ramsey County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. The county spreads the levies over all taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the City on that date. Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes are due in full on May 15. The county provides tax settlements to cities and other taxing districts three times a year: in July, December, and January.

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

J. Special Assessments

Special assessments primarily represent the financing for public improvements paid for by benefiting property owners. As previously mentioned under receivables, the City is also generally able to certify delinquent amounts to the county for collection as special assessments. Special assessments are recorded as receivables upon certification to the county. Special assessments are recognized as revenue in the year levied in the government-wide financial statements and proprietary fund financial statements. In the governmental fund financial statements, special assessments are recognized as revenue when received in cash or within 60 days after year-end. Governmental fund special assessments receivable, which remain unpaid on December 31, are offset by a deferred inflow of resources in the governmental fund financial statements. Delinquent assessments receivable at December 31, 2020 totaled \$9,425.

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.

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

Q. State-Wide Pension Plans

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

R. Budgets and Budgetary Accounting

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Fund Balance Classifications and Flow Assumptions

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints for amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. Assigned amounts represent intended uses established by the City Council itself or by an official to which the City Council delegates the authority by resolution. Pursuant to City Council resolution, the city manager and/or finance director are authorized to establish assignments of fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

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

W. Restricted Assets

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

X. Risk Management

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Y. Use of Estimates

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

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 9,514,044
Investments	22,936,856
Cash on hand	<u>1,800</u>
Total	<u><u>\$ 32,452,700</u></u>

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

Statement of Net Position	
Primary government	
Cash and investments	\$ 31,934,320
Restricted assets – temporarily restricted	
Cash and investments for debt service	193,500
Component unit	
Cash and investments	<u>324,880</u>
Total	<u><u>\$ 32,452,700</u></u>

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Deposits

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

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

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

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

At year-end, the carrying amount of the City’s deposits was \$9,514,044, while the balance on the bank records was \$9,760,358. At December 31, 2020, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the City’s agent in the City’s name.

C. Investments

The City has the following investments at year-end:

Investment Type	Credit Risk		Fair Value Measurements Using	Interest Risk – Maturity Duration in Years		Total
	Rating	Agency		Less Than 1	1 to 5	
U.S. agencies	AAA	Moody’s	Level 2	\$ –	\$ 625,019	\$ 625,019
Municipal securities	AAA	Moody’s	Level 2	–	509,451	509,451
Municipal securities	AA	Moody’s	Level 2	1,442,697	553,041	1,995,738
Municipal securities	A	Moody’s	Level 2	102,096	607,020	709,116
Municipal securities	AAA	S&P	Level 2	–	367,760	367,760
Municipal securities	AA	S&P	Level 2	1,094,146	1,477,083	2,571,229
Municipal securities	A	S&P	Level 2	320,292	150,740	471,032
Negotiable certificates of deposit	N/R	N/A	Level 2	5,533,980	4,466,057	10,000,037
				<u>\$ 8,493,211</u>	<u>\$ 8,756,171</u>	17,249,382
Investment pools/mutual funds						
First American Government Obligations Fund	AAA	S&P	Level 2	N/A	N/A	5,060,168
Minnesota Municipal Money Market Fund	N/R	N/A	N/A	N/A	N/A	627,306
Total investments						<u>\$ 22,936,856</u>

N/A – Not Applicable

N/R – Not Rated

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

Concentration Risk – This is the risk associated with investing a significant portion of the City's investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The City's investment policies do not limit the concentration of investments.

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

NOTE 3 – INTERFUND TRANSACTIONS

A. Due To and Due From Other Funds

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

	Due To Other Funds Proprietary Internal Service
<u>Due From Other Funds</u>	
Proprietary Electric	\$ 141,445

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:

	<u>Advances From Other Funds</u>			
	<u>Governmental</u>		<u>Proprietary</u>	
	TIF 4-10 Anchor Block North – Housing Tax Increment	Nonmajor	Fiber Optic	Total
<u>Advances To Other Funds</u>				
Governmental General	\$ –	\$ 29,260	\$ –	\$ 29,260
Proprietary Electric	2,808,444	1,414,707	–	4,223,151
Surface Water	–	–	1,134,276	1,134,276
Waste Water	–	–	1,134,277	1,134,277
Total	<u>\$ 2,808,444</u>	<u>\$ 1,443,967</u>	<u>\$ 2,268,553</u>	<u>\$ 6,520,964</u>

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

NOTE 3 – INTERFUND TRANSACTIONS (CONTINUED)**C. Interfund Transfers**

Interfund transfers for the year were as follows:

Transfers Out	Transfers In				Total
	General	Governmental Municipal State Aid	Nonmajor	Proprietary Waste Water	
Governmental					
General	\$ –	\$ –	\$ 460,884	\$ –	\$ 460,884
Nonmajor	55,317	192,368	112,048	–	359,733
Proprietary					
Electric	300,000	–	–	–	300,000
Water	205,000	–	–	–	205,000
Surface Water	80,000	176,780	–	–	256,780
Waste Water	145,000	–	–	–	145,000
Solid Waste	60,000	–	–	–	60,000
Internal Service	–	–	–	102,787	102,787
Total	<u>\$ 845,317</u>	<u>\$ 369,148</u>	<u>\$ 572,932</u>	<u>\$ 102,787</u>	<u>\$ 1,890,184</u>

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, 2020 was as follows:

A. Changes in Capital Assets Used in Governmental Activities

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 3,454,393	\$ 471,774	\$ –	\$ –	\$ 3,926,167
Construction in progress	4,091,504	5,105,394	–	(176,780)	9,020,118
Total capital assets, not being depreciated	7,545,897	5,577,168	–	(176,780)	12,946,285
Capital assets, depreciated					
Buildings and structures	20,987,743	–	–	–	20,987,743
Furniture and equipment	5,108,040	–	(147,304)	–	4,960,736
Infrastructure	21,327,240	–	–	–	21,327,240
Total capital assets, depreciated	47,423,023	–	(147,304)	–	47,275,719
Less accumulated depreciation on					
Buildings and structures	7,127,405	523,754	–	–	7,651,159
Furniture and equipment	3,260,354	234,362	(134,082)	–	3,360,634
Infrastructure	9,920,321	677,983	–	–	10,598,304
Total accumulated depreciation	20,308,080	1,436,099	(134,082)	–	21,610,097
Total capital assets, depreciated, net	27,114,943	(1,436,099)	(13,222)	–	25,665,622
Net capital assets	<u>\$ 34,660,840</u>	<u>\$ 4,141,069</u>	<u>\$ (13,222)</u>	<u>\$ (176,780)</u>	<u>\$ 38,611,907</u>

NOTE 4 – CAPITAL ASSETS (CONTINUED)

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

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 154,948	\$ –	\$ –	\$ 176,780	\$ 331,728
Construction in progress	3,596,344	2,840,890	–	–	6,437,234
Total capital assets, not being depreciated	3,751,292	2,840,890	–	176,780	6,768,962
Capital assets, depreciated					
Buildings and structures	5,040,830	–	–	–	5,040,830
Furniture and equipment	3,083,196	102,787	(85,000)	–	3,100,983
Infrastructure	19,717,324	–	–	–	19,717,324
Total capital assets, depreciated	27,841,350	102,787	(85,000)	–	27,859,137
Less accumulated depreciation on					
Buildings and structures	3,438,155	67,881	–	–	3,506,036
Furniture and equipment	2,136,598	120,066	(85,000)	–	2,171,664
Infrastructure	9,824,690	510,099	–	–	10,334,789
Total accumulated depreciation	15,399,443	698,046	(85,000)	–	16,012,489
Total capital assets, depreciated, net	12,441,907	(595,259)	–	–	11,846,648
Net capital assets	\$ 16,193,199	\$ 2,245,631	\$ –	\$ 176,780	\$ 18,615,610

C. Depreciation Expense by Function

Depreciation expense was charged to the following functions:

Governmental activities	
General government	\$ 295,590
Public safety	21,033
Public works	862,901
Parks and recreation	63,534
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	193,041
Total depreciation expense – governmental activities	<u>\$ 1,436,099</u>
Business-type activities	
Electric	\$ 103,739
Water	205,280
Surface water	137,772
Waste water	206,816
Fiber optic	44,439
Total depreciation expense – business-type activities	<u>\$ 698,046</u>

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					
Municipal Building Refunding Bonds of 2012A	\$ 3,760,000	0.450–1.950%	2012	2023	\$ 1,195,000
Special Assessment Bonds of 2014A	\$ 2,360,000	2.000–3.000%	2014	2030	1,465,000
Tax Increment Refunding Bonds of 2015A	\$ 1,595,000	2.000–3.000%	2015	2032	1,085,000
Improvement Bonds of 2016A	\$ 2,640,000	2.000–2.100%	2016	2032	2,140,000
Tax Abatement Bonds of 2016A	\$ 1,240,000	2.000–2.500%	2016	2037	1,085,000
Capital Improvement Refunding Bonds of 2016B	\$ 2,430,000	2.000%	2016	2025	2,050,000
Improvement Bonds of 2017A	\$ 1,051,380	1.650–3.000%	2017	2033	912,299
Improvement Bonds of 2018A	\$ 3,475,000	3.000–5.000%	2018	2034	3,335,000
Taxable Tax Increment Bonds of 2020A	\$ 6,325,000	2.000–3.000%	2020	2048	6,325,000
Contract for deed	\$ 2,075,000	3.000%	2019	2024	871,500
Premium					546,688
Compensated absences					680,056
Total governmental activities					<u>\$ 21,690,543</u>
Business-type activities					
Electric Utility Revenue Bonds of 2009C	\$ 1,935,000	2.750–6.000%	2009	2025	\$ 750,000
General obligation bonds					
Utility Revenue Bonds of 2014A	\$ 2,560,000	2.000–3.000%	2014	2030	1,795,000
Utility Revenue Refunding Bonds of 2015A	\$ 4,650,000	2.000–3.000%	2015	2027	2,895,000
Utility Revenue Bonds of 2016A	\$ 3,605,000	2.000–2.100%	2016	2032	2,965,000
Utility Revenue Bonds of 2017A	\$ 438,620	1.650–3.000%	2017	2033	192,701
Utility Revenue Bonds of 2018A	\$ 3,465,000	3.000–5.000%	2018	2034	3,340,000
Utility Revenue Bonds of 2020B	\$ 1,830,000	2.000–3.000%	2020	2035	1,830,000
Premium					451,017
Compensated absences					282,058
Total business-type activities					<u>\$ 14,500,776</u>
Total government-wide activities					<u>\$ 36,191,319</u>

B. Changes in Long-Term Debt

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities					
G.O. tax increment bonds	\$ 1,195,000	\$ 6,325,000	\$ 110,000	\$ 7,410,000	\$ 100,000
General obligation bonds	13,612,827	–	1,430,528	12,182,299	1,437,426
Premium	470,543	122,131	45,986	546,688	–
Total bonds	15,278,370	6,447,131	1,586,514	20,138,987	1,537,426
Contract for deed	2,075,000	–	1,203,500	871,500	871,500
Compensated absences	690,547	605,706	616,197	680,056	616,197
Total governmental activities	18,043,917	7,052,837	3,406,211	21,690,543	3,025,123
Business-type activities					
Utility revenue bonds	13,137,173	1,830,000	1,199,472	13,767,701	1,402,574
Premium	374,677	115,581	39,241	451,017	–
Total bonds	13,511,850	1,945,581	1,238,713	14,218,718	1,402,574
Compensated absences	240,155	197,389	155,486	282,058	155,486
Total business-type activities	13,752,005	2,142,970	1,394,199	14,500,776	1,558,060
Total government-wide	<u>\$ 31,795,922</u>	<u>\$ 9,195,807</u>	<u>\$ 4,800,410</u>	<u>\$ 36,191,319</u>	<u>\$ 4,583,183</u>

NOTE 5 – LONG-TERM DEBT (CONTINUED)

C. Minimum Debt Payments

Minimum annual payments required to retire bonds are as follows:

Year Ending December 31,	Governmental Activities				Business-Type Activities	
	Tax Increment		General Obligation		Utility Revenue	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 100,000	\$ 214,105	\$ 1,437,426	\$ 303,022	\$ 1,402,574	\$ 380,455
2022	100,000	191,598	1,475,276	270,162	1,289,724	334,350
2023	145,000	188,816	1,495,159	235,168	1,309,841	295,152
2024	295,000	183,041	1,125,038	202,084	1,359,962	253,606
2025	300,000	174,979	1,069,915	172,120	1,395,085	210,170
2026–2030	1,470,000	744,238	3,412,610	531,589	4,632,390	591,111
2031–2035	1,245,000	570,710	2,016,875	124,685	2,378,125	117,506
2036–2040	1,295,000	425,603	150,000	3,750	–	–
2041–2045	1,470,000	244,060	–	–	–	–
2046–2048	990,000	42,893	–	–	–	–
Total	<u>\$ 7,410,000</u>	<u>\$ 2,980,043</u>	<u>\$ 12,182,299</u>	<u>\$ 1,842,580</u>	<u>\$ 13,767,701</u>	<u>\$ 2,182,350</u>

D. Descriptions of Long-Term Debt

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

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

- **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)

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

E. Arbitrage Rebate

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

F. Revenue Pledged

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

Debt Issue	Use of Proceeds	Revenue Pledged			Remaining Principal and Interest	Current Year	
		Type	Percent of Total Debt Service	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
Tax Increment Refunding Bonds of 2015A	Street and site improvements	Tax increment financing	100%	2015–2032	\$ 1,235,144	\$ 137,913	\$ 270,325
Tax Increment Revenue Bonds of 2020A	Street and site improvements	Tax increment financing	100%	2020–2048	\$ 9,154,897	\$ –	\$ –
Electric Utility Revenue Bonds of 2009C	Utility improvements	Utility charges	100%	2009–2025	\$ 865,080	\$ 182,704	\$ 9,261,964
Utility Revenue Bonds of 2014A	Utility improvements	Utility charges	100%	2014–2030	\$ 2,050,794	\$ 201,938	\$ 5,419,180
Utility Revenue Refunding Bonds of 2015A	Utility improvements	Utility charges	100%	2015–2027	\$ 3,108,031	\$ 513,638	\$ 6,404,879
Utility Revenue Bonds of 2016A	Utility improvements	Utility charges	100%	2016–2032	\$ 3,338,730	\$ 276,860	\$ 5,419,180
Utility Revenue Bonds of 2017A	Utility improvements	Utility charges	100%	2017–2033	\$ 208,514	\$ 132,369	\$ 3,403,744
Utility Revenue Bonds of 2018A	Utility improvements	Utility charges	100%	2018–2034	\$ 4,216,528	\$ 257,494	\$ 5,419,180
Utility Revenue Bonds of 2020B	Utility improvements	Utility charges	100%	2020–2035	\$ 2,162,374	\$ –	\$ 5,419,180

G. 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

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

Pension Plans	Net Pension Asset	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA – GERF	\$ –	\$ 2,542,074	\$ 241,014	\$ 198,598	\$ 38,582
PERA – PEPFF	–	2,014,069	1,053,081	1,541,454	205,581
Fire Relief	442,424	–	45,336	156,156	54,551
Total – all pensions	<u>\$ 442,424</u>	<u>\$ 4,556,143</u>	<u>\$ 1,339,431</u>	<u>\$ 1,896,208</u>	<u>\$ 298,714</u>

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

2. Public Employees Police and Fire Fund (PEPFF)

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

B. Benefits Provided

The PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for the PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated Plan members is 1.2 percent 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.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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 50.0 percent after five years up to 100.0 percent after 10 years of credited service. Benefits for the PEPFF members first hired after June 30, 2014 vest on a prorated basis from 50.0 percent after 10 years up to 100.0 percent after 20 years of credited service. The annuity accrual rate is 3.0 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the post-retirement increase will be fixed at 1.0 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase, will receive the full increase. 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.

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 2020, and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the GERF for the year ended December 31, 2020, were \$227,088. 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 11.30 percent of pay to 11.80 percent and employer rates increased from 16.95 percent to 17.70 percent on January 1, 2020. The City's contributions to the PEPFF for the year ended December 31, 2020, were \$309,731. The City's contributions were equal to the required contributions as set by state statutes.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

D. Pension Costs

1. GERS Pension Costs

At December 31, 2020, the City reported a liability of \$2,542,074 for its proportionate share of the GERS's net pension liability. The City's net pension liability reflected a reduction, due to the state of Minnesota's contribution of \$16.0 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The net pension liability was measured as of June 30, 2020, 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, 2019 through June 30, 2020, relative to the total employer contributions received from all of the PERA's participating employers. The City's proportionate share was 0.0424 percent at the end of the measurement period and 0.0407 percent for the beginning of the period.

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

City's proportionate share of the net pension liability	\$ 2,542,074
State's proportionate share of the net pension liability associated with the City	\$ 78,375

For the year ended December 31, 2020, the City recognized pension expense of \$31,761 for its proportionate share of the GERS's pension expense. In addition, the City recognized an additional \$6,821 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16.0 million to the GERS.

At December 31, 2020, the City reported its proportionate share of the GERS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 22,302	\$ 9,617
Changes in actuarial assumptions	—	93,682
Differences between projected and actual investment earnings	35,066	—
Changes in proportion	70,492	95,299
Contributions paid to the PERA subsequent to the measurement date	113,154	—
Total	<u>\$ 241,014</u>	<u>\$ 198,598</u>

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

A total of \$113,154 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, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2021	\$ (190,773)
2022	\$ (13,062)
2023	\$ 71,677
2024	\$ 61,420

2. PEPFF Pension Costs

At December 31, 2020, the City reported a liability of \$2,014,069 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019 through June 30, 2020, relative to the total employer contributions received from all of the PERA's participating employers. The City's proportionate share was 0.1528 percent at the end of the measurement period and 0.1612 percent for the beginning of the period.

The state of Minnesota also contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in fire state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state was paid on October 1, 2019. Thereafter, by October 1 of each year, the state will pay \$9.0 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9.0 million in fire state aid will continue until the fund is 90.0 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90.0 percent funded, whichever occurs later.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

As a result, the state of Minnesota is included as a nonemployer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the state of Minnesota's pension expense (and grant revenue) under GASB Statement No. 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the City recognized pension expense of \$190,983 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$14,598 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$4.5 million to the Police and Fire Fund.

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	\$ 2,014,069
State's proportionate share of the net pension liability associated with the City	\$ 47,448

The state of Minnesota is not included as a nonemployer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9.0 million in fire state aid. The City also recognized \$13,752 for the year ended December 31, 2020, as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2020, 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	\$ 90,790	\$ 101,406
Changes in actuarial assumptions	715,595	1,297,750
Differences between projected and actual investment earnings	53,650	—
Changes in proportion	39,555	142,298
Contributions paid to the PERA subsequent to the measurement date	153,491	—
Total	<u>\$ 1,053,081</u>	<u>\$ 1,541,454</u>

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

A total of \$153,491 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, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2021	\$ (170,151)
2022	\$ (617,011)
2023	\$ 77,130
2024	\$ 81,673
2025	\$ (13,505)

E. Actuarial Assumptions

The total pension liability in the June 30, 2020 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, 2020 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 assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for the PEPFF was completed in 2020. The recommended assumptions for those plans were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the State Legislature.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

The following changes in actuarial assumptions and plan provisions occurred in 2020:

1. GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the PUB-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

CHANGES IN PLAN PROVISIONS

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

2. PEPFF

CHANGES IN ACTUARIAL ASSUMPTIONS

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

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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	35.50 %	5.10 %
Private markets	17.50	5.30 %
Fixed income	20.00	0.75 %
International equity	25.00	5.90 %
Cash equivalents	2.00	– %
Total	100.00 %	

F. Discount Rate

The discount rate used to measure the total pension liability in 2020 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 GERS 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.

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 GERS net pension liability	\$ 4,074,063	\$ 2,542,074	\$ 1,278,306
The City's proportionate share of the PEPFF net pension liability	\$ 4,014,326	\$ 2,014,069	\$ 359,204

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 8 – DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION

A. Plan Description

All members of the North St. Paul Fire Department (the Department) are covered by a defined benefit plan administered by the North St. Paul Fire Department Relief Association (the Association). As of the most recent valuation, the plan covered 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.

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 no voluntary contribution to the plan for the year ended December 31, 2020. Furthermore, the firefighters have no obligation to contribute to the plan.

D. Pension Costs

At December 31, 2020, the City reported a net pension asset of \$442,424 for the plan. The net pension asset was measured as of December 31, 2019. 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, 2019.

For the year ended December 31, 2020, the City recognized pension expense of \$54,551. The City also recognized \$63,515 as revenue for the state of Minnesota's on-behalf contributions to the Department and \$22,000 for the City contribution.

**NOTE 8 – DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION
(CONTINUED)**

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning balance – January 1, 2020	\$ 1,305,198	\$ 1,507,428	\$ (202,230)
Changes for the year			
Service cost	52,189	–	52,189
Interest	82,452	–	82,452
Changes of assumptions	10,830	–	10,830
Contributions (state and local)	–	85,515	(85,515)
Contributions (donations and other income)	–	2,462	(2,462)
Net investment income	–	307,638	(307,638)
Benefit payments	(177,800)	(177,800)	–
Administrative costs	–	(9,950)	9,950
Total net changes	<u>(32,329)</u>	<u>207,865</u>	<u>(240,194)</u>
Ending balance – December 31, 2020	<u>\$ 1,272,869</u>	<u>\$ 1,715,293</u>	<u>\$ (442,424)</u>

At December 31, 2020, 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	\$ 26,179	\$ 73,693
Changes in actuarial assumptions	19,157	21,973
Differences between projected and actual investment earnings	–	60,490
Total	<u>\$ 45,336</u>	<u>\$ 156,156</u>

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
2021	\$ (16,930)
2022	\$ (18,248)
2023	\$ 940
2024	\$ (48,012)
2025	\$ (5,440)
Thereafter	\$ (23,130)

NOTE 8 – DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION (CONTINUED)

E. Actuarial Assumptions

The total pension liability at December 31, 2019 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	6.25%
20-year municipal bond yield	2.75%

The investment rate of return decreased from 6.50 percent to 6.25 percent.

The 6.25 percent long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using the plan's target investment allocation, along with long-term return expectations by asset class. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Domestic equity	52.45 %	4.76 %	7.26 %
International equity	16.38	5.41	7.91
Fixed income	23.38	2.01	4.51
Real estate and alternatives	0.70	4.53	7.03
Cash and equivalents	7.09	0.74	3.24
Total	100.00 %		6.25

F. Discount Rate

The discount rate used to measure the total pension liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in state statutes. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION (CONTINUED)

G. Pension Liability (Asset) Sensitivity

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

	1% Decrease in Discount Rate (5.25%)	Current Discount Rate (6.25%)	1% Increase in Discount Rate (7.25%)
Defined benefit plan	\$ (396,832)	\$ (442,424)	\$ (484,413)

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 9 – 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 \$29,853.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

D. Membership

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

Retirees and beneficiaries receiving benefits	3
Active plan members	<u>61</u>
Total members	<u><u>64</u></u>

E. Total OPEB Liability of the City

The City's total OPEB liability of \$268,379 as of year-end was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, 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	2.75%
20-year municipal bond yield	2.75%
Inflation rate	2.25%
Medical trend rate	6.70%, grading to 3.80% 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-2019, and other adjustments.

G. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Beginning balance – January 1, 2020	\$ 557,237
Changes for the year	
Service cost	22,226
Interest	20,614
Differences between expected and actual experience	(338,228)
Changes of assumptions	54,180
Benefit payments	<u>(47,650)</u>
Total net changes	<u><u>(288,858)</u></u>
Ending balance – December 31, 2020	<u><u>\$ 268,379</u></u>

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Assumption changes since the prior measurement date include the following:

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

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

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

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	1.75%	2.75%	3.75%
Total OPEB liability	\$ 283,322	\$ 268,379	\$ 254,536

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

	<u>1% Decrease in Healthcare Cost Trend Rate</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
OPEB healthcare cost trend rate	5.70% decreasing to 2.80% over 56 years	6.70% decreasing to 3.80% over 56 years	7.70% decreasing to 4.80% over 56 years
Total OPEB liability	\$ 251,786	\$ 268,379	\$ 287,519

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

For the current year ended, the City recognized negative OPEB expense of \$241,208. As of year-end, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City's contributions subsequent to the measurement date	<u>\$ 29,853</u>	<u>\$ —</u>

A total of \$29,853 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, 2021.

NOTE 10 – STEWARDSHIP AND ACCOUNTABILITY

A. Deficit Fund Equity

The following funds have a deficit fund equity at December 31, 2020:

	<u>Amount</u>
Governmental	
Special revenue fund	
TIF 4-10 Anchor Block North – Housing Tax Increment	\$ 2,122,782
Capital projects fund	
Municipal State Aid	\$ 1,538,761
Nonmajor funds	
Special revenue funds	
TIF 4-9 Margaret Street Tax Increment	\$ 29,260
TIF 4-10 Anchor Block North – Soils Tax Increment	\$ 1,402,735
Proprietary	
Enterprise fund	
Fiber Optic	\$ 733,909
Internal service funds	
City Mechanic	\$ 140,569
Building Maintenance	\$ 5,905

The deficit in the TIF 4-10 Anchor Block North – Housing 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 Municipal State Aid Capital Projects Fund will be reduced and eliminated as the City recognizes its annual allocation of funding each year.

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

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

The deficit in the 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, 2020, actual expenditures exceeded budgeted expenditures in the following fund:

	<u>Amount</u>
Component unit	
Economic Development Authority	\$ 17,234

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

NOTE 11 – FUND BALANCES

A. Classifications

At December 31, 2020, the City had the following governmental fund balances:

	General	TIF 4-8 7th and Margaret Street Tax Increment	TIF 4-10 Anchor Block North – Housing Tax Increment	Municipal State Aid	Nonmajor	Total
Nonspendable						
Prepaid items	\$ 24,568	\$ –	\$ –	\$ –	\$ 683	\$ 25,251
Advance to other funds	29,260	–	–	–	–	29,260
Total nonspendable	53,828	–	–	–	683	54,511
Restricted						
HRA	–	–	–	–	1,139,366	1,139,366
Tax increment	–	186,069	–	–	631,720	817,789
Police forfeiture	–	–	–	–	112,028	112,028
Street improvements	–	–	–	–	117,574	117,574
Debt service	–	–	–	–	3,725,789	3,725,789
Total restricted	–	186,069	–	–	5,726,477	5,912,546
Committed						
Asset preservation	–	–	–	–	1,682,241	1,682,241
Street maintenance	–	–	–	–	2,344,692	2,344,692
Total committed	–	–	–	–	4,026,933	4,026,933
Assigned						
Fire relief	27,270	–	–	–	–	27,270
Community events	61,295	–	–	–	–	61,295
Community center	–	–	–	–	65,799	65,799
Street improvements	–	–	–	–	927,097	927,097
Permanent improvement revolving	–	–	–	–	397,398	397,398
Pandemic response	–	–	–	–	114,144	114,144
Park improvements	–	–	–	–	439,094	439,094
Total assigned	88,565	–	–	–	1,943,532	2,032,097
Unassigned	2,701,149	–	(2,122,782)	(1,538,761)	(1,431,995)	(2,392,389)
Total	\$ 2,843,542	\$ 186,069	\$ (2,122,782)	\$ (1,538,761)	\$ 10,265,630	\$ 9,633,698

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. The City Council shall approve any transfer of excess fund balance in the subsequent year. At December 31, 2020, the unassigned fund balance for the General Fund was 36 percent of the subsequent year's budgeted expenditures.

NOTE 12 – 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, 2020 were \$5,441,693. 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 13 – 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, 2020 for this agreement was \$81,000 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, 2020 for the first agreement was \$10,612 and the City rebated \$41,176 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, 2020 for this agreement was \$2,135,434 and the City rebated \$246,709 in the current year.

NOTE 13 – TAX ABATEMENT AGREEMENTS (CONTINUED)

In 2019, the City entered into a development agreement with M/I Homes Minneapolis/St. Paul, LLC to assist the developer with the financing of certain costs of a project constructed within the development district. For this agreement, the City used an economic development vehicle known as tax increment financing whereby tax increment revenue is generated on the incremental increase in value above a base value established on the date that the tax increment district is created. The 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.

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 14 – 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.

NOTE 14 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

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, 2020 is \$244,662.

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2020

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

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

CITY OF NORTH ST. PAUL

North St. Paul Fire Department Relief Association
 Schedule of City Contributions and Nonemployer Contributing Entities
 December 31, 2020

Year Ended December 31,	City Contributions			Nonemployer Contribution State 2% Fire Aid
	Statutorily Determined Contribution	Actual Contribution	Contribution Excess	
2014	\$ —	\$ 39,982	\$ 39,982	\$ 55,788
2015	—	21,000	21,000	59,222
2016	—	22,000	22,000	60,125
2017	—	34,504	34,504	59,121
2018	—	40,481	40,481	60,649
2019	—	22,000	22,000	63,515
2020	—	—	—	67,317

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

CITY OF NORTH ST. PAUL

PERA – General Employees Retirement Fund
Schedule of City's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended December 31, 2020

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

PERA – General Employees Retirement Fund
Schedule of City Contributions
Year Ended December 31, 2020

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

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

CITY OF NORTH ST. PAUL

PERA – Public Employees Police and Fire Fund
Schedule of City's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended December 31, 2020

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

PERA – Public Employees Police and Fire Fund
Schedule of City Contributions
Year Ended December 31, 2020

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

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, 2020

City financial statement year ended December 31, Measurement period – December 31,	Fiscal Year		
	2018	2019	2020
	2017	2018	2019
Total OPEB liability			
Service cost	\$ 19,631	\$ 22,435	\$ 22,226
Interest	20,889	18,864	20,614
Differences between expected and actual experience	–	–	(338,228)
Changes of assumptions	16,149	(12,602)	54,180
Benefit payments	(37,784)	(37,868)	(47,650)
Net change in total OPEB liability	18,885	(9,171)	(288,858)
Total OPEB liability – beginning of year	547,523	566,408	557,237
Total OPEB liability – end of year	\$ 566,408	\$ 557,237	\$ 268,379
Covered payroll	\$ 4,088,418	\$ 4,215,283	\$ 4,543,426
Total OPEB liability as a percentage of covered payroll	13.9%	13.2%	5.9%

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN PLAN PROVISIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the Pub-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

2020 CHANGES IN PLAN PROVISIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

THIS PAGE INTENTIONALLY LEFT BLANK

SUPPLEMENTARY INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

NONMAJOR GOVERNMENTAL FUNDS

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

CITY OF NORTH ST. PAUL

Statement 11

Nonmajor Governmental Funds
Combining Balance Sheet
as of December 31, 2020

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and investments	\$ 1,206,830	\$ 3,698,556	\$ 5,908,663	\$ 10,814,049
Receivables				
Interest	1,740	7,374	11,181	20,295
Accounts	19,397	—	152,898	172,295
Loan	99,921	—	—	99,921
Taxes	14,939	7,713	—	22,652
Special assessments	—	948,383	230,561	1,178,944
Prepaid items	683	—	—	683
Assets held for resale	1,064,655	—	—	1,064,655
Total assets	\$ 2,408,165	\$ 4,662,026	\$ 6,303,303	\$ 13,373,494
Liabilities				
Accounts and contracts payable	\$ 214,887	\$ 1,371	\$ 164,839	\$ 381,097
Accrued salaries and employee benefits payable	3,306	—	—	3,306
Due to other governments	6,498	2,316	—	8,814
Unearned revenue	—	—	2,550	2,550
Advance from other funds	1,443,967	—	—	1,443,967
Total liabilities	1,668,658	3,687	167,389	1,839,734
Deferred inflows of resources				
Unavailable revenue – loan receivable	99,921	—	—	99,921
Unavailable revenue – property taxes	7,841	2,585	—	10,426
Unavailable revenue – special assessments	—	929,965	227,818	1,157,783
Total deferred inflows of resources	107,762	932,550	227,818	1,268,130
Fund balances (deficits)				
Nonspendable	683	—	—	683
Restricted	1,883,114	3,725,789	117,574	5,726,477
Committed	—	—	4,026,933	4,026,933
Assigned	179,943	—	1,763,589	1,943,532
Unassigned	(1,431,995)	—	—	(1,431,995)
Total fund balances	631,745	3,725,789	5,908,096	10,265,630
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,408,165	\$ 4,662,026	\$ 6,303,303	\$ 13,373,494

CITY OF NORTH ST. PAUL

Statement 12

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2020

	Special Revenue	Debt Service	Capital Projects	Total
Revenue				
Taxes	\$ 701,239	\$ 1,629,617	\$ –	\$ 2,330,856
Special assessments	–	164,391	64,185	228,576
Intergovernmental	505,178	–	616,856	1,122,034
Charges for services	102,000	–	–	102,000
Investment earnings	13,014	23,749	78,209	114,972
Other	1,137,946	–	255,423	1,393,369
Total revenue	<u>2,459,377</u>	<u>1,817,757</u>	<u>1,014,673</u>	<u>5,291,807</u>
Expenditures				
Current				
General government	296,740	–	–	296,740
Public safety	59	–	–	59
Parks and recreation	35,897	–	–	35,897
Economic development	1,300,031	–	–	1,300,031
Capital outlay	8,344	–	1,038,641	1,046,985
Debt service				
Principal	1,203,500	1,540,528	–	2,744,028
Interest and fiscal charges	73,416	374,618	–	448,034
Total expenditures	<u>2,917,987</u>	<u>1,915,146</u>	<u>1,038,641</u>	<u>5,871,774</u>
Excess (deficiency) of revenues over expenditures	(458,610)	(97,389)	(23,968)	(579,967)
Other financing sources (uses)				
Bonds issued	–	275,182	–	275,182
Transfers in	410,884	112,048	50,000	572,932
Transfers out	(87,365)	–	(272,368)	(359,733)
Total other financing sources (uses)	<u>323,519</u>	<u>387,230</u>	<u>(222,368)</u>	<u>488,381</u>
Net change in fund balances	(135,091)	289,841	(246,336)	(91,586)
Fund balances				
Beginning of year	<u>766,836</u>	<u>3,435,948</u>	<u>6,154,432</u>	<u>10,357,216</u>
End of year	<u>\$ 631,745</u>	<u>\$ 3,725,789</u>	<u>\$ 5,908,096</u>	<u>\$ 10,265,630</u>

THIS PAGE INTENTIONALLY LEFT BLANK

NONMAJOR SPECIAL REVENUE FUNDS

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

Nonmajor special revenue funds presently established are as follows:

- **Housing Redevelopment Authority Fund** – Administers the resources for the rehabilitation of various blighted properties within the City.
- **Community Center Fund** – Administers the resources received and expended for the Community Center.
- **Police Forfeiture Fund** – Administers the resources received through court ordered forfeitures.
- **Silver Lake Beach Fund** – Administers the resources received and expended separately for Silver Lake Beach.
- **TIF 4-5 Reflex Medical Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **TIF 4-4 Charles Street Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **TIF 4-6 Helen Street Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **TIF 4-7 Anchor Block South Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **TIF 4-9 Margaret Street Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **TIF 4-10 Anchor Block North – Soils Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **Pandemic Response Fund** – Administers the resources received and expended for the COVID-19 pandemic.

CITY OF NORTH ST. PAUL

Nonmajor Special Revenue Funds
Combining Balance Sheet
as of December 31, 2020

	101	002	026	031	039
	Housing Redevelopment Authority	Community Center	Police Forfeiture	Silver Lake Beach	TIF 4-5 Reflex Medical Tax Increment
Assets					
Cash and investments	\$ 106,446	\$ 68,368	\$ 111,816	\$ —	\$ 10,838
Receivables					
Interest	201	129	212	—	21
Accounts	822	—	—	—	—
Loan	99,921	—	—	—	—
Taxes	8,687	—	—	—	—
Prepaid items	—	683	—	—	—
Assets held for resale	1,064,655	—	—	—	—
Total assets	<u>\$ 1,280,732</u>	<u>\$ 69,180</u>	<u>\$ 112,028</u>	<u>\$ —</u>	<u>\$ 10,859</u>
Liabilities					
Accounts and contracts payable	\$ 32,245	\$ 2,588	\$ —	\$ —	\$ 675
Accrued salaries and employee benefits payable	3,306	—	—	—	—
Due to other governments	2,507	110	—	—	587
Advance from other funds	—	—	—	—	—
Total liabilities	<u>38,058</u>	<u>2,698</u>	<u>—</u>	<u>—</u>	<u>1,262</u>
Deferred inflows of resources					
Unavailable revenue – loan receivable	99,921	—	—	—	—
Unavailable revenue – property taxes	3,387	—	—	—	—
Total deferred inflows of resources	<u>103,308</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances (deficits)					
Nonspendable	—	683	—	—	—
Restricted for Housing Redevelopment Authority	1,139,366	—	—	—	—
Restricted for tax increment	—	—	—	—	9,597
Restricted for police forfeiture	—	—	112,028	—	—
Assigned for community center	—	65,799	—	—	—
Assigned for pandemic response	—	—	—	—	—
Unassigned	—	—	—	—	—
Total fund balances (deficits)	<u>1,139,366</u>	<u>66,482</u>	<u>112,028</u>	<u>—</u>	<u>9,597</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,280,732</u>	<u>\$ 69,180</u>	<u>\$ 112,028</u>	<u>\$ —</u>	<u>\$ 10,859</u>

Statement 13

046	032	207	209	211	299	
TIF 4-4 Charles Street Tax Increment	TIF 4-6 Helen Street Tax Increment	TIF 4-7 Anchor Block South – Tax Increment	TIF 4-9 Margaret Street Tax Increment	TIF 4-10 Anchor Block North – Soils Tax Increment	Pandemic Response	Total
\$ 278,911	\$ 338,569	\$ 4,443	\$ –	\$ –	\$ 287,439	\$ 1,206,830
528	641	8	–	–	–	1,740
–	–	–	–	18,575	–	19,397
–	–	–	–	–	–	99,921
1,798	–	4,454	–	–	–	14,939
–	–	–	–	–	–	683
–	–	–	–	–	–	1,064,655
<u>\$ 281,237</u>	<u>\$ 339,210</u>	<u>\$ 8,905</u>	<u>\$ –</u>	<u>\$ 18,575</u>	<u>\$ 287,439</u>	<u>\$ 2,408,165</u>
\$ 676	\$ 676	\$ –	\$ –	\$ 4,732	\$ 173,295	\$ 214,887
–	–	–	–	–	–	3,306
894	529	–	–	1,871	–	6,498
–	–	–	29,260	1,414,707	–	1,443,967
1,570	1,205	–	29,260	1,421,310	173,295	1,668,658
–	–	–	–	–	–	99,921
–	–	4,454	–	–	–	7,841
–	–	4,454	–	–	–	107,762
–	–	–	–	–	–	683
–	–	–	–	–	–	1,139,366
279,667	338,005	4,451	–	–	–	631,720
–	–	–	–	–	–	112,028
–	–	–	–	–	–	65,799
–	–	–	–	–	114,144	114,144
–	–	–	(29,260)	(1,402,735)	–	(1,431,995)
279,667	338,005	4,451	(29,260)	(1,402,735)	114,144	631,745
<u>\$ 281,237</u>	<u>\$ 339,210</u>	<u>\$ 8,905</u>	<u>\$ –</u>	<u>\$ 18,575</u>	<u>\$ 287,439</u>	<u>\$ 2,408,165</u>

CITY OF NORTH ST. PAUL

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year Ended December 31, 2020

	101	002	026	031	039
	Housing Redevelopment Authority	Community Center	Police Forfeiture	Silver Lake Beach	TIF 4-5 Reflex Medical Tax Increment
Revenues					
Taxes	\$ 168,207	\$ —	\$ —	\$ —	\$ 46,966
Intergovernmental	—	—	—	—	—
Charges for services	—	102,000	—	—	—
Investment earnings	4,303	379	1,444	260	43
Other	66,406	—	40	—	—
Total revenues	238,916	102,379	1,484	260	47,009
Expenditures					
Current					
General government	—	—	—	—	—
Public safety	—	—	59	—	—
Parks and recreation	—	35,897	—	—	—
Economic development	172,746	—	—	—	43,156
Capital outlay	—	—	—	—	—
Debt service					
Principal retirement	—	—	—	—	—
Interest and fiscal charges	—	—	—	—	—
Total expenditures	172,746	35,897	59	—	43,156
Excess (deficiency) of revenues over expenditures	66,170	66,482	1,425	260	3,853
Other financing sources (uses)					
Transfers in	—	—	—	—	—
Transfers out	(20,000)	—	—	(35,317)	—
Total other financing sources (uses)	(20,000)	—	—	(35,317)	—
Net change in fund balances	46,170	66,482	1,425	(35,057)	3,853
Fund balances (deficits)					
Beginning of year	1,093,196	—	110,603	35,057	5,744
End of year	\$ 1,139,366	\$ 66,482	\$ 112,028	\$ —	\$ 9,597

Statement 14

046	032	207	209	211	299	
TIF 4-4 Charles Street Tax Increment	TIF 4-6 Helen Street Tax Increment	TIF 4-7 Anchor Block South – Tax Increment	TIF 4-9 Margaret Street Tax Increment	TIF 4-10 Anchor Block North – Soils Tax Increment	Pandemic Response	Total
\$ 152,969	\$ 328,660	\$ 4,437	\$ –	\$ –	\$ –	\$ 701,239
–	–	–	–	–	505,178	505,178
–	–	–	–	–	–	102,000
2,791	3,780	14	–	–	–	13,014
–	–	–	–	1,071,500	–	1,137,946
155,760	332,440	4,451	–	1,071,500	505,178	2,459,377
–	–	–	–	–	296,740	296,740
–	–	–	–	–	–	59
–	–	–	–	–	–	35,897
29,287	223,631	–	2,039	323,994	505,178	1,300,031
–	–	–	–	8,344	–	8,344
–	–	–	–	1,203,500	–	1,203,500
–	–	–	1,093	72,323	–	73,416
29,287	223,631	–	3,132	1,608,161	801,918	2,917,987
126,473	108,809	4,451	(3,132)	(536,661)	(296,740)	(458,610)
–	–	–	–	–	410,884	410,884
(32,048)	–	–	–	–	–	(87,365)
(32,048)	–	–	–	–	410,884	323,519
94,425	108,809	4,451	(3,132)	(536,661)	114,144	(135,091)
185,242	229,196	–	(26,128)	(866,074)	–	766,836
\$ 279,667	\$ 338,005	\$ 4,451	\$ (29,260)	\$ (1,402,735)	\$ 114,144	\$ 631,745

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.

CITY OF NORTH ST. PAUL

Nonmajor Debt Service Funds
Combining Balance Sheet
as of December 31, 2020

	076	183	184	045	078
	G.O. Tax Abatement Bonds of 2004A	G.O. Building Refunding Bonds of 2012A	G.O. Bonds of 2014A	Penn Place TIF G.O. Refunding Bonds of 2015A	Charles Street TIF G.O. Refunding Bonds of 2015A
Assets					
Cash and investments	\$ 46,539	\$ 890,769	\$ 368,266	\$ 189,139	\$ 40
Receivables					
Interest	88	1,686	697	358	—
Taxes	—	—	—	7,713	—
Special assessments	—	—	206,442	—	—
Total assets	<u>\$ 46,627</u>	<u>\$ 892,455</u>	<u>\$ 575,405</u>	<u>\$ 197,210</u>	<u>\$ 40</u>
Liabilities					
Accounts and contracts payable	\$ —	\$ 200	\$ 50	\$ 715	\$ 40
Due to other governments	—	—	—	2,316	—
Total liabilities	—	200	50	3,031	40
Deferred inflows of resources					
Unavailable revenue – property taxes	—	—	—	2,585	—
Unavailable revenue – special assessments	—	—	199,641	—	—
Total deferred inflows of resources	—	—	199,641	2,585	—
Fund balances					
Restricted for debt service	<u>46,627</u>	<u>892,255</u>	<u>375,714</u>	<u>191,594</u>	<u>—</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 46,627</u>	<u>\$ 892,455</u>	<u>\$ 575,405</u>	<u>\$ 197,210</u>	<u>\$ 40</u>

071	075	084	074	309	308	
G.O. Bonds of 2016A	G.O. Abatement Bonds of 2016A	G.O. Capital Improvement Plan Refunding Bonds of 2016B	G.O. Bonds of 2017A	G.O. Bonds of 2018A	G.O. TIF Bonds Uptown Commons of 2020A	Total
\$ 308,641	\$ 117,076	\$ 792,253	\$ 237,375	\$ 473,242	\$ 275,216	\$ 3,698,556
584	221	1,500	449	1,791	—	7,374
—	—	—	—	—	—	7,713
302,087	—	—	179,051	260,803	—	948,383
<u>\$ 611,312</u>	<u>\$ 117,297</u>	<u>\$ 793,753</u>	<u>\$ 416,875</u>	<u>\$ 735,836</u>	<u>\$ 275,216</u>	<u>\$ 4,662,026</u>
\$ 49	\$ —	\$ 200	\$ 67	\$ 50	\$ —	\$ 1,371
—	—	—	—	—	—	2,316
49	—	200	67	50	—	3,687
—	—	—	—	—	—	2,585
291,550	—	—	178,687	260,087	—	929,965
291,550	—	—	178,687	260,087	—	932,550
319,713	117,297	793,553	238,121	475,699	275,216	3,725,789
<u>\$ 611,312</u>	<u>\$ 117,297</u>	<u>\$ 793,753</u>	<u>\$ 416,875</u>	<u>\$ 735,836</u>	<u>\$ 275,216</u>	<u>\$ 4,662,026</u>

CITY OF NORTH ST. PAUL

Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year Ended December 31, 2020

	076	183	184	045	078
	G.O. Tax Abatement Bonds of 2004A	G.O. Building Refunding Bonds of 2012A	G.O. Bonds of 2014A	Penn Place TIF G.O. Refunding Bonds of 2015A	Charles Street TIF G.O. Refunding Bonds of 2015A
Revenues					
Taxes	\$ —	\$ 432,109	\$ 161,376	\$ 117,356	\$ —
Special assessments	—	—	44,797	—	—
Investment earnings	393	5,936	2,330	1,139	—
Total revenues	393	438,045	208,503	118,495	—
Expenditures					
Debt service					
Principal retirement	70,000	380,000	175,000	70,000	40,000
Interest and fiscal charges	3,110	24,988	37,890	19,128	14,090
Total expenditures	73,110	404,988	212,890	89,128	54,090
Excess (deficiency) of revenues over expenditures	(72,717)	33,057	(4,387)	29,367	(54,090)
Other financing sources (uses)					
Bonds issued	—	—	—	—	—
Transfers in	—	—	—	—	32,048
Total other financing sources sources (uses)	—	—	—	—	32,048
Net change in fund balances	(72,717)	33,057	(4,387)	29,367	(22,042)
Fund balances					
Beginning of year	119,344	859,198	380,101	162,227	22,042
End of year	\$ 46,627	\$ 892,255	\$ 375,714	\$ 191,594	\$ —

071	075	084	074	309	308	
G.O. Bonds of 2016A	G.O. Abatement Bonds of 2016A	G.O. Capital Improvement Plan Refunding Bonds of 2016B	G.O. Bonds of 2017A	G.O. Bonds of 2018A	G.O. TIF Bonds Uptown Commons of 2020A	Total
\$ 160,661	\$ —	\$ 457,800	\$ 56,193	\$ 244,122	\$ —	\$ 1,629,617
56,618	—	—	34,172	28,804	—	164,391
1,806	1,665	4,461	1,757	4,228	34	23,749
<u>219,085</u>	<u>1,665</u>	<u>462,261</u>	<u>92,122</u>	<u>277,154</u>	<u>34</u>	<u>1,817,757</u>
165,000	55,000	380,000	65,528	140,000	—	1,540,528
44,936	24,232	45,450	26,594	134,200	—	374,618
<u>209,936</u>	<u>79,232</u>	<u>425,450</u>	<u>92,122</u>	<u>274,200</u>	<u>—</u>	<u>1,915,146</u>
9,149	(77,567)	36,811	—	2,954	34	(97,389)
—	—	—	—	—	275,182	275,182
<u>—</u>	<u>80,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>112,048</u>
<u>—</u>	<u>80,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>275,182</u>	<u>387,230</u>
9,149	2,433	36,811	—	2,954	275,216	289,841
<u>310,564</u>	<u>114,864</u>	<u>756,742</u>	<u>238,121</u>	<u>472,745</u>	<u>—</u>	<u>3,435,948</u>
<u>\$ 319,713</u>	<u>\$ 117,297</u>	<u>\$ 793,553</u>	<u>\$ 238,121</u>	<u>\$ 475,699</u>	<u>\$ 275,216</u>	<u>\$ 3,725,789</u>

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.
- **Street Improvement Revolving Fund** – Administers the resources for street improvement projects.

CITY OF NORTH ST. PAUL

Nonmajor Capital Projects Funds
Combining Balance Sheet
as of December 31, 2020

	063	034	064	061
	Park	Park Dedication	Housing Improvement	Permanent Improvement Revolving
Assets				
Cash and investments	\$ 346,463	\$ 122,048	\$ —	\$ 395,088
Receivables				
Interest	656	231	—	748
Accounts	50	—	—	—
Special assessments	—	—	—	22,956
Total assets	\$ 347,169	\$ 122,279	\$ —	\$ 418,792
Liabilities				
Accounts and contracts payable	\$ 27,804	\$ —	\$ —	\$ —
Unearned revenue	2,550	—	—	—
Total liabilities	30,354	—	—	—
Deferred inflows of resources				
Unavailable revenue — special assessments	—	—	—	21,394
Fund balances				
Restricted for street improvements	—	—	—	—
Committed for asset preservation	—	—	—	—
Committed for street maintenance	—	—	—	—
Assigned for permanent improvement revolving	—	—	—	397,398
Assigned for park improvements	316,815	122,279	—	—
Assigned for street improvements	—	—	—	—
Total fund balances	316,815	122,279	—	397,398
Total liabilities, deferred inflows of resources, and fund balances	\$ 347,169	\$ 122,279	\$ —	\$ 418,792

Statement 17

010	011	022	
Asset	Street	Street	
Preservation	Maintenance	Improvement	Total
		Revolving	
\$ 1,679,064	\$ 2,392,707	\$ 973,293	\$ 5,908,663
3,177	4,528	1,841	11,181
—	—	152,848	152,898
—	—	207,605	230,561
<u>\$ 1,682,241</u>	<u>\$ 2,397,235</u>	<u>\$ 1,335,587</u>	<u>\$ 6,303,303</u>
\$ —	\$ 52,543	\$ 84,492	\$ 164,839
—	—	—	2,550
—	52,543	84,492	167,389
—	—	206,424	227,818
—	—	117,574	117,574
1,682,241	—	—	1,682,241
—	2,344,692	—	2,344,692
—	—	—	397,398
—	—	—	439,094
—	—	927,097	927,097
<u>1,682,241</u>	<u>2,344,692</u>	<u>1,044,671</u>	<u>5,908,096</u>
<u>\$ 1,682,241</u>	<u>\$ 2,397,235</u>	<u>\$ 1,335,587</u>	<u>\$ 6,303,303</u>

CITY OF NORTH ST. PAUL

Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year Ended December 31, 2020

	063	034	064	061
	Park	Park Dedication	Housing Improvement	Permanent Improvement Revolving
Revenues				
Special assessment	\$ —	\$ —	\$ —	\$ 10,772
Intergovernmental	100,000	—	—	—
Investment earnings	3,251	1,368	—	6,136
Other				
Donations	4,190	—	—	—
Miscellaneous	23,385	45,000	—	—
Total revenues	<u>130,826</u>	<u>46,368</u>	<u>—</u>	<u>16,908</u>
Expenditures				
Capital outlay	<u>33,110</u>	<u>—</u>	<u>177,102</u>	<u>120,000</u>
Excess (deficiency) of revenues over expenditures	97,716	46,368	(177,102)	(103,092)
Other financing sources (uses)				
Transfers in	—	—	—	—
Transfers out	(65,000)	—	—	—
Total other financing sources (uses)	<u>(65,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	32,716	46,368	(177,102)	(103,092)
Fund balances				
Beginning of year	<u>284,099</u>	<u>75,911</u>	<u>177,102</u>	<u>500,490</u>
End of year	<u>\$ 316,815</u>	<u>\$ 122,279</u>	<u>\$ —</u>	<u>\$ 397,398</u>

Statement 18

010	011	022	
Asset	Street	Street	
Preservation	Maintenance	Improvement	Total
		Revolving	
\$ —	\$ —	\$ 53,413	\$ 64,185
126,000	320,437	70,419	616,856
22,913	30,821	13,720	78,209
—	—	—	4,190
—	30,000	152,848	251,233
148,913	381,258	290,400	1,014,673
351,774	176,956	179,699	1,038,641
(202,861)	204,302	110,701	(23,968)
—	50,000	—	50,000
(15,000)	(192,368)	—	(272,368)
(15,000)	(142,368)	—	(222,368)
(217,861)	61,934	110,701	(246,336)
1,900,102	2,282,758	933,970	6,154,432
\$ 1,682,241	\$ 2,344,692	\$ 1,044,671	\$ 5,908,096

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

Statement 19

Page 1 of 5

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Year Ended December 31, 2020

(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020		Over (Under) Budget	2019
	Final Budget	Actual		Actual
Revenues				
Taxes				
Property taxes				
Current	\$ 3,989,684	\$ 3,996,848	\$ 7,164	\$ 3,567,970
Delinquent	8,000	9,669	1,669	21,601
Electric franchise	270,000	275,660	5,660	227,068
Gas franchise	80,000	83,977	3,977	100,065
Cable franchise	72,000	78,198	6,198	94,280
Total taxes	4,419,684	4,444,352	24,668	4,010,984
Special assessments	4,100	4,783	683	4,483
Licenses and permits				
Liquor and beer licenses	—	875	875	42,825
Cigarette licenses	2,000	2,100	100	2,400
Contractor licenses	8,000	8,189	189	14,450
Garbage haulers licenses	1,500	1,320	(180)	4,400
Miscellaneous licenses	12,000	12,612	612	29,685
Building permits	420,000	434,422	14,422	380,872
Electrical inspections	53,000	53,634	634	25,004
Heating and air conditioning permits	44,000	44,538	538	67,283
Plumbing permits	38,000	38,010	10	28,868
Animal licenses	—	450	450	1,378
Rental inspection	22,000	23,890	1,890	26,104
Miscellaneous permits	9,500	10,346	846	7,990
Total licenses and permits	610,000	630,386	20,386	631,259
Intergovernmental				
Local Government Aid	1,373,988	1,377,186	3,198	1,251,294
State aid police	140,000	144,128	4,128	139,683
State aid fire	65,000	67,317	2,317	62,515
PERA aid	—	—	—	12,251
Liaison officer	67,500	74,160	6,660	73,080
Federal grants	410,884	410,884	—	70,910
Other grants	40,000	39,856	(144)	60,861
Total intergovernmental	2,097,372	2,113,531	16,159	1,670,594

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			2019
	Final Budget	Actual	Over (Under) Budget	Actual
Revenues (continued)				
Charges for services				
Administration charges	15,000	15,661	661	21,828
Searches	4,500	4,940	440	5,520
Snow removal	—	—	—	18,380
Recreation	5,000	8,082	3,082	19,510
Community center				
Rentals	—	—	—	150,000
Total charges for services	24,500	28,683	4,183	215,238
Fines and forfeits	33,600	27,025	(6,575)	33,274
Investment earnings	2,981	26,490	23,509	61,775
Other				
Antenna income	237,717	254,563	16,846	268,822
Donations	—	—	—	200
Sales of property	1,000	1,350	350	295
Miscellaneous	9,500	26,197	16,697	49,265
Total other	248,217	282,110	33,893	318,582
Total revenues	7,440,454	7,557,360	116,906	6,946,189
Expenditures				
Current				
General government				
City Council				
Personal services	33,542	32,725	(817)	32,079
Materials and supplies	150	20	(130)	268
Contractual services	88,481	73,594	(14,887)	89,720
Other	1,000	935	(65)	1,410
Total City Council	123,173	107,274	(15,899)	123,477
Administration				
Personal services	267,663	264,856	(2,807)	338,608
Materials and supplies	1,000	825	(175)	1,317
Contractual services	316,300	277,653	(38,647)	162,331
Capital outlay	500	1,873	1,373	—
Total administration	585,463	545,207	(40,256)	502,256

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			2019
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
General government (continued)				
Finance				
Personal services	232,034	227,855	(4,179)	302,338
Materials and supplies	2,082	1,112	(970)	1,070
Contractual services	43,426	42,683	(743)	40,437
Total finance	277,542	271,650	(5,892)	343,845
Elections				
Personal services	—	—	—	517
Contractual services	26,674	26,524	(150)	26,567
Total elections	26,674	26,524	(150)	27,084
Community events				
Contractual services	—	—	—	25,235
Community services				
Personal services	179,092	171,704	(7,388)	147,639
Materials and supplies	4,750	4,179	(571)	3,981
Contractual services	115,565	96,637	(18,928)	152,079
Capital outlay	—	1,791	1,791	—
Other	—	—	—	50
Total community services	299,407	274,311	(25,096)	303,749
Total general government	1,312,259	1,224,966	(87,293)	1,325,646
Public safety				
Police protection				
Personal services	2,487,024	2,456,377	(30,647)	2,235,535
Materials and supplies	86,133	76,118	(10,015)	54,550
Contractual services	576,845	563,212	(13,633)	557,446
Capital outlay	19,200	16,899	(2,301)	6,952
Total police protection	3,169,202	3,112,606	(56,596)	2,854,483

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			2019
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Public safety (continued)				
Fire				
Personal services	602,960	619,092	16,132	601,802
Materials and supplies	59,770	52,154	(7,616)	92,877
Contractual services	297,028	282,460	(14,568)	371,557
Capital outlay	—	1,791	1,791	5,881
Total fire	959,758	955,497	(4,261)	1,072,117
Inspections				
Materials and supplies	200	137	(63)	362
Contractual services	594,250	557,223	(37,027)	402,242
Total inspections	594,450	557,360	(37,090)	402,604
Total public safety	4,723,410	4,625,463	(97,947)	4,329,204
Public works				
Street maintenance				
Personal services	438,254	428,223	(10,031)	381,755
Materials and supplies	170,044	141,725	(28,319)	134,912
Contractual services	315,745	303,524	(12,221)	366,108
Capital outlay	5,500	6,926	1,426	10,831
Total street maintenance	929,543	880,398	(49,145)	893,606
Urban forestry				
Personal services	103,581	102,948	(633)	110,406
Materials and supplies	14,457	9,701	(4,756)	6,348
Contractual services	59,110	54,442	(4,668)	77,139
Capital outlay	39,750	22,437	(17,313)	6,000
Total urban forestry	216,898	189,528	(27,370)	199,893
Total public works	1,146,441	1,069,926	(76,515)	1,093,499

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			2019
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Parks and recreation				
Parks maintenance				
Personal services	204,943	200,011	(4,932)	141,622
Materials and supplies	68,141	58,555	(9,586)	55,131
Contractual services	121,833	92,748	(29,085)	114,590
Capital outlay	38,500	30,135	(8,365)	59,714
Total parks maintenance	433,417	381,449	(51,968)	371,057
Recreation				
Personal services	136,097	134,722	(1,375)	115,128
Materials and supplies	12,480	8,095	(4,385)	8,819
Contractual services	18,966	9,207	(9,759)	14,202
Total recreation	167,543	152,024	(15,519)	138,149
Total parks and recreation	600,960	533,473	(67,487)	509,206
Total expenditures	7,783,070	7,453,828	(329,242)	7,257,555
Excess (deficiency) of revenues over expenditures	(342,616)	103,532	446,148	(311,366)
Other financing sources (uses)				
Transfers in	820,000	845,317	25,317	882,932
Transfers out	(477,384)	(460,884)	16,500	(50,000)
Total other financing sources (uses)	342,616	384,433	41,817	832,932
Net change in fund balances	–	487,965	487,965	521,566
Fund balance				
Beginning of year	2,355,577	2,355,577	–	1,834,011
End of year	\$ 2,355,577	\$ 2,843,542	\$ 487,965	\$ 2,355,577

CITY OF NORTH ST. PAUL

Statement 20

General Fund
Balance Sheet by Account
as of December 31, 2020

	General Revenue	Community Event	Fire Relief	Total
Assets				
Cash and investments	\$ 3,411,190	\$ 61,180	\$ 27,218	\$ 3,499,588
Receivables				
Interest	7,300	115	52	7,467
Accounts	76,879	—	—	76,879
Taxes	143,537	—	—	143,537
Special assessments	2,981	—	—	2,981
Prepaid items	24,568	—	—	24,568
Advance to other funds	29,260	—	—	29,260
Total assets	\$ 3,695,715	\$ 61,295	\$ 27,270	\$ 3,784,280
Liabilities				
Accounts and contracts payable	\$ 257,534	\$ —	\$ —	\$ 257,534
Accrued salaries and employee benefits payable	204,165	—	—	204,165
Due to other governments	21,731	—	—	21,731
Customer deposits	305,393	—	—	305,393
Unearned revenue	93,730	—	—	93,730
Total liabilities	882,553	—	—	882,553
Deferred inflows of resources				
Unavailable revenue – property taxes	55,552	—	—	55,552
Unavailable revenue – special assessments	2,633	—	—	2,633
Total deferred inflows of resources	58,185	—	—	58,185
Fund balances				
Nonspendable	53,828	—	—	53,828
Assigned	—	61,295	27,270	88,565
Unassigned	2,701,149	—	—	2,701,149
Total fund balances	2,754,977	61,295	27,270	2,843,542
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,695,715	\$ 61,295	\$ 27,270	\$ 3,784,280

CITY OF NORTH ST. PAUL

Statement 21

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances by Account
Year Ended December 31, 2020

	General Revenue	Community Event	Fire Relief	Total
Revenue				
Taxes	\$ 4,444,352	\$ —	\$ —	\$ 4,444,352
Special assessments	4,783	—	—	4,783
Licenses and permits	630,386	—	—	630,386
Intergovernmental	2,113,531	—	—	2,113,531
Charges for services	28,683	—	—	28,683
Fines and forfeits	27,025	—	—	27,025
Investment earnings	25,803	383	304	26,490
Other	282,110	—	—	282,110
Total revenue	7,556,673	383	304	7,557,360
Expenditures				
Current				
General government	1,224,966	—	—	1,224,966
Public safety	4,556,646	—	68,817	4,625,463
Public works	1,069,926	—	—	1,069,926
Parks and recreation	533,473	—	—	533,473
Total expenditures	7,385,011	—	68,817	7,453,828
Excess (deficiency) of revenues over expenditures	171,662	383	(68,513)	103,532
Other financing sources (uses)				
Transfers in	702,500	51,817	91,000	845,317
Transfers out	(460,884)	—	—	(460,884)
Total other financing sources (uses)	241,616	51,817	91,000	384,433
Net change in fund balances	413,278	52,200	22,487	487,965
Fund balances				
Beginning of year	2,341,699	9,095	4,783	2,355,577
End of year	\$ 2,754,977	\$ 61,295	\$ 27,270	\$ 2,843,542

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

CITY OF NORTH ST. PAUL

Statement 22

Housing Redevelopment Authority
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Year Ended December 31, 2020

(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			2019
	Final Budget	Actual	Over (Under) Budget	Actual
Revenues				
Taxes	\$ 170,172	\$ 168,207	\$ (1,965)	\$ 155,866
Investment earnings	—	4,303	4,303	11,117
Other	193,000	66,406	(126,594)	36,280
Total revenues	363,172	238,916	(124,256)	203,263
Expenditures				
Current				
Economic development	328,826	172,746	(156,080)	152,349
Excess of revenues over expenditures	34,346	66,170	31,824	50,914
Other financing sources (uses)				
Transfers out	(20,000)	(20,000)	—	(20,000)
Net change in fund balances	14,346	46,170	31,824	30,914
Fund balance				
Beginning of year	1,093,196	1,093,196	—	1,062,282
End of year	\$ 1,107,542	\$ 1,139,366	\$ 31,824	\$ 1,093,196

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, an Insurance Internal Service Fund, an Information Technology Internal Service Fund, and a Building Maintenance Internal Service Fund in managing city operations.

CITY OF NORTH ST. PAUL

Statement 23

Internal Service Funds
Combining Statement of Net Position
as of December 31, 2020

	097	098	096	095	099	
	Equipment	City Mechanic	Insurance	Information Technology	Building Maintenance	Total
Assets						
Current assets						
Cash and investments	\$ 3,456,858	\$ —	\$ 78,082	\$ 159,583	\$ —	\$ 3,694,523
Receivables						
Interest	6,541	—	148	302	—	6,991
Prepaid items	—	—	50,435	—	3,750	54,185
Total current assets	3,463,399	—	128,665	159,885	3,750	3,755,699
Noncurrent assets						
Capital assets						
Furniture and equipment	3,001,422	—	—	—	—	3,001,422
Less accumulated depreciation	(1,950,493)	—	—	—	—	(1,950,493)
Total capital assets	1,050,929	—	—	—	—	1,050,929
Total assets	\$ 4,514,328	\$ —	\$ 128,665	\$ 159,885	\$ 3,750	\$ 4,806,628
Current liabilities						
Accounts and contracts payable	\$ 100	\$ 328	\$ 26,960	\$ 2,107	\$ 8,431	\$ 37,926
Accrued salaries and employee benefits payable	—	—	5,026	—	—	5,026
Due to other funds	—	140,241	—	—	1,204	141,445
Due to other governments	—	—	—	72	20	92
Total current liabilities	100	140,569	31,986	2,179	9,655	184,489
Net position						
Investment in capital assets	1,050,929	—	—	—	—	1,050,929
Unrestricted	3,463,299	(140,569)	96,679	157,706	(5,905)	3,571,210
Total net position	4,514,228	(140,569)	96,679	157,706	(5,905)	4,622,139
Total liabilities and net position	\$ 4,514,328	\$ —	\$ 128,665	\$ 159,885	\$ 3,750	\$ 4,806,628

CITY OF NORTH ST. PAUL

Statement 24

Internal Service Funds
Combining Statement of Revenues,
Expenses, and Changes in Net Position
Year Ended December 31, 2020

	097	098	096	095	099	
	<u>Equipment</u>	<u>City Mechanic</u>	<u>Insurance</u>	<u>Information Technology</u>	<u>Building Maintenance</u>	<u>Total</u>
Operating revenues						
Charges for services	\$ 627,363	\$ 67,514	\$ 411,758	\$ 397,500	\$ 215,706	\$ 1,719,841
Operating expenses						
Personal services	—	13,284	—	—	—	13,284
Professional services	—	443	23,858	240,291	136,615	401,207
Materials and supplies	—	4,346	—	—	53,041	57,387
Insurance	—	—	341,437	—	—	341,437
Total operating expenses	<u>—</u>	<u>18,073</u>	<u>365,295</u>	<u>240,291</u>	<u>189,656</u>	<u>813,315</u>
Operating income before depreciation	627,363	49,441	46,463	157,209	26,050	906,526
Depreciation	<u>193,041</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>193,041</u>
Operating income	434,322	49,441	46,463	157,209	26,050	713,485
Nonoperating revenues						
Investment earnings	40,027	—	2,638	497	—	43,162
Electric franchise tax	—	—	—	—	183,782	183,782
Gain on disposal of capital assets	<u>9,848</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>9,848</u>
Total nonoperating revenues	<u>49,875</u>	<u>—</u>	<u>2,638</u>	<u>497</u>	<u>183,782</u>	<u>236,792</u>
Income before transfers	484,197	49,441	49,101	157,706	209,832	950,277
Transfers out	<u>(102,787)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(102,787)</u>
Change in net position	381,410	49,441	49,101	157,706	209,832	847,490
Net position						
Beginning of year	<u>4,132,818</u>	<u>(190,010)</u>	<u>47,578</u>	<u>—</u>	<u>(215,737)</u>	<u>3,774,649</u>
End of year	<u>\$ 4,514,228</u>	<u>\$ (140,569)</u>	<u>\$ 96,679</u>	<u>\$ 157,706</u>	<u>\$ (5,905)</u>	<u>\$ 4,622,139</u>

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF NORTH ST. PAUL

Statement 25

Internal Service Funds
Combining Statement of Cash Flows
Year Ended December 31, 2020

	097 Equipment	098 City Mechanic	096 Insurance	095 Information Technology	099 Building Maintenance	Total
Cash flows from operating activities						
Cash receipts on interfund services provided	\$ 627,463	\$ 67,514	\$ 412,497	\$ 397,500	\$ 215,706	\$ 1,720,680
Cash paid to suppliers	—	(12,676)	(356,744)	(238,112)	(201,437)	(808,969)
Cash payments to employees for services	—	(16,815)	—	—	—	(16,815)
Net cash flows from operating activities	627,463	38,023	55,753	159,388	14,269	894,896
Cash flows from noncapital-related financing activities						
Electric franchise tax received	—	—	—	—	183,782	183,782
Cash paid to other funds	—	(38,023)	—	—	(198,051)	(236,074)
Net cash flows from noncapital-related financing activities	—	(38,023)	—	—	(14,269)	(52,292)
Cash flows from capital and related financing activities						
Transfers out	(102,787)	—	—	—	—	(102,787)
Proceeds from the disposal of capital assets	23,070	—	—	—	—	23,070
Net cash flows from capital and related financing activities	(79,717)	—	—	—	—	(79,717)
Cash flows from investing activities						
Interest received on investments	42,033	—	2,490	195	—	44,718
Net change in cash and cash equivalents	589,779	—	58,243	159,583	—	807,605
Cash and cash equivalents						
Beginning of year	2,867,079	—	19,839	—	—	2,886,918
End of year	<u>\$ 3,456,858</u>	<u>\$ —</u>	<u>\$ 78,082</u>	<u>\$ 159,583</u>	<u>\$ —</u>	<u>\$ 3,694,523</u>
Reconciliation of operating income to net cash flows from operating activities						
Operating income	\$ 434,322	\$ 49,441	\$ 46,463	\$ 157,209	\$ 26,050	\$ 713,485
Adjustments to reconcile operating income to net cash flows from operating activities						
Depreciation	193,041	—	—	—	—	193,041
Change in assets and liabilities						
Prepaid items	—	—	(18,145)	—	2,367	(15,778)
Accounts and contracts payable	100	(7,887)	26,696	2,179	(14,111)	6,977
Accrued salaries and employee benefits	—	(3,531)	739	—	—	(2,792)
Due to other governments	—	—	—	—	(37)	(37)
Total adjustments	193,141	(11,418)	9,290	2,179	(11,781)	181,411
Net cash flows from operating activities	<u>\$ 627,463</u>	<u>\$ 38,023</u>	<u>\$ 55,753</u>	<u>\$ 159,388</u>	<u>\$ 14,269</u>	<u>\$ 894,896</u>

THIS PAGE INTENTIONALLY LEFT BLANK

DISCRETELY PRESENTED COMPONENT UNIT – EDA

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

CITY OF NORTH ST. PAUL

Statement 26

Economic Development Authority
 (Discretely Presented Component Unit)
 Balance Sheet
 as of December 31, 2020

Assets	
Cash and investments	\$ 324,880
Receivables	
Interest	615
Assets held for resale	<u>49,248</u>
Total assets	<u><u>\$ 374,743</u></u>
Liabilities	
Accrued salaries and employee benefits payable	\$ 1,349
Due to other governments	<u>3,590</u>
Total liabilities	<u>4,939</u>
Fund balances	
Restricted for Economic Development Authority	<u>369,804</u>
Total liabilities and fund balances	<u><u>\$ 374,743</u></u>

CITY OF NORTH ST. PAUL

Statement 27

Economic Development Authority
 (Discretely Presented Component Unit)
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances – Budget and Actual
 Year Ended December 31, 2020

	Final Budget	Actual	Over (Under) Budget
Revenues			
Taxes	\$ 166,769	\$ 166,769	\$ –
Investment earnings	–	2,788	2,788
Miscellaneous	–	57	57
Total revenues	<u>166,769</u>	<u>169,614</u>	<u>2,845</u>
Expenditures			
Current			
Economic development	<u>28,765</u>	<u>45,999</u>	<u>17,234</u>
Net change in fund balances	138,004	123,615	(14,389)
Fund balances			
Beginning of year	<u>246,189</u>	<u>246,189</u>	<u>–</u>
End of year	<u>\$ 384,193</u>	<u>\$ 369,804</u>	<u>\$ (14,389)</u>

THIS PAGE INTENTIONALLY LEFT BLANK

STATISTICAL SECTION

(UNAUDITED)

THIS PAGE INTENTIONALLY LEFT BLANK

STATISTICAL SECTION

(UNAUDITED)

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

CITY OF NORTH ST. PAUL

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

	2011	2012	2013	Fiscal Year 2014
Governmental activities				
Net investment in capital assets	\$ 19,858,975	\$ 19,540,662	\$ 19,051,478	\$ 18,499,040
Restricted	2,048,297	2,123,059	2,685,809	3,083,209
Unrestricted	<u>1,984,776</u>	<u>1,758,884</u>	<u>2,211,236</u>	<u>3,473,659</u>
Total governmental activities net position	<u>\$ 23,892,048</u>	<u>\$ 23,422,605</u>	<u>\$ 23,948,523</u>	<u>\$ 25,055,908</u>
Business-type activities				
Net investment in capital assets	\$ 6,511,318	\$ 7,203,491	\$ 7,158,035	\$ 5,050,697
Unrestricted	<u>2,425,788</u>	<u>2,904,372</u>	<u>4,250,023</u>	<u>4,560,899</u>
Total business-type activities net position	<u>\$ 8,937,106</u>	<u>\$ 10,107,863</u>	<u>\$ 11,408,058</u>	<u>\$ 9,611,596</u>
Primary government				
Net investment in capital assets	\$ 26,370,293	\$ 26,744,153	\$ 26,209,513	\$ 23,549,737
Restricted	2,048,297	2,123,059	2,685,809	3,083,209
Unrestricted	<u>4,410,564</u>	<u>4,663,256</u>	<u>6,461,259</u>	<u>8,034,558</u>
Total primary government net position	<u>\$ 32,829,154</u>	<u>\$ 33,530,468</u>	<u>\$ 35,356,581</u>	<u>\$ 34,667,504</u>

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

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

Table 1

2015	2016	2017	2018	2019	2020
\$ 18,732,114	\$ 18,613,487	\$ 19,304,556	\$ 18,936,454	\$ 20,896,337	\$ 23,925,494
3,734,922	4,343,924	5,086,728	5,905,069	6,313,242	6,750,568
1,113,925	1,535,730	1,906,846	3,798,923	1,913,208	(3,329,638)
<u>\$ 23,580,961</u>	<u>\$ 24,493,141</u>	<u>\$ 26,298,130</u>	<u>\$ 28,640,446</u>	<u>\$ 29,122,787</u>	<u>\$ 27,346,424</u>
\$ 5,230,857	\$ 5,361,800	\$ 5,125,174	\$ 5,118,537	\$ 5,230,430	\$ 6,715,226
3,946,517	4,870,810	7,364,722	9,430,795	12,047,528	14,631,165
<u>\$ 9,177,374</u>	<u>\$ 10,232,610</u>	<u>\$ 12,489,896</u>	<u>\$ 14,549,332</u>	<u>\$ 17,277,958</u>	<u>\$ 21,346,391</u>
\$ 23,962,971	\$ 23,975,287	\$ 24,429,730	\$ 24,054,991	\$ 26,126,767	\$ 30,640,720
3,734,922	4,343,924	5,086,728	5,905,069	6,313,242	6,750,568
5,060,442	6,406,540	9,271,568	13,229,718	13,960,736	11,301,527
<u>\$ 32,758,335</u>	<u>\$ 34,725,751</u>	<u>\$ 38,788,026</u>	<u>\$ 43,189,778</u>	<u>\$ 46,400,745</u>	<u>\$ 48,692,815</u>

CITY OF NORTH ST. PAUL

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

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental activities				
General government	\$ 889,925	\$ 936,804	\$ 1,264,749	\$ 1,048,772
Public safety	3,123,608	3,159,955	3,434,875	3,143,696
Public works	1,839,882	2,325,063	1,933,101	2,466,394
Parks and recreation	629,378	632,045	520,989	385,973
Economic development	1,090,876	265,550	169,026	394,293
Interest and fiscal charges	486,550	567,513	342,214	346,375
Total governmental activities expenses	<u>8,060,219</u>	<u>7,886,930</u>	<u>7,664,954</u>	<u>7,785,503</u>
Business-type activities				
Electric	8,026,117	8,001,969	7,720,874	8,723,726
Water	1,181,656	1,035,281	1,253,111	1,139,639
Surface water	257,538	491,557	483,987	394,302
Waste water	1,314,816	1,386,220	1,282,431	1,260,549
Fiber optic	271,090	217,054	173,268	226,918
Solid waste	871,207	911,130	949,179	863,961
Total business-type activities expenses	<u>11,922,424</u>	<u>12,043,211</u>	<u>11,862,850</u>	<u>12,609,095</u>
Total primary government expenses	<u>\$ 19,982,643</u>	<u>\$ 19,930,141</u>	<u>\$ 19,527,804</u>	<u>\$ 20,394,598</u>
Program revenues				
Governmental activities				
Charges for services				
General government	\$ 233,619	\$ 255,715	\$ 362,839	\$ 305,751
Public safety	198,676	171,251	149,689	124,973
Public works	145,128	118,711	147,646	230,044
Parks and recreation	125,702	87,787	274,041	172,060
Operating grants and contributions	672,154	318,614	733,851	431,658
Capital grants and contributions	199,193	170,821	57,958	730,920
Total governmental activities program revenues	<u>1,574,472</u>	<u>1,122,899</u>	<u>1,726,024</u>	<u>1,995,406</u>
Business-type activities				
Charges for services				
Electric	8,727,126	8,764,946	8,875,437	9,000,195
Water	1,071,303	1,384,986	1,408,464	1,431,055
Surface water	579,930	576,499	575,374	581,341
Waste water	1,372,504	1,493,831	1,555,043	1,653,655
Fiber optic	120,715	117,651	118,059	104,472
Solid waste	962,084	984,013	1,056,099	1,100,932
Operating grants and contributions	68,032	66,950	84,609	109,690
Capital grants and contributions	—	—	—	—
Total business-type activities program revenues	<u>12,901,694</u>	<u>13,388,876</u>	<u>13,673,085</u>	<u>13,981,340</u>
Total primary government program revenues	<u>\$ 14,476,166</u>	<u>\$ 14,511,775</u>	<u>\$ 15,399,109</u>	<u>\$ 15,976,746</u>

Table 2
Page 1 of 2

2015	2016	2017	2018	2019	2020
\$ 2,548,971	\$ 2,635,566	\$ 2,500,256	\$ 1,852,924	\$ 1,559,014	\$ 1,484,870
2,706,191	4,237,119	3,802,714	4,006,547	4,087,960	4,298,332
1,655,722	1,576,435	1,512,014	1,790,048	2,104,125	1,712,876
457,126	544,721	439,167	636,499	586,040	577,988
109,130	184,357	472,262	508,783	3,028,759	7,263,908
356,642	412,714	409,252	415,264	383,719	701,700
7,833,782	9,590,912	9,135,665	9,210,065	11,749,617	16,039,674
8,447,378	8,443,299	8,329,029	8,960,653	8,098,292	7,950,155
1,168,913	1,110,248	752,207	938,780	1,105,399	1,008,677
401,214	428,295	538,861	642,322	480,131	462,958
1,480,667	1,620,631	1,484,530	1,744,588	1,817,051	1,814,166
130,473	167,886	154,236	181,099	138,423	140,622
1,186,419	835,013	987,790	991,685	1,492,205	906,762
12,815,064	12,605,372	12,246,653	13,459,127	13,131,501	12,283,340
<u>\$ 20,648,846</u>	<u>\$ 22,196,284</u>	<u>\$ 21,382,318</u>	<u>\$ 22,669,192</u>	<u>\$ 24,881,118</u>	<u>\$ 28,323,014</u>
\$ 287,497	\$ 298,971	\$ 371,906	\$ 340,303	\$ 498,603	\$ 360,872
127,217	107,199	119,264	124,392	129,933	52,571
143,158	182,465	257,790	298,035	580,660	820,311
199,228	193,670	228,307	169,999	263,985	194,967
407,347	445,180	490,623	615,246	648,171	2,621,998
128,637	701,665	720,308	1,292,586	588,053	670,265
1,293,084	1,929,150	2,188,198	2,840,561	2,709,405	4,720,984
9,090,354	9,226,380	9,534,315	10,149,233	9,284,280	9,275,594
1,601,572	1,676,387	1,787,727	1,823,416	1,853,028	2,015,977
613,555	669,380	727,237	820,017	881,196	925,883
1,832,948	2,060,406	2,105,749	2,198,476	2,325,937	2,477,861
108,615	145,673	148,684	141,209	218,655	213,804
1,128,070	1,084,284	1,099,506	1,135,528	1,106,983	985,699
80,666	178,469	48,752	61,976	341,895	63,645
—	—	—	—	—	753,848
14,455,780	15,040,979	15,451,970	16,329,855	16,011,974	16,712,311
<u>\$ 15,748,864</u>	<u>\$ 16,970,129</u>	<u>\$ 17,640,168</u>	<u>\$ 19,170,416</u>	<u>\$ 18,721,379</u>	<u>\$ 21,433,295</u>

CITY OF NORTH ST. PAUL

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

	Fiscal Year			
	2011	2012	2013	2014
Net (expense) revenue				
Governmental activities	\$ (6,485,747)	\$ (6,764,031)	\$ (5,938,930)	\$ (5,790,097)
Business-type activities	<u>979,270</u>	<u>1,345,665</u>	<u>1,810,235</u>	<u>1,372,245</u>
Total primary government net expense	<u>\$ (5,506,477)</u>	<u>\$ (5,418,366)</u>	<u>\$ (4,128,695)</u>	<u>\$ (4,417,852)</u>
General revenues and other changes in net position				
Governmental activities				
Property taxes	\$ 3,705,019	\$ 3,771,018	\$ 3,706,365	\$ 3,838,375
Franchise taxes	400,851	411,996	435,582	522,358
Unrestricted grants and contributions	1,922,347	1,874,103	1,882,736	1,900,433
Other general revenues	14,547	207,959	29,041	52,840
Investment earnings (charges)	9,093	(19,198)	(41,785)	97,640
Transfers	<u>1,319,864</u>	<u>152,877</u>	<u>453,175</u>	<u>970,000</u>
Total governmental activities	<u>7,371,721</u>	<u>6,398,755</u>	<u>6,465,114</u>	<u>7,381,646</u>
Business-type activities				
Investment earnings	6,959	(22,031)	(57,131)	83,333
Transfers	<u>(1,319,864)</u>	<u>(152,877)</u>	<u>(453,175)</u>	<u>(970,000)</u>
Total business-type activities	<u>(1,312,905)</u>	<u>(174,908)</u>	<u>(510,306)</u>	<u>(886,667)</u>
Total primary government	<u>\$ 6,058,816</u>	<u>\$ 6,223,847</u>	<u>\$ 5,954,808</u>	<u>\$ 6,494,979</u>
Change in net position				
Governmental activities	\$ 885,974	\$ (365,276)	\$ 526,184	\$ 1,591,549
Business-type activities	<u>(333,635)</u>	<u>1,170,757</u>	<u>1,299,929</u>	<u>485,578</u>
Total primary government	<u>\$ 552,339</u>	<u>\$ 805,481</u>	<u>\$ 1,826,113</u>	<u>\$ 2,077,127</u>

Table 2
Page 2 of 2

2015	2016	2017	2018	2019	2020
\$ (6,540,698)	\$ (7,661,762)	\$ (6,947,467)	\$ (6,369,504)	\$ (9,040,212)	\$(11,318,690)
1,640,716	2,435,607	3,205,317	2,870,728	2,880,473	4,428,971
<u>\$ (4,899,982)</u>	<u>\$ (5,226,155)</u>	<u>\$ (3,742,150)</u>	<u>\$ (3,498,776)</u>	<u>\$ (6,159,739)</u>	<u>\$ (6,889,719)</u>
\$ 3,885,640	\$ 4,546,034	\$ 5,111,242	\$ 5,496,782	\$ 5,809,709	\$ 6,348,187
563,829	544,367	531,178	431,469	421,413	437,835
1,828,503	1,919,280	1,812,458	1,838,514	1,843,392	1,800,995
4,606	38,802	126,853	212,024	124,510	81,834
88,086	76,459	123,925	174,935	460,597	186,263
1,205,589	1,449,000	1,046,800	841,130	862,932	687,213
7,576,253	8,573,942	8,752,456	8,994,854	9,522,553	9,542,327
96,825	68,629	98,769	164,874	597,528	326,675
(1,205,589)	(1,449,000)	(1,046,800)	(841,130)	(862,932)	(687,213)
(1,108,764)	(1,380,371)	(948,031)	(676,256)	(265,404)	(360,538)
<u>\$ 6,467,489</u>	<u>\$ 7,193,571</u>	<u>\$ 7,804,425</u>	<u>\$ 8,318,598</u>	<u>\$ 9,257,149</u>	<u>\$ 9,181,789</u>
\$ 1,035,555	\$ 912,180	\$ 1,804,989	\$ 2,625,350	\$ 482,341	\$ (1,776,363)
531,952	1,055,236	2,257,286	2,194,472	2,615,069	4,068,433
<u>\$ 1,567,507</u>	<u>\$ 1,967,416</u>	<u>\$ 4,062,275</u>	<u>\$ 4,819,822</u>	<u>\$ 3,097,410</u>	<u>\$ 2,292,070</u>

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF NORTH ST. PAUL

Table 3

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
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
2020	6,348,187	437,835	6,786,022

CITY OF NORTH ST. PAUL

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

	Fiscal Year			
	2011	2012	2013	2014
General Fund				
Nonspendable	\$ —	\$ 718	\$ 12,521	\$ 2,910
Restricted	12,099	—	—	—
Assigned	193,718	443,914	943,890	—
Unassigned	1,323,990	1,420,191	1,278,326	1,682,876
Total General Fund	<u>\$ 1,529,807</u>	<u>\$ 1,864,823</u>	<u>\$ 2,234,737</u>	<u>\$ 1,685,786</u>
All other governmental funds				
Nonspendable	\$ —	\$ —	\$ 3	\$ —
Restricted	2,167,904	6,085,749	2,805,663	3,577,232
Committed	9,714	9,672	17,068	1,470,423
Assigned	1,083,644	774,040	708,899	572,634
Unassigned, reported in Other governmental funds	(223,823)	(159,717)	(122,942)	(126,182)
Total all other governmental funds	<u>\$ 3,037,439</u>	<u>\$ 6,709,744</u>	<u>\$ 3,408,691</u>	<u>\$ 5,494,107</u>
Total all governmental funds				
Nonspendable	\$ —	\$ 718	\$ 12,524	\$ 2,910
Restricted	2,180,003	6,085,749	2,805,663	3,577,232
Committed	9,714	9,672	17,068	1,470,423
Assigned	1,277,362	1,217,954	1,652,789	572,634
Unassigned, reported in General Fund	1,323,990	1,420,191	1,278,326	1,682,876
Other governmental funds	(223,823)	(159,717)	(122,942)	(126,182)
Total all governmental funds	<u>\$ 4,567,246</u>	<u>\$ 8,574,567</u>	<u>\$ 5,643,428</u>	<u>\$ 7,179,893</u>

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

Table 4

2015	2016	2017	2018	2019	2020
\$ 1,800	\$ 23,492	\$ 26,016	\$ 24,135	\$ 154,851	\$ 53,828
—	—	—	—	—	—
31,455	25,230	23,261	19,985	17,740	88,565
1,725,949	1,713,152	1,708,472	1,788,706	2,182,986	2,701,149
<u>\$ 1,759,204</u>	<u>\$ 1,761,874</u>	<u>\$ 1,757,749</u>	<u>\$ 1,832,826</u>	<u>\$ 2,355,577</u>	<u>\$ 2,843,542</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 683
3,089,182	6,554,769	7,114,605	9,661,240	5,816,806	5,912,546
2,042,917	2,369,282	3,196,670	3,774,915	4,217,917	4,026,933
607,146	1,166,478	996,304	1,931,788	1,758,664	1,943,532
(103,906)	(113,371)	(6,954)	(48,623)	(1,571,775)	(5,093,538)
<u>\$ 5,635,339</u>	<u>\$ 9,977,158</u>	<u>\$ 11,300,625</u>	<u>\$ 15,319,320</u>	<u>\$ 10,221,612</u>	<u>\$ 6,790,156</u>
\$ 1,800	\$ 23,492	\$ 26,016	\$ 24,135	\$ 154,851	\$ 54,511
3,089,182	6,554,769	7,114,605	9,661,240	5,816,806	5,912,546
2,042,917	2,369,282	3,196,670	3,774,915	4,217,917	4,026,933
638,601	1,191,708	1,019,565	1,951,773	1,776,404	2,032,097
1,725,949	1,713,152	1,708,472	1,788,706	2,182,986	2,701,149
(103,906)	(113,371)	(6,954)	(48,623)	(1,571,775)	(5,093,538)
<u>\$ 7,394,543</u>	<u>\$ 11,739,032</u>	<u>\$ 13,058,374</u>	<u>\$ 17,152,146</u>	<u>\$ 12,577,189</u>	<u>\$ 9,633,698</u>

CITY OF NORTH ST. PAUL

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

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
Taxes	\$ 4,105,870	\$ 4,327,852	\$ 4,204,967	\$ 4,366,055
Special assessments	94,037	74,796	32,978	260,366
Licenses and permits	194,472	197,529	215,313	293,691
Intergovernmental	2,749,174	2,300,123	2,643,668	2,298,181
Charges for services	148,213	117,652	298,480	198,806
Fines and forfeits	137,393	106,206	84,592	61,758
Investment earnings (charges)	6,482	(14,109)	(29,281)	78,708
Other	219,354	408,655	361,919	379,683
Total revenues	7,654,995	7,518,704	7,812,636	7,937,248
Expenditures				
Current				
General government	665,578	680,556	1,056,706	828,533
Public safety	2,788,505	2,819,415	3,330,340	3,235,138
Public works	989,558	1,085,088	1,272,887	1,498,650
Parks and recreation	564,772	533,239	413,634	357,404
Other	36,389	42,273	35,000	35,000
Economic development	1,059,468	225,949	166,860	363,347
Capital outlay	894,765	626,575	165,764	2,238,418
Debt service				
Principal	674,231	655,000	670,000	760,000
Interest	498,235	546,186	430,759	328,208
Total expenditures	8,171,501	7,214,281	7,541,950	9,644,698
Excess of revenues over (under) expenditures	(516,506)	304,423	270,686	(1,707,450)
Other financing sources (uses)				
Bonds issued	—	—	—	2,360,000
Refunding bonds issued	—	3,760,000	—	—
Contract for deed issued	—	—	—	—
Premium (discount) on bonds issued	—	—	—	71,655
Payments to refunded bond escrow agent	—	—	(3,655,000)	—
Transfers in	1,805,548	340,744	521,355	2,433,320
Transfers out	(678,772)	(293,679)	(68,180)	(1,620,794)
Total other financing sources (uses)	1,126,776	3,807,065	(3,201,825)	3,244,181
Net change in fund balances	\$ 610,270	\$ 4,111,488	\$ (2,931,139)	\$ 1,536,731
Debt service as a percentage of noncapital expenditures	15.8%	16.9%	14.8%	14.2%

Table 5

2015	2016	2017	2018	2019	2020
\$ 4,453,106	\$ 5,083,188	\$ 5,643,488	\$ 5,923,559	\$ 6,243,978	\$ 6,775,208
125,435	303,753	313,972	557,833	264,614	233,359
241,532	275,704	302,716	355,448	631,259	630,386
2,219,522	2,358,025	2,646,164	2,673,823	2,951,440	3,865,688
214,366	188,516	207,009	156,811	215,238	130,683
50,850	34,824	37,032	38,536	33,274	27,025
63,514	65,760	100,440	148,593	375,949	143,101
257,538	329,038	415,313	497,783	584,626	1,815,409
7,625,863	8,638,808	9,666,134	10,352,386	11,300,378	13,620,859
2,093,492	2,107,655	2,142,817	1,435,772	1,325,646	1,521,706
3,136,479	3,453,098	3,582,576	3,939,849	4,329,230	4,625,522
792,389	902,417	884,974	1,021,445	1,093,499	1,069,926
568,318	351,891	374,020	522,972	509,206	569,370
—	—	—	18,006	—	—
81,715	172,600	442,989	450,164	3,034,873	7,104,185
1,036,298	3,677,596	1,507,700	1,654,658	4,299,602	5,669,116
775,000	1,010,000	1,020,000	1,265,000	1,348,553	2,744,028
386,549	366,628	434,638	434,329	462,658	674,408
8,870,240	12,041,885	10,389,714	10,742,195	16,403,267	23,978,261
(1,244,377)	(3,403,077)	(723,580)	(389,809)	(5,102,889)	(10,357,402)
—	3,880,000	1,051,380	3,475,000	—	6,325,000
1,595,000	2,430,000	—	—	—	—
—	—	—	—	2,075,000	—
36,316	208,277	40,155	226,760	—	122,131
(1,575,000)	—	—	—	(2,410,000)	—
1,681,475	2,143,316	1,387,155	1,157,039	1,012,932	1,787,397
(278,764)	(914,027)	(435,768)	(375,218)	(150,000)	(820,617)
1,459,027	7,747,566	2,042,922	4,483,581	527,932	7,413,911
\$ 214,650	\$ 4,344,489	\$ 1,319,342	\$ 4,093,772	\$ (4,574,957)	\$ (2,943,491)
15.1%	16.0%	16.1%	18.3%	14.5%	18.6%

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF NORTH ST. PAUL

Table 6

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Electric Franchise</u>	<u>Gas Franchise</u>	<u>Cable Franchise</u>	<u>Total</u>
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
2020	6,337,373	275,660	83,977	78,198	6,775,208

CITY OF NORTH ST. PAUL

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

Fiscal Year	Tax Capacity (1)					
	Real Property		Personal Property	Less Tax Exempt Real Property	Fiscal Disparities Distribution	
	Residential Property	Commercial Property				
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	
2020	8,750,806	1,762,170	100,246	(1,181,531)	2,817,225	

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

Source: Ramsey County

Table 7

<u>Total Tax Capacity Value</u>	<u>Total Direct Tax Rate</u>	<u>Total Estimated Market Value</u>	<u>Tax Capacity Value as a Percentage of Market Value</u>
\$ 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
12,248,916	40.732	1,018,683,500	1.2

CITY OF NORTH ST. PAUL

Table 8

Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Direct Rates (1)			Overlapping			Total Direct and Overlapping Rates
	General Levy	Debt Levy	City Total	County	School District	Special District	
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
2020	32.045	8.687	40.732	52.302	32.689	12.591	138.314

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

Source: Ramsey County

CITY OF NORTH ST. PAUL

Table 9Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2020			2011		
	Estimated Market Value	Rank	Percentage of Total Estimated Market Value	Estimated Market Value	Rank	Percentage of Total Estimated Market Value
Helen Street Senior Housing, LLC	\$ 16,029,000	1	1.57 %	\$ —	—	— %
Cedarview Commons	15,450,000	2	1.52	10,379,900	3	1.20
Franklyn Park Apartments	11,911,400	3	1.17	6,869,100	4	0.80
Berwald Investment Company	9,910,700	4	0.97	13,216,800	1	1.53
Cottages of North St. Paul	9,582,500	5	0.94	5,415,000	5	0.63
Target Stores, Inc.	9,131,400	6	0.90	11,400,000	2	1.32
Parkside Apartments – LHB Properties, LLC	8,543,700	7	0.84	5,393,900	6	0.63
Bigos Regency Park, LLC	8,140,800	8	0.80	—	—	—
Baypointe Investment Partnership, LLC	7,234,000	9	0.71	—	—	—
NSP Burke LLC	6,332,900	10	0.62	—	—	—
Regency Park Apartments	—	—	—	4,888,000	7	0.57
DEW Corp.	—	—	—	4,249,500	8	0.49
Silas Point Apartments	—	—	—	4,207,600	9	0.49
McKnight Plaza	—	—	—	3,800,000	10	0.44
Total	<u>\$ 102,266,400</u>		<u>10.04 %</u>	<u>\$ 69,819,800</u>		<u>8.10 %</u>

Source: Ramsey County Department of Property Taxation

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF NORTH ST. PAUL

Table 10Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year (1)	Collected Within the Fiscal Year of the Levy (2)		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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	31,569	3,373,711	100.0
2014	3,658,474	3,622,632	99.0	34,355	3,656,987	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	35,032	4,183,377	99.9
2017	4,768,855	4,728,652	99.2	35,058	4,763,710	99.9
2018	5,144,397	5,093,568	99.0	42,278	5,135,846	99.8
2019	5,545,599	5,504,917	99.3	33,170	5,538,087	99.9
2020	5,828,387	5,783,121	99.2	—	5,783,121	99.2

(1) Includes fiscal disparity revenues.

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

CITY OF NORTH ST. PAUL

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities							Total
	General Obligation Bonds	Special Assessment Bonds	Tax Increment Bonds	Tax Abatement Bonds	Capital Improvement Bonds	Contract for Deed	Premiums	
2011	\$ 4,215,000	\$ —	\$ 1,865,000	\$ 565,000	\$ 4,755,000	\$ —	\$ —	\$ 11,400,000
2012	7,700,000	—	1,795,000	510,000	4,500,000	—	—	14,505,000
2013	3,760,000	—	1,725,000	455,000	4,240,000	—	—	10,180,000
2014	3,410,000	2,360,000	1,650,000	395,000	3,965,000	—	66,878	11,846,878
2015	3,055,000	2,360,000	1,595,000	335,000	3,680,000	—	96,281	11,121,281
2016	2,695,000	4,815,000	1,490,000	1,510,000	5,815,000	—	297,645	16,622,645
2017	2,325,000	5,686,380	1,395,000	1,445,000	5,505,000	—	312,858	16,669,238
2018	1,950,000	8,811,380	1,295,000	1,330,000	5,180,000	—	512,167	19,078,547
2019	1,575,000	8,397,827	1,195,000	1,210,000	2,430,000	2,075,000	470,543	17,353,370
2020	1,195,000	7,852,299	7,410,000	1,085,000	2,050,000	871,500	546,688	21,010,487

* Information not available for the fiscal year 2020.

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

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

Table 11

Revenue Bonds	Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Capital Loans	Premiums	Total			
\$ 8,295,000	\$ 1,015,037	\$ —	\$ 9,310,037	\$ 20,710,037	4.85 %	\$ 1,807
7,825,000	806,798	—	8,631,798	23,136,798	5.33	2,015
7,350,000	589,029	—	7,939,029	18,119,029	4.09	1,560
9,410,000	361,294	—	9,771,294	21,618,172	4.64	1,809
11,435,000	123,136	117,264	11,675,400	22,796,681	4.67	1,899
14,360,000	—	205,469	14,565,469	31,188,114	9.24	2,577
11,663,620	—	206,372	11,869,992	28,539,230	7.93	2,365
14,198,620	—	409,430	14,608,050	33,686,597	8.79	2,784
13,137,173	—	374,677	13,511,850	30,865,220	8.07	2,538
13,767,701	—	451,017	14,218,718	35,229,205	*	2,897

CITY OF NORTH ST. PAUL

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Premiums/ (Discounts)</u>	<u>Less Amounts Available in Debt Service Funds (3)</u>	<u>Total</u>	<u>Percentage of Estimated Market Value of Property (1)</u>	<u>Per Capita (2)</u>
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
2020	3,245,000	61,400	1,685,808	1,620,592	0.16	133

(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

Table 13

Direct and Overlapping Governmental Activities Debt
as of December 31, 2020

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Direct debt			
City of North St. Paul	\$ 21,010,487	100.0 %	\$ 21,010,487
Overlapping debt			
Independent School District No. 622	366,000,000	11.3	41,394,873
Ramsey County	176,402,000	3.0	5,283,918
Ramsey County Library	25,185,000	3.7	923,577
Metropolitan Council	1,688,625,662	1.5	25,329,385
Total overlapping debt			<u>72,931,753</u>
Total direct and overlapping debt			<u>\$ 93,942,240</u>

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

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

Source: Ramsey County

CITY OF NORTH ST. PAUL

Legal Debt Margin Information
Last Ten Fiscal Years

				Fiscal Year
	2011	2012	2013	2014
Debt limit	\$ 25,889,343	\$ 23,866,077	\$ 20,097,530	\$ 20,651,151
Total net debt applicable to the limit	7,995,361	7,490,147	6,925,789	6,121,581
Legal debt margin	<u>\$ 17,893,982</u>	<u>\$ 16,375,930</u>	<u>\$ 13,171,741</u>	<u>\$ 14,529,570</u>
Total net debt applicable to the limit as a percentage of debt limit	30.88%	31.38%	34.46%	29.64%

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

Table 14

2015	2016	2017	2018	2019	2020
\$ 21,906,498	\$ 23,320,878	\$ 24,655,140	\$ 25,851,720	\$ 27,595,539	\$ 30,560,505
5,422,600	4,634,589	3,927,887	3,194,285	2,389,060	1,559,192
<u>\$ 16,483,898</u>	<u>\$ 18,686,289</u>	<u>\$ 20,727,253</u>	<u>\$ 22,657,435</u>	<u>\$ 25,206,479</u>	<u>\$ 29,001,313</u>
24.75%	19.87%	15.93%	12.36%	8.66%	5.10%

Legal Debt Margin Calculation for Fiscal Year 2020

Market value	\$ 1,018,683,500
Debt limit (3 percent of market value)	30,560,505
Debt applicable to the limit	
General obligation bonds	3,245,000
Less amount set aside for repayment of general obligation debt	<u>(1,685,808)</u>
Total net debt applicable to the limit	<u>1,559,192</u>
Legal debt margin	<u>\$ 29,001,313</u>

CITY OF NORTH ST. PAUL

Table 15Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Revenue Bonds					
	Operating Revenues	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2020	15,666,843	11,487,636	4,179,207	1,199,472	389,812	2.63

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

Table 16Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
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	382,412,709	31,451	37.9	10,624	2.9
2020	12,161	*	*	34.9	10,454	4.7

* Information not available for the fiscal year 2020.

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

CITY OF NORTH ST. PAUL

Table 17

Principal Employers
Current Year and Nine Years Ago

Employer	2020		2011	
	Employees	Rank	Employees	Rank
Independent School District No. 622	1,550	1	1,671	1
Target Stores, Inc.	172	2	267	2
Berwald Roofing	155	3	175	3
City of North St. Paul	106	4	63	5
Metropolitan Area Agency on Aging	102	5	—	—
REM Ramsey	80	6	—	—
T.A. Schifsky	70	7	50	7
Rust-Oleum	65	8	—	—
Ideal Credit Union	52	9	—	—
Rock Solid	50	10	—	—
Postal Employees Credit Union	—	—	75	4
Lillie Suburban Newspapers	—	—	62	6
McPhillips	—	—	50	7
Aetrium	—	—	42	9
Custom Millwork	—	—	30	10
Total	2,402		2,485	

Note: The percentage of total city employment is unavailable.

Source: Springsted Bond Consultants

CITY OF NORTH ST. PAUL

Table 18

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

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	5	5	7	13	13	13	14	15	15	11
Public safety										
Police										
Officers	19	19	15	15	18	17	18	17	17	18
Civilians	2	2	2	3	3	4	4	4	2	2
Fire										
Firefighters and officers	3	3	3	3	4	4	4	4	4	4
Highways and streets										
Engineering	2	2	2	1	—	—	—	—	—	—
Maintenance	7	7	8	3	4	4	4	4	4	4
Parks and recreation	1	1	1	4	4	4	4	4	4	4
Water	3	3	5	3	3	3	3	3	3	3
Electric	12	12	9	11	12	12	13	12	10	11
Total	<u>54</u>	<u>54</u>	<u>52</u>	<u>55</u>	<u>61</u>	<u>61</u>	<u>64</u>	<u>63</u>	<u>59</u>	<u>57</u>

Source: Various government departments

CITY OF NORTH ST. PAUL

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2011	2012	2013	2014
Function				
Police				
Parking violations	1,043	949	798	629
Traffic violations	2,715	1,710	1,446	839
Fire				
Number of calls answered	947	1,103	1,055	999
Rental inspections	203	219	81	189
Code compliance cases	337	269	176	177
Commercial inspections	14	2	6	—
Highways and streets				
Street resurfacing (miles)	—	—	—	1.8
Potholes repaired	3,300	—	—	—
Tons of asphalt used (1)	—	85.5	231.3	431.1
Parks and recreation				
Community center admissions (2)	80,000	80,000	—	—
Water				
New connections	3	8	11	4
Water main breaks	6	8	20	8
Average daily consumption (thousands of gallons)	1,009	1,235	1,066	909

(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

Table 19

2015	2016	2017	2018	2019	2020
838	740	1,054	937	753	590
902	596	690	560	592	512
1,071	1,243	1,319	1,318	1,355	1,478
169	243	382	297	274	173
612	700	447	468	295	257
1	21	145	31	35	27
0.5	1.6	1.9	0.3	2.6	1.0
—	—	—	—	—	—
468.0	579.7	616.0	729.8	925.0	460.0
—	—	—	—	—	—
12	21	9	4	46	37
4	8	6	12	6	10
900	972	973	1,104	840	900

CITY OF NORTH ST. PAUL

Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year			
	2011	2012	2013	2014
Function				
Public safety				
Police				
Stations	1	1	1	1
Patrol units	8	8	10	10
Fire stations	1	1	1	1
Highways and streets				
Streets (miles)	45	45	45	45
Streetlights/security lights	625	625	626	630
Traffic signals	1	1	1	1
Parks and recreation				
Parks acreage	140	140	140	140
Parks	13	13	13	13
Swimming beach	1	1	1	1
Tennis courts	9	9	9	9
Community centers	1	1	—	—
Water				
Water mains (miles)	44	44	44	44
Fire hydrants	609	609	609	609
Gallons sold per year (thousands of gallons)	368,335	393,821	389,142	330,467
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	69	70

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

Source: Various government departments

Table 20

2015	2016	2017	2018	2019	2020
1	1	1	1	1	1
10	10	10	10	10	9
1	1	1	1	1	1
45	45	45	45	45	45
630	630	630	630	639	647
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	62	63
609	609	609	609	622	645
328,624	273,021	362,558	403,082	306,547	328,529
43	43	43	43	46	47
21	21	21	21	44	45
1	1	1	1	1	1
70	70	70	71	72	73

THIS PAGE INTENTIONALLY LEFT BLANK

Management Report
for
City of North St. Paul, Minnesota
December 31, 2020

THIS PAGE INTENTIONALLY LEFT BLANK



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, 2020. 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 22, 2021

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, *GOVERNMENT AUDITING STANDARDS*, AND TITLE 2 U.S. CODE OF FEDERAL REGULATIONS (CFR) PART 200, *UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)*

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, 2020. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, the Uniform Guidance, 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, 2020:

- 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. City Policies and Procedures
 - The results of our testing disclosed no instances of noncompliance required to be reported under *Government Auditing Standards*.
 - We reported that the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements.
 - The results of our tests indicate that the City has complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major federal programs.
 - We reported no deficiencies in the City's internal controls over compliance that we considered to be material weaknesses with the types of compliance requirements that could have a direct and material effect on each of its major federal programs.

- We reported three 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. Claims and Disbursements
 2. Contracting and Quote Laws Compliance
 3. Credit Cards

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, 2020, we performed procedures to follow-up on the findings and recommendations that resulted from our prior year audit. We reported the following findings that were corrected by the City in the current year:

- 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. The City had limited segregation of duties in fiscal year 2019. We are pleased to report this is not a finding in the current year.
- 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 these statutes in fiscal year 2019. We are pleased to report this is not a finding in the current year.
- 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. We are pleased to report this is not a finding in the current year.

OTHER OBSERVATIONS AND RECOMMENDATIONS

- **Electronic Funds Transfers Fraud** – As the use of electronic funds transfers and payment methods has become more prevalent, we have seen increases in both the incidences of fraud related to these transactions and the dollar amounts involved. Operational changes related to the COVID-19 pandemic, including greater reliance on technology and more employees working remotely, have tended to increase risk in this area. We urge cities to carefully review controls over these transactions, and consider best practices to address these risks, such as:
 - Ensuring segregation of duties over these transactions by involving more than one employee in the process.
 - Requiring multi-factor authentication of requests for electronic payments from new vendors or for changes in wiring instructions for existing vendors. It is recommended that changes for existing vendors be verified through trusted contact information used previously for that vendor, not as provided in the change request, to verify the accuracy of the change.

- Educate employees on the controls in place to protect the organization's financial assets and ensure management is supportive and accepting of the processes in place. Attempted fraudulent transactions are often initiated using the profile of a supervisor. Employees must be comfortable questioning unusual transactions or requests, and instructed not to circumvent internal control procedures regardless of whom they believe initiated the transaction.
 - Recommended cyber security measures, such as limiting network access and requiring robust passwords that are changed regularly, should be implemented and followed by all city employees, not just those directly involved with financial transactions.
 - Review insurance policies to understand the coverage provided for financial losses due to cybersecurity risks and evaluate whether they provide adequate coverage based on management's assessment of these risks.
- **Uniform Guidance Written Controls and Federal Micro-Purchase Threshold** – Federal Uniform Guidance requires that nonfederal entities must have and use documented procurement procedures consistent with 2CFR § 200.317-320 for the acquisition of property or services required under a federal award or sub-award. Effective August 31, 2020, the federal micro-purchase threshold, which is the threshold that allows for procurements without soliciting competitive price or rate quotations given certain conditions, was increased from \$3,500 to \$10,000 in the Federal Acquisition Regulations (FAR).

Effective November 12, 2020, the Uniform Guidance was also revised to allow nonfederal entities to establish a micro-purchase threshold higher than the \$10,000 threshold established in the FAR under certain circumstances. The nonfederal entity may self-certify a micro-purchase threshold up to \$50,000 if the requirements in 2CFR § 200.320(a)(1)(iv) are followed. Requirements include an *annual* self-certification and clear documentation of the justification to support the increase in the threshold. Acceptable reasons for justification must meet *one* of the following criteria:

- A qualification as a low-risk auditee, in accordance with the criteria in §200.520 for the most recent audit,
- An annual internal institutional risk assessment to identify, mitigate, and manage financial risks, or,
- A higher threshold consistent with state law.

This flexibility would allow Minnesota local governments to increase and align their federal procurement procedures, specifically the micro-purchase threshold, with state law, which allows for procurements below \$25,000 to be made without competitive price or rate quotations.

We recommend that the City review its current federal procurement policy. If the micro-purchase threshold in your currently adopted policy is below the allowable FAR limit of \$10,000, you would need to make a one-time amendment to the policy to adopt the \$10,000 FAR limit before using it. If you prefer to increase your federal micro-purchase threshold to \$25,000 to align it with state law, in addition to amending your federal procurement policy, you would need to annually certify the higher threshold and the justification for using the higher threshold.

- **Individual Fund Deficits** – As reported in the City's Comprehensive Annual Financial Report as of December 31, 2020, the City has three special revenue funds that have a deficit fund equity totaling \$3,554,777, one capital projects fund deficit totaling \$1,538,761, one enterprise fund deficit totaling \$733,909, and two internal service fund deficits totaling \$146,474. There are several reasons that may cause individual funds to end a given period in a deficit position. For instance, the timing of related funding resources (future levy authority) may lag behind related expenditures made. While we understand that the City approves all disbursements and reviews the cash and equity positions of all funds, we recommend that the City match the timing of related resources with related expenditures as much as possible to limit the deficit balances at any given moment.

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

- **Fiber Optic Fund** – The Fiber Optic Fund has generated a significant deficit unrestricted net position balance, due to cash borrowings from the Surface Water and Waste Water Funds used to finance required debt payments and capital asset purchases. As of December 31, 2020, the Fiber Optic Fund's unrestricted component of net position has a deficit of \$2,418,906. It is important that the City review potential revenue streams for future years to ensure that this fund will be self-sustaining and not put any additional burden on other funds of the City.
- **Deposit and Escrow Reconciliation** – Internal controls, processes, and procedures are never perfected and need to be continually reviewed. During our inquiries and testing, we noted that customer deposit and escrow accounts were not reconciled as of year-end. Control procedures, such as periodic and year-end account and subledger reconciliations must be performed regularly, accurately, and in a timely manner. We recommend the City review its policies and procedures over customer deposit and escrow accounts to verify proper reconciliations are completed.
- **Contract Change Orders and Contractor's Bond** – The City has seen an increase in development and construction activity in recent years. During our inquiries and testing, we noted the City's purchasing policy requires any purchase in excess of \$20,000 be approved by the City Council, but does not require additional contractor's bonds. We recommend the City review its purchasing policy to include:
 - All increases to the contract price, whether through change orders or otherwise, be approved by the City Council; and
 - When the City Council approves an increase to a contract price, it also considers requiring additional contractor's bonds, and votes to require or waive such bonds.
- **Proper Public Purpose Documentation** – The Minnesota Constitution prohibits governments from passing any local or special law that authorizes public taxation for a private purpose. Thus, a public expenditure must always be for a public purpose. Public purpose is defined as an activity that will benefit the community as a body or is directly related to functions of government, and does not have a primary objective to benefit a private interest. Property held by the City was conveyed to a nonprofit organization during the year ended December 30, 2020. A transaction of this nature must have both a public purpose and specific statutory authority to complete. We recommend the City ensure all transactions have sufficient documentation of how it meets public purpose rules and which Minnesota Statutes provided authority to complete the transaction.

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, 2020.

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 Governmental Accounting Standards Board (GASB) Statement Nos. 68 and 75. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, proportionate share, and employee turnover.
- **Depreciation** – Management's estimates of depreciation expense are based on the estimated useful lives of the assets.
- **Compensated Absences** – Management's estimate is based on current rates of pay and unused compensated absence balances.
- **Value of Land Held for Resale** – Management's estimates of these assets are based on net realizable value (lower of cost or acquisition value).

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

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

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

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

CORRECTED AND UNCORRECTED MISSTATEMENTS

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

DISAGREEMENTS WITH MANAGEMENT

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

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated April 22, 2021.

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

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

GOVERNMENTAL FUNDS OVERVIEW

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

PROPERTY TAXES

Minnesota cities rely heavily on local property tax levies to support their governmental fund activities. For the 2019 fiscal year, local ad valorem property tax levies provided 40.8 percent of the total governmental fund revenues for cities over 2,500 in population, and 37.6 percent for cities under 2,500 in population. Total property taxes levied by all Minnesota cities for taxes payable in 2020 increased 6.1 percent from the prior year.

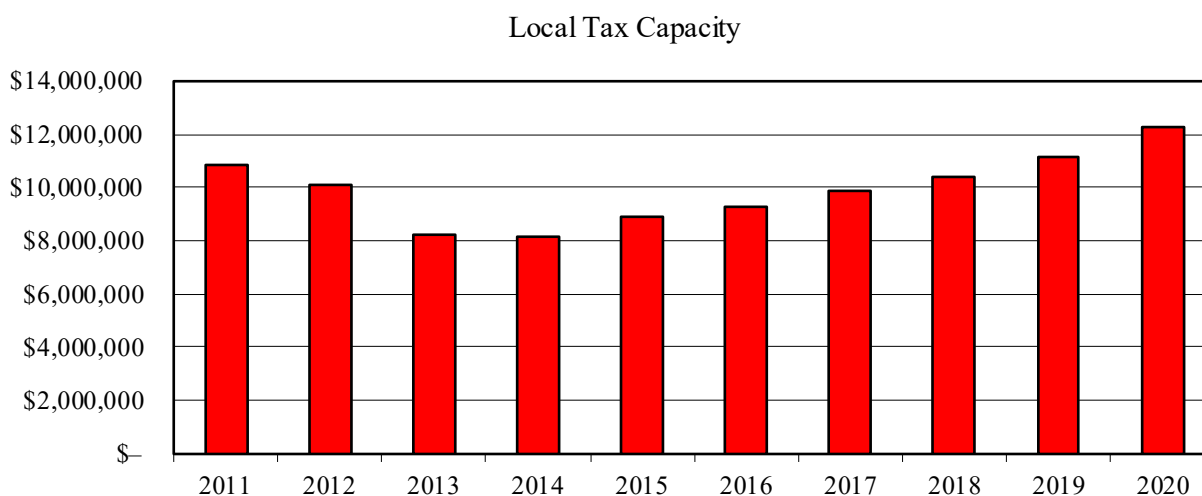
The total tax capacity value of property in Minnesota cities increased about 6.5 percent for the 2020 levy year. The tax capacity values used for levying property taxes are based on the assessed market values for the previous fiscal year (e.g., tax capacity values for taxes levied in 2020 were based on assessed market values as of January 1, 2019), 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 6.7 percent for taxes payable in 2019 and 10.7 percent for taxes payable in 2020. The following graph shows the City's changes in taxable market value over the past 10 years:



Tax capacity is considered the actual base available for taxation. It is calculated by applying the state's property classification system to each property's market value. Each property classification, such as commercial or residential, has a different calculation and uses different rates. Consequently, a city's total tax capacity will change at a different rate than its total market value, as tax capacity is affected by the proportion of its tax base that is in each property classification from year-to-year, as well as legislative changes to tax rates. The City's tax capacity increased 6.8 percent for 2019 and 10.0 percent for 2020.

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		
	2018	2019	2020
Average tax rate			
City	42.5	43.8	40.7
County	53.9	52.9	52.3
School	30.3	29.2	32.7
Special taxing	12.3	13.4	12.6
Total	139.0	139.3	138.3

The total average tax rate was similar to the prior year. An increase in the school portion was offset by decreases in the city, county, and special taxing authority 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, 2020, presented both by fund balance classification and by fund:

Governmental Funds Change in Fund Balance			
	Fund Balance as of December 31,		
	2020	2019	Change
Fund balances of governmental funds			
Total by classification			
Nonspendable	\$ 54,511	\$ 154,851	\$ (100,340)
Restricted	5,912,546	5,816,806	95,740
Committed	4,026,933	4,217,917	(190,984)
Assigned	2,032,097	1,776,404	255,693
Unassigned	(2,392,389)	611,211	(3,003,600)
Total governmental funds	<u>\$ 9,633,698</u>	<u>\$ 12,577,189</u>	<u>\$ (2,943,491)</u>
Total by fund			
General	\$ 2,843,542	\$ 2,355,577	\$ 487,965
TIF 4-8 7th and Margaret Street Tax Increment	186,069	(194,496)	380,565
TIF 4-10 Anchor Block North – Housing Tax Increment	(2,122,782)	543,969	(2,666,751)
Municipal State Aid	(1,538,761)	(485,077)	(1,053,684)
Nonmajor	10,265,630	10,357,216	(91,586)
Total governmental funds	<u>\$ 9,633,698</u>	<u>\$ 12,577,189</u>	<u>\$ (2,943,491)</u>

In total, the fund balances of the City's governmental funds decreased by \$2,943,491 during the year ended December 31, 2020. The decrease is due largely to the decrease in unassigned funds in the TIF 4-10 Anchor Block North – Housing Tax Increment Special Revenue Fund, as a result of increased activity in the current year and in the Municipal State Aid Capital Projects Fund, due to street construction projects in the current year, which is approved for municipal state aid funding.

GOVERNMENTAL FUND REVENUES

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

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

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

Governmental Funds Revenue per Capita With State-Wide Averages by Population Class							
Year Population	State-Wide			City of North St. Paul			
	December 31, 2019			2018	2019	2020	
	2,500–10,000	10,000–20,000	20,000–100,000	12,099	12,159	12,161	
Property taxes	\$ 514	\$ 489	\$ 512	\$ 414	\$ 443	\$ 468	
Tax increments	30	28	44	40	36	53	
Franchise and other taxes	45	50	50	36	35	36	
Special assessments	54	38	53	46	22	19	
Licenses and permits	40	35	51	29	52	52	
Intergovernmental revenues	342	297	201	221	243	318	
Charges for services	135	108	115	13	18	11	
Other	89	78	79	57	82	163	
Total revenue	<u>\$ 1,249</u>	<u>\$ 1,123</u>	<u>\$ 1,105</u>	<u>\$ 856</u>	<u>\$ 931</u>	<u>\$ 1,120</u>	

The City generated \$13,620,859 of total revenue in its governmental funds in 2020, an increase of \$2,320,481 (20.5 percent) from the prior year. The City's per capita governmental funds revenue for 2020 was \$1,120, an increase of \$189, from the prior year, including the effect of a change in estimated population. The largest changes occurred with increases in other revenues, intergovernmental revenues, and property taxes. The increase in other revenues was due to a gain on the sale of assets held for resale in the tax increment districts. Intergovernmental revenues increased by \$75 per capita, due to the recognition of the City's portion of Coronavirus Relief Funds (CRF). Property taxes increased in the current year, mainly due to the increased general property tax levy.

GOVERNMENTAL FUND EXPENDITURES

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

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

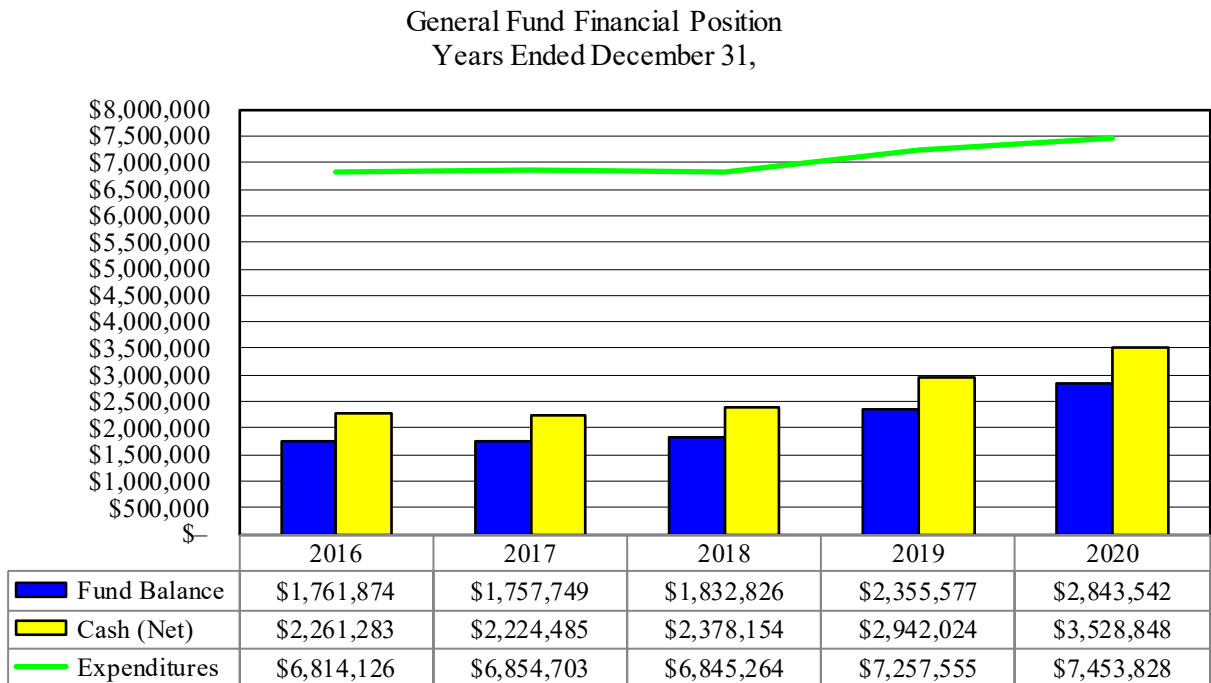
The City's expenditures per capita of its governmental funds for the past three years, together with comparative state-wide averages, are presented in the following table:

Governmental Funds Expenditures per Capita With State-Wide Averages by Population Class							
Year	State-Wide			City of North St. Paul			
	December 31, 2019			2018	2019	2020	
Population	2,500–10,000	10,000–20,000	20,000–100,000	12,099	12,159	12,161	
Current							
General government	\$ 152	\$ 128	\$ 107	\$ 119	\$ 109	\$ 125	
Public safety	300	282	306	326	356	380	
Streets and highways	146	149	119	84	90	88	
Parks and recreation	103	124	106	43	42	47	
All other	74	75	97	39	250	584	
	775	758	735	611	847	1,224	
Capital outlay and construction							
	438	376	355	137	354	466	
Debt service							
Principal	168	182	88	105	111	226	
Interest and fiscal	43	41	28	36	38	55	
	211	223	116	141	149	281	
Total expenditures	\$ 1,424	\$ 1,357	\$ 1,206	\$ 889	\$ 1,350	\$ 1,971	

Total expenditures in the City's governmental funds for 2020 were \$23,978,261, an increase of \$7,574,994 (46.2 percent). The City's per capita governmental funds total expenditures increased \$621, or 46.0 percent. This increase was mainly in all other, debt service, and capital outlay and construction. All other expenditures increased \$334 per capita, due to increased economic development activity within the City's tax increment financing districts. The \$132 per capita increase in debt service is due to principal and interest payments on bond issues in recent years. Capital outlay and construction increased \$112 per capita, due to increased street improvement projects in the current year.

GENERAL FUND

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



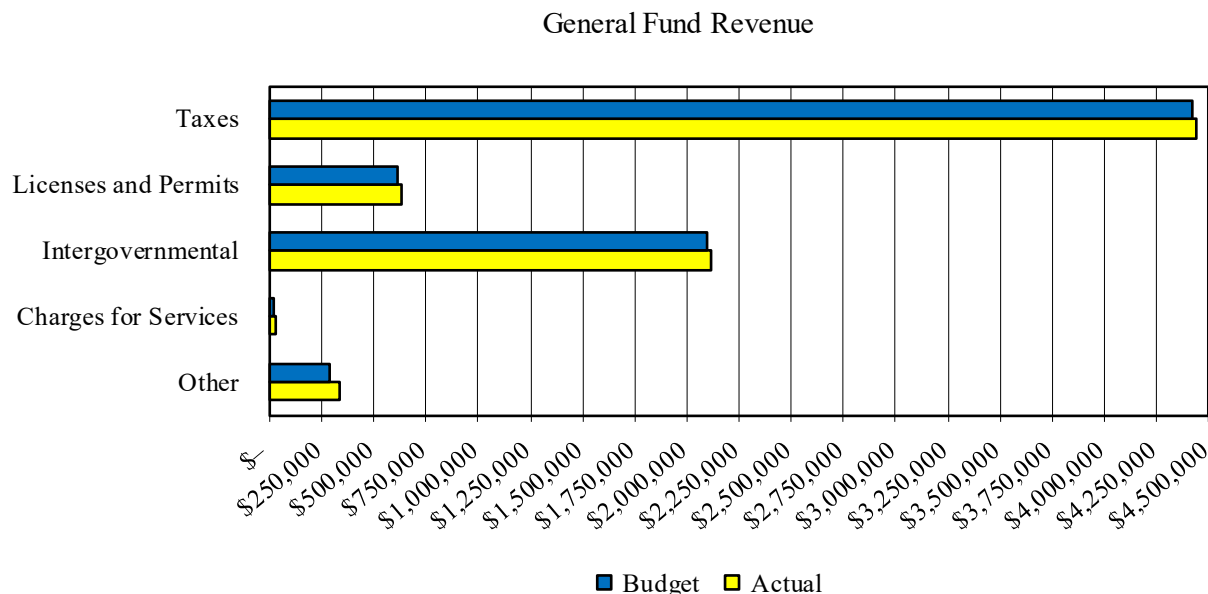
The City's General Fund cash and investment balance (net of borrowing) at December 31, 2020 was \$3,528,848, an increase of \$586,824 from the previous year. Total fund balance at December 31, 2020 was \$2,843,542, an increase of \$487,965 from the prior year.

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.

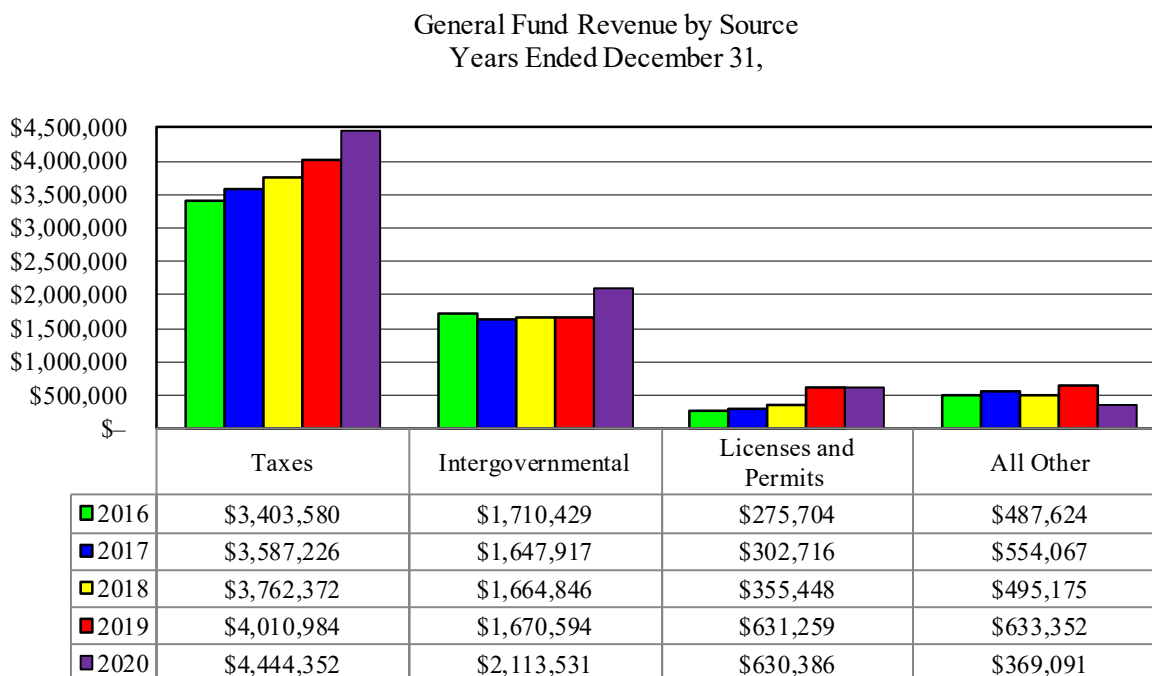
Current city policy allows fund balance in the General Fund to grow to 35 percent of the subsequent year's budgeted expenditures, while the State Auditor recommends that cities maintain an unrestricted fund balance that is between 35 percent and 50 percent of total current expenditures. At December 31, 2020, the unassigned fund balance for the General Fund was 36 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 2020:



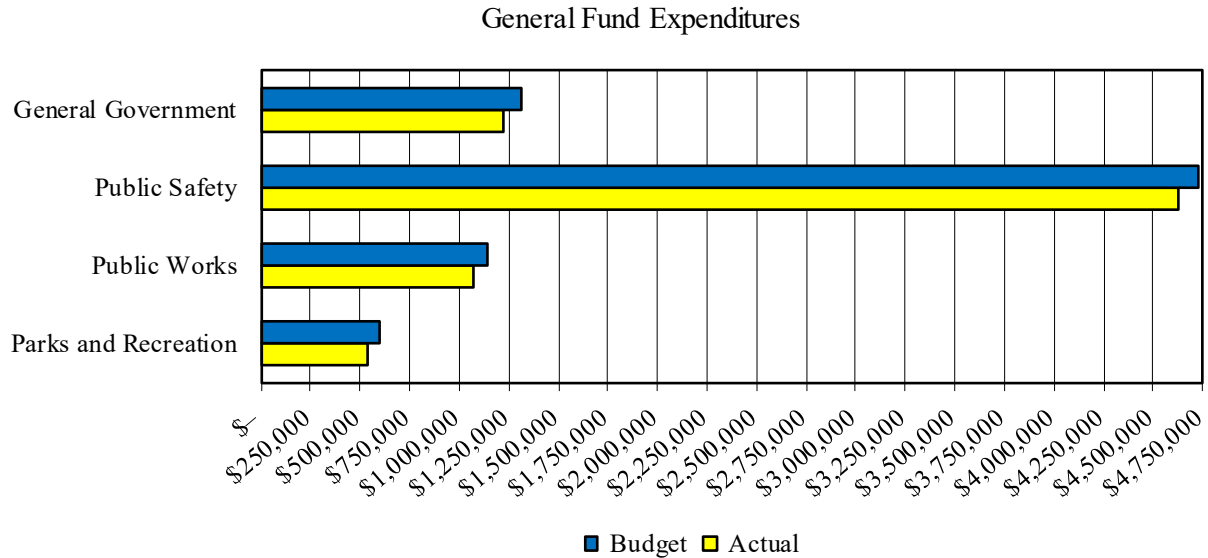
Total General Fund revenues for 2020 were \$7,557,360, an increase of \$611,171 from the previous year, and were \$116,906 (1.6 percent) over budget. Revenues were more than projected in each category as presented above. The largest variances were in other revenue, taxes, and licenses and permits, which were \$51,510, \$24,668, and \$20,386, respectively, above anticipated levels, due in part to conservative budgeting.

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



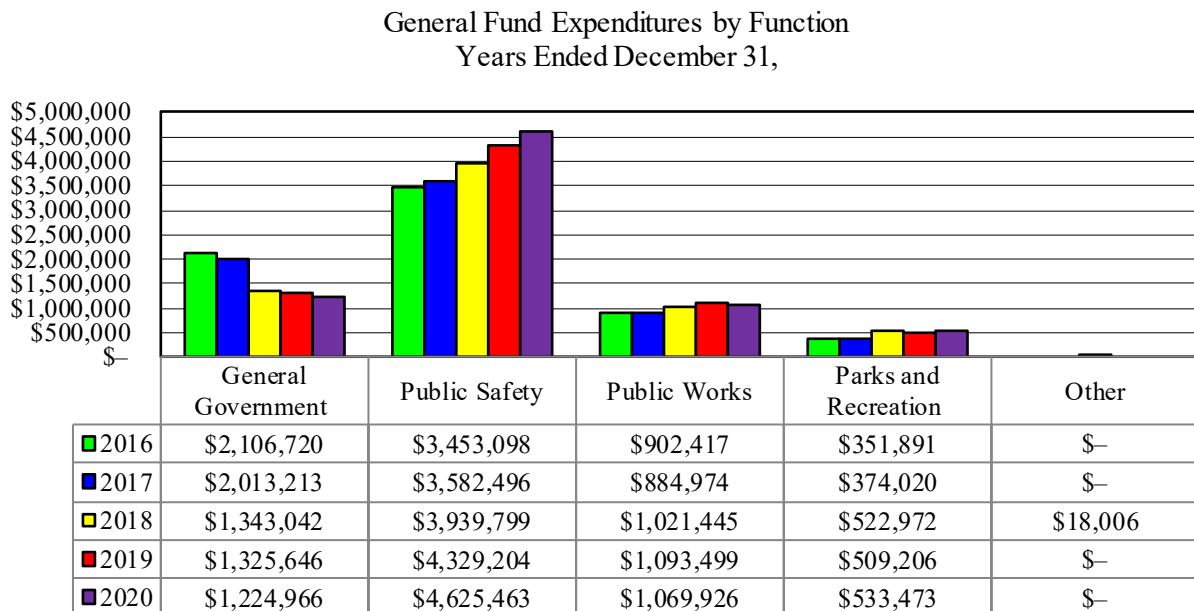
The General Fund is primarily financed by property and other taxes, along with local government aid, to operate activities in this fund. The largest changes occurred in intergovernmental and tax sources, which increased by \$442,937 and \$433,368, respectively, from the prior year. Intergovernmental revenues increased, due to the receipt of the CRF as previously mentioned. The increase in taxes is a result of an increase in the general property tax levy approved by the City Council for 2020.

The following graph reflects the City's General Fund expenditures compared to budget for 2020:



Total General Fund expenditures for 2020 were \$7,453,828, an increase of \$196,273, or 2.7 percent, from the previous year, and \$329,242, or 4.2 percent, under budget. Expenditures were less than projected in each category as presented above, with the largest variances in public safety and general government. Public safety expenditures were \$97,947 under budget, mainly in police protection and inspections. General government expenditures were \$87,293 under budget, mainly in contractual services in the administration and community services departments.

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



Typical to other cities we audit, public safety costs comprise the largest portion of General Fund spending. The largest increase in the current year was in public safety, which increased \$296,259, mainly in the police protection department, due to the increased personal service costs.

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

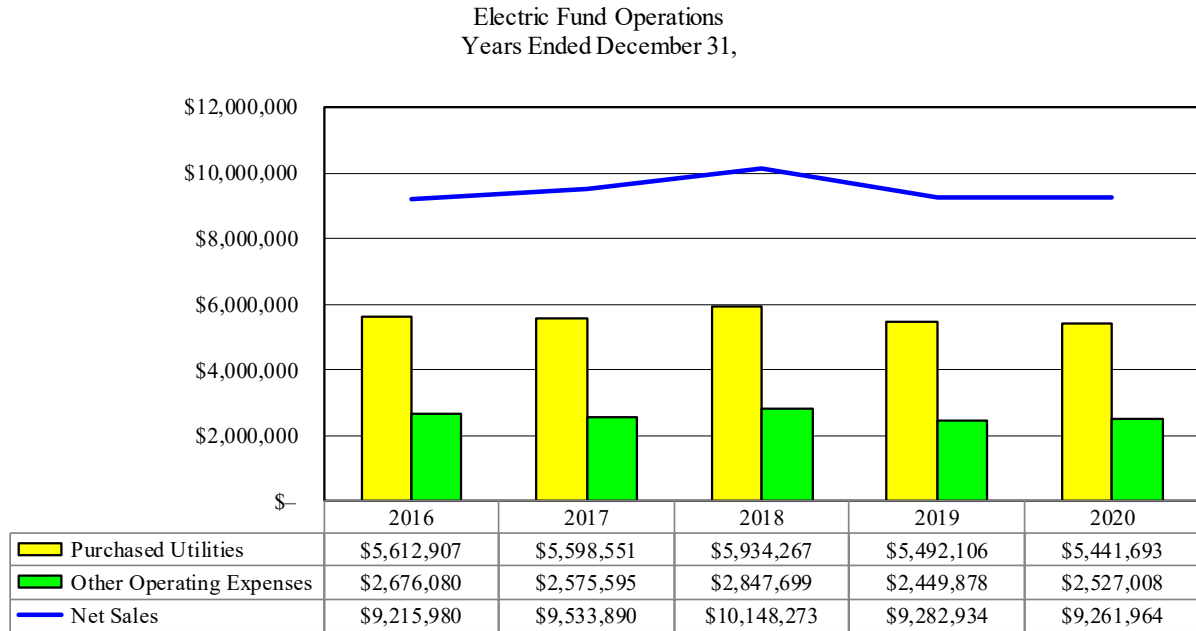
The following table summarizes the changes in the financial position of the City's enterprise funds during the year ended December 31, 2020, presented both by classification and by fund:

Enterprise Funds Change in Financial Position			
	Net Position as of December 31,		
	2020	2019	Change
Net position of enterprise funds			
Total by classification			
Net investment in capital assets	\$ 6,715,226	\$ 5,230,430	\$ 1,484,796
Unrestricted	14,151,279	11,955,979	2,195,300
Total enterprise funds	<u>\$ 20,866,505</u>	<u>\$ 17,186,409</u>	<u>\$ 3,680,096</u>
Total by fund			
Electric	\$ 8,102,101	\$ 7,029,448	\$ 1,072,653
Water	5,614,691	4,813,514	801,177
Surface Water	3,837,942	2,735,672	1,102,270
Waste Water	3,359,766	2,787,231	572,535
Fiber Optic	(733,909)	(807,091)	73,182
Solid Waste	685,914	627,635	58,279
Total enterprise funds	<u>\$ 20,866,505</u>	<u>\$ 17,186,409</u>	<u>\$ 3,680,096</u>

In total, the net position of the City's enterprise funds increased by \$3,680,096 during the year ended December 31, 2020. Net investment in capital assets increased \$1,484,796, due to continued investment in utility infrastructure and other capital assets. The increase of \$2,195,300 in unrestricted net position was due to positive operating results in the enterprise funds.

ELECTRIC FUND

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



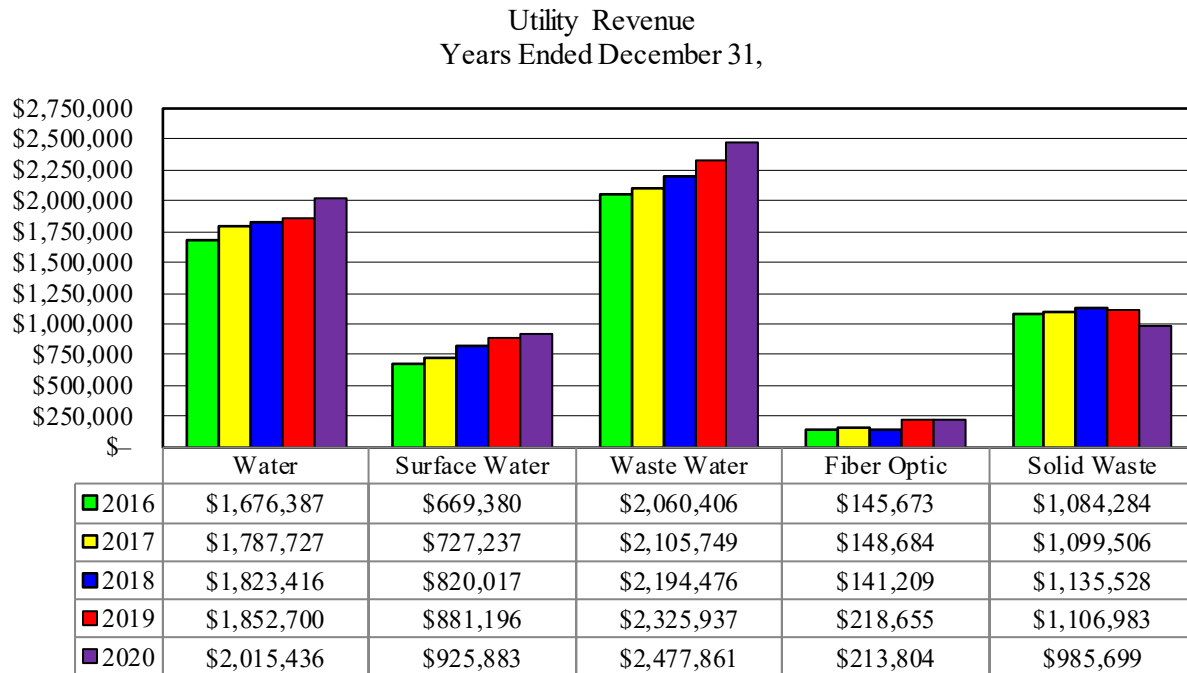
	2016	2017	2018	2019	2020
Total operating revenue	\$ 9,215,980	\$ 9,533,890	\$ 10,148,273	\$ 9,282,934	\$ 9,261,964
Purchased utilities	5,612,907	5,598,551	5,934,267	5,492,106	5,441,693
Gross profit	3,603,073	3,935,339	4,214,006	3,790,828	3,820,271
Other operating expenses	(2,676,080)	(2,575,595)	(2,847,699)	(2,449,878)	(2,527,008)
Depreciation	(71,606)	(73,602)	(85,306)	(101,290)	(103,739)
Interest expense	(74,761)	(66,894)	(64,256)	(55,443)	(52,352)
Other income (loss)	69,321	75,077	97,891	244,957	235,481
Income (loss) before transfers	849,947	1,294,325	1,314,636	1,429,174	1,372,653
Net transfers in (out)	(959,000)	(556,800)	(351,130)	(372,932)	(300,000)
Change in net position	\$ (109,053)	\$ 737,525	\$ 963,506	\$ 1,056,242	\$ 1,072,653
Income (loss) before transfers as a percentage of net sales	9.2 %	13.6 %	13.0 %	15.4 %	14.8 %

Gross profit results for the City's Electric Fund increased by \$29,443 from the prior year. This increase was mainly due to increased rates in the current year, as approved by the City Council.

The Electric Fund ended fiscal 2020 with a total net position of \$8,102,101, of which \$6,887,124 was unrestricted, with the remaining balance being classified as net investment in capital assets. At December 31, 2020, unrestricted cash and investments totaled \$3,606,042 and advances to other funds totaled \$4,223,151.

OTHER ENTERPRISE UTILITY FUNDS

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



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

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

WATER FUND

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

	2016	2017	2018	2019	2020
Operating revenue	\$ 1,676,387	\$ 1,787,727	\$ 1,823,416	\$ 1,852,700	\$ 2,015,436
Operating expenses	(825,720)	(532,654)	(642,292)	(827,869)	(746,874)
Depreciation	(162,915)	(167,070)	(194,217)	(205,280)	(205,280)
Operating income	687,752	1,088,003	986,907	819,551	1,063,282
Nonoperating revenue (expenses)	(111,442)	(42,463)	(50,743)	32,357	(57,105)
Income before transfers	576,310	1,045,540	936,164	851,908	1,006,177
Net transfers in (out)	(205,000)	(205,000)	(205,000)	(205,000)	(205,000)
Change in net position	\$ 371,310	\$ 840,540	\$ 731,164	\$ 646,908	\$ 801,177
Income before transfers as a percentage of operating revenue	34.4 %	58.5 %	51.3 %	46.0 %	49.9 %

The Water Fund ended 2020 with a net position of \$5,614,691, an increase of \$801,177 from the prior year. Of this, \$1,276,888 represents the net investment in capital assets, while \$4,337,803 is considered unrestricted.

Operating revenue increased \$162,736 from the previous year, or about 8.8 percent. Increased rates and consumption resulted in this overall increase in operating revenue. Operating expenses decreased \$80,995, or about 9.8 percent, from the prior year, primarily in personal services and professional services. Personal services decreased, due to OPEB and pension expense. Professional services were down, with less 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:

	2016	2017	2018	2019	2020
Operating revenue	\$ 669,380	\$ 727,237	\$ 820,017	\$ 881,196	\$ 925,883
Operating expenses	(301,498)	(413,569)	(457,275)	(317,898)	(313,785)
Depreciation	(99,533)	(106,553)	(127,752)	(137,772)	(137,772)
Operating income	268,349	207,115	234,990	425,526	474,326
Nonoperating revenue (expense)	(23,831)	(11,740)	(14,690)	47,707	(45,904)
Income before contributions and transfers	244,518	195,375	220,300	473,233	428,422
Capital contributions	—	—	—	—	930,628
Net transfers in (out)	(80,000)	(80,000)	(80,000)	(80,000)	(256,780)
Change in net position	<u>\$ 164,518</u>	<u>\$ 115,375</u>	<u>\$ 140,300</u>	<u>\$ 393,233</u>	<u>\$ 1,102,270</u>
Income before transfers as a percentage of operating revenue	<u>36.5 %</u>	<u>26.9 %</u>	<u>26.9 %</u>	<u>53.7 %</u>	<u>46.3 %</u>

The Surface Water Fund ended 2020 with a net position of \$3,837,942, an increase of \$1,102,270 from the prior year. Of this, \$1,574,165 represents the net investment in capital assets, while \$2,263,777 is considered unrestricted.

Operating revenues increased \$44,687 from the previous year, or about 5.1 percent, due to the increased rates. Operating expenses decreased \$4,113, or about 1.3 percent, from the previous year.

During the current year, this utility operation received \$930,628 in capital contributions, mainly due to municipal state aid funds received for capital-related projects. This operation also made transfers to other funds totaling \$256,780.

WASTE WATER FUND

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

	2016	2017	2018	2019	2020
Operating revenue	\$ 2,060,406	\$ 2,105,749	\$ 2,194,476	\$ 2,325,937	\$ 2,477,861
Operating expenses	(1,362,513)	(1,298,095)	(1,474,719)	(1,536,494)	(1,556,133)
Depreciation	(106,296)	(108,295)	(156,383)	(205,103)	(206,816)
Operating income	591,597	699,359	563,374	584,340	714,912
Nonoperating revenue (expenses)	(32,810)	(89,755)	(84,975)	164,720	(100,164)
Income before transfers	558,787	609,604	478,399	749,060	614,748
Net transfers in (out)	(145,000)	(145,000)	(145,000)	(145,000)	(42,213)
Change in net position	\$ 413,787	\$ 464,604	\$ 333,399	\$ 604,060	\$ 572,535
Income before transfers as a percentage of operating revenue	27.1 %	29.0 %	21.8 %	32.2 %	24.8 %

The Waste Water Fund ended 2020 with a net position of \$3,359,766, an increase of \$572,535 from the prior year. Of this, \$964,199 represents the net investment in capital assets, while the unrestricted portion has a balance of \$2,395,567.

Operating revenue increased \$151,924 from the previous year, or about 6.5 percent, largely due to the increase in rates applied in fiscal 2020. Operating expenses increased \$19,639, or about 1.3 percent.

Nonoperating revenue (expenses) decreased \$264,884 from the previous year, mainly due to the City receiving a Metropolitan Council inflow and infiltration grant in the prior year.

During the current year, this utility operation also made transfers to other funds totaling \$145,000. This fund also received a transfer in for equipment totaling \$102,787.

FIBER OPTIC FUND

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

	2016	2017	2018	2019	2020
Operating revenue	\$ 145,673	\$ 148,684	\$ 141,209	\$ 218,655	\$ 213,804
Operating expenses	(121,364)	(109,781)	(136,660)	(93,984)	(96,183)
Depreciation	(44,440)	(44,440)	(44,439)	(44,439)	(44,439)
Operating income (loss)	(20,131)	(5,537)	(39,890)	80,232	73,182
Nonoperating revenue (expenses)	(24,000)	(36,221)	(41,642)	(14,936)	—
Change in net position	(44,131)	(41,758)	(81,532)	65,296	73,182
Net position					
Beginning of year	(704,966)	(749,097)	(790,855)	(872,387)	(807,091)
End of year	<u>\$ (749,097)</u>	<u>\$ (790,855)</u>	<u>\$ (872,387)</u>	<u>\$ (807,091)</u>	<u>\$ (733,909)</u>
Net position					
Net investment in capital assets	\$ 1,862,754	\$ 1,818,314	\$ 1,773,875	\$ 1,729,436	\$ 1,684,997
Unrestricted	(2,611,851)	(2,609,169)	(2,646,262)	(2,536,527)	(2,418,906)
Total net position	<u>\$ (749,097)</u>	<u>\$ (790,855)</u>	<u>\$ (872,387)</u>	<u>\$ (807,091)</u>	<u>\$ (733,909)</u>

The Fiber Optic Fund ended 2020 with a net position deficit of \$733,909, an improvement of \$73,182 from the prior year. Of this, \$1,684,997 represents the net investment in capital assets, while the unrestricted portion has a deficit balance of \$2,418,906.

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:

	2016	2017	2018	2019	2020
Operating revenue	\$ 1,084,284	\$ 1,099,506	\$ 1,135,528	\$ 1,106,983	\$ 985,699
Operating expenses	(826,275)	(979,914)	(984,930)	(1,486,953)	(902,143)
Operating income	258,009	119,592	150,598	(379,970)	83,556
Nonoperating revenue (expenses)	27,545	28,887	37,730	163,661	34,723
Income (loss) before transfers	285,554	148,479	188,328	(216,309)	118,279
Net transfers in (out)	(20,000)	(60,000)	(60,000)	(60,000)	(60,000)
Change in net position	\$ 265,554	\$ 88,479	\$ 128,328	\$ (276,309)	\$ 58,279
Income (loss) before transfers as a percentage of operating revenue	26.3 %	13.5 %	16.6 %	(19.5) %	12.0 %

The Solid Waste Fund ended 2020 with a net position of \$685,914, an increase of \$58,279 from the prior year, all of which is reported as unrestricted net position.

Operating revenue decreased \$121,284 from the previous year, or about 11.0 percent, due to the decreased garbage rates. Operating expenses decreased \$584,810, or about 39.3 percent, due to the purchase of new city-owned garbage and recycling containers for city residents in the prior year.

Nonoperating revenue (expenses) decreased \$128,938 from the previous year, mainly due to a grant received for the purchase of the city-owned garbage and recycling containers in the prior year.

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, 2020 and 2019 for governmental activities, business-type activities (utility fund operations), and the Economic Development Authority (EDA) component unit:

	As of December 31,		
	2020	2019	Change
Net position			
Primary government			
Governmental activities			
Net investment in capital assets	\$ 23,925,494	\$ 20,896,337	\$ 3,029,157
Restricted	6,750,568	6,313,242	437,326
Unrestricted	(3,329,638)	1,913,208	(5,242,846)
Total governmental activities	27,346,424	29,122,787	(1,776,363)
Business-type activities			
Net investment in capital assets	6,715,226	5,230,430	1,484,796
Unrestricted	14,631,165	12,047,528	2,583,637
Total business-type activities	21,346,391	17,277,958	4,068,433
Total primary government	48,692,815	46,400,745	2,292,070
Component unit			
Economic Development Authority			
Restricted	369,804	246,189	123,615
Total net position	\$ 49,062,619	\$ 46,646,934	\$ 2,415,685

The City (including the EDA) ended 2020 with a combined total net position of \$49,062,619, an increase of \$2,415,685 from the prior year. The increase in governmental activities net investment in capital assets is due to continued investment in infrastructure and other capital assets. The decrease in governmental activities unrestricted net position is largely due to economic development activity in the current year.

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

STATEMENT OF ACTIVITIES

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

The following table presents the change in the net position of the City and the EDA for the years ended December 31, 2020 and 2019:

	2020			2019
	Expenses	Program Revenues	Net Change	Net Change
Net (expense) revenue				
Primary government				
Governmental activities				
General government	\$ 1,484,870	\$ 360,872	\$ (1,123,998)	\$ (1,060,411)
Public safety	4,298,332	842,985	(3,455,347)	(3,568,844)
Public works	1,712,876	1,636,847	(76,029)	(807,640)
Parks and recreation	577,988	194,967	(383,021)	(322,055)
Economic development	7,263,908	1,685,313	(5,578,595)	(2,897,543)
Interest and fiscal charges	701,700	—	(701,700)	(383,719)
Business-type activities				
Electric	7,950,155	9,294,218	1,344,063	1,206,004
Water	1,008,677	2,031,037	1,022,360	747,940
Surface water	462,958	1,680,041	1,217,083	401,310
Waste water	1,814,166	2,478,197	664,031	696,116
Fiber optic	140,622	213,804	73,182	80,232
Solid waste	906,762	1,015,014	108,252	(251,129)
Total primary government	28,323,014	21,433,295	(6,889,719)	(6,159,739)
Component unit				
Economic Development Authority	45,999	—	(45,999)	(48,435)
Total net (expense) revenue	<u>\$ 28,369,013</u>	<u>\$ 21,433,295</u>	(6,935,718)	(6,208,174)
General revenues				
Property and franchise taxes			6,952,791	6,387,353
Grants and contributions not restricted to specific programs			1,800,995	1,843,392
Other general revenues			72,043	84,374
Investment earnings			515,726	1,061,765
Gain on sale of assets			9,848	40,158
Total general revenues			<u>9,351,403</u>	<u>9,417,042</u>
Change in net position			<u>\$ 2,415,685</u>	<u>\$ 3,208,868</u>

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

LEGISLATIVE UPDATES

The 2020 legislative session, coming in the second half of the state's fiscal biennium, was expected to be a typical short session focused primarily on making relatively minor modifications to the biennial budget. Given a projected budget surplus of \$1.5 billion going into the session, consideration of a substantial capital investment and bonding bill was also a potential focus.

The start of the legislative session in February was followed by a series of significant events that changed the course of the session, including a world-wide health pandemic, the death of George Floyd while in police custody and the ensuing protests and unrest, and a hotly contested national election. On March 13, 2020, the Governor issued an executive order declaring a peacetime emergency, giving his administration the ability to quickly impose restrictions and measures aimed at mitigating the COVID-19 outbreak. By early May, the state's budget outlook had changed from a robust surplus to a projected deficit of \$2.4 billion. The legislative session ultimately encompassed an unprecedented seven special sessions, more than double the previous state record of three, with the final special session in mid-December.

In the end, a \$1.87 billion omnibus bonding bill was passed that included \$1.36 billion in general obligation state bonding for capital improvements, \$31.0 million in supplemental General Fund budget spending, and provisions for tax relief and economic assistance. The session also yielded a new Police Accountability Act, and a \$217.0 million economic relief package to help businesses negatively impacted by the pandemic. The following is a brief summary of legislative changes from the 2020 session or previous legislative sessions potentially impacting Minnesota cities.

Coronavirus Aid, Relief, and Economic Security (CARES) Act – The CARES Act provided federal economic relief to protect the American people from the public health and economic impacts of COVID-19. Minnesota received approximately \$2.2 billion in funding under the CARES Act.

When the first legislative special session ended without an agreement on the distribution of approximately \$841.5 million of federal Coronavirus Relief Fund (CRF) funding earmarked for Minnesota local governments, the Governor distributed the funds by executive order based on the framework of the legislative agreement debated during the first special session. This resulted in \$350.4 million being distributed directly to Minnesota cities with populations equal to or greater than 200. The funds were authorized for use for unbudgeted costs related to the COVID-19 pandemic, but not to replace lost revenues. In accordance with CARES Act provisions, the CRF funding was available to cover costs that;

- 1) were necessary expenditures incurred due to the public health emergency related to COVID-19;
- 2) were not accounted for in the entity's budget most recently approved as of March 27, 2020; and
- 3) were incurred during the period from March 1, 2020 through December 31, 2020 (the availability period end date was revised by the state to November 15, 2020 for Minnesota cities).

Emergency Small Business Assistance Program – The Legislature created a program to appropriate \$60.0 million of federal CRF funding to make grants available through the Minnesota Department of Employment and Economic Development for eligible small businesses impacted by COVID-19. Small businesses employing up to 50 full-time employees are eligible to receive grants of up to \$10,000. The allocation is split between the metro area and greater Minnesota, with specific allocations for businesses owned by minorities, veterans, and women. \$18.0 million of the allocation is earmarked for businesses with 6 or less employees.

Workers' Compensation Claims – COVID-19 Presumption – The Legislature adopted several new provisions to state unemployment statutes related to COVID-19, including a presumption that an employee who contracts COVID-19 has an "occupational disease" arising out of, and in the course of, employment if the employee works in one of the specified occupations and has a confirmed case of COVID-19. Covered occupations include nurses, healthcare workers, and workers required to provide childcare for first responders and healthcare workers under Executive Orders 20-02 and 20-19. The COVID-19 presumption provision sunsets on May 1, 2021.

Bonding Bill – The 2020 bonding bill provided financing for approximately \$1.36 billion of projects. Some of the more significant appropriations for local infrastructure included: \$105 million in undesignated grants for local road improvement and bridge replacement; \$100 million for water infrastructure and point source implementation grants; \$25 million for state match of federal grants for public facilities improvements, \$20 million for natural resource asset preservation, \$17 million for flood control mitigation, \$15 million for the Local Government Roads Wetlands Replacement Program; \$5 million for Metropolitan Council inflow and infiltration grants; and \$5 million for metropolitan regional parks and trails. The bill also included funding for a number of state initiatives, including: \$300 million in trunk highway bonds for the improvement of the state trunk highway system; \$145 million in appropriation bonds to fund the infrastructure and capital needs of the Minnesota Housing Finance Agency, Minnesota Pollution Control Agency, and Minnesota Public Television; \$30 million for state agency projects aimed at promoting racial equity, \$29.5 million for the state Emergency Operations Center; and \$16 million for the Minnesota Housing Finance Agency.

The bill provides authority for eligible local governments to own and operate childcare facilities, and permits local governments to enter into management agreements with licensed childcare providers to operate in publicly-owned facilities. It also makes cities, counties, school districts, and joint powers boards located outside of the seven-county metro area eligible to apply for grants through the Greater Minnesota Childcare Facility Capital Grant Program.

The bill also included a provision extending the equal pay certificate of compliance requirement to contracts by any public entity, including political subdivisions, using state general obligation bond proceeds for all or part of a capital project. Local governments will be responsible for requiring that bids include proper certification on applicable projects, which applies to projects for goods or services valued at more than \$1 million utilizing appropriated bond proceeds on or after January 1, 2022.

Elections – A number of measures were passed to help ensure the safe and secure conduct of the 2020 state primary and general elections, including; allowing for the processing of absentee ballots to begin 14 days prior to the date of the election, extending the period during which absentee ballots could be processed for 2 days following the election, accepting electronic filings for affidavits of candidacy or nominating petitions, and specifying that municipalities were to use schools as polling places only when no other public or private location was reasonably available. Funds from the federal Help America Vote Act were made available for modernizing, securing, and improving election facilities, a portion of which was made available for grants to local governments to fund activities prescribed by this program.

Minors Operating Lawn Care Equipment – Effective May 28, 2020, Minnesota Statutes lowered the employment age for operating lawn care equipment to age 16. Minors aged 16 and 17 must be trained in the safe operation of the equipment and wear appropriate personal protective equipment when operating the lawn care equipment. The exception under this statute applies only to minors directly employed by golf courses, resorts, rental property owners, or municipalities to perform lawn care on golf courses, resort grounds, rental property, or municipal grounds,

Open Meeting Law Exception – The interactive television provision of the Minnesota Open Meeting Law was amended to allow for participation in meetings by interactive electronic means, such as Skype or Zoom, without requiring that an elected official be advised to do so by a healthcare professional for personal or family medical reasons. This allowance is available only when a national security or peacetime emergency has been declared and may be used up to 60 days after the emergency declaration has been lifted. Whenever public meetings are held via interactive electronic means of this type, votes must be conducted by roll call and be recorded in the minutes.

Expanded Authority for Electronic Signatures During COVID-19 – Effective May 17, 2020, cities are allowed to accept certain documents, signatures, or filings electronically, by mail, or facsimile during the COVID-19 pandemic, including; planning and zoning applications and permits; land use documents; documents requiring the signature of licensed architects, engineers, land surveyors, geoscientists, or interior designers; applications for birth or death certificates; or recording notary commissions. This accommodation expires January 16, 2021, or 60 days following the termination of the peacetime public health emergency.

Solid Waste Recycling Exemption – The requirement that not more than 15 percent of mixed municipal solid waste received by recycling or composting facilities be disposed of, rather than recycled or composted, is suspended as long as the need for the exception is triggered by operational changes implemented to address the COVID-19 pandemic.

Pension Changes – Effective January 1, 2021, the maximum lump-sum pension amount for volunteer firefighters is increased from \$10,000 to \$15,000 per year of service. Municipalities are permitted to split state fire aid received between its career firefighters and its affiliated volunteer firefighters, but only if the amount allocated to the career firefighters is approved by the membership of the volunteer firefighter relief association. Any aid allocated to career firefighters must be used to pay the Public Employees Retirement Association (PERA) employer contributions on their behalf within 18 months of the transfer or be returned to the relief association.

Police Accountability Act – The Legislature passed the Police Accountability Act, which enacted a number of changes to laws governing police conduct, training, and oversight. Among the more significant changes adopted were:

- Defined and authorized “public safety peer counseling” and “critical incident stress management,” and classifies information shared in these settings as private data.
- Established an Independent Use of Force Investigations Unit within the Bureau of Criminal Apprehension to investigate all officer-involved deaths in the state, as well as criminal sexual assault allegations against peace officers, effective August 1, 2020.
- Authorized statutory or home rule charter cities to offer incentives to encourage a person hired as a peace officer to be a resident of the city.
- Limited the use of certain restraint methods by peace officer unless the use of deadly force is authorized in a given situation.
- Established and modified provisions related to law enforcement use of deadly force.
- Defined and prohibited “warrior-style” training for peace officers.
- Established a 15-member “Ensuring Police Excellence and Improving Community Relations Advisory Council” under the Police Officer Standards and Training (POST) Board, to assist the POST Board in maintaining policies and regulating peace officers in a manner that ensures the protection of civil and human rights.
- Established a duty for peace officers to intercede when another officer is using excessive force and report incidents of excessive force to supervisors.

THIS PAGE INTENTIONALLY LEFT BLANK

ACCOUNTING AND AUDITING UPDATES

The following is a summary of Governmental Accounting Standards Board (GASB) standards expected to be implemented in the next few years. Due to the COVID-19 pandemic, the GASB has delayed the original implementation dates of these and other standards as described below.

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 June 15, 2021.

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, 2021. Earlier application is encouraged.

GASB Statement No. 92, *Omnibus 2020*

The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other post-employment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for post-employment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to post-employment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The requirements of this statement are effective for fiscal years beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

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

An SBITA is defined as a contract that conveys control of the right to use another party's (an SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability.

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

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

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

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an Amendment of GASB Statement No. 14 and No. 84, and a Supersession of GASB Statement No. 32

The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this statement that (1) exempt primary governments that perform the duties that a government board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans, and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this statement.

Corrective Action Plans and
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2020

A. FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER FINANCIAL REPORTING

2020-001 CITY POLICIES AND PROCEDURES

Finding Summary

The City of North St. Paul, Minnesota (the City) has written policies and procedures over several areas. During our audit testing, we noted certain credit card transactions were not in compliance with city purchasing policies. We also noted disbursements to certain individuals for severance pay that were not calculated in accordance with city policy.

Corrective Action Plan

Actions Planned – The City intends to review its policies and procedures for these areas and ensure they are being followed by all city staff.

Official Responsible – Scott Duddeck, City Manager.

Planned Completion Date – December 31, 2021.

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

Plan to Monitor – Scott Duddeck, City Manager, will work with staff to ensure that all policies and procedures are being followed.

B. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

C. MINNESOTA LEGAL COMPLIANCE FINDINGS

2020-002 CLAIMS AND DISBURSEMENTS

Finding Summary

Minnesota Statutes require cities to pay each vendor obligation according to the terms of each contract or within 35 days after the receipt of the goods or services or the invoices for the goods or services. For five of thirty disbursements selected for testing, the City did not pay the obligation within the required time period, and did not pay interest on the unpaid obligation.

Corrective Action Plan

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

Official Responsible – Scott Duddeck, City Manager, in coordination with other departments.

Planned Completion Date – December 31, 2021.

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

Plan to Monitor – Scott Duddeck, City Manager, will review the City's procedures for paying invoices with city employees responsible for processing disbursements.

C. MINNESOTA LEGAL COMPLIANCE FINDINGS (CONTINUED)

2020-003 CONTRACTING AND QUOTE LAWS COMPLIANCE

Finding Summary

Minnesota Statutes require certain contracts estimated to exceed \$25,000, but not to exceed \$175,000, be made upon sealed bids, by direct negotiation based on quotations, or through best value procurement. All quotations obtained shall be kept on file for a period of at least one year after receipt thereof. For one of four contracts awarded that we tested to which this requirement applied, the City did not provide documentation that two or more quotations were obtained and kept on file.

Corrective Action Plan

Actions Planned – The City will review policies and procedures relating to contracting and quote laws to ensure compliance in the future.

Official Responsible – Scott Duddeck, City Manager, in coordination with other departments.

Planned Completion Date – December 31, 2021.

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

Plan to Monitor – Scott Duddeck, City Manager, will ensure appropriate internal controls and procedures are updated and in place for future compliance.

C. MINNESOTA LEGAL COMPLIANCE FINDINGS (CONTINUED)

2020-004 CREDIT CARDS

Finding Summary

Minnesota Statutes require a City Council to authorize the use of a credit card by any city employee otherwise authorized to make a purchase on behalf of the city. If a city employee makes or directs a purchase by credit card that is not approved by the City Council, the employee is personally liable for the amount of the purchase. A purchase by credit card must otherwise comply with all statutes, rules, and/or city policy applicable to city purchases. Certain credit card purchases in the current year lacked proper supporting documentation to be in compliance with city policy and statutory requirements.

Corrective Action Plan

Actions Planned – The City will review the credit card policy and ensure it is being followed by all city staff.

Official Responsible – Scott Duddeck, City Manager, in coordination with other departments.

Planned Completion Date – December 31, 2021.

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

Plan to Monitor – Scott Duddeck, City Manager, will work with staff to ensure that all policies and procedures are being followed.

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINANCIAL STATEMENT FINDING – SIGNIFICANT DEFICIENCY

2019-001 SEGREGATION OF DUTIES

Corrective action has been taken.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No audit findings were reported for the year ended December 31, 2019. The City did not require a single audit of federal awards for the year ended December 31, 2019.

CITY OF NORTH ST. PAUL
RAMSEY COUNTY, MINNESOTA

Special Purpose Audit Reports

Year Ended
December 31, 2020

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF NORTH ST. PAUL
RAMSEY COUNTY, MINNESOTA

Special Purpose Audit Reports
Year Ended December 31, 2020

Table of Contents

	Page
Schedule of Expenditures of Federal Awards	1
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 <i>Government Auditing Standards</i>	2–3
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	4–6
Independent Auditor's Report on Minnesota Legal Compliance	7–8
Schedule of Findings and Questioned Costs	9–13

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF NORTH ST. PAUL

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Pass-Through Entity Identification Number	Federal Expenditures
U.S. Department of Treasury			
Passed through the Minnesota Department of Management and Budget			
COVID-19 – Coronavirus Relief Fund	21.019	SLT0016	<u>\$ 916,062</u>

Note 1: The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the City's basic financial statements.

Note 2: The City did not elect to use the 10 percent de minimis indirect cost rate.

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2020, 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 22, 2021.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as finding 2020-001, that we consider to be a significant deficiency.

(continued)

COMPLIANCE AND OTHER MATTERS

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

CITY'S RESPONSE TO FINDING

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. 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.

A handwritten signature in cursive script that reads "Malloy, Montague, Karnowski, Radosevich & Co., P.A." is enclosed within a thin black rectangular border.

Minneapolis, Minnesota
April 22, 2021

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 COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the City of North St. Paul, Minnesota's (the City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

(continued)

OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to on the previous page that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on the previous page. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program, and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

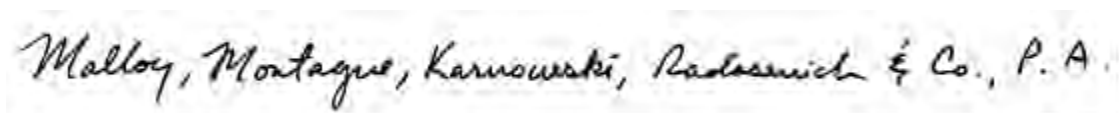
PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

(continued)

REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated April 22, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink, reading "Malloy, Montague, Karnowski, Radosevich & Co., P.A." The signature is written in a cursive, flowing style.

Minneapolis, Minnesota
April 22, 2021

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2020, 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 22, 2021.

MINNESOTA LEGAL COMPLIANCE

In connection with our audit, we noted that the City failed to comply with provisions of the contracting and bidding and claims and disbursements of the *Minnesota Legal Compliance Audit Guide for the Cities*, promulgated by the State Auditor pursuant to Minnesota Statutes § 6.65, insofar as they relate to accounting matters as described in the Schedule of Findings and Questioned Costs as findings 2020-002, 2020-003, and 2020-004. Also, in connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the deposits and investments, conflicts of interest, public indebtedness, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

CITY'S 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 Questioned Costs. 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.

(continued)

PURPOSE OF THIS REPORT

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

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

Minneapolis, Minnesota

April 22, 2021

A. SUMMARY OF AUDIT RESULTS

This summary is formatted to provide federal granting agencies and pass-through agencies answers to specific questions regarding the audit of federal awards.

Financial Statements

What type of auditor's report is issued? X Unmodified
 Qualified
 Adverse
 Disclaimer

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? X Yes None reported

Noncompliance material to the financial statements noted? Yes X No

Federal Awards

Internal controls over major federal award programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None reported

Type of auditor's report issued on compliance for major programs?

U.S. Department of Treasury – COVID-19 – Coronavirus Relief Fund Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Programs tested as major programs:

<u>Program or Cluster(s)</u>	<u>CFDA No.</u>
------------------------------	-----------------

U.S. Department of Treasury – COVID-19 – Coronavirus Relief Fund	21.019
--	--------

Threshold for distinguishing between type A and B programs. \$ 750,000

Does the auditee qualify as a low-risk auditee? Yes X No

B. FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER FINANCIAL REPORTING

2020-001 CITY POLICIES AND PROCEDURES

Criteria – Internal control over financial reporting.

Condition – The City of North St. Paul, Minnesota (the City) has written policies and procedures over several areas. During our audit testing, we noted certain credit card transactions were not in compliance with city purchasing policies. The policy states that claims presented for payment must be in writing and itemized. Each department manager is responsible for ensuring receipts and invoices meet this requirement and provide them to the finance department for prompt payment of the credit card statement. Certain credit card purchases in the current year were not in compliance with city policy and lacked invoices and receipts to support the items charged in the bill from the credit card company. During our audit testing, we also noted disbursements to certain individuals for severance pay that were not calculated in accordance with city policy.

Questioned Costs – Not applicable.

Context – This condition applies to city policies and procedures over credit cards and severance payments.

Repeat Finding – This is a current year finding.

Cause – This was an oversight by city personnel.

Effect – The City was out of compliance with their internal city policies. The City does not have invoices and receipts on file to support certain credit card purchases and to verify purchases were for a proper public purpose. The City also made severance payments to certain individuals that were not eligible for such payment based on policy language.

Recommendation – We recommend that the City reviews its policies and procedures for use of credit cards and severance payouts and ensure these policies are being followed by all city staff.

View of Responsible Official and Planned Corrective Actions – There is no disagreement with the audit finding. The City will review policies in place and take measures to ensure they are appropriately followed. The City has separately issued a Corrective Action Plan related to this finding.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

D. MINNESOTA LEGAL COMPLIANCE FINDINGS

2020-002 CLAIMS AND DISBURSEMENTS

Criteria – Minnesota Statutes § 471.425, Subd. 2.

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

Questioned Costs – Not applicable.

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

Repeat Finding – This is a current year finding.

Cause – This was an oversight by city personnel.

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

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

View of Responsible Official and Planned Corrective Actions – There is no disagreement with the audit finding. The City will review its procedures in place to ensure future compliance with Minnesota Statutes. The City has separately issued a Corrective Action Plan related to this finding.

D. MINNESOTA LEGAL COMPLIANCE FINDINGS (CONTINUED)

2020-003 CONTRACTING AND QUOTE LAWS COMPLIANCE

Criteria – Minnesota Statutes § 471.345, Subd. 4.

Condition – Minnesota Statutes require certain contracts estimated to exceed \$25,000, but not to exceed \$175,000, be made upon sealed bids, by direct negotiation based on quotations, or through best value procurement. All quotations obtained shall be kept on file for a period of at least one year after receipt thereof. For one of four contracts awarded that we tested to which this requirement applied, the City did not provide documentation that two or more quotations were obtained and kept on file.

Questioned Costs – Not applicable.

Context – One of four contracts awarded that we tested was not in compliance.

Repeat Finding – This is a current year finding.

Cause – This was an oversight by city personnel.

Effect – The City was not in compliance with state quote law requirements.

Recommendation – We recommend that the City comply with state statutory contracting requirements for all applicable contracts awarded.

View of Responsible Official and Planned Corrective Actions – There is no disagreement with the audit finding. The City will review its procedures relating to contracting and quote laws to ensure future compliance with Minnesota Statutes. The City has separately issued a Corrective Action Plan related to this finding.

D. MINNESOTA LEGAL COMPLIANCE FINDINGS (CONTINUED)

2020-004 CREDIT CARDS

Criteria – Minnesota Statutes § 471.382.

Condition – Minnesota Statutes require a City Council to authorize the use of a credit card by any city employee otherwise authorized to make a purchase on behalf of the city. If a city employee makes or directs a purchase by credit card that is not approved by the City Council, the employee is personally liable for the amount of the purchase. A purchase by credit card must otherwise comply with all statutes, rules, and/or city policy applicable to city purchases.

Questioned Costs – Not applicable.

Context – Certain credit card purchases in the current year lacked proper supporting documentation to be in compliance with city policy and statutory requirements.

Repeat Finding – This is a current year finding.

Cause – This was an oversight by city personnel.

Effect – The City was not in compliance with state credit card law requirements.

Recommendation – We recommend that the City review purchasing and credit card procedures in place to ensure that all credit card purchases are supported by invoices and receipts.

View of Responsible Official and Planned Corrective Actions – There is no disagreement with the audit finding. The City will review its procedures relating to purchasing and credit card laws to ensure future compliance with Minnesota Statutes. The City has separately issued a Corrective Action Plan related to this finding.

THIS PAGE INTENTIONALLY LEFT BLANK

Agenda Information Memorandum
North St. Paul City Council
May 4, 2021

FROM THE OFFICE OF THE CITY MANAGER

Agenda placement: Consent Agenda

Subject: Acceptance of Donations

To: Honorable Mayor Furlong and City Council

Background/Facts:

- The City of North St. Paul is generally authorized to accept donations of real and personal property pursuant to Minnesota Statutes Section 465.03 et seq. for the benefit of its citizens and is specifically authorized to accept gifts.
- The City Council must ratify any terms or condition placed on the donation by the donor.
- Donations will be reported to the City Council at the first City Council meeting of the month for any donations received the month prior.

Recommendation: It is recommended the City Council approve Resolution 2021-xxx Approving Acceptance of a Donation.

Attachments:
Resolution

Respectfully submitted,

Scott Duddeck
City Manager

CITY OF NORTH ST. PAUL
RESOLUTION NO. 2021-XXX
RESOLUTION APPROVING ACCEPTANCE OF A DONATION

WHEREAS, the City of North St. Paul is generally authorized to accept donations of real and personal property pursuant to Minnesota Statutes Section 465.03 et seq. for the benefit of its citizens and is specifically authorized to accept gifts; and

WHEREAS, the City Council must also ratify any terms or conditions placed on the donation by the donor; and

WHEREAS, the following persons and entities have offered to contribute the cash amounts set forth below to the city (January 1, 2021-March 31, 2021):

<u>Name of Donor</u>	<u>Amount</u>	<u>Department</u>
O W Williams	\$30.00	Parks Fund
Peter/Ingrid Koller	\$30.00	Parks Fund
Furlongs Liquor	\$15.00	Parks Fund
Sarah Zahradka	\$10.00	Parks Fund
Nou Vang	\$25.00	Parks Fund
Katie Solano	\$20.00	Parks Fund
Maureen Miller	\$25.00	Parks Fund

WHEREAS, the City Council finds that it is appropriate to accept the donations offered.

NOW THEREFORE be it resolved by the City Council of the City of North St. Paul as follows:

1. The donations described above are accepted and shall be used to establish and/or operate services either alone or in cooperation with others, as allowed by law.
2. The city clerk is hereby directed to issue receipts to each donor acknowledging the city's receipt of the donor's donation.

ADOPTED this 4th day of May, 2021.

Motion by Council Member

Second by Council Member

Voting: Aye: Council Member
Council Member
Council Member
Council Member
Mayor

Nay: None

Absent: None

Abstain: None

Terrence J. Furlong, Mayor

Attest: _____

Scott A. Duddeck, City Manager/Clerk

Agenda Information Memorandum
North St. Paul City Council
May 4, 2021

FROM THE OFFICE OF THE CITY MANAGER

Agenda placement: City Business Action Items & Recommendations

To: Honorable Mayor and City Council

Subject: Public Hearings to Consider the Proposed Modification to Tax Increment Financing Plans for Tax Increment Financing District Nos. 4-10 (Housing) and 4-11 (Soils Condition)

Background/Facts:

The City previously established two Tax Increment Financing (TIF) Districts in July 2019 to facilitate redevelopment of the Anchor Block North site. The TIF districts are further described as follows:

- Tax Increment Financing (Housing) District No. 4-10 for the Trident Housing Project
- Tax Increment Financing (Soils) District No. 4-11 for the Anchor Block North Commercial Development

The City Council is being asked to consider the modification of the TIF Districts as further described below:

Tax Increment Financing (Housing) District No. 4-10

Consider adopting the resolution approving the Modification to the Tax Increment Financing Plan for Tax Increment Financing (Housing) District No. 4-10. The purpose of the modification is to change the election of first increment to be the year 2023 from the original election year of 2022 as listed in Section F. The final parcel ID has also been created following adoption of the original plan as listed in Section G. There are no additional changes being proposed with the modification. Other relevant information is contained in the Tax Increment Financing Plan for the Tax Increment Financing District.

Tax Increment Financing (Soils Condition) District No. 4-11

Consider adopting the resolution approving the Modification to the Tax Increment Financing Plan for Tax Increment Financing (Soils Condition) District No. 4-11. The purpose of the modification is to increase the estimated public costs and sources of revenue as listed in Sections K and L. The final parcel IDs have also been created following adoption of the original plan and are listed in Section G. There are no additional changes being proposed with the modification. Other relevant information is contained in the Tax Increment Financing Plan for the Tax Increment Financing District.

Recommendation: It is recommended that the City Council approve Resolution 2021-xxx Approving the Modification to the Tax Increment Financing Plan for Tax Increment Financing (Housing) District No. 4-10 AND to approve Resolution No. 2021-xxx Approving the Modification to the Tax Increment Financing Plan for Tax Increment Financing (Soils Condition) District No. 4-11.

ATTACHMENTS

TIF No. 4-10 Housing TIF Plan Modification Final Draft

TIF No. 4-11 Soils TIF Plan Modification Final Draft

Resolutions No. 2021-xxx, Modification to the Tax Increment Financing Plan for Tax Increment Financing (Housing) District No. 4-10

Resolution No. 2021-xxx, Modification to the Tax Increment Financing Plan for Tax Increment Financing (Soils Condition) District No. 4-11

Respectfully submitted,

Scott Duddeck
City Manager

**Modification of the
Tax Increment Financing Plan
for
Tax Increment Financing (Housing)
District No. 10
within
Development District No. 4
(Anchor Block North Housing Development
Project)**

City of North Saint Paul, Minnesota

Prepared by

Baker Tilly Municipal Advisors, LLC

Draft Dated: May 4, 2021

Original Public Hearing and Approval by
City Council: July 30, 2019

Public Hearing and Anticipated Approval of Modification: May 4, 2021

TABLE OF CONTENTS

<u>Section</u>	<u>Page(s)</u>
A. Definitions	1
B. Statutory Authorization.....	1
C. Statement of Need and Public Purpose	1
D. Statement of Objectives.....	2
E. Designation of Tax Increment Financing District as a Housing District..	2
F. Duration of the TIF District	3
G. Property to be Included in the TIF District.....	3
H. Property to be Acquired in the TIF District	3
I. Specific Development Expected to Occur Within the TIF District	3
J. Findings and Need for Tax Increment Financing	4
K. Estimated Public Costs	4
L. Estimated Sources of Revenue.....	5
M. Estimated Amount of Bonded Indebtedness.....	5
N. Original Net Tax Capacity	6
O. Original Tax Capacity Rate	6
P. Projected Retained Captured Net Tax Capacity and Projected Tax Increment	7
Q. Use of Tax Increment.....	7
R. Excess Tax Increment.....	8
S. Tax Increment Pooling and the Five-Year Rule	8
T. Limitation on Administrative Expenses	9
U. Limitation on Property Not Subject to Improvements - Four Year Rule .	9
V. Estimated Impact on Other Taxing Jurisdictions.....	9
W. Prior Planned Improvements.....	10
X. Development Agreements.....	10
Y. Assessment Agreements	10
Z. Modifications of the Tax Increment Financing Plan	11
AA. Administration of the Tax Increment Financing Plan.....	11
AB. Filing TIF Plan, Financial Reporting and Disclosure Requirements.....	12
 Map of the Tax Increment Financing District and Development District	 EXHIBIT I
TIF District Assumptions Report	EXHIBIT II
Projected Tax Increment Report	EXHIBIT III
Estimated Impact on Other Taxing Jurisdictions Report.....	EXHIBIT IV

Foreword

The following text represents a Modification to the Tax Increment Financing Plan for Tax Increment Financing (Housing) District No. 4-10. The purpose of the modification is to change the election of first increment to be the year 2023 from the original election year of 2022 as listed in Section F. The final parcel ID has also been created following adoption of the original plan as listed in Section G. There are no additional changes being proposed with the modification. Other relevant information is contained in the Tax Increment Financing Plan for the Tax Increment Financing District.

Section A Definitions

The terms defined in this section have the meanings given herein, unless the context in which they are used indicates a different meaning:

"City" means the City of North Saint Paul, Minnesota; also referred to as a "Municipality".

"City Council" means the City Council of the City; also referred to as the "Governing Body".

"County" means Ramsey County, Minnesota.

"Development District" means Development District No. 4 in the City, which is described in the corresponding Development Program.

"Development Program" means the Development Program for the Development District.

"Project Area" means the geographic area of the Development District.

"School District" means Independent School District No. 622, Minnesota.

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794, both inclusive.

"TIF District" means Tax Increment Financing (Housing) District No. 4-10.

"TIF Plan" means the tax increment financing plan for the TIF District (this document).

Section B Statutory Authorization

The Development District Act authorizes the City, upon certain public purpose findings by the City Council, to establish and designate development districts within the City and to develop and administer development programs therefore to meet the needs and accomplish the public purposes specified in Section C. In accordance with the purposes set forth in Section 469.124 of the Development District Act, the City Council has established the Development District comprising the area described in Section E and adopted this Development Program.

Section C Statement of Need and Public Purpose

The City Council has determined that there is a need for the City to take certain actions they deem necessary in order to encourage, ensure and facilitate development and redevelopment by the private sector of underutilized, inappropriately used and unused land located within the corporate limits of the City. Such actions are necessary in order to provide additional employment opportunities for residents of

the City and the surrounding area; to improve the tax base of the City, the County and the School District, thereby enabling them to better provide needed public services; and to improve the general economy of the City, the County and the State.

Section D Statement of Objectives

The City seeks to achieve the following objectives through the establishment of TIF District No. 4-10:

1. Provide for soil remediation and site clean up
2. Provide mixed-income and affordable housing opportunities within the community
3. Improve the tax base of North Saint Paul and the general economy of the City and State;
4. Implement relevant portions of the Comprehensive Plan.

The City's specific purpose in establishing TIF District No. 4-10 is to aid in the construction of an approximate 440 128 unit multi-family housing development. The City intends to use increment generated by the new development to assist with financing a portion of the extraordinary onsite and offsite costs directly related to the housing building including acquisition, underground and surface parking, streets, public utilities, and public improvements to gain access to the site.

Section E Designation of Tax Increment Financing District as a Housing District

Pursuant to the TIF Act, the City seeks to create Tax Increment Financing (Housing) District No. 4-10 and adopt a TIF Plan for the TIF District. The City will review the TIF Plan prior to City adoption. TIF District No. 4-10 is a housing district.

Housing districts are a type of tax increment financing district that consist of a project intended for occupancy, in part, by persons or families of low and moderate income. Low and moderate income is defined in federal, state, and municipal legislation. A project does not qualify if more than 20% of the square footage of buildings that receive assistance from tax increments consist of commercial, retail or other nonresidential use.

In addition, housing districts are subject to various income limitations and requirements for residential property. For owner occupied residential property, 95% of the housing units must be initially purchased and occupied by individuals whose family income is less than or equal to the income requirements for qualified mortgage bond projects under section 143(f) of the Internal Revenue Code. For residential rental property, the property must satisfy the income requirements for a qualified residential rental project as defined in section 142(d) of the Internal Revenue Code.

The TIF District meets the above qualifications for these reasons:

1. The planned improvements consist of the following:
 - a. Approximately 440 128 total units, for which the following will apply:
 - o 440 128-unit housing building with at least 20% (28) of the rental units will be occupied by persons with incomes no greater than 50% of county median income
2. At least 80% of the proposed development will be used for residential purposes.
3. The City will require in the development agreement that the income limitations for the rental units in the housing building will apply for the duration of the TIF District.

Tax increments derived from a housing district must be used solely to finance the cost of housing projects as defined in section 469.174, subd. II and 469.176 of the TIF Act. The cost of public improvements directly related to the housing projects and the allocated administrative expenses of the City may be included in the cost of a housing project. The City anticipates using tax increment revenues to finance a portion of the extraordinary costs associated with providing the affordable housing units.

Section F Duration of the TIF District

Housing districts may remain in existence 25 years from the date of receipt of the first tax increment. Modifications of this plan (see Section Z) shall not extend these limitations.

Pursuant to Minnesota Statutes, Section 469.175, subd. 1(b), The City specifies ~~2022~~ 2023 as the first year in which it elects to receive tax increment from the TIF District, which is no later than four years following the year of approval of the TIF District. Thus, The City may collect increment from the district through ~~December 31, 2047~~ December 31, 2048; and anticipates the District will be open for the maximum term. All tax increments from taxes payable in the year the TIF District is decertified shall be paid to the City.

Section G Property to be Included in the TIF District

The TIF District comprises 1 parcel that will comprise approximately 4.3 acres. The total area of the TIF district also includes adjacent streets and right-of-way located within the Project Area and are described below. A map showing the location of the TIF District is shown in Exhibit I.

Parcel Number	Legal Description
42-29-22-33-0059 *	Lot Alley of NORTH ST PAUL PROPER, RAMSEY C SUBJ TO RD & HWY 36/118 THE FOL; VAC ALLEY BET & BLKS 1 AND BLK 2
<u>12-29-22-33-0123</u>	Lot 1 Block 2 of ANCHOR BLOCK COMMONS

The original parcel listed above upon district creation was replatted prior to development and a portion of the property has been included within the boundaries of the TIF District and identified as the new parcel with id 12-29-22-33-0123. The area encompassed by the TIF District shall also include all street or utility right-of-ways located upon or adjacent to the property described above, as illustrated in the boundary map included in Exhibit I.

Section H Property to be Acquired in the TIF District

The City may acquire and sell any or all of the property located within the TIF District. The City anticipates acquiring the property and preparing the site for sale to a private developer for new development.

Section I Specific Development Expected to Occur Within the TIF District

The proposed project includes the development of property within the City to include an approximate 440-128-unit multi-family housing building with underground parking. In order to comply with Minnesota Statutes for designation of a Housing TIF District, at least 20% of the units will be restricted for persons or families with incomes at or below 50% of area median income. The City has identified significant costs related to construction of the project including acquisition, site development, infrastructure and public improvements that are deemed necessary for the project to proceed. The City anticipates providing financial assistance for the costs associated with the provision of affordable housing, acquisition and redevelopment of the entire property site and to finance certain public improvements directly related to

the housing development project. The City may also use available tax increment revenues to finance a portion of the eligible related administrative expenses.

Construction of the new development on the project site is projected to start in late 2019. The project is expected to be fully constructed by December 31, 2020 and be 100% assessed and on the tax rolls as of January 2, 2021 for taxes payable 2022.

Section J Findings and Need for Tax Increment Financing

In establishing the TIF District, the City makes the following findings:

- (1) The TIF District qualifies as a housing district.

See Section G of this document for the reasons and facts supporting this finding.

- (2) The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.

The proposed development is expected to consist of approximately 440 128 housing units. The City's finding that the proposed development would be unlikely to occur solely through private investment within the reasonably foreseeable future is based on an analysis of the project pro forma and other materials submitted to the City by the developer. These documents have indicated that due to the significant costs associated with assembling the project site and construction of the multifamily housing project will result in returns that are not sufficient to support development, thereby making this housing development infeasible without public assistance. There are significant development costs associated with acquisition, soil corrections, installation of new infrastructure and structured parking. Therefore, the developer has indicated in communications with the City and submitted financial data that the development as proposed would not move forward without tax increment assistance.

- (3) The TIF Plan conforms to the general plan for development or redevelopment of the City as a whole.

The reasons and facts supporting this finding are that the City Council of the City has found the TIF plan consistent with the general plan for development of the city as a whole and will generally complement and serve to implement policies adopted in the City's comprehensive plan.

- (4) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of the Project Area by private enterprise.

Through the implementation of the TIF Plan, the City will provide an impetus for a new multifamily housing development, of which a portion of the units will be affordable, which complements the overall housing needs of the City and helps support other private types of development by providing a range of housing opportunities for residents and workers within the City.

- (5) The City elects the method of tax increment computation set forth in Minnesota Statutes, Section 469.177, Subdivision 3(b).

Section K Estimated Public Costs

The estimated public costs of the TIF District are listed below. Such costs are eligible for reimbursement from tax increments of the TIF District.

Land acquisition, site improvements/preparation costs, utilities, other housing improvements	10,478,502
Administrative expenses	1,164,279
Subtotal	11,642,781
Interest expenses	0
Total	11,642,781

The City anticipates using tax increment to the extent available to finance affordable housing costs, site improvement/preparation costs, public improvement infrastructure costs, land acquisition and related administrative expenses, and other TIF-eligible expenditures as deemed necessary and related to redevelopment of the project site.

The City reserves the right to administratively adjust the amount of any of the items listed above or to incorporate additional eligible items, so long as the total estimated public cost (\$11,642,781) is not increased. The City also reserves the right to fund any of the identified costs with any other legally available revenues, such as grants and/or loans, but anticipates that such costs will be primarily financed with tax increments.

Section L Estimated Sources of Revenue

Tax Increment revenue	11,642,781
Interest on invested funds	0
Land Sale Proceeds	0
Other	0
Total	11,642,781

The City anticipates issuing bonds to finance a portion of the extraordinary costs of the project and retaining a portion of the revenues to repay the debt service on the bonds. The City also anticipates providing financial assistance on a pay-as-you-go basis for other costs related to the proposed housing development. As tax increments are collected from the TIF District in future years, a portion of these taxes will be used by The City to repay the debt service and also reimburse the developer/owner for public costs incurred (see Section K).

The City reserves the right to finance any or all public costs of the TIF District using pay-as-you-go assistance, internal funding, general obligation or revenue debt, or any other financing mechanism authorized by law. The City also reserves the right to use other sources of revenue legally applicable to the Project Area to pay for such costs including, but not limited to, special assessments, utility revenues, federal or state funds, and investment income.

Section M Estimated Amount of Bonded Indebtedness

The maximum principal amount of bonds (as defined in the TIF Act) secured in whole or part with tax increment from the TIF District is \$11,642,781. The City intends to issue bonds and use internal financing for a portion of the project. The City reserves the right to use financing in any form, including without limitation any interfund loan with interest not to exceed the maximum permitted under Section 469.178, subd. 7 of the TIF Act to finance a portion of the project costs.

Section N Original Net Tax Capacity

The County Auditor shall certify the original net tax capacity of the TIF District. This value will be equal to the total net tax capacity of all property in the TIF District as certified by the State Commissioner of Revenue. For districts certified between January 1 and June 30, inclusive, this value is based on the previous assessment year. For districts certified between July 1 and December 31, inclusive, this value is based on the current assessment year.

The Estimated Market Value of all property within the TIF District as of January 2, 2018, for taxes payable in 2019, is \$1,123,862. Upon establishment of the district and subsequent reclassification of property, the estimated original net tax capacity of the TIF District is expected to be \$14,048. This assumes the property is classified as residential rental with a classification rate of 1.25%.

Each year the County Auditor shall certify the amount that the original net tax capacity has increased or decreased as a result of:

- (1) changes in the tax-exempt status of property;
- (2) reductions or enlargements of the geographic area of the TIF District;
- (3) changes due to stipulation agreements or abatements; or
- (4) changes in property classification rates.

Section O Original Tax Capacity Rate

The County Auditor shall also certify the original tax capacity rate of the TIF District. This rate shall be the sum of all local tax rates that apply to property in the TIF District. This rate shall be for the same taxes payable year as the original net tax capacity.

In future years, the amount of tax increment generated by the TIF District will be calculated using the lesser of (a) the sum of the current local tax rates at that time or (b) the original tax capacity rate of the TIF District.

The sum of all local tax rates that apply to property in the TIF District, for taxes levied in 2019 and payable in 2020, is not available at the time of drafting of this document. The County Auditor shall certify the amount for taxes payable 2020 as the original tax capacity rate of the TIF District once available assuming the request for certification is made between July 1, 2019 and June 30, 2020. For purposes of estimating the tax increment generated by the TIF District, the sum of the local tax rates for taxes levied in 2018 and payable in 2019, is 137.901% as shown below.

<u>Taxing Jurisdiction</u>	<u>2018/2019 Local Tax Rate</u>
City of North Saint Paul	43.363%
Ramsey County	52.879%
ISD #622	29.039%
Other	<u>12.620%</u>
Total	137.901%

**Section P Projected Retained Captured Net Tax Capacity and
Projected Tax Increment**

The City anticipates that the project will begin construction in fall 2019 and be 100% completed by December 31, 2020, creating a total tax capacity for TIF District No. 4-10 of \$262,500 as of January 2, 2021. The captured tax capacity as of that date is estimated to be \$248,452 and the first year of tax increment is estimated to be \$342,617 payable in ~~2049~~ 2023. A complete schedule of estimated tax increment from the TIF District is shown in Exhibit III.

The estimates shown in this TIF plan assume that residential rental class rates remain at 1.25% of the estimated taxable value and include 2% annual increases in market values.

Each year the County Auditor shall determine the current net tax capacity of all property in the TIF District. To the extent that this total exceeds the original net tax capacity, the difference shall be known as the captured net tax capacity of the TIF District.

The County Auditor shall certify to the City the amount of captured net tax capacity each year. The City may choose to retain any or all of this amount. It is the City's intention to retain 100% of the captured net tax capacity of the TIF District. Such amount shall be known as the retained captured net tax capacity of the TIF District.

Exhibit II gives a listing of the various information and assumptions used in preparing a number of the exhibits contained in this TIF Plan, including Exhibit III which shows the projected tax increment generated over the anticipated life of the TIF District.

Section Q Use of Tax Increment

Each year the County Treasurer shall deduct 0.36% of the annual tax increment generated by the TIF District and pay such amount to the State's General Fund. Such amounts will be appropriated to the State Auditor for the cost of financial reporting and auditing of tax increment financing information throughout the state. Exhibit III shows the projected deduction for this purpose over the anticipated life of the TIF District.

The City has determined that it will use 100% of the remaining tax increment generated by the TIF District for any of the following purposes:

- (1) Pay for the estimated public costs of the TIF District (see Section K) and County administrative costs associated with the TIF District (see Section T);
- (2) pay principal and interest on one or more pay-as-you-go notes, tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (3) accumulate a reserve securing the payment of tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (4) pay all or a portion of the county road costs as may be required by the County Board under M.S. Section 469.175, Subdivision 1a; or
- (5) return excess tax increments to the County Auditor for redistribution to the City, County and School District.

Tax increments from property located in one county must be expended for the direct and primary benefit of a project located within that county, unless the county board involved waives this requirement. Tax increments shall not be used to circumvent levy limitations applicable to the City.

Tax increment derived from the TIF District must be used solely to finance the cost of housing projects (including administrative expenses and public improvement costs) as defined in Section 469.174, Subdivision 11 of the Tax Increment Act and subject to the requirements set forth in Section 469.1761 of the Tax Increment Act.

Tax increment shall not be used to finance the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the State or federal government. Further, tax increments may not be used to finance: a commons area used as a public park; facilities used for social or recreational purposes (whether public or private); or publicly-owned facilities used for conference purposes; provided that tax increment may be used for a privately owned conference facility, and for parking structures whether public or privately owned and whether or not they are ancillary to one of the otherwise prohibited uses described above.

If there exists any type of agreement or arrangement providing for the developer, or other beneficiary of assistance, to repay all or a portion of the assistance that was paid or financed with tax increments, such payments shall be subject to all of the restrictions imposed on the use of tax increments. Assistance includes sale of property at less than the cost of acquisition or fair market value, grants, ground or other leases at less than fair market rent, interest rate subsidies, utility service connections, roads, or other similar assistance that would otherwise be paid for by the developer or beneficiary.

Section R Excess Tax Increment

Beginning with the sixth year after certification of the TIF District, any year in which the tax increments from the TIF District exceed the amount necessary to pay the estimated public costs authorized by the TIF Plan, the City shall use the excess tax increments to:

- (1) prepay any outstanding tax increment bonds;
- (2) discharge the pledge of tax increments thereof;
- (3) pay amounts into an escrow account dedicated to the payment of the tax increment bonds; or
- (4) return excess tax increments to the County Auditor for redistribution to the City, County and School District. The County Auditor must report to the Commissioner of Education the amount of any excess tax increment redistributed to the School District within 30 days of such redistribution.

Section S Tax Increment Pooling and the Five-Year Rule

As permitted under Minnesota Statutes, Section 469.1763, subdivision 2(b) and subdivision 3(a)(5), any expenditures of increment from the TIF District to pay the cost of a “housing project” as defined in Minnesota Statutes, Section 469.174, subd. 11 will be treated as an expenditure within the district for the purposes of the “pooling rules” and the “five-year rule”. The City does not currently anticipate that tax increments will be spent outside the TIF District (except allowable administrative expenses), but such expenditures are expressly authorized in this TIF Plan.

The City does not expect that allowable pooling expenditures will be made outside of the TIF District, but such expenditures are expressly authorized in this TIF Plan.

Section T Limitation on Administrative Expenses

Administrative expenses are defined as all costs of The City other than:

- (1) amounts paid for the purchase of land;
- (2) amounts paid for materials and services, including architectural and engineering services directly connected with the proposed development within the TIF District;
- (3) relocation benefits paid to, or services provided for, persons or businesses residing or located within the TIF District; or
- (4) amounts used to pay interest on, fund a reserve for, or sell at a discount, tax increment bonds.

Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the County in administering the TIF District. Tax increments may be used to pay administrative expenses of the TIF District up to the lesser of (a) 10% of the total tax increment expenditures authorized by the TIF Plan or (b) 10% of the total tax increments received by the District.

Section U Limitation on Property Not Subject to Improvements - Four Year Rule

If after four years from certification of the TIF District no demolition, rehabilitation, renovation, or qualified improvement of an adjacent street has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District and the original net tax capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The City must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the City or owner of the parcel subsequently commences any of the above activities, the City shall certify to the County Auditor that such activity has commenced, and the parcel shall once again be included in the TIF District. The County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the original net tax capacity of the TIF District.

Section V Estimated Impact on Other Taxing Jurisdictions

Exhibit IV shows the estimated impact on other taxing jurisdictions if the maximum projected retained captured net tax capacity of the TIF District was hypothetically available to the other taxing jurisdictions. The City believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the proposed development would not have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

The fiscal and economic implications of the proposed tax increment financing district, as pursuant to Minnesota Statutes, Section 469.175, Subdivision 2, are listed below.

1. The total amount of tax increment that will be generated over the life of the district is estimated to be \$11,642,781.

2. To the extent the facility in the proposed TIF District generates any public cost impacts on city-provided services such as police and fire protection, public infrastructure, and borrowing costs attributable to the district, such costs will be levied upon the taxable net tax capacity of the City, excluding that portion captured by the District. The City plans to issue bonds in conjunction with this project, using available revenues to repay debt service.
3. The amount of tax increments over the life of the district that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is estimated to be \$2,460,578.
4. The amount of tax increments over the life of the district that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same is estimated to be \$4,480,627.
5. No additional information has been requested by the county or school district that would enable it to determine additional costs that will accrue to it due to the development proposed for the district.

Section W Prior Planned Improvements

The City shall accompany its request for certification to the County Auditor (or notice of district enlargement), with a listing of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan. The County Auditor shall increase the original net tax capacity of the TIF District by the net tax capacity of each improvement for which a building permit was issued.

There have been no building permits issued in the last 18 months in conjunction with any of the properties within the TIF District.

Section X Development Agreements

If within a project containing a housing district, more than 10% of the acreage of the property to be acquired by The City is purchased with tax increment bonds proceeds (to which tax increment from the property is pledged), then prior to such acquisition, The City must enter into an agreement for the development of the property. Such agreement must provide recourse for The City should the development not be completed.

The City anticipates entering into an agreement for development but does not anticipate acquiring any property located within the TIF District.

Section Y Assessment Agreements

The City may, upon entering into a development agreement, also enter into an assessment agreement with any person, which establishes a minimum market value of the land and improvements for each year during the life of the TIF District.

The assessment agreement shall be presented to the County or City Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land, and so long as the minimum market value contained in the assessment agreement appears to be an accurate estimate, shall certify the assessment agreement as reasonable. The assessment agreement shall be filed for record in the office of the County Recorder of each county where the property

is located. Any modification or premature termination of this agreement must first be approved by the City, County and School District.

The City anticipates entering into an assessment agreement.

Section Z Modifications of the Tax Increment Financing Plan

Any reduction or enlargement in the geographic area of the Project Area or the TIF District; increase in the amount of bonded indebtedness to be incurred; increase in the amount of capitalized interest; increase in that portion of the captured net tax capacity to be retained by the City; increase in the total estimated capital and administrative costs; or designation of additional property to be acquired by the City shall be approved only after satisfying all the necessary requirements for approval of the original TIF Plan. This paragraph does not apply if:

- (1) the only modification is elimination of parcels from the TIF District; and
- (2) the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's original net tax capacity, or the City agrees that the TIF District's original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The City must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

Section AA Administration of the Tax Increment Financing Plan

Upon adoption of the TIF Plan, the City shall submit a copy of such plan to the Minnesota Department of Revenue and the Office of the State Auditor. The City shall also request that the County Auditor certify the original net tax capacity and net tax capacity rate of the TIF District. To assist the County Auditor in this process, the City shall submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements. The City shall also send the County Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District and shall request that the County Assessor review and certify this assessment agreement as reasonable.

The County shall distribute to the City the amount of tax increment as it becomes available. The amount of tax increment in any year represents the applicable property taxes generated by the retained captured net tax capacity of the TIF District. The amount of tax increment may change due to development anticipated by the TIF Plan, other development, inflation of property values, or changes in property classification rates or formulas. In administering and implementing the TIF Plan, the following actions should occur on an annual basis:

- (1) prior to July 1, the City shall notify the County Assessor of any new development that has occurred in the TIF District during the past year to ensure that the new value will be recorded in a timely manner.
- (2) if the County Auditor receives the request for certification of a new TIF District, or for modification of an existing TIF District, before July 1, the request shall be recognized in determining local tax rates for the current and subsequent levy years. Requests received on or after July 1 shall be used to determine local tax rates in subsequent years.

- (3) each year the County Auditor shall certify the amount of the original net tax capacity of the TIF District. The amount certified shall reflect any changes that occur as a result of the following:
 - (a) the value of property that changes from tax-exempt to taxable shall be added to the original net tax capacity of the TIF District. The reverse shall also apply;
 - (b) the original net tax capacity may be modified by any approved enlargement or reduction of the TIF District;
 - (c) if the TIF District is classified as an economic development district, then the original net tax capacity shall be increased by the amount of the annual adjustment factor; and
 - (d) if laws governing the classification of real property cause changes to the percentage of estimated market value to be applied for property tax purposes, then the resulting increase or decrease in net tax capacity shall be applied proportionately to the original net tax capacity and the retained captured net tax capacity of the TIF District.

The County Auditor shall notify the City of all changes made to the original net tax capacity of the TIF District.

Section AB Filing TIF Plan, Financial Reporting and Disclosure Requirements

The City will comply with all reporting requirements for the TIF District under Minnesota Statutes, Section 469.175, subdivisions 5 and 6.

Assumptions Report

City of North St. Paul, Minnesota
Tax Increment Financing (Housing) District No. 4-10
Anchor Block North Housing Development
Draft TIF Plan exhibits for modification based on \$21M new taxable value

Type of Tax Increment Financing District	Housing
Maximum Duration of TIF District	25 years from 1st increment
Projected Certification Request Date	12/30/20
Decertification Date	12/31/48 (26 Years of Increment)

	2017/2018			
Base Estimated Market Value	\$1,123,862			
Original Net Tax Capacity	\$14,048			
	Assessment/Collection Year			
	2020/2021	2021/2022	2022/2023	2023/2024
Base Estimated Market Value	\$1,123,862	\$1,123,862	\$1,123,862	\$1,123,862
Estimated Increase in Value - New Construction	0	0	19,876,138	20,296,138
Total Estimated Market Value	1,123,862	1,123,862	21,000,000	21,420,000
Total Net Tax Capacity	\$14,048	\$14,048	\$262,500	\$267,750

City of North St. Paul	43.363%
Ramsey County	52.879%
ISD #622	29.039%
Other (MNB)	12.620%
Local Tax Capacity Rate	137.9010% 2018/2019
Fiscal Disparities Contribution From TIF District	35.3684%
Administrative Retainage Percent (maximum = 10%)	10.00%
Pooling Percent	0.00%

Bonds		Note (Pay-As-You-Go)	
Bonds Dated	TBD	Note Dated	12/30/18
Bond Rate	TBD	Note Rate	5.00%
Bond Amount	TBD	Note Amount	\$3,050,000
Present Value Date & Rate	12/30/20 5.00%	PV Amount	\$4,969,012

Notes

Projections assume no future changes to classification rates and current tax rates remain constant.
Projections are based on final pay 2019 rates.
Projections are based on a preliminary value estimate of \$150,000/unit
Projections assume project 100% completed in 2020
Projections assume 2% market value inflation

Projected Tax Increment Report

City of North St. Paul, Minnesota

Tax Increment Financing (Housing) District No. 4-10

Anchor Block North Housing Development

Draft TIF Plan exhibits for modification based on \$21M new taxable value

Annual Period Ending (1)	Total Market Value (2)	Total Net Tax Capacity (3)	Less: Original Net Tax Capacity (4)	Retained Captured Net Tax Capacity (5)	Times: Tax Capacity Rate (6)	Annual Gross Tax Increment (7)	Less: State Aud. Deduction 0.360% (8)	Subtotal Net Tax Increment (9)	Less: City Retainage 10.00% (10)	Annual Net Revenue (11)	P.V. Annual Net Rev. To 12/30/20 5.00%
12/31/20	1,123,862	14,048	14,048	0	137.901%	0	0	0	0	0	0
12/31/21	1,123,862	14,048	14,048	0	137.901%	0	0	0	0	0	0
12/31/22	1,123,862	14,048	14,048	0	137.901%	0	0	0	0	0	0
12/31/23	21,000,000	262,500	14,048	248,452	137.901%	342,617	1,233	341,384	34,138	307,246	265,411
12/31/24	21,420,000	267,750	14,048	253,702	137.901%	349,857	1,259	348,598	34,860	313,738	258,113
12/31/25	21,848,400	273,105	14,048	259,057	137.901%	357,242	1,286	355,956	35,596	320,360	251,010
12/31/26	22,285,368	278,567	14,048	264,519	137.901%	364,774	1,313	363,461	36,346	327,115	244,098
12/31/27	22,731,075	284,138	14,048	270,090	137.901%	372,457	1,341	371,116	37,112	334,004	237,370
12/31/28	23,185,697	289,821	14,048	275,773	137.901%	380,294	1,369	378,925	37,893	341,032	230,824
12/31/29	23,649,411	295,618	14,048	281,569	137.901%	388,287	1,398	386,889	38,689	348,200	224,453
12/31/30	24,122,399	301,530	14,048	287,482	137.901%	396,440	1,427	395,013	39,501	355,512	218,254
12/31/31	24,604,847	307,561	14,048	293,512	137.901%	404,756	1,457	403,299	40,330	362,969	212,220
12/31/32	25,096,944	313,712	14,048	299,664	137.901%	413,239	1,488	411,751	41,175	370,576	206,351
12/31/33	25,598,883	319,986	14,048	305,938	137.901%	421,891	1,519	420,372	42,037	378,335	200,639
12/31/34	26,110,860	326,386	14,048	312,337	137.901%	430,717	1,551	429,166	42,917	386,249	195,082
12/31/35	26,633,078	332,913	14,048	318,865	137.901%	439,718	1,583	438,135	43,814	394,321	189,675
12/31/36	27,165,739	339,572	14,048	325,523	137.901%	448,900	1,616	447,284	44,728	402,556	184,416
12/31/37	27,709,054	346,363	14,048	332,315	137.901%	458,266	1,650	456,616	45,662	410,954	179,298
12/31/38	28,263,235	353,290	14,048	339,242	137.901%	467,818	1,684	466,134	46,613	419,521	174,320
12/31/39	28,828,500	360,356	14,048	346,308	137.901%	477,562	1,719	475,843	47,584	428,259	169,477
12/31/40	29,405,070	367,563	14,048	353,515	137.901%	487,501	1,755	485,746	48,575	437,171	164,765
12/31/41	29,993,171	374,915	14,048	360,866	137.901%	497,638	1,791	495,847	49,585	446,262	160,182
12/31/42	30,593,035	382,413	14,048	368,365	137.901%	507,979	1,829	506,150	50,615	455,535	155,725
12/31/43	31,204,895	390,061	14,048	376,013	137.901%	518,526	1,867	516,659	51,666	464,993	151,388
12/31/44	31,828,993	397,862	14,048	383,814	137.901%	529,284	1,905	527,379	52,738	474,641	147,171
12/31/45	32,465,573	405,820	14,048	391,771	137.901%	540,257	1,945	538,312	53,831	484,481	143,069
12/31/46	33,114,885	413,936	14,048	399,888	137.901%	551,449	1,985	549,464	54,946	494,518	139,079
12/31/47	33,777,182	422,215	14,048	408,167	137.901%	562,866	2,026	560,840	56,084	504,756	135,198
12/31/48	34,452,726	430,659	14,048	416,611	137.901%	574,510	2,068	572,442	57,244	515,198	131,424
						\$11,684,845	\$42,064	\$11,642,781	\$1,164,279	\$10,478,502	\$4,969,012

* City has the election to opt delay receipt of first increment up to 4 years from approval date. Further discussions regarding first year collection

(1) Total estimated market value based on information provided by developer, subject to review by County Assessor

preliminary and subject to further review. Includes 2% annual market value inflator

(2) Total net tax capacity based on residential rental class rate of 1.25%

(3) Original net tax capacity based on portion of existing land value for 1 parcel to be included in development

(4) Total local tax capacity rate for taxes payable 2019, special district MNB

Estimated Impact on Other Taxing Jurisdictions Report

City of North St. Paul, Minnesota

Tax Increment Financing (Housing) District No. 4-10

Anchor Block North Housing Development

Final TIF Plan Exhibits: 140-unit Housing Development \$21M Estimated Taxable Value

Taxing Jurisdiction	Without Project or TIF District		With Project and TIF District					
	Final 2018/2019 Taxable Net Tax Capacity (1)	2018/2019 Local Tax Rate	2018/2019 Taxable Net Tax Capacity (1)	Projected Retained Captured Net Tax Capacity +	New Taxable Net Tax Capacity =	Hypothetical Adjusted Local Tax Rate (*)	Hypothetical Decrease In Local Tax Rate (*)	Hypothetical Tax Generated by Retained Captured N.T.C. (*)
City of North St. Paul	7,876,689	43.363%	7,876,689	\$416,611	8,293,300	41.185%	2.178%	171,580
Ramsey County	494,087,447	52.879%	494,087,447	416,611	494,504,058	52.834%	0.045%	220,114
ISD #622	41,598,978	29.039%	41,598,978	416,611	42,015,589	28.751%	0.288%	119,780
Other	-	12.620%	-	-	-	12.620%	-	-
Totals		137.901%				135.390%	2.511%	

*** Statement 1:** If the projected Retained Captured Net Tax Capacity of the TIF District was hypothetically available to each of the taxing jurisdictions above, the result would be a lower local tax rate (see Hypothetical Adjusted Tax Rate above) which would produce the same amount of taxes for each taxing jurisdiction. In such a case, the total local tax rate would decrease by 2.511% (see Hypothetical Decrease in Local Tax Rate above). The hypothetical tax that the Retained Captured Net Tax Capacity of the TIF District would generate is also shown above.

Statement 2: Since the projected Retained Captured Net Tax Capacity of the TIF District is not available to the taxing jurisdictions, then there is no impact on taxes levied or local tax rates.

(1) Taxable net tax capacity = total net tax capacity - captured TIF - fiscal disparity contribution, if applicable.

(2) The impact on these taxing jurisdictions is negligible since they represent only 9.15% of the total tax rate.

**Modification of the
Tax Increment Financing Plan
for
Tax Increment Financing (Soils
Condition) District No. 4-11
within
Development District No. 4
(Anchor Block North Commercial Developments)**

City of North Saint Paul, Minnesota

Prepared by

Baker Tilly Municipal Advisors, LLC

Draft Dated: May 4, 2021

Original Public Hearing and Approval by
City Council: July 30, 2019

Public Hearing and Anticipated Approval of Modification: May 4, 2021

TABLE OF CONTENTS

<u>Section</u>	<u>Page(s)</u>
A. Definitions	1
B. Statutory Authorization.....	1
C. Statement of Need and Public Purpose.....	2
D. Statement of Objectives.....	2
E. Designation of Tax Increment Financing District as a Soils Condition District.....	2
F. Duration of the TIF District	3
G. Property to be Included in the TIF District.....	3
H. Property to be Acquired in the TIF District.....	4
I. Specific Development Expected to Occur Within the TIF District	4
J. Findings and Need for Tax Increment Financing	4
K. Estimated Public Costs	5
L. Estimated Sources of Revenue	6
M. Estimated Amount of Bonded Indebtedness.....	6
N. Original Net Tax Capacity	6
O. Original Tax Capacity Rate	7
P. Projected Retained Captured Net Tax Capacity and Projected Tax Increment.....	7
Q. Use of Tax Increment.....	8
R. Excess Tax Increment	9
S. Tax Increment Pooling and the Five-Year Rule	9
T. Limitation on Administrative Expenses	10
U. Limitation on Property Not Subject to Improvements - Four Year Rule	10
V. Estimated Impact on Other Taxing Jurisdictions.....	10
W. Prior Planned Improvements	10
X. Development Agreements	11
Y. Assessment Agreements	11
Z. Modifications of the Tax Increment Financing Plan	11
AA. Administration of the Tax Increment Financing Plan	12
AB. Financial Reporting and Disclosure Requirements.....	13
 Map of the Tax Increment Financing District	 EXHIBIT I
Assumptions Report.....	EXHIBIT II
Projected Tax Increment Report.....	EXHIBIT III
Estimated Impact on Other Taxing Jurisdictions Report.....	EXHIBIT IV
Market Value Analysis Report.....	EXHIBIT V

Foreword

The following text represents a Modification to the Tax Increment Financing Plan for Tax Increment Financing (Soils Condition) District No. 4-11. The purpose of the modification is to increase the estimated public costs and sources of revenue as listed in Sections K and L. The final parcel IDs have also been created following adoption of the original plan and are listed in Section G. There are no additional changes being proposed with the modification. Other relevant information is contained in the Tax Increment Financing Plan for the Tax Increment Financing District.

Section A Definitions

The terms defined in this section have the meanings given herein, unless the context in which they are used indicates a different meaning:

"City" means the City of North Saint Paul, Minnesota; also referred to as a "Municipality".

"City Council" means the City Council of the City; also referred to as the "Governing Body".

"County" means Ramsey County, Minnesota.

"Development District" means Development District No. 4 in the City, which is described in the corresponding Project Plan.

"Development Program" means Development Program for the Development District.

"Project Area" means the geographic area of the Development District

"Project Plan" means the Project Plan for the Development District.

"School District" means Independent School District No. 622, Minnesota.

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794, both inclusive.

"TIF District" means Tax Increment Financing (Soils Condition) District No. 4-11.

"TIF Plan" means the tax increment financing plan for the TIF District (this document).

Section B Statutory Authorization

The Development District Act authorizes the City, upon certain public purpose findings by the City Council, to establish and designate development districts within the City and to develop and administer development programs therefore to meet the needs and accomplish the public purposes specified in Section C. In accordance with the purposes set forth in Section 469.124 of the Development District Act, the City Council has established the Development District comprising the area described in Section E and adopted this Development Program.

Section C Statement of Need and Public Purpose

The City Council has determined that there is a need for the City to take certain actions they deem necessary in order to encourage, ensure and facilitate development and redevelopment by the private sector of underutilized, inappropriately used and unused land located within the corporate limits of the City. Such actions are necessary in order to provide additional employment opportunities for residents of the City and the surrounding area; to improve the tax base of the City, the County and the School District, thereby enabling them to better provide needed public services; and to improve the general economy of the City, the County and the State.

Section D Statement of Objectives

The City seeks to achieve the following objectives through the establishment of TIF District No. 4-11.

1. Provide for soil remediation and site clean up
2. Improve the tax base of North Saint Paul and the general economy of the City and State;
3. Implement relevant portions of the Comprehensive Plan.

The City's specific purpose in establishing TIF District No. 4-11 is to aid in the remediation of contaminated soils and the new construction of commercial development. The City intends to use increment generated by the new development to assist with financing a portion of the extraordinary soils remediation costs and related administrative expenditures.

Section E Designation of Tax Increment Financing District as a Soils Condition District

A soils condition district is a type of tax increment financing district consisting of a project, or portions of a project, in which the City finds by resolution that the following conditions exist:

- (1) there exists the presence of hazardous substances, pollution or contaminants which require removal or remedial action for use, and such removal and remedial action is specified in a development action response plan;
- (2) the estimated cost of the proposed removal and remedial action exceeds the fair market value of the land before completion of the preparation;

The requirement specified in (2) above may also be satisfied if each parcel of property in the district either meets the requirements of (2) above or has estimated removal and remedial costs which exceed \$2 per square foot.

- (3) the proposed removal or remediation action must be specified in a development action response plan to satisfy the requirements specified in (1) above.

A development action response plan is a plan or proposal for removal actions or remedial actions submitted to the pollution control agency and the actions recommended in the plan or proposal are approved in writing by the commissioner of the agency as reasonable and necessary to protect the public health, welfare, and environment. The commissioner shall review the development action response plan and approve, modify, or reject the recommended actions within 30 days after submission of the plan (or revised

plan) by the City. The commissioner shall notify the City in writing of the decision on the recommended actions within 30 days after the decision and, if the recommended actions are rejected, shall specify the reasons for rejection.

Tax increments derived from a soils condition district may only be used to:

- (1) acquire parcels on which improvements described in (2) below will occur;
- (2) pay for the cost of removal or remedial action; and
- (3) pay for the administrative expenses of the City allocable to the district, including the cost of preparation of the development action response plan.

Section F Duration of the TIF District

The TIF District may remain in existence 20 years from the date of receipt of the first tax increment.

Pursuant to Minnesota Statutes, Section 469.175, subd. 1(b), The City specifies 2022 as the first year in which it elects to receive tax increment from the TIF District, which is no later than four years following the year of approval of the TIF District. Thus, The City may collect increment from the district through December 31, 2042 and anticipates the District will remain open for the full term. All tax increments from taxes payable in the year the TIF District is decertified shall be paid to the City.

Section G Property to be Included in the TIF District

The TIF District comprises 2 parcel that will comprise of approximately 5.97 acres. The total area of the TIF district also includes adjacent streets and right-of-way located within the Project Area and are described below. A map showing the location of the TIF District is shown in Exhibit I.

Parcel Number	Legal Description
12-29-22-33-0059	Lot Alley of NORTH ST PAUL PROPER, pRAMSEY C SUBJ TO RD & HWY 36/118 THE FOL; VAC ALLEY BET & BLKS 1 AND BLK 2
<u>12-29-22-32-0015</u>	<u>Lot 1 Block 1 of ANCHOR BLOCK COMMON</u>
<u>12-29-22-32-0016</u>	<u>Lot 2 Block 1 of ANCHOR BLOCK COMMON</u>

The original parcel listed above upon district creation was replatted prior to development and a portion of the property has been included within the boundaries of the TIF District and identified as the new parcels with ids 12-29-22-32-0015 and 12-29-22-32-0016. The area encompassed by the TIF District shall also include all streets and utility right-of-ways located upon or adjacent to the property described above, as illustrated in the boundary map included in Exhibit I.

Section H Property to be Acquired in the TIF District

The City may acquire and sell any or all of the property located within the TIF District. The City anticipates acquiring the property and preparing the site for sale to a private developer for new development.

Section I Specific Development Expected to Occur Within the TIF District

The proposed project includes the remediation of soils on the project site followed by subsequent development of two commercial properties. The anticipated commercial development would include an approximate 125,000 square foot storage facility and separate C-store. The City anticipates using tax increment revenues for acquisition and remediate of soils to allow for the new development to occur, including eligible administrative expenditures.

Construction of the new building is projected to start ~~late 2019~~ in 2020 and 2021. The project is expected to be fully constructed by December 31, ~~2020~~ 2021 and be 100% assess and on the tax rolls as of January 2, ~~2021~~ 2022 for taxes payable ~~2022~~ 2023.

At the time this document was prepared there were no signed construction contracts with regards to the above described development

Section J Findings and Need for Tax Increment Financing

In establishing the TIF District, the City makes the following findings:

- (1) The TIF District qualifies as a soils condition district;

See Section E of this document for the reasons and facts supporting this finding.

- (2) The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future, and the increased market value of the site that could reasonably be expected to occur without the use of tax increment would be less than the increase in 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 TIF District permitted by the TIF Plan;

The proposed development site currently contains contaminated soils and requires significant remedial actions before development can occur. The City has no reason to expect that redevelopment would occur without assistance similar to that provided in this plan. Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the site will increase without the use of tax increment financing is \$0, except for a small amount attributable to appreciation in land value.
- b. If all development which is proposed to be assisted with tax increment were to occur in the District, the total increase in market value would be approximately \$13,504,234.
- c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$2,513,211 (See Exhibit V).

- d. Even if some development other than the proposed development were to occur, the City finds that no alternative would occur that would produce a market value increase greater than \$10,991,023 (the amount in clause b less the amount in clause c) without tax increment assistance.

- (3) The TIF Plan conforms to the general plan for development or redevelopment of the City as a whole; and

The reasons and facts supporting this finding are that the TIF District is properly zoned and will generally compliment and serve to implement policies adopted in the City's comprehensive plan.

- (4) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of the Project Area by private enterprise.

The reasons and facts supporting this finding are that remedial actions are necessary so that development and redevelopment by private enterprise can occur within the Project Area.

Section K Estimated Public Costs

The estimated public costs of the TIF District are listed below. Such costs are eligible for reimbursement from tax increments of the TIF District.

Estimated Public Costs	Original TIF Plan (July 30, 2019)	Modified Plan May 4, 2021
Land/Building acquisition and soils remediation	\$2,675,839	\$3,774,836
Site Improvements/Preparation costs	\$0	\$0
Utilities	\$0	\$0
Other public improvements	\$0	\$0
Construction of affordable housing	\$0	\$0
Administrative expenses	\$297,319	\$198,678
Total Estimated Public Costs	\$2,973,158	\$3,973,514
Interest expenses	\$0	\$0
Total Costs	\$2,973,158	\$3,973,514

The City anticipates using tax increment to the extent available to finance land acquisition and soils remediation costs, related administrative expenses, and other TIF-eligible expenditures.

The City reserves the right to administratively adjust the amount of any of the items listed above or to incorporate additional eligible items, so long as the total estimated public cost (~~\$2,973,158~~ \$3,973,514) is not increased. The City also reserves the right to fund any of the identified costs with any other legally available revenues but anticipates that such costs will be primarily financed with tax increments.

Section L Estimated Sources of Revenue

Estimated Sources of Revenue	Original TIF Plan (July 30, 2019)	Modified Plan May 4, 2021
Tax increment revenue	\$2,973,158	\$3,973,514
Interest on invested funds	\$0	\$0
Other	\$0	\$0
Total Revenues	\$2,973,158	\$3,973,514

The City anticipates issuing bonds to finance a portion of the extraordinary costs of the project and retaining a portion of the revenues to repay the debt service on the bonds. The City also anticipates providing financial assistance on a pay-as-you-go basis for other costs related to the proposed soils remediation and new construction development. As tax increments are collected from the TIF District in future years, a portion of these taxes will be used by The City to repay the debt service and also reimburse the developer/owner for public costs incurred (see Section K).

The City reserves the right to finance any or all public costs of the TIF District using pay-as-you-go assistance, internal funding, general obligation or revenue debt, or any other financing mechanism authorized by law. The City also reserves the right to use other sources of revenue legally applicable to the Project Area to pay for such costs including, but not limited to, special assessments, utility revenues, federal or state funds, and investment income.

Section M Estimated Amount of Bonded Indebtedness

The maximum principal amount of bonds (as defined in the TIF Act) secured in whole or part with tax increment from the TIF District is ~~\$2,973,158~~ \$3,973,514. The City currently plans to finance the improvements in the form of one or more pay-as-you go revenue notes, but reserves the right to issue bonds in any form, including without limitation any interfund loan with interest not to exceed the maximum permitted under Section 469.178, subd. 7 of the TIF Act.

Section N Original Net Tax Capacity

The County Auditor shall certify the original net tax capacity of the TIF District. This value will be equal to the total net tax capacity of all property in the TIF District as certified by the State Commissioner of Revenue. For districts certified between January 1 and June 30, inclusive, this value is based on the previous assessment year. For districts certified between July 1 and December 31, inclusive, this value is based on the current assessment year.

The Estimated Market Value of all property within the TIF District as of January 2, 2018, for taxes payable in 2019, is estimated to be \$1,424,207. Upon establishment of the district and classification of property, the estimated original net tax capacity of the TIF District is expected to be \$27,734. This assumes the property is classified as commercial-industrial with a classification rate of 1.5% for the first \$150,000 of value and 2% value above \$150,000.

Each year the County Auditor shall certify the amount that the original net tax capacity has increased or decreased as a result of:

- (1) changes in the tax-exempt status of property;
- (2) reductions or enlargements of the geographic area of the TIF District;

- (3) changes due to stipulation agreements or abatements; or
- (4) changes in property classification rates.

Section O Original Tax Capacity Rate

The County Auditor shall also certify the original tax capacity rate of the TIF District. This rate shall be the sum of all local tax rates that apply to property in the TIF District. This rate shall be for the same taxes payable year as the original net tax capacity.

In future years, the amount of tax increment generated by the TIF District will be calculated using the lesser of (a) the sum of the current local tax rates at that time or (b) the original tax capacity rate of the TIF District.

The sum of all local tax rates that apply to property in the TIF District, for taxes levied in 2019 and payable in 2020 shall be certified by the County Auditor for taxes payable 2020 as the original tax capacity rate of the TIF District with the request for certification being made between July 1, 2019 and June 30, 2020. For purposes of estimating the tax increment generated by the TIF District, the sum of the local tax rates for taxes levied in 2019 and payable in 2020, is 137.795% as shown below.

<u>Taxing Jurisdiction</u>	<u>2019/2020 Local Tax Rate</u>
City of North Saint Paul	40.689%
Ramsey County	52.302%
ISD #622	32.504%
Other	<u>12.300%</u>
Total	137.795%

Section P Projected Retained Captured Net Tax Capacity and Projected Tax Increment

The City anticipates that the project will begin construction in fall ~~2019~~ 2020 and be 100% completed by December 31, 2021 generating a tax capacity as of that date that is estimated to be \$215,848 and the first full year of tax increment is estimated to be \$165,479 payable in 2023. A complete schedule of estimated tax increment from the TIF District is shown in Exhibit III.

The estimates shown in this TIF plan assume that commercial-industrial class rates remain at 1.5% for the first \$150,000 of estimated taxable value and 2% value above \$150,000 and include 2% annual increases in taxable values.

Each year the County Auditor shall determine the current net tax capacity of all property in the TIF District. To the extent that this total exceeds the original net tax capacity, the difference shall be known as the captured net tax capacity of the TIF District.

The County Auditor shall certify to the City the amount of captured net tax capacity each year. The City may choose to retain any or all of this amount. It is the City's intention to retain 100% of the captured net tax capacity of the TIF District. Such amount shall be known as the retained captured net tax capacity of the TIF District.

Exhibit II gives a listing of the various information and assumptions used in preparing a number of the exhibits contained in this TIF Plan, including Exhibit III which shows the projected tax increment generated over the anticipated life of the TIF District.

Section Q Use of Tax Increment

Each year the County Treasurer shall deduct 0.36% of the annual tax increment generated by the TIF District and pay such amount to the State's General Fund. Such amounts will be appropriated to the State Auditor for the cost of financial reporting and auditing of tax increment financing information throughout the state. Exhibit III shows the projected deduction for this purpose over the anticipated life of the TIF District.

The City has determined that it will use 100% of the remaining tax increment generated by the TIF District for any of the following purposes:

- (1) pay for the estimated public costs of the TIF District (see Section K) and County administrative costs associated with the TIF District (see Section T);
- (2) pay principal and interest on tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (3) accumulate a reserve securing the payment of tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (4) pay all or a portion of the county road costs as may be required by the County Board under M.S. Section 469.175, Subdivision 1a; or
- (5) return excess tax increments to the County Auditor for redistribution to the City, County and School District.

Tax increments from property located in one county must be expended for the direct and primary benefit of a project located within that county, unless both county boards involved waive this requirement. Tax increments shall not be used to circumvent levy limitations applicable to the City.

Tax increment shall not be used to finance the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the State or federal government, or for a commons area used as a public park, or a facility used for social, recreational, or conference purposes. This prohibition does not apply to the construction or renovation of a parking structure or of a privately-owned facility for conference purposes.

If there exists any type of agreement or arrangement providing for the developer, or other beneficiary of assistance, to repay all or a portion of the assistance that was paid or financed with tax increments, such payments shall be subject to all of the restrictions imposed on the use of tax increments. Assistance includes sale of property at less than the cost of acquisition or fair market value, grants, ground or other leases at less than fair market rent, interest rate subsidies, utility service connections, roads, or other similar assistance that would otherwise be paid for by the developer or beneficiary.

Section R Excess Tax Increment

In any year in which the tax increments from the TIF District exceed the amount necessary to pay the estimated public costs authorized by the TIF Plan, the City shall use the excess tax increments to:

- (1) prepay any outstanding tax increment bonds;
- (2) discharge the pledge of tax increments thereof;
- (3) pay amounts into an escrow account dedicated to the payment of the tax increment bonds; or
- (4) return excess tax increments to the County Auditor for redistribution to the City, County and School District. The County Auditor must report to the Commissioner of Education the amount of any excess tax increment redistributed to the School District within 30 days of such redistribution.

Section S Tax Increment Pooling and the Five-Year Rule

At least 80% of the tax increments from the TIF District must be expended on activities within the district or to pay for bonds used to finance the estimated public costs of the TIF District (see Section E for additional restrictions). No more than 20% of the tax increments may be spent on costs outside of the TIF District but within the boundaries of the Project Area, except to pay debt service on credit enhanced bonds. All administrative expenses are considered to have been spent outside of the TIF District. Tax increments are considered to have been spent within the TIF District if such amounts are:

- (1) actually paid to a third party for activities performed within the TIF District within five years after certification of the district;
- (2) used to pay bonds that were issued and sold to a third party, the proceeds of which are reasonably expected on the date of issuance to be spent within the later of the five-year period or a reasonable temporary period or are deposited in a reasonably required reserve or replacement fund.
- (3) used to make payments or reimbursements to a third party under binding contracts for activities performed within the TIF District, which were entered into within five years after certification of the district; or
- (4) used to reimburse a party for payment of eligible costs (including interest) incurred within five years from certification of the district.

Beginning with the sixth year following certification of the TIF District, at least 80% of the tax increments must be used to pay outstanding bonds or make contractual payments obligated within the first five years. When outstanding bonds have been defeased and sufficient money has been set aside to pay for such contractual obligations, the TIF District must be decertified.

The City does not anticipate that tax increments will be spent outside of the TIF District (except for allowable administrative expenses); however, the City does reserve the right to allow for tax increment pooling from the TIF District in the future.

Section T Limitation on Administrative Expenses

Administrative expenses are defined as all costs of the City other than:

- (1) amounts paid for the purchase of land;
- (2) amounts paid for materials and services, including architectural and engineering services directly connected with the proposed development within the TIF District;
- (3) relocation benefits paid to, or services provided for, persons or businesses residing or located within the TIF District; or
- (4) amounts used to pay interest on, fund a reserve for, or sell at a discount, tax increment bonds.

Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the County in administering the TIF District. Tax increments may be used to pay administrative expenses of the TIF District up to the lesser of (a) 10% of the total tax increment expenditures authorized by the TIF Plan or (b) 10% of the total tax increments received by the District.

Section U Limitation on Property Not Subject to Improvements - Four Year Rule

If after four years from certification of the TIF District no demolition, rehabilitation, renovation, or qualified improvement of an adjacent street has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District and the original net tax capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The City must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the City or owner of the parcel subsequently commences any of the above activities, the City shall certify to the County Auditor that such activity has commenced, and the parcel shall once again be included in the TIF District. The County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the original net tax capacity of the TIF District.

Section V Estimated Impact on Other Taxing Jurisdictions

Exhibit IV shows the estimated impact on other taxing jurisdictions if the maximum projected retained captured net tax capacity of the TIF District was hypothetically available to the other taxing jurisdictions. The City believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the proposed development would not have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

The fiscal and economic implications of the proposed tax increment financing district, as pursuant to Minnesota Statutes, Section 469.175, Subdivision 2, are listed below.

1. The total amount of tax increment that will be generated over the life of the district is estimated to be \$3,987,870.
2. To the extent the facility in the proposed TIF District generates any public cost impacts on city-provided services such as police and fire protection, public infrastructure, and borrowing costs attributable to the district, such costs will be levied upon the taxable net tax capacity of the City, excluding that portion captured by the District. The City plans to issue bonds in conjunction with this project, using available revenues to repay debt service.
3. The amount of tax increments over the life of the district that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is estimated to be \$940,685.
4. The amount of tax increments over the life of the district that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same is estimated to be \$1,513,651.
5. No additional information has been requested by the county or school district that would enable it to determine additional costs that will accrue to it due to the development proposed for the district.

Section W Prior Planned Improvements

The City shall accompany its request for certification to the County Auditor (or notice of district enlargement), with a listing of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan. The County Auditor shall increase the original net tax capacity of the TIF District by the net tax capacity of each improvement for which a building permit was issued.

There have been no building permits issued in the last 18 months in conjunction with any of the properties within the TIF District.

Section X Development Agreements

If within a project containing an economic development district, more than 10% of the acreage of the property to be acquired by the City is purchased with tax increment bonds proceeds (to which tax increment from the property is pledged), then prior to such acquisition, the City must enter into an agreement for the development of the property. Such agreement must provide recourse for the City should the development not be completed.

The City anticipates entering into an agreement for development and anticipates acquiring property located within the TIF District.

Section Y Assessment Agreements

The City may, upon entering into a development agreement, also enter into an assessment agreement with any person, which establishes a minimum market value of the land and improvements for each year during the life of the TIF District.

The assessment agreement shall be presented to the County or City Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land, and so long as the minimum market value contained in the assessment agreement appears to be an accurate estimate, shall certify the assessment agreement as reasonable. The assessment agreement shall be filed for record in the office of the County Recorder of each county where the property is located. Any modification or premature termination of this agreement must first be approved by the City, County and School District.

The City has entered into assessment agreement for development of the property.

Section Z Modifications of the Tax Increment Financing Plan

Any reduction or enlargement in the geographic area of the Project Area or the TIF District; increase in the amount of bonded indebtedness to be incurred; increase in the amount of capitalized interest; increase in that portion of the captured net tax capacity to be retained by the City; increase in the total estimated capital and administrative costs; or designation of additional property to be acquired by the City shall be approved only after satisfying all the necessary requirements for approval of the original TIF Plan. This paragraph does not apply if:

- (1) the only modification is elimination of parcels from the TIF District; and
- (2) the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's original net tax capacity, or the City agrees that the TIF District's original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The City must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

Section AA Administration of the Tax Increment Financing Plan

Upon adoption of the TIF Plan, the City shall submit a copy of such plan to the Minnesota Department of Revenue. The City shall also request that the County Auditor certify the original net tax capacity and net tax capacity rate of the TIF District. To assist the County Auditor in this process, the City shall submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements. The City shall also send the County Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District and shall request that the County Assessor review and certify this assessment agreement as reasonable.

The County shall distribute to the City the amount of tax increment as it becomes available. The amount of tax increment in any year represents the applicable property taxes generated by the retained captured net tax capacity of the TIF District. The amount of tax increment may change due to development anticipated by the TIF Plan, other development, inflation of property values, or changes in property classification rates or formulas. In administering and implementing the TIF Plan, the following actions should occur on an annual basis:

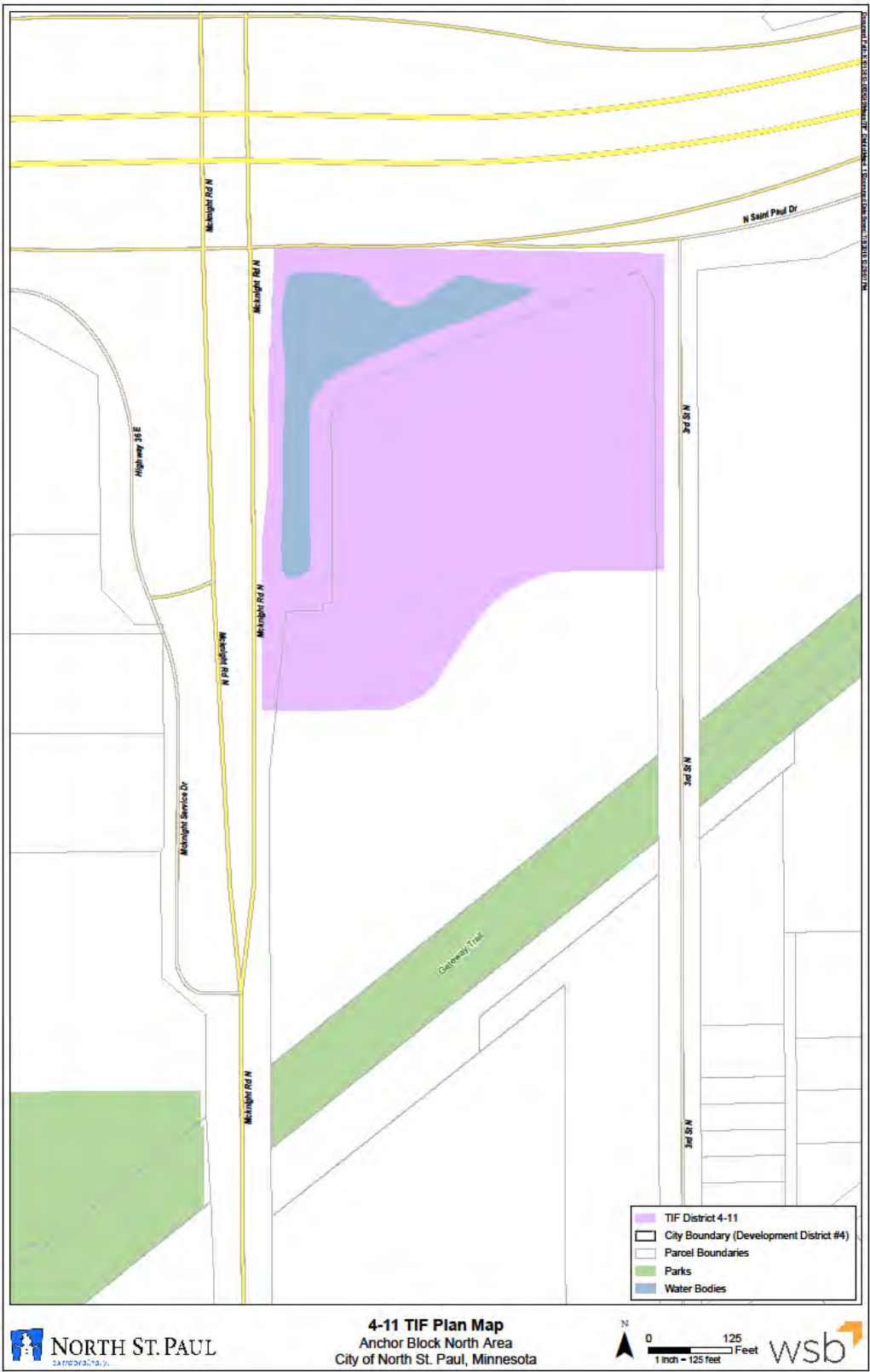
- (1) prior to July 1, the City shall notify the County Assessor of any new development that has occurred in the TIF District during the past year to ensure that the new value will be recorded in a timely manner.
- (2) if the County Auditor receives the request for certification of a new TIF District, or for modification of an existing TIF District, before July 1, the request shall be recognized in determining local tax rates for the current and subsequent levy years. Requests received on or after July 1 shall be used to determine local tax rates in subsequent years.
- (3) each year the County Auditor shall certify the amount of the original net tax capacity of the TIF District. The amount certified shall reflect any changes that occur as a result of the following:
 - (a) the value of property that changes from tax-exempt to taxable shall be added to the original net tax capacity of the TIF District. The reverse shall also apply;
 - (b) the original net tax capacity may be modified by any approved enlargement or reduction of the TIF District;
 - (c) if the TIF District is classified as an economic development district, then the original net tax capacity shall be increased by the amount of the annual adjustment factor; and
 - (d) if laws governing the classification of real property cause changes to the percentage of estimated market value to be applied for property tax purposes, then the resulting increase or decrease in net tax capacity shall be applied proportionately to the original net tax capacity and the retained captured net tax capacity of the TIF District.

The County Auditor shall notify the City of all changes made to the original net tax capacity of the TIF District.

Section AB Filing TIF Plan, Financial Reporting and Disclosure Requirements

The City will file the TIF Plan, and any subsequent amendments thereto, with the Commissioner of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes, Section 469.175, subdivision 4A. The City will comply with all reporting requirements for the TIF District under Minnesota Statutes, Section 469.175, subdivisions 5 and 6.

Map of Tax Increment Financing (Soils Condition) District No. 4-11



Assumptions Report

City of North St. Paul, Minnesota

Tax Increment Financing (Soils Condition) District No. 4-11

Anchor Block North Commercial Developments

Updated TIF Revenues: Kwik Trip and Storage Total Value of \$10.7M

Type of Tax Increment Financing District

Soils Condition

Maximum Duration of TIF District

20 years from 1st increment

Projected Certification Request Date

12/30/20

Decertification Date

12/31/42 (21 Years of Increment)

2017/2018

Base Estimated Market Value

\$1,424,207

Original Net Tax Capacity

\$27,734

Assessment/Collection Year

	2020/2021	2021/2022	2022/2023	2023/2024
Base Estimated Market Value	\$1,424,207	\$1,424,207	\$1,424,207	\$1,424,207
Estimated Increase in Value - New Construction	0	4,095,293	9,405,683	9,518,280
Total Estimated Market Value	1,424,207	5,519,500	10,829,890	10,942,488
Total Net Tax Capacity	\$27,734	\$109,640	\$215,848	\$218,100

City of North St. Paul

40.689%

Ramsey County

52.302%

ISD #622

32.504%

Other (MNB)

12.300%

Local Tax Capacity Rate

137.7950% 2019/2020

Fiscal Disparities Contribution From TIF District

36.1606%

Administrative Retainage Percent (maximum = 10%)

5.00%

Pooling Percent

0.00%

Bonds

Bonds Dated

NA

Bond Rate

NA

Bond Amount

NA

Interfund Loan

Note Dated

06/01/20

Note Rate

4.00%

Note Amount

\$2,300,000

Present Value Date & Rate

06/01/20

4.00% PV Amount

\$2,332,755

Notes

Projections assume no future changes to classification rates and current tax rates remain constant.

Projections are based on final pay 2020 rates.

Projections are based on preliminary value estimates for commercial properties

Projections assume project 100% completed in 2021

Projections assume 2% market value inflation

Projected Tax Increment Report

City of North St. Paul, Minnesota

Tax Increment Financing (Soils Condition) District No. 4-11

Anchor Block North Commercial Developments

Updated TIF Revenues: Kwik Trip and Storage Total Value of \$10.7M

Annual Period Ending (1)	Total Market Value (2)	Total Net Tax Capacity (3)	Less: Original Net Tax Capacity (4)	Less: Fiscal Disp. @ 36.1606% (5)	Retained Captured Net Tax Capacity (5)	Times: Tax Capacity Rate (6)	Annual Gross Tax Increment (7)	Less: State Aud. Deduction 0.360% (8)	Subtotal Net Tax Increment (9)	Less: City Retainage 5.00% (10)	Annual Net Revenue (11)	P.V. Annual Net Rev. To 06/01/20 4.00%
12/31/20	1,424,207	27,734	27,734	0	0	137.795%	0	0	0	0	0	0
12/31/21	1,424,207	27,734	27,734	0	0	137.795%	0	0	0	0	0	0
12/31/22	5,519,500	109,640	27,734	29,618	52,288	137.795%	72,050	259	71,791	3,590	68,201	63,056
12/31/23	10,829,890	215,848	27,734	68,023	120,091	137.795%	165,479	596	164,883	8,244	156,639	139,252
12/31/24	10,942,488	218,100	27,734	68,837	121,529	137.795%	167,460	603	166,857	8,343	158,514	135,498
12/31/25	11,057,338	220,397	27,734	69,668	122,995	137.795%	169,480	610	168,870	8,444	160,426	131,858
12/31/26	11,174,484	222,740	27,734	70,515	124,491	137.795%	171,542	618	170,924	8,546	162,378	128,330
12/31/27	11,293,974	225,129	27,734	71,379	126,016	137.795%	173,644	625	173,019	8,651	164,368	124,906
12/31/28	11,415,853	227,567	27,734	72,261	127,572	137.795%	175,788	633	175,155	8,758	166,397	121,585
12/31/29	11,540,171	230,053	27,734	73,160	129,159	137.795%	177,975	641	177,334	8,867	168,467	118,363
12/31/30	11,770,974	234,669	27,734	74,829	132,106	137.795%	182,036	655	181,381	9,069	172,312	116,408
12/31/31	12,006,393	239,378	27,734	76,532	135,112	137.795%	186,177	670	185,507	9,275	176,232	114,477
12/31/32	12,246,521	244,180	27,734	78,268	138,178	137.795%	190,403	685	189,718	9,486	180,232	112,572
12/31/33	12,491,452	249,079	27,734	80,040	141,305	137.795%	194,711	701	194,010	9,701	184,309	110,691
12/31/34	12,741,281	254,076	27,734	81,846	144,495	137.795%	199,108	717	198,391	9,920	188,471	108,837
12/31/35	12,996,106	259,172	27,734	83,689	147,749	137.795%	203,591	733	202,858	10,143	192,715	107,008
12/31/36	13,256,029	264,371	27,734	85,569	151,067	137.795%	208,163	749	207,414	10,371	197,043	105,203
12/31/37	13,521,149	269,673	27,734	87,487	154,452	137.795%	212,827	766	212,061	10,603	201,458	103,423
12/31/38	13,791,572	275,081	27,734	89,442	157,905	137.795%	217,586	783	216,803	10,840	205,963	101,669
12/31/39	14,067,403	280,598	27,734	91,437	161,427	137.795%	222,438	801	221,637	11,082	210,555	99,938
12/31/40	14,348,752	286,225	27,734	93,472	165,019	137.795%	227,388	819	226,569	11,328	215,241	98,233
12/31/41	14,635,727	291,965	27,734	95,547	168,683	137.795%	232,437	837	231,600	11,580	220,020	96,552
12/31/42	14,928,441	297,819	27,734	97,664	172,421	137.795%	237,587	855	236,732	11,837	224,895	94,896
							\$3,987,870	\$14,356	\$3,973,514	\$198,678	\$3,774,836	\$2,332,755

* City has the election to opt delay receipt of first increment up to 4 years from approval date. Further discussions regarding first year collection

(1) Total estimated market value based on minimum assessment agreements

Includes 2% annual market value inflator

(2) Total net tax capacity based on commercial-industrial of 1.5% first \$150,000 of value and 2% for value above to \$150,000

(3) Original net tax capacity based on portion of existing land value for 2 parcels to be included in development

(4) Total local tax capacity rate for proposed taxes payable 2020, special district MNB

Estimated Impact on Other Taxing Jurisdictions Report

City of North St. Paul, Minnesota

Tax Increment Financing (Soils Condition) District No. 4-11

Anchor Block North Commercial Developments

Updated TIF Revenues: Kwik Trip and Storage Total Value of \$10.7M

Taxing Jurisdiction	Without Project or TIF District		With Project and TIF District					
	2020/2021 Taxable Net Tax Capacity (1)	2020/2021 Local Tax Rate	2020/2021 Taxable Net Tax Capacity (1)	Projected Retained Captured Net Tax Capacity + Capacity	New Taxable Net Tax Capacity = Capacity	Hypothetical Adjusted Local Tax Rate (*)	Hypothetical Decrease In Local Tax Rate (*)	Hypothetical Tax Generated by Retained Captured N.T.C. (*)
City of North St. Paul	10,332,385	40.689%	10,332,385	\$172,421	10,504,806	40.021%	0.668%	69,005
Ramsey County	610,630,063	52.302%	610,630,063	172,421	610,802,484	52.287%	0.015%	90,154
ISD #622	50,215,429	32.504%	50,215,429	172,421	50,387,850	32.393%	0.111%	55,852
Other	-	12.300%	-	-	-	12.300%	-	-
Totals		137.795%				137.001%	0.794%	

*** Statement 1:** If the projected Retained Captured Net Tax Capacity of the TIF District was hypothetically available to each of the taxing jurisdictions above, the result would be a lower local tax rate (see Hypothetical Adjusted Tax Rate above) which would produce the same amount of taxes for each taxing jurisdiction. In such a case, the total local tax rate would decrease by 0.794% (see Hypothetical Decrease in Local Tax Rate above). The hypothetical tax that the Retained Captured Net Tax Capacity of the TIF District would generate is also shown above.

Statement 2: Since the projected Retained Captured Net Tax Capacity of the TIF District is not available to the taxing jurisdictions, then there is no impact on taxes levied or local tax rates.

(1) Taxable net tax capacity = total net tax capacity - captured TIF - fiscal disparity contribution, if applicable.

(2) The impact on these taxing jurisdictions is negligible since they represent only 8.93% of the total tax rate.

Market Value Analysis Report

City of North St. Paul, Minnesota

Tax Increment Financing (Soils Condition) District No. 4-11

Anchor Block North Commercial Developments

Updated TIF Revenues: Kwik Trip and Storage Total Value of \$10.7M

<u>Assumptions</u>			
Present Value Date		12/30/20	
P.V. Rate - Gross T.I.		4.00%	
Increase in EMV With TIF District		\$13,504,234	
Less: P.V of Gross Tax Increment		<u>2,513,211</u>	
Subtotal		\$10,991,023	
Less: Increase in EMV Without TIF		<u>0</u>	
Difference		\$10,991,023	
	Year	Annual Gross Tax Increment	Present Value @ 4.00%
1	2022	72,050	67,933
2	2023	165,479	150,024
3	2024	167,460	145,980
4	2025	169,480	142,059
5	2026	171,542	138,257
6	2027	173,644	134,568
7	2028	175,788	130,990
8	2029	177,975	127,519
9	2030	182,036	125,412
10	2031	186,177	123,332
11	2032	190,403	121,280
12	2033	194,711	119,254
13	2034	199,108	117,257
14	2035	203,591	115,286
15	2036	208,163	113,341
16	2037	212,827	111,423
17	2038	217,586	109,534
18	2039	222,438	107,669
19	2040	227,388	105,832
20	2041	232,437	104,021
21	2042	<u>237,587</u>	<u>102,236</u>
		\$3,987,877	\$2,513,211

CITY OF NORTH ST. PAUL

RESOLUTION NO. 2021-xxx

**RESOLUTION APPROVING THE MODIFICATION TO THE
TAX INCREMENT FINANCING PLAN FOR
TAX INCREMENT FINANCING (HOUSING) DISTRICT NO. 4-10**

WHEREAS, It has been proposed that the City of North St. Paul, Minnesota (the "City") modify the Tax Increment Financing Plan for Tax Increment Financing (Housing) District No. 4-10 (the "TIF District") within Development District No. 4 (the "Development District") under the provisions of Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the "Act"); and

WHEREAS, The City Council has investigated the facts and has caused to be prepared a Modification to the Tax Increment Financing Plan for TIF District (the "TIF Plan Modification"); and

WHEREAS, The City has performed all actions required by law to be performed prior to the approval of the TIF Plan Modification, including, but not limited to, notification of Ramsey County and Independent School District No. 622 having taxing jurisdiction over the property included in the TIF District and the holding of a public hearing upon published and mailed notice as required by law.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTH ST. PAUL:

1. Findings for the TIF Plan Modification.

(a) The Council hereby reaffirms the original findings for the TIF District, namely that when the TIF District was established, it was designated as a housing district as defined in Minnesota Statutes, Section 469.174, Subd. 11, the specific basis for such determination is set forth in Section E of the TIF Plan Modification.

(b) The boundaries of the TIF District are not being modified.

(c) The duration term of the TIF District is being modified as set forth in Section F of the TIF Plan Modification.

(i) The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. The reasons for such determination are set forth in Section J(2) of the TIF Plan Modification.

(ii) The TIF Plan Modification conforms to the general plan for development or redevelopment of the City as a whole. The reasons

for supporting this finding are set forth in Section J(3) of the TIF Plan Modification.

- (iii) The TIF Plan Modification will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Development District, as enlarged, by private enterprise. The reasons supporting this finding are set forth in Section J(4) of the TIF Plan Modification.
- (iv) Section J of the TIF Plan Modification is incorporated herein by reference.

(d) The TIF Plan Modification, a copy of which is on file in the office of the City Manager, is adopted as the tax increment financing plan for the TIF District.

2. Public Purpose. The adoption of the TIF Plan Modification conform in all respects to the requirements of the Act and will help fulfill a need to develop an area of the State which is already built up to provide employment opportunities and provide safe, decent, sanitary housing for all residents of the City, to improve the tax base and to improve the general economy of the State and thereby serves a public purpose.

3. Filing. The City Manager is further authorized and directed to file a copy of the TIF Plan Modification with the Commissioner of Revenue and the Office of the State Auditor.

ADOPTED this 4th day of May 2021.

Motion by Council Member xxx
Second by Council Member xxx

Voting: Aye: Council Member
Council Member
Council Member
Council Member
Mayor

Nay:
Abstain:
Absent:

Terrence J. Furlong, Mayor

Attest:

Scott A. Duddeck, City Manager/Clerk

CITY OF NORTH ST. PAUL

RESOLUTION NO. 2021-xxx

**RESOLUTION APPROVING THE MODIFICATION TO THE TAX
INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING
(SOILS CONDITION) DISTRICT NO. 4-11**

WHEREAS, It has been proposed that the City of North St. Paul, Minnesota (the "City") modify the Tax Increment Financing Plan for Tax Increment Financing (Soils Condition) District No. 4-11 (the "TIF District") within Development District No. 4 (the "Development District") under the provisions of Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the "Act"); and

WHEREAS, The City Council has investigated the facts and has caused to be prepared a Modification to the Tax Increment Financing Plan for TIF District (the "TIF Plan Modification"); and

WHEREAS, The City has performed all actions required by law to be performed prior to the approval of the TIF Plan Modification, including, but not limited to, notification of Ramsey County and Independent School District No. 622 having taxing jurisdiction over the property included in the TIF District and the holding of a public hearing upon published and mailed notice as required by law.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTH ST. PAUL:

1. Findings for the TIF Plan Modification.

(a) The Council hereby reaffirms the original findings for the TIF District, namely that when the TIF District was established, it was designated as a soils condition district as defined in Minnesota Statutes, Section 469.174, Subd. 19, the specific basis for such determination is set forth in Section E of the TIF Plan Modification.

(b) The boundaries of the TIF District are not being modified.

(c) The duration term of the TIF District is being modified as set forth in Section F of the TIF Plan Modification.

(i) The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. The reasons for such determination are set forth in Section J(2) of the TIF Plan Modification.

(ii) The TIF Plan Modification conforms to the general plan for development or redevelopment of the City as a whole. The reasons

for supporting this finding are set forth in Section J(3) of the TIF Plan Modification.

- (iii) The TIF Plan Modification will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Development District, as enlarged, by private enterprise. The reasons supporting this finding are set forth in Section J(4) of the TIF Plan Modification.
- (iv) Section J of the TIF Plan Modification is incorporated herein by reference.

(d) The TIF Plan Modification, a copy of which is on file in the office of the City Manager, is adopted as the tax increment financing plan for the TIF District.

2. Public Purpose. The adoption of the TIF Plan Modification conform in all respects to the requirements of the Act and will help fulfill a need to develop an area of the State which is already built up to provide employment opportunities, to help prevent the emergence of blight, to improve the tax base and to improve the general economy of the State and thereby serves a public purpose.

3. Filing. The City Manager is further authorized and directed to file a copy of the TIF Plan Modification with the Commissioner of Revenue and the Office of the State Auditor.

ADOPTED this 4th day of May 2021.

Motion by Council Member xxx
Second by Council Member xxx

Voting: Aye: Council Member
Council Member
Council Member
Council Member
Mayor

Nay:
Abstain:
Absent:

Terrence J. Furlong, Mayor

Attest:

Scott A. Duddeck, City Manager/Clerk

Agenda Information Memorandum
North St. Paul City Council
May 4, 2021

FROM THE OFFICE OF THE CITY MANAGER

Agenda placement: City Business

Subject: Commissions and Boards

To: Honorable Mayor and City Council

Background/Facts:

The Design Review Commission was established for the purposes of “safeguard[ing] the resources of the Downtown by preserving and enhancing sites, structures, districts and landmarks which reflect elements of the city’s cultural, social, economic, political or architectural history”. This Commission has been on hiatus and is recommended to disband the Design Review Commission and combine those services with the Planning Commission.

The Council and staff have determined the need to establish an Arts and Culture Commission. The Arts and Culture Commission shall promote and increase the City’s artistic and cultural assets by encouraging and participating in the selection and interpretation of public artwork and public arts events. Except as otherwise provided, the Arts and Culture Commission shall advise the City Council.

Recommendation: It is recommended that the City Council adopt Ordinance Number _____ and approve the abolition of the Design Review Commission.

It is further recommended that the City Council adopt Ordinance Number _____ and approve the creation of the Arts and Culture Commission.

Attachments:

Ordinance Number _____

Ordinance Number _____

Respectfully submitted,

Scott Duddeck
City Manager

CITY OF NORTH ST. PAUL

ORDINANCE NO. ____

**AN ORDINANCE AMENDING THE
NORTH SAINT PAUL CITY CODE OF ORDINANCES
TITLE III, GOVERNANCE,
CHAPTER 32, BOARDS AND COMMISSIONS**

THE CITY COUNCIL OF THE CITY OF NORTH ST. PAUL, MINNESOTA ORDAINS:

SECTION 1. Sections 32.35-32.37 of the North St. Paul City Code is hereby repealed in its entirety.

SECTION 2. The Design Review Commission is hereby abolished.

SECTION 3. This ordinance shall be effective immediately upon its passage and publication.

ADOPTED this 4th day of May, 2021.

Motion by Council Member

Second by Council Member

Voting: Aye: Council Member
 Council Member
 Council Member
 Council Member
 Mayor

Nay:

Abstain:

Absent:

Terrence J. Furlong, Mayor

Attest: _____
Scott A. Duddeck, City Manager/Clerk

Published in Review: _____

CITY OF NORTH ST. PAUL

ORDINANCE NO. ____

**AN ORDINANCE AMENDING THE
NORTH SAINT PAUL CITY CODE OF ORDINANCES
TITLE III, GOVERNANCE,
CHAPTER 32, BOARDS AND COMMISSIONS,
ESTABLISHING THE ARTS AND CULTURE COMMISSION**

THE CITY COUNCIL OF THE CITY OF NORTH ST. PAUL, MINNESOTA ORDAINS:

SECTION 1. An Arts and Culture Commission of the City of North St. Paul is hereby established and shall be titled the "Arts and Culture Commission of the City of North St. Paul."

SECTION 2. Title III, Chapter 32, is amended by adding the following language:

Section 32.75 ESTABLISHMENT OF THE ARTS AND CULTURE COMMISSION.

An Arts and Culture Commission for the city is hereby established. The City Council hereby declares as a matter of public policy it is critical for the City to promote and increase the City's artistic and cultural assets by encouraging and participating in the selection and interpretation of public artwork and public arts events. Except as otherwise provided in this chapter, the Arts and Culture Commission shall advise the City Council.

Section 32.76 COMPOSITION.

The Arts and Culture Commission shall consist of five members to be appointed or removed by the Mayor with the approval of the City Council.

Section 32.77 POWERS AND DUTIES.

(A) Generally. The Arts and Culture Commission shall have the powers and duties to advocate for, promote, and participate in the selection and interpretation of public artwork and public arts events in the city of North St. Paul.

(B) Purpose. The Arts and Culture Commission is established to stimulate and encourage the creation, performance, and appreciation of art and culture in the City and advise the City Council on the related matters as it promotes a positive economic impact for the community.

(C) Duties. The Arts and Culture Commission shall have the following duties:

- (1) To make recommendations on all requests for art installments on city property and conduct public meetings as directed by City Council or city policy;
- (2) To give due regard to the City's Comprehensive Plan;
- (3) To foster the development of the arts and culture in North St. Paul;

- (4) To advise city administration and the city council with respect to arts and culture-related matters;
- (5) To stimulate participation in and appreciation of the arts by city residents;
- (6) To act as an advocate for the arts before private and public agencies;
- (7) To determine methods of selection of artists, and works of art;
- (8) To evaluate and recommend artists eligible for funding by the City, if any funding is available;
- (9) To evaluate and recommend works of art for approved locations for funding by the City;
- (10) To recommend locations for the performing arts;
- (11) To assist the city in raising funds from public and private sources for the funding of arts projects in the City;

SECTION 3. This ordinance shall be effective immediately upon its passage and publication.

ADOPTED this 4th day of May, 2021.

Motion by Council Member

Second by Council Member

Voting: Aye: Council Member
 Council Member
 Council Member
 Council Member
 Mayor

Nay:

Abstain:

Absent:

 Terrence J. Furlong, Mayor

Attest: _____
 Scott A. Duddeck, City Manager/Clerk

Published in Review: _____

Agenda Information Memorandum
North St. Paul City Council
April 29, 2021

FROM THE OFFICE OF THE CITY PLANNER

Agenda placement: CITY BUSINESS ACTION ITEMS & RECOMMENDATIONS

Subject: Cowern Elementary Addition Conditional Use Permit Amendment

To: Honorable Mayor and City Council

Background/Facts:

- The applicant is requesting a Conditional Use Permit (CUP) amendment to facilitate the development of a 1,750 square foot, one-story addition to the existing Cowern Elementary School building.
- The existing use of the site is an elementary school.
- The staff review reveals that all criteria except for the parking requirement for CUP amendment have been met.
- Several minor conditions are included with the site plan approval and are shown in the attached staff report and resolution included to stripe and/or improve the parking areas to provide 60 stalls.
- The Planning Commission held a public hearing on the requests on April 1, 2021. No public comment was received.
- The Planning Commission unanimously recommended conditional approval of the conditional use permit amendment.

Recommendation: It is recommended the City Council approve the conditional use permit amendment with conditions as outlined in the staff report and resolution.

Attachments:

Staff Report
CUP Amendment Resolution
Application Materials

Respectfully submitted,



Eric Zweber, AICP
City Planner

APPROVED FOR AGENDA ENCLOSURE:

Scott Duddeck
City Manager/Clerk

MEMORANDUM

Date: 4/30/2021

To: Honorable Mayor and City Council Members

From: Eric Zweber, AICP, City Planner

CC: Scott Duddeck, City Manager

Re: Conditional Use Permit Amendment Request for Cowern Elementary Addition

BACKGROUND

Joe Patton of Wold Architects and Engineers has submitted an application on behalf of the property owner, Independent School District #622 (Randy Anderson), for a Conditional Use Permit to facilitate the development of a 1,750 square foot, one-story addition to the existing Cowern Elementary School building, 2131 Margaret Street North. The property is zoned R-1 – Single Family Residential. The addition will contain the nurse's office, principal's office, reception, and a conference room. The addition will also allow for an improved weather and security vestibule. The area within the school that is currently use as the principal's office will be remodeled into the social worker's office, a business office, and general work space.

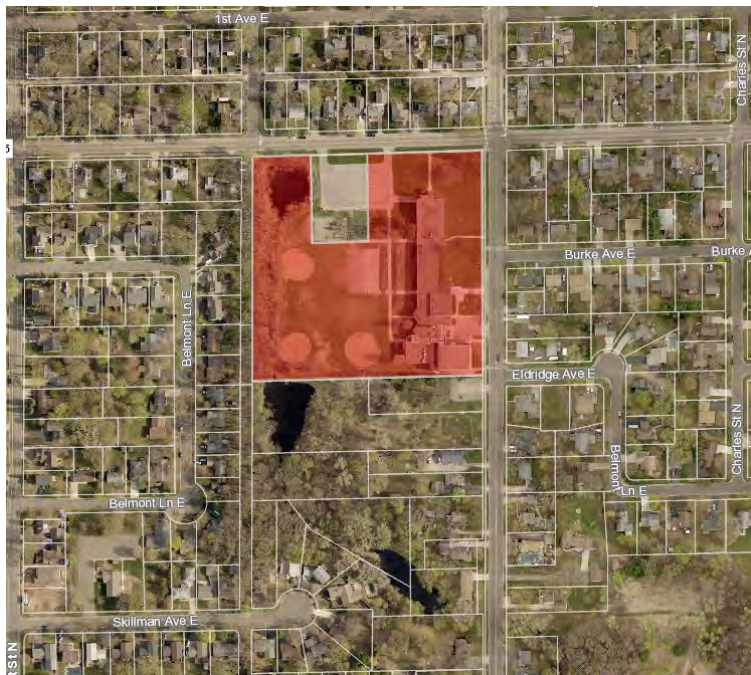


Figure 1: Location Map

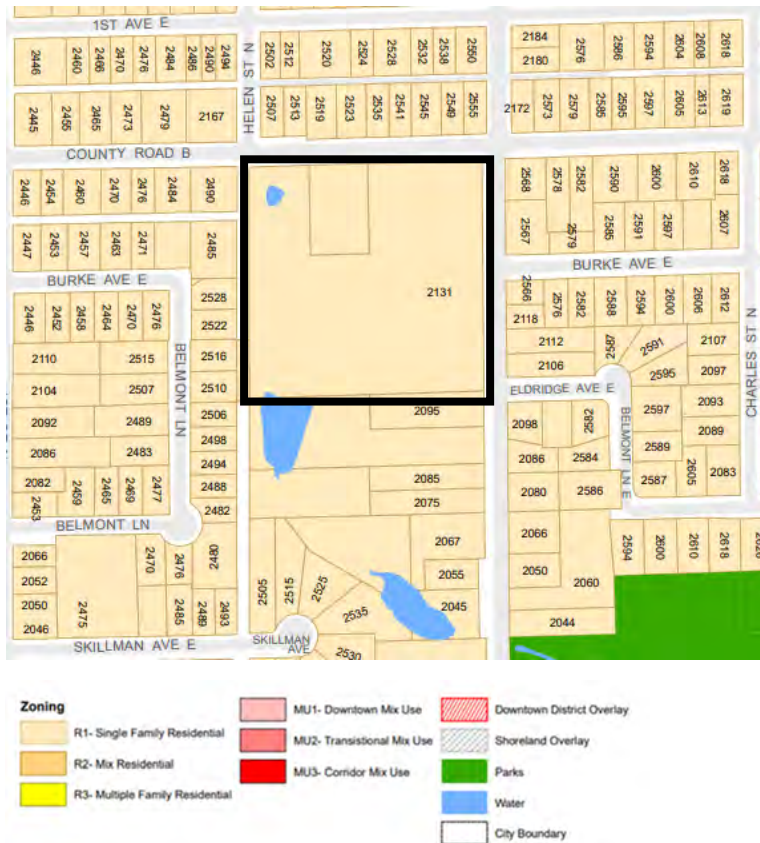


Figure 2: Zoning Map

GENERAL STAFF REVIEW

Consistency with the City Plans

- 154.004 (F)(2) Conditional Use Permit Standards (i) The use is in harmony and consistent with the general purposes and intent of the Comprehensive Plan.
- 154.004 (F)(2) Conditional Use Permit Standards (vii) The use is in harmony with the general purposes and intent of this chapter and the zoning district in which the applicant intends to locate the proposed use
- 154.004 (F)(2) Conditional Use Permit Standards (x) If applicable, the proposed use is consistent with officially adopted city plans and overlays

The 2040 Comprehensive Plan guides the subject property as Low Density Residential, which represents single-family detached uses, duplexes and townhomes left as the result of older infill housing. Institutional uses including schools do not have a separate Future Land Use designation and therefore typically fall under a residential category. As a result, the proposed addition to the existing school is consistent with the vision and intent of the Comprehensive Plan for this area. The site is not subject to any overlay zoning districts.

Schools are listed as a Conditional Use within the R-1 Zoning District that the subject property is located in.

Health, Safety, and General Welfare

- *154.004 (F)(2) Conditional Use Permit Standards (ii) The use will not adversely affect the health, safety, or general welfare of the city.*

The proposed 1,750 square foot addition to the existing school building is not likely to negatively impact the health, safety, or general welfare of the City. The proposed building addition is located north (right) of the existing main entrance to the building and will generally line up with the existing building façade to the south (left) of the main entrance.

Compatibility with Surrounding Context

- *154.004(F)(2) Conditional Use Permit Standards (iv) The use or appearance of the use is compatible with adjacent properties*
- *154.004(F)(2) Conditional Use Permit Standards (vii) The use will be sufficiently compatible or separated by distance or screening from adjacent residentially zoned land*
- *154.004(F)(2) Conditional Use Permit Standards (ix) The use will not create an intrusion of excessive noise, glare, or general unsightliness*
- *154.010(E)(3) General Architectural requirements (g) Protection of views. Buildings shall be designed and oriented so as not to detract from one another or to unduly restrict views to open spaces, plazas and vistas.*

The site is bounded by South Avenue (County Road B) on the north and Margaret St N on the east. The adjacent properties on all four sides are zoned the same as the subject property, R-1 Single Family Residential. The proposed school building addition is in a location that would blend in with the existing building and therefore would be compatible with the existing site and surrounding area. The location of the bus drop off and pick up will be maintained in the parking lot to the west to the building that is accessed off of South Avenue. The proposed building addition also would not interfere with views of public open space, parks, or vistas.

Proposed Uses

- *154.004(F)(2) Conditional Use Permit Standards (iii) The use is compatible with present and future land uses in the surrounding area and reasonably related to the overall needs of the city*
- *154.007(C)(1) Permitted, Conditional, and Interim Uses refers to Table 6 for allowed uses within the residential districts.*

The existing building use and proposed use as a school is a conditional use in the R-1 Zoning District. The proposal complies or could be conditioned upon demonstration of compliance with other applicable Ordinance requirements as noted herein.

Proposed Lot/Building Dimensional and Setback Requirements

- *154.007(C)(3) refers to Table 4 for the lot requirements within the residential districts.*

Requirement	R-1	Proposed
Minimum Lot Size	<i>10,000 sq. ft.</i>	8.04 ac (350,222.4 sq. ft.)
Minimum Lot Width	<i>60 ft</i>	616.7 ft
Front Yard Setback	<i>25 ft</i>	85 ft
Rear Yard Setback	<i>25 ft</i>	n/a (addition is on front of building)
Side Yard Setback	<i>15 Ft</i>	>15 feet (East and West)
Maximum Height	<i>Two (2) stories or 35 ft</i>	One (1) Story and <35ft.

The lot meets the size and width requirements for the R-1 Zoning District. The proposed building addition would comply with all front, rear, and side yard setback requirements, and would be within the maximum building height limit.

Utilities and Municipal Services

- *154.004(F)(2) Conditional Use Standards (v) The use can be adequately supported by public urban services including the water supply, transportation system and capacity, police and fire protection, utilities, and sanitary waste disposal and stormwater disposal systems*
- *154.004(F)(2) Conditional Use Standards (vi) The use will not create an excessive burden on existing parks, schools, and other public facilities which serve or are proposed to serve the area*
- *154.010(A) Development Standards (9) Utility installations. All on site utility installations shall be placed underground.*

The proposed use will not generate any additional demand on parks, schools, or other similar public facilities. The existing building is served by municipal water and sewer via underground connections. Stormwater management is provided for on the existing site and includes a modification to how the building will access the stormwater system that will occur completely within the property. The applicant has stated that the number of employees within the school will remain the same after the addition. The proposed addition is not anticipated to generate an increase in the number of employees or number of vehicular trips, and therefore the surrounding transportation systems are adequate for the proposed use.

Landscaping

Two existing trees near the addition are proposed to be relocated. The plans do not indicate where the trees will be located. Staff finds that it would be acceptable to relocate the trees along either Margaret Street N or South Ave E.

Screening

- *154.010(E)(3) General Architectural requirements (b) Utilities. Building utility services and structures such as meters, transformers, refuse containers, including dumpsters, ancillary equipment and the like shall be either located inside the principal building,*

inside an accessory building, or, where outside be entirely screened from off-site views. For new buildings, all utilities shall be underground.

- *154.010(E)(3) General Architectural requirements (c) Screening of rooftop equipment. All rooftop equipment, with the exception of solar and wind equipment, shall be screened from view from adjacent streets and public rights-of-way. Rooftop equipment shall be screened from view from adjacent buildings to the extent possible.*

Mechanical equipment is proposed to be located on the roof top of the building addition, and the elevation plans indicate that the equipment will be screened via louver screen.

Drainage/Natural Resources

- *154.010(F) Landscaping Standards (9) Drainage, access & utility easements. No landscape material other than grass, or retaining walls, shall be placed within a drainage, access or utility easement. Rock or riprap may be allowed upon review and approval by the Zoning Administrator provided the proposed material does not interfere with drainage, access or utilities.*

There are no major changes to the drainage/natural resources of the site. The two trees proposed to be moved should not be relocated to be within a drainage, access, or utility easement.

Streets and Sidewalks

- *154.010(E)(3) General Architectural requirements (e) Pedestrian ways. Buildings shall be designed with proper provision and orientation for a pedestrian system to serve and link development.*

The demolition and paving plans show that an area of the existing pavement directly in front of the current building entrance will be removed, and new concrete pavement will replace it, to connect the existing sidewalk with the proposed addition and building entrance. The width and configuration of the proposed sidewalk closely matches the current sidewalk, except the space proposed to be enclosed by the building addition.

There are no additional alterations proposed to existing pedestrian ways.

Parking

- *154.010(J)(3) General Parking Standards. (a) Minimum size regulations. Each space shall contain a minimum area of not less than 180 square feet, exclusive of access drives, a width of not less than nine feet and a depth of not less than 20 feet. Each space shall be adequately served by access drives as determined by the Zoning Administrator. All loading spaces shall be sufficient to meet the requirements of each use and shall provide adequate space for storage and maneuvering of the vehicles they are designed to serve. Parking ramps and underground parking may be allowed to have some reduction in the dimensions stated above.*

A summary of the requirements in Table 8 is provided below for Schools, Public and Private.

Use	Requirement	Proposed
Elementary and Secondary Schools	One parking space for each classroom plus one parking space for each seven students based upon design capacity.	60 spaces required Approx. 53 provided (in 3 separate lots, does not include informal stalls in south lot near Eldridge Ave)

The applicant has stated that the school has 60 employees for the 2020/2021 school year and will maintain 60 employees during the 2021/2022 school year. The school should improve the informal parking lot located on the school parcel at 2095 Margaret St with a pavement in compliance with the City Code and to provide a total of 60 parking spaces for the school.

Access and Circulation

The proposed addition does not modify the existing access and circulation of the site, and therefore there are no changes to the access and circulation.

Architecture

- *154.010(E)(3) General Architectural requirements (f) Pedestrian-oriented design. Building designs are encouraged to make the street enjoyable, visually interesting, and comfortable. Individual buildings should be integrated with the streetscape to bring activity in the building in direct contact with the people on the street.*
- *154.010(E)(14) Building Materials (a) Nonresidential Buildings and Mixed-Use Buildings. These buildings shall be constructed of durable, high-quality materials such as brick, stone, textured cast stone, or tinted masonry units. TABLE 9 lists allowable building materials. When applying these requirements, consideration shall be given to the use, amount, placement and relationship of each material as part of a comprehensive palette of building materials. All building facades visible from a public street or public walkway should employ materials and design features similar to or complementary to those of the front façade.*

The proposed addition will be constructed with materials including brick and metal. The brick will closely match the existing building. The metal materials consist of dark bronze anodized metal panels and a metal coping. The plans show two double doors and three windows facing east, and two windows facing north. The addition will be somewhat distinguishable from the existing building, but the addition will be part of the building's entrance and it is common for an entrance to be articulated from the rest of the building. Staff finds that the proposed building materials are acceptable and that the general architectural design complies with the above noted standards.

Lighting

There are no freestanding light fixtures proposed.

Engineering Comments:

Attached to this memorandum is the City Engineer's memorandum dated March 23, 2021. Two comments that the Planning Commission and applicant should be aware if are provided below:

1. The applicant is responsible for and shall provide copies of all applicable permitting for the project prior to grading permit (mass grading) and/or building permit issuance, including but not limited to RWMWD and Minnesota Pollution Control Agency (MPCA) NPDES stormwater construction, MPCA/Metropolitan Council sanitary sewer extension, and Minnesota Department of Health watermain extension permits, as applicable.
2. Additional SAC charges may be due at time of building permit based on Met Council calculations of the additional use with the expansion.

RECOMMENDED ACTION

Based on the findings described in this report, staff recommends the following actions:

Conditional Approval of the requested Conditional Use Permit to allow for a 1,750 square foot addition to the existing Cowern Elementary School building, subject to the following conditions of approval:

1. Revised set of plans shall be submitted prior to building permit issuance for review addressing comments provided and incorporating any recommended comments as acceptable and necessary.
2. The two relocated trees shall be installed between the school building and Margaret Street and/or South Avenue. The relocated trees must not be installed within any drainage and utility easement.
3. Improve the informal parking area on 2095 Margaret Street in conformance with City Code and to provide a total of 60 parking spaces for the school.
4. The applicant is responsible for and shall provide copies of all applicable permitting for the project prior to grading permit (mass grading) and/or building permit issuance, including but not limited to RWMWD and Minnesota Pollution Control Agency (MPCA) NPDES stormwater construction, MPCA/Metropolitan Council sanitary sewer extension, and Minnesota Department of Health watermain extension permits, as applicable.
5. Additional SAC charges may be due at time of building permit based on Met Council calculations of the additional use with the expansion.
6. Compliance with the conditions and recommendations within the City Engineer's Memorandum dated March 23, 2021.

MEMORANDUM

Date: 3/23/2021

To: Planning Commissioners

From: Morgan Dawley, PE, City Engineer

CC: Scott Duddeck, City Manager

Re: Cowern Elementary School Secure Entry Addition Site Plan Review

Below are engineering comments following review of the submittal of the Cowern Elementary School Secure Entry Addition located west of Margaret Street at Burke Ave (2131 Margaret Street N);

General Engineering Comments:

1. The applicant is responsible for and shall provide copies of all applicable permitting for the project prior to grading permit (mass grading) and/or building permit issuance, including but not limited to RWMWD and Minnesota Pollution Control Agency (MPCA) NPDES stormwater construction, MPCA/Metropolitan Council sanitary sewer extension, and Minnesota Department of Health watermain extension permits, as applicable.
2. City Standard Plates and Specifications shall supersede all submitted details and specifications for work within the right of way and public infrastructure.
3. Additional engineering comments will be provided upon submission of revised plans and stormwater calculations for review by the applicant prior to City Council consideration of approval.
4. A haul route plan and a traffic control/detour plan for utility work on Margaret Street shall be submitted for review and approval prior to permit issuance.

Utility:

1. Additional SAC charges may be due at time of building permit based on Met Council calculations of the additional use with the expansion.
2. Show the telephone line on the Civil Site Plan as being removed further back so it does not appear as being connected to the proposed sanitary structure SAN-1.



City of North St. Paul
2400 Margaret Street
North St. Paul, MN 55109
Phone (651) 747-2407
www.northstpaul.org

ZONING & LAND USE APPLICATION

Escrow:
\$1,000 min.
(code 1.2044)

Application Fee:
\$500.00
(code 1.3290)

APPLICATION FOR CONDITIONAL USE PERMIT

The conditional use permit process must be scheduled through the Community Development Planning and Zoning Department. The lead-time for submittals shown on this application is necessary to allow City staff and consultants time to review and comment on documents provided. Additional lead-time will be required if the City determines that the potential impacts require more detailed study, or if review by other agencies is required. Incomplete application submittals will not be forwarded to the appropriate Commission or Council until all required information has been provided.

APPLICANT INFORMATION

Applicant Name: Joe Patton
Company (if applicable): Wold Architects and Engineers
Address: 332 Minnesota St. W2000
City, State, Zip: Saint Paul, MN 55101
Phone Number: 651-227-7773
Email: jpatton@woldae.com
Are you the owner of the property? ☐ YES ☒ NO
(If no, you must supply property owner information)

Owner Name: Randy Anderson
Company (if applicable): Independent School District #622
Address: 2520 12th Ave E.
City, State, Zip: Saint Paul, MN 55109
Phone Number: 651-748-7622
Email: randerson@isd622.org

PROPERTY INFORMATION

Street location of property (address): 2131 Margaret St N, Saint Paul, MN 55109
Parcel Identification Number (PID) (see Ramsey County website): 132922120066
Legal description of property: SUBJ TO RD OVER N 33 FT AND SUBJ TO ST OVER E 17 58/100 FT AND EX N 273 FT OF E 155 FT OF W 1/2 THE NW 1/4 OF NW 1/4 OF NE 1/4 OF SEC 13 TN 29 RN 22
Present zoning of property (see City website): R1 - Single Family Residential
Size of property (acreage): 8.04 Acres
Title information: ☒ Abstract ☐ Torrens
Property Description: ☒ Residential ☐ Commercial ☐ Industrial ☐ Institutional

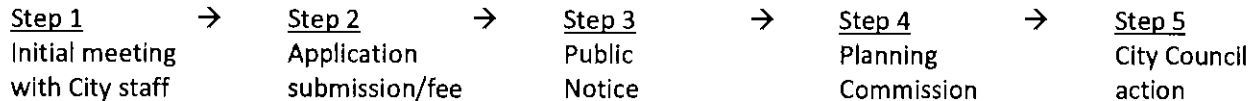
PROPOSAL INFORMATION

Application is hereby made for Conditional Use Permit to conduct the following: Construction of a small addition at Cowern Elementary
Applicable Zoning Code Section (reference Zoning Code, see City website): 154.006 (D)

On a separate sheet of paper, please answer the following questions in full detail:

1. Provide a project description.
2. Is the proposal consistent with the general purposes and intent of the Comprehensive Plan?
3. Will the proposal adversely affect the health, safety, or general welfare of the City?
4. Is the proposal compatible with present and future land uses in the surrounding area and reasonably related to the overall needs of the City?
5. Is the proposal or appearance of the proposal compatible with adjacent properties?
6. Is the use adequately supported by public urban services including the water supply, transportation system and capacity, police and fire protection, utilities, and sanitary waste disposal and storm water disposal systems?
7. Will the proposal create an excessive burden on existing parks, schools, and other public facilities which serve or are proposed to serve the area?
8. Will the use be sufficiently compatible or separated by distance or screening from adjacent residentially zoned land?
9. Is the use in harmony with the general purposes and intent of this Chapter and the zoning district in which the applicant intends to locate the proposed use?
10. Will the use create an intrusion of excessive noise, glare, or general unsightliness?
11. If applicable, is the proposed use consistent with officially adopted City plans and overlays?

Review Process



	MONTH: March					MONTH: April				
App Submittal	X									
Design Review										
EAC										
Parks & Rec										
Planning Commission						X				
City Council									X	
WEEKS:	1	2	3	4	5	1	2	3	4	5

Regular Scheduled City Meetings:

PLANNING COMMISSION

1st Thursday of the month (6:15 p.m.)

DESIGN REVIEW COMMISSION

4th Thursday of the month (5:00 p.m.)

ENVIRONMENTAL ADVISORY COMMISSION

4th Monday of the month (6:00 p.m.)

PARKS & RECREATION COMMISSION

4TH Wednesday of the month (6:30 p.m.)

ECONOMIC DEVELOPMENT AUTHORITY

2ND Tuesday of every odd month (4:00 p.m.)

CITY COUNCIL

1st and 3rd Tuesday of the month (6:30 p.m.)

APPLICATION SUBMITTALS

Required

Completed

Completed Application

Application Fee: \$500.00. Escrow: \$1000 minimum.

Site plan including the following items:

Name and address of developer/owner, date of plan preparation, dates and descriptions of all revisions, name of project.

Proposed front, rear and side yard setbacks. Location, setback, and dimensions of all proposed buildings and structures.

Location of all adjacent buildings located within 100 feet of the exterior boundaries of the property.

Location, number and dimensions of proposed parking and loading spaces.

Identify sidewalks, trails and walkways and location of recreation and service areas.

Location of rooftop equipment and proposed screening.

Provisions of storage and disposal of waste, garbage and recyclables, including details for screening exterior trash/recycling.

Location, size and type of water and sewer system mains, fire hydrants and proposed service connections.

Typical floor plan and room plan drawn to scale with a summary of square footage for each use or activity.

Location map showing the general location of the proposed use within the city.

Map showing all principal land uses within 350 feet of the parcel for which the application is being made.

Proof of ownership of the property.

Map or plat showing the lands proposed to be changed and all lands within at least 350 feet of the boundaries of the property.

Names and addresses of the owners of the lands within 350 feet as appear on the records of the County Auditor of Ramsey County.

County, which shall be provided by the petitioner.

Other submittals as required by specific zoning district.

Any additional data requested by the city:

NOTE TO APPLICANT

All completed application and accompanying materials are due 30 days prior to the scheduled Planning Commission meeting (if applicable). The purpose of this submittal requirement is to allow for:

1. Plan distribution to the City staff, consultants, and applicable government entities.
2. Project review time and generation of staff reports.
3. Project meetings between City staff and applicants.
4. Meeting materials preparation and distribution.

The North St. Paul City Codes guide and enable development activities within the City by ensuring proper and well-coordinated projects. The land use application is the mechanism that allows the City to examine proposed land uses to ensure compatibility with the City Codes, design and development standards, and the surrounding land uses and natural environments. The review is intended to ensure positive growth for the community. All applications are reviewed individually and are evaluated based on their own merit. Each land use request has an associated checklist of required items. Applicants are encouraged to participate in an initial meeting with City staff prior to submitting a formal land use application. The initial meeting is an opportunity to informally discuss the conceptual idea of the proposed project in an effort to reduce delays. Participation in the initial meeting does not provide approval, or guarantee approval of the project. The City shall not accept plans, drawings, or other information related to the project except upon submittal of a formal application. The City reserves the right to reject an incomplete application.

APPLICATION FEE STATEMENT

There may be additional expenses pertaining to project review that is the responsibility of the applicant. All applicable fees must be paid when submitting land use applications and accompanying materials. All fees, which are set annually by City Ordinance, help cover costs incurred by the City to review the application. The City of North St. Paul often uses consulting firms to assist in the review of projects. Please refer to the City's Fee Schedule for information on planning review fees and other applicable costs.

REVIEW REQUIREMENTS

Minnesota State Statute 15.99 requires local governments to review an application within 15 business days of submission to determine if an application is complete and/or if additional information is required to complete the review. Once complete, a formal 60-day review period begins. The City has the ability to extend the review period for an additional 60 days, if necessary, due to insufficient information or scheduling difficulties. Please review the corresponding checklist that goes with the request. All applications must be received by the deadline(s) attached hereto. Failure to submit by the date given may result in a delay of the review by the Planning Commission and City Council.

ACKNOWLEDGEMENT

I certify that all information submitted is true and correct and I fully understand that all information and a complete application must be submitted at least 30 days prior to a Planning Commission meeting to ensure review by the Planning commission on that date. By signing this form, I hereby acknowledge the receipt of the checklist and procedure for the project to be submitted for consideration. It is my responsibility to check all applicable ordinances pertaining to the application, comply with all ordinance requirements, and submit all required materials. All permit requests should be submitted in a timely manner so as not to cause project delays.

Applicant signature: Joe Patton

Date: 3/1/2021

Owner Signature: Randy Anderson

Date: 3/2/2021

PROPOSED MEETING DATES:

Design Review Commission: N/A Planning Commission 4/1/2021 Parks & Rec Commission N/A
Environmental Advisory Commission N/A City Council 4/20/2021, or 5/4/2021

FOR OFFICE USE ONLY

Date submitted: _____ Date complete: _____ If incomplete, date letter sent to applicant: _____
Date of public hearing: _____ Publication date: _____ Date notice sent to adjoining properties: _____
Amount fee paid: _____ Date fee paid: _____ Receipt #: _____ File #: _____

Planning Commission action: _____ Recommend approval: _____ Recommend denial: _____
Date applicant/property owner notified of Planning Commission action: _____

City Council action: _____ Recommend approval: _____ Recommend denial: _____
Date applicant/property owner notified of City Council action: _____

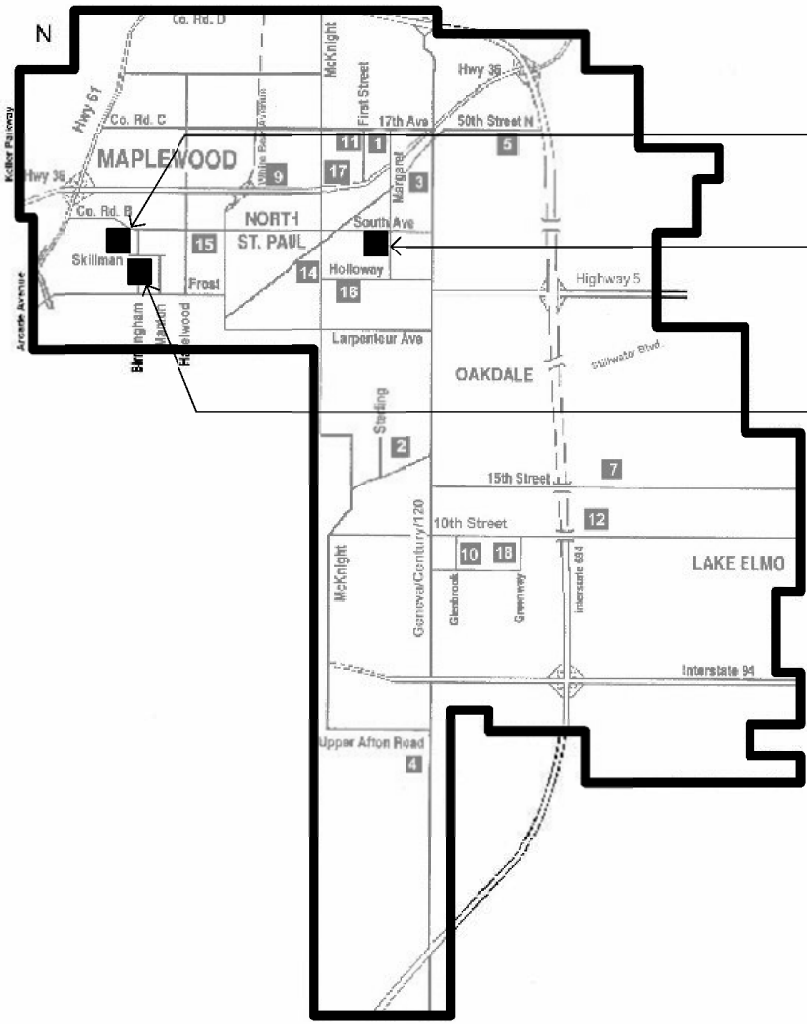
Date filed with Ramsey County Recorder office: _____

MN

MULTI-SITE SECURE ENTRY IMPROVEMENTS

INDEPENDENT SCHOOL DISTRICT #622

NORTH ST PAUL, MAPLEWOOD, OAKDALE



District Map

WEAVER ELEMENTARY SCHOOL
2131 MARGARET ST N, ST PAUL, MN 55109

COWERN ELEMENTARY SCHOOL
2131 MARGARET ST N, ST PAUL, MN 55109

GLADSTONE COMMUNITY CENTER
2131 MARGARET ST N, ST PAUL, MN 55109

**NOTE: THIS IS A MULTISITE PROJECT, BUT
THE ONLY BUILDING WITH CONSTRUCTION
IN THE CITY OF NORTH SAINT PAUL IS
COWERN ELEMENTARY SCHOOL.**

**MULTISITE
SECURE ENTRY
IMPROVEMENTS**

**INDEPENDENT SCHOOL
DISTRICT #622**
2520 12th Ave E,
Saint Paul, MN 55109



**WOLD ARCHITECTS
AND ENGINEERS**
332 Marquette Street, Suite W-2000
Saint Paul, MN 55101

woldae.com | 651.227.7773

ARCHITECTURAL

- CUP 0 COVER SHEET
- CUP 1 VICINITY PLAN
- CUP 2 OVERALL FLOOR PLAN AND AREA FLOOR PLAN
- CUP 3 EXTERIOR ELEVATIONS

**NOT FOR CONSTRUCTION
CONDITIONAL USE PERMIT SET**

Set No: _____
Comm No: 202194

MN



NOTE: THIS IS A MULTISITE PROJECT, BUT THE ONLY BUILDING WITH CONSTRUCTION IN THE CITY OF NORTH SAINT PAUL IS COWERN ELEMENTARY SCHOOL.

F1 COWERN VICINITY PLAN

MULTISITE
SECURE ENTRY
IMPROVEMENTS

INDEPENDENT SCHOOL
DISTRICT #622
2520 12th Ave E,
Saint Paul, MN 55109



WOLD ARCHITECTS
AND ENGINEERS
332 Minnesota Street, Suite W2000
Saint Paul, MN 55101

woldae.com | 651.227.7773

I hereby certify that this plan, specification or report was prepared by
me or under my direct supervision and that I am a duly Licensed
ARCHITECT
under the laws of the State of MN

Vaughn Dierks
Licenses Number: 26979 Date: 3/1/21

Revisions		
Description	Date	Num

Comm: 262194
Date: 3/1/2021
Drawn: AL
Check: SK



VICINITY PLAN

Scale: 1/8" = 1'-0"

CUP 1

MULTISITE
SECURE ENTRY
IMPROVEMENTS

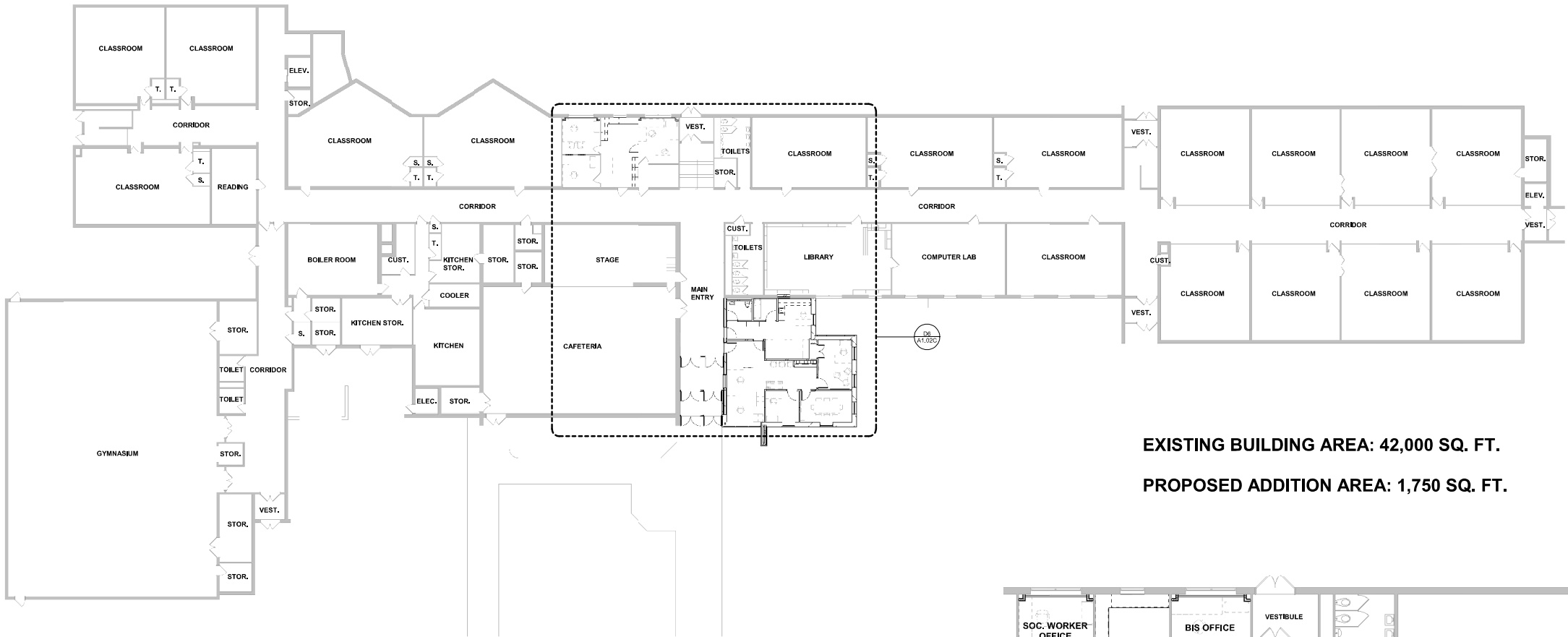
INDEPENDENT SCHOOL
DISTRICT #622
2520 12th Ave E,
Saint Paul, MN 55109



WOLD ARCHITECTS
AND ENGINEERS
332 Minnesota Street, Suite W2000
Saint Paul, MN 55101

woldae.com | 651.227.7773

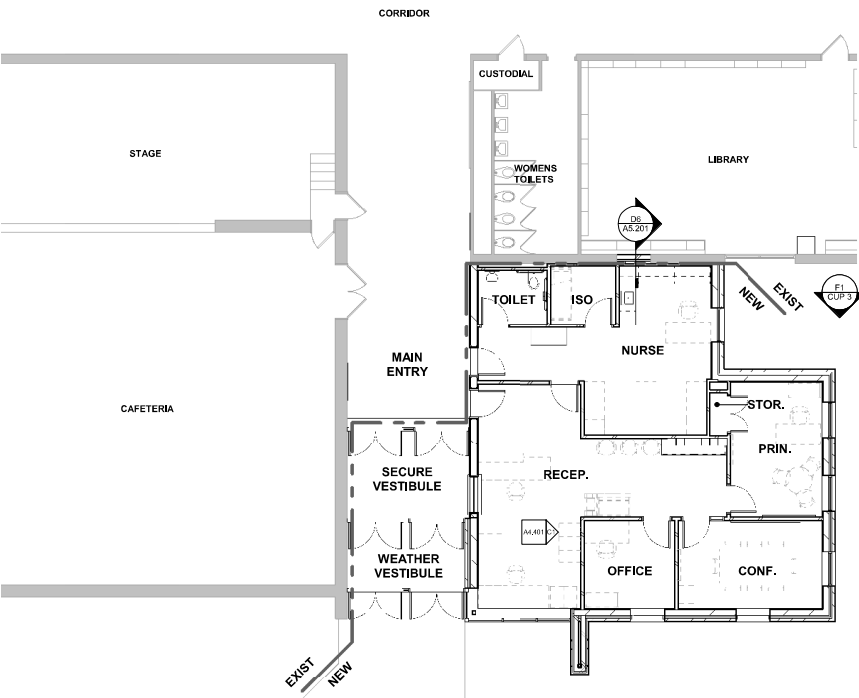
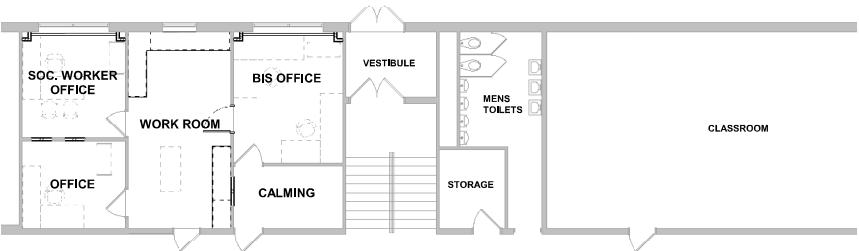
MN



EXISTING BUILDING AREA: 42,000 SQ. FT.

PROPOSED ADDITION AREA: 1,750 SQ. FT.

D1 COWERN OVERALL REFERENCE PLAN
1/16" = 1'-0"



I hereby certify that this plan, specification or report was prepared by
me or under my direct supervision and that I am a duly Licensed
ARCHITECT
under the laws of the State of MN

Vaughn Dierks
License Number: 26979 Date: 3/1/21

Description	Revisions	
	Date	Num

Comm: 202194
Date: 3/1/2021
Drawn: AL
Check: SK
North

OVERALL FLOOR
PLAN AND AREA
FLOOR PLAN

Scale: As indicated

CUP 2

F5 COWERN ENLARGED FLOOR PLAN
1/8" = 1'-0"

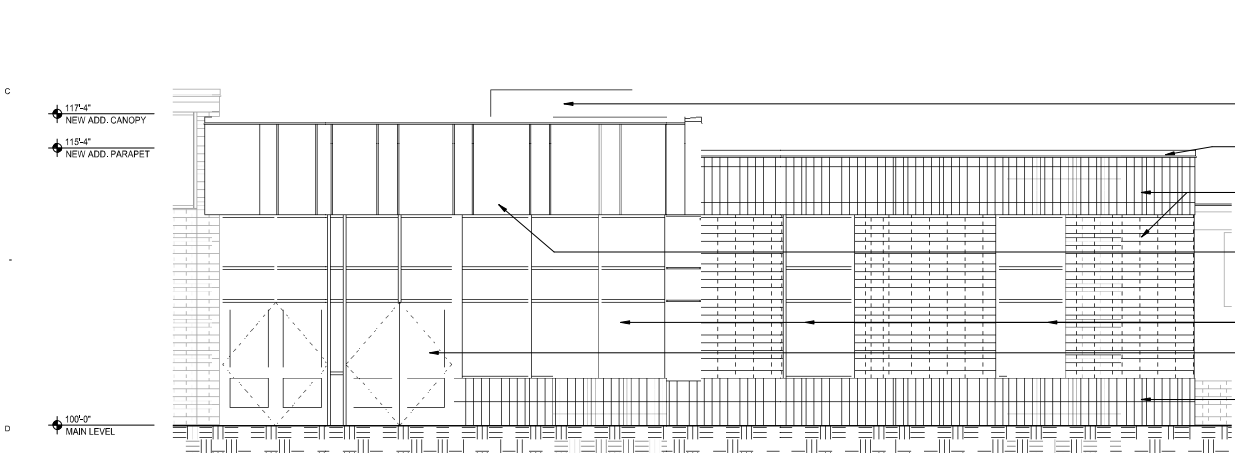
MN

MULTISITE
SECURE ENTRY
IMPROVEMENTS

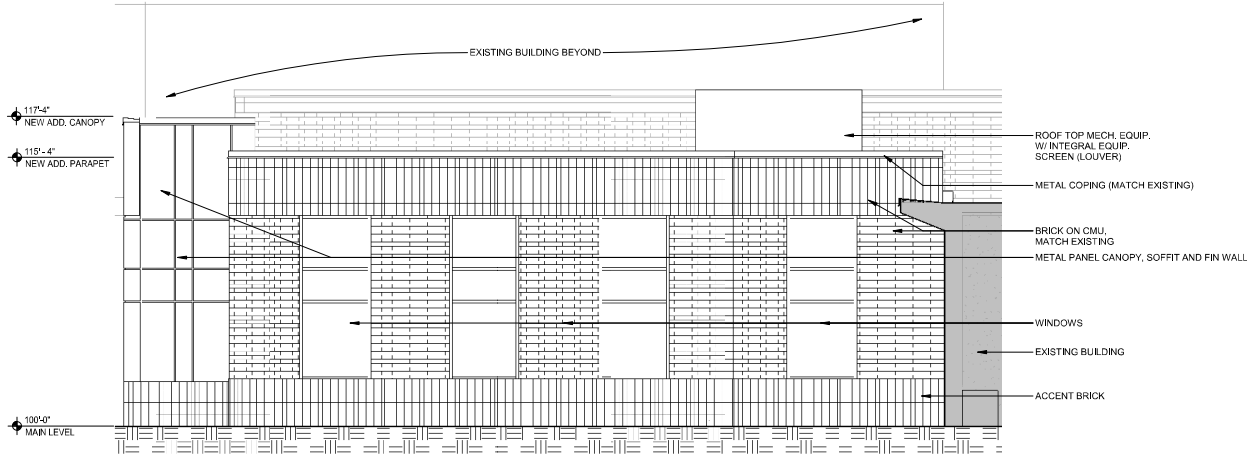
INDEPENDENT SCHOOL
DISTRICT #622
2520 12th Ave E,
Saint Paul, MN 55109



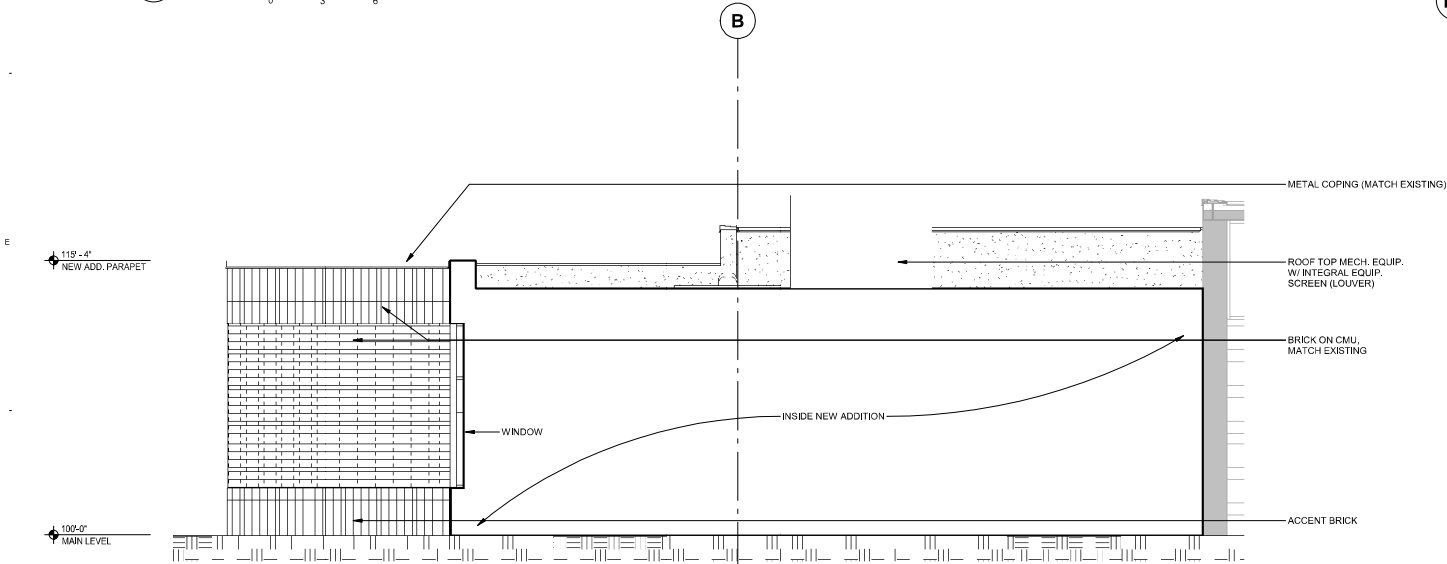
WOLD ARCHITECTS
AND ENGINEERS
332 Minnesota Street, Suite W2000
Saint Paul, MN 55101
woldae.com | 651.227.7773



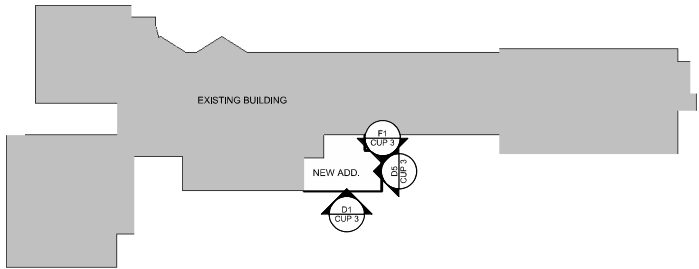
D1 COWERN EAST EXTERIOR ELEVATION
1/4" = 1'-0"



D5 COWERN NORTH EXTERIOR ELEVATION
1/4" = 1'-0"



F1 COWERN WEST EXTERIOR ELEVATION
1/4" = 1'-0"



EXTERIOR ELEVATION KEY PLAN

I hereby certify that this plan, specification or report was prepared by me or under my direct supervision and that I am a duly Licensed ARCHITECT under the laws of the State of MN.

Vaughn Dierks
License Number: 26979 Date: 3/1/21

Description	Revisions	
	Date	Num

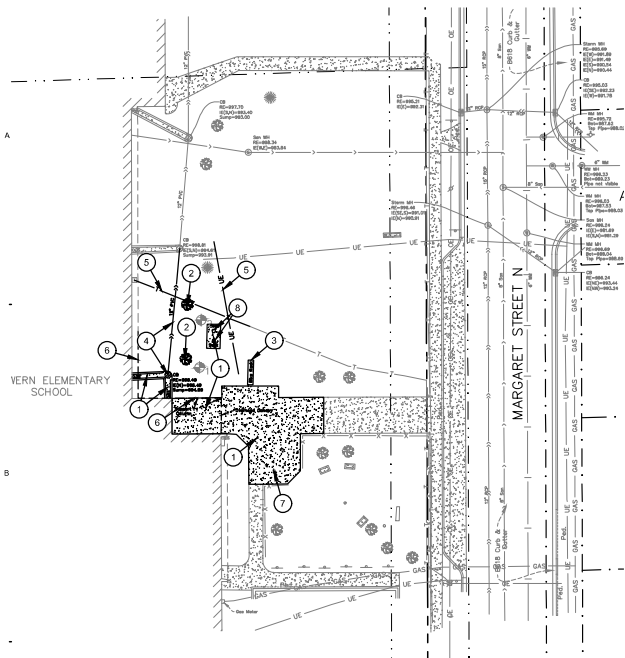
Comm: 262194
Date: 3/1/2021
Drawn: AL
Check: SK

EXTERIOR
ELEVATIONS

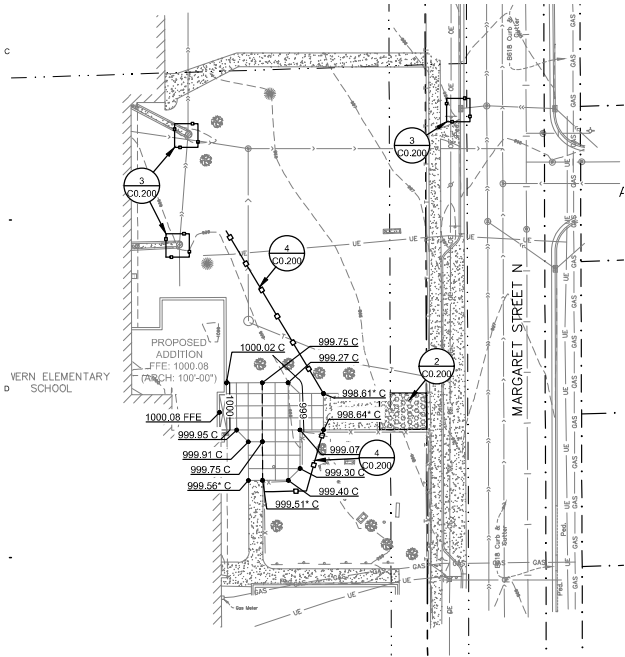
Scale: As indicated

CUP 3

MN



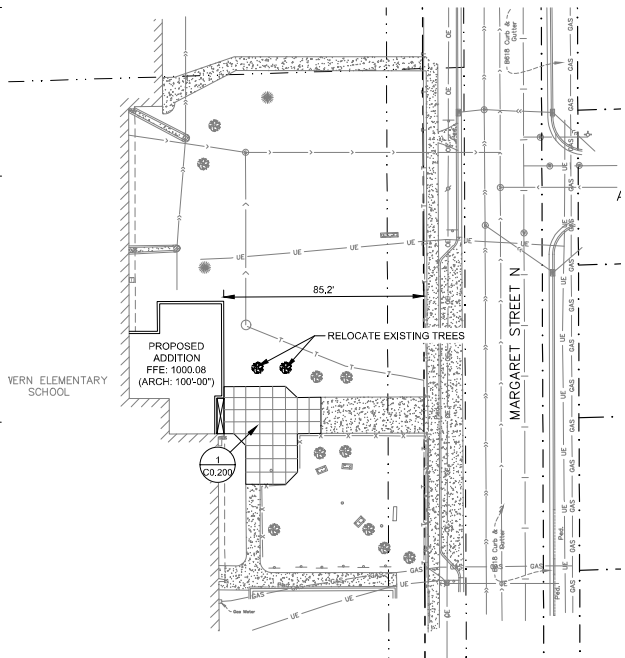
A
C0.100
1:30
DEMOLITION PLAN



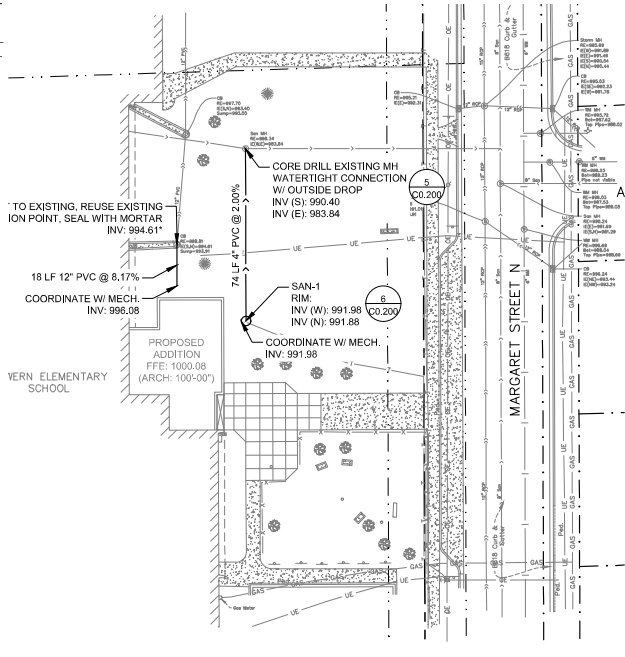
C
C0.100
1:30
GRADING AND EROSION CONTROL PLAN

EROSION CONTROL NOTES

- Owner and Contractor shall obtain MPCA-NPDES permit. Contractor shall be responsible for all fees pertaining to this permit. The SWPPP shall be kept onsite at all times.
- Install temporary erosion control measures (inlet protection, silt fence, and rock construction entrances) prior to beginning any excavation or demolition work at the site.
- Erosion control measures shown on the erosion control plan are the absolute minimum. The contractor shall install temporary earth dikes, sediment traps or basins, additional siltation fencing, and/or disk the soil parallel to the contours as deemed necessary to further control erosion. All changes shall be recorded in the SWPPP.
- All construction site entrances shall be surfaced with crushed rock across the entire width of the entrance and from the entrance to a point 50' into the construction zone.
- The toe of the silt fence shall be trenched in a minimum of 6". The trench backfill shall be compacted with a vibratory plate compactor.
- All grading operations shall be conducted in a manner to minimize the potential for site erosion. Sediment control practices must be established on all down gradient perimeters before any up gradient land disturbing activities begin.
- All exposed soil areas must be stabilized as soon as possible to limit soil erosion but in no case later than 14 days after the construction activity in that portion of the site has temporarily or permanently ceased. Temporary stockpiles without significant silt, clay or organic components (e.g., clean aggregate stockpiles, demolition concrete stockpiles, sand stockpiles) and the constructed base components of roads, parking lots and similar surfaces are exempt from this requirement.
- The normal wetted perimeter of any temporary or permanent drainage ditch or swale that drains water from any portion of the construction site, or diverts water around the site, must be stabilized within 200 lineal feet from the property edge, or from the point of discharge into any surface water. Stabilization of the last 200 lineal feet must be completed within 24 hours after connecting to a surface water. Stabilization of the remaining portions of any temporary or permanent ditches or swales must be complete within 14 days after connecting to a surface water and construction in that portion of the ditch has temporarily or permanently ceased.
- Pipe outlets must be provided with energy dissipation within 24 hours of connection to surface water.
- All riprap shall be installed with a filter material or soil separation fabric and comply with the Minnesota Department of Transportation Standard Specifications.
- All storm sewers discharging into wetlands or water bodies shall outlet at or below the normal water level of the respective wetland or water body at an elevation where the downstream slope is 1 percent or flatter. The normal water level shall be the invert elevation of the outlet of the wetland or water body.
- All storm sewer catch basins not needed for site drainage during construction shall be covered to prevent runoff from entering the storm sewer system. Catch basins necessary for site drainage during construction shall be provided with inlet protection.
- In areas where concentrated flows occur (such as swales and areas in front of storm catch basins and intakes) the erosion control facilities shall be backed by stabilization structure to protect those facilities from the concentrated flows.
- Inspect the construction site once every seven days during active construction and within 24 hours after a rainfall event greater than 0.5 inches in 24 hours. All inspections shall be recorded in the SWPPP.
- All silt fences must be repaired, replaced, or supplemented when they become nonfunctional or the sediment reaches 1/3 of the height of the fence. These repairs must be made within 24 hours of discovery, or as soon as field conditions allow access. All repairs shall be recorded in the SWPPP.
- If sediment escapes the construction site, off-site accumulations of sediment must be removed in a manner and at a frequency sufficient to minimize off-site impacts.
- All soils tracked onto pavement shall be removed daily.
- All infiltration areas must be inspected to ensure that no sediment from ongoing construction activity is reaching the infiltration area and these areas are protected from compaction due to construction equipment driving across the infiltration area.
- Temporary soil stockpiles must have silt fence or other effective sediment controls, and cannot be placed in surface waters, including stormwater conveyances such as curb and gutter systems, or conduits and ditches unless there is a bypass in place for the stormwater.
- Collected sediment, asphalt and concrete millings, floating debris, paper, plastic, fabric, construction and demolition debris and other wastes must be disposed of properly and must comply with MPCA disposal requirements.
- Oil, gasoline, paint and any hazardous substances must be properly stored, including secondary containment, to prevent spills, leaks or other discharge. Restricted access to storage areas must be provided to prevent vandalism. Storage and disposal of hazardous wastes must be in compliance with MPCA regulations.
- External washing of trucks and other construction vehicles must be limited to a defined area of the site. Runoff must be contained and waste properly disposed of. No engine degreasing is allowed onsite.
- All liquid and solid wastes generated by concrete washout operations must be contained in a leak-proof containment facility or impermeable liner. A compacted clay liner that does not allow washout liquids to enter ground water is considered an impermeable liner. The liquid and solid wastes must not contact the ground, and there must not be runoff from the concrete washout operations or areas. Liquid and solid wastes must be disposed of properly and in compliance with MPCA regulations. A sign must be installed adjacent to each washout facility to inform concrete equipment operators to utilize the proper facilities.
- Upon completion of the project and stabilization of all graded areas, all temporary erosion control facilities (silt fences, hay bales, etc.) shall be removed from the site.
- All permanent sedimentation basins must be restored to their design condition immediately following stabilization of the site.
- Contractor shall submit Notice of Termination for MPCA-NPDES permit within 30 days after Final Stabilization.



B
C0.100
1:30
PAVING PLAN



D
C0.100
1:30
UTILITY PLAN

SYMBOL LEGEND

- NEW CONCRETE PAVEMENT
SEE DETAIL 1/C0.200
- NEW STOOP/APRON
SEE STRUCTURAL/ARCHITECTURAL

SYMBOL LEGEND

- STORM MANHOLE (STMH)
- CATCH BASIN (CB)
- CURB INLET (CB)
- FLARED END (FES)
- SANITARY MANHOLE (SAN)
- HYDRANT (HYD)
- GATE VALVE & BOX
- STORM SEWER PIPE
- DRAIN TILE PIPE
- SANITARY SEWER PIPE
- WATERMAIN PIPE

UTILITY NOTES

- It is the responsibility of the contractor to perform or coordinate all necessary utility connections and relocations from existing utility locations to the proposed building, as well as to all onsite amenities. These connections include but are not limited to water, sanitary sewer, cable TV, telephone, gas, electric, site lighting, etc.
- All service connections shall be performed in accordance with state and local standard specifications for construction. Utility connections (sanitary sewer, watermain, and storm sewer) may require a permit from the City.
- The contractor shall verify the elevations at proposed connections to existing utilities prior to any demolition or excavation.
- The contractor shall notify all appropriate engineering departments and utility companies 72 hours prior to construction. All necessary precautions shall be made to avoid damage to existing utilities.
- Storm sewer requires testing in accordance with Minnesota plumbing code 4714.1109 where located within 10 feet of waterlines or the building.
- Maintain a minimum of 7 1/2" of cover over all water lines and sanitary sewer lines. Where 7 1/2" of cover is not provided, install 2" rigid polystyrene insulation (MNDOT 3760) with a thermal resistance of at least 5 and a compressive strength of at least 25 psi. Insulation shall be 8" wide, centered over pipe with 6" sand cushion between pipe and insulation. Where depth is less than 5', use 4" of insulation.
- Install water lines 12" above sewers. Where the sewer is less than 12" below the water line (or above), install sewer piping of materials approved for inside building use for 10 feet on each side of the crossing.
- All watermain piping shall be class 52 ductile iron pipe unless noted otherwise.
- See Project Specifications for bedding requirements.
- Pressure test and disinfect all new watermains in accordance with state and local requirements.
- Sanitary sewer piping shall be PVC, SDR-35 for depths less than 12", PVC SDR-26 for depths between 12' and 26', and class 52 D.I.P. for depths of 26' or more.
- A structure adjustment shall include removing and salvaging the existing casting assembly, removing existing concrete rings to the precast section. Install new rings and salvaged casting to proposed grades, cleaning casting flange by mechanical means to insure a sound surface and install an external chimney seal from casting to precast section. Chimney seals shall be Infi-Shield Uni-Band or an approved equal.

ISD #622 SECURE ENTRANCES - COWERN ELEMENTARY

2131 Margaret Street North
St. Paul, MN 55109

INDEPENDENT SCHOOL DISTRICT #622

2520 12th Ave. E.
North St. Paul, MN 55109

Wold

WOLD ARCHITECTS AND ENGINEERS

332 Minnesota Street, Suite W2009
Saint Paul, MN 55101

woldac.com | 651.227.7773

Larson Engineering, Inc.

3524 Labore Road
White Bear Lake, MN 55110
651.481.9120 (F) 651.481.9201
www.larsonengr.com

© 2021 Larson Engineering, Inc. All rights reserved.

I hereby certify that this plan, specifications or report was prepared by me or under my direct supervision and that I am a duly licensed Professional Engineer under the laws of the state of Minnesota.

Greg A. Buchal, P.E.

Date: xx.xx.2021 Lic. No.: 23793

Revisions		
Description	Date	Num

Comm: 12216002

Date: xx.xx.2021

Drawn: NUN

Check: GAB



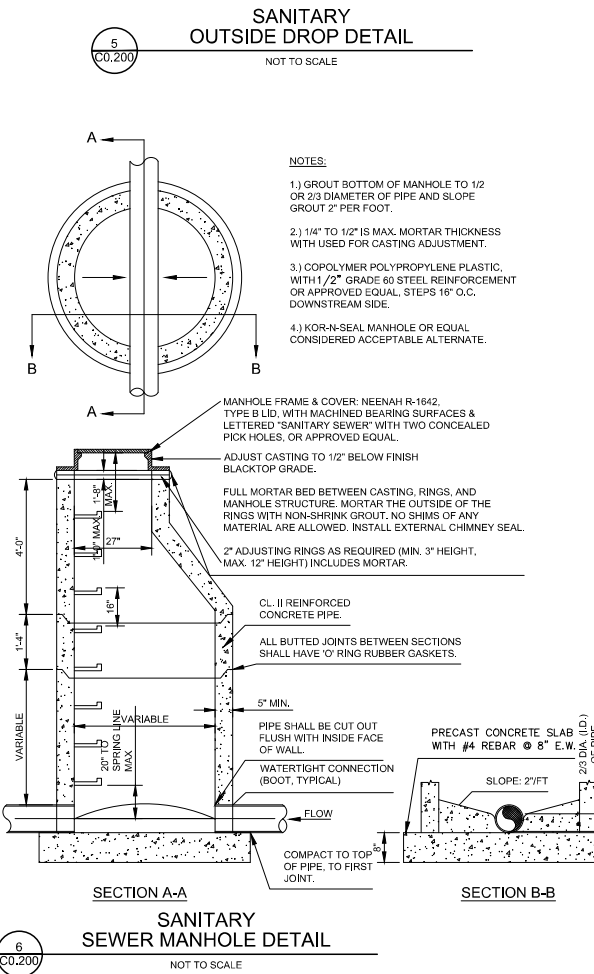
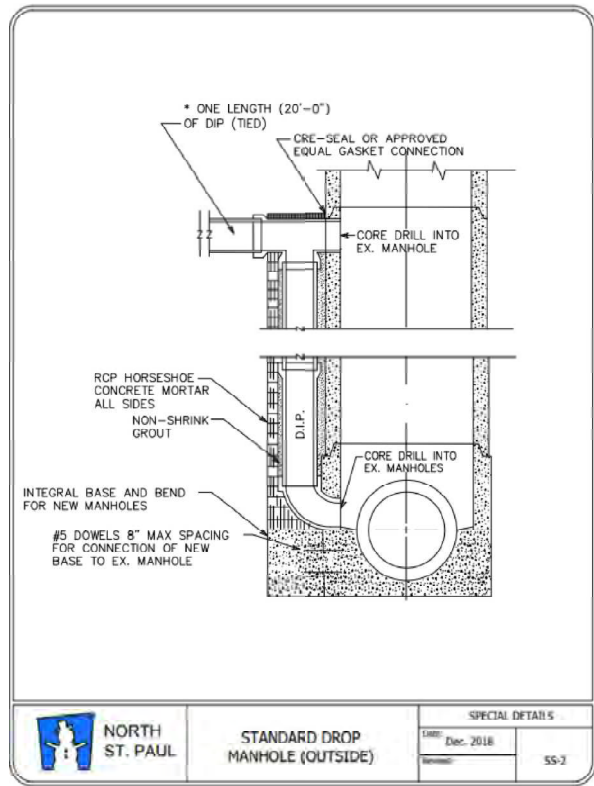
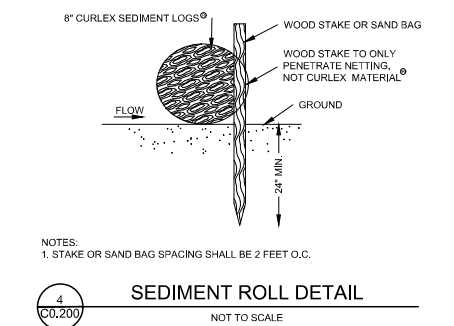
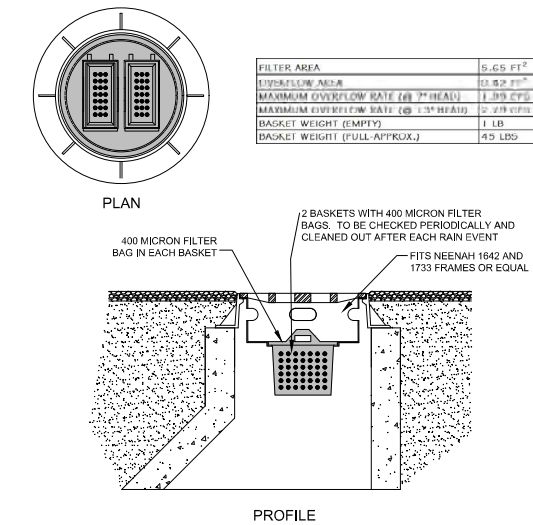
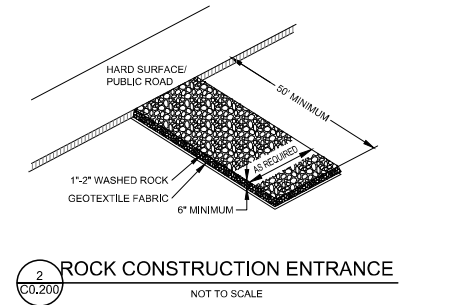
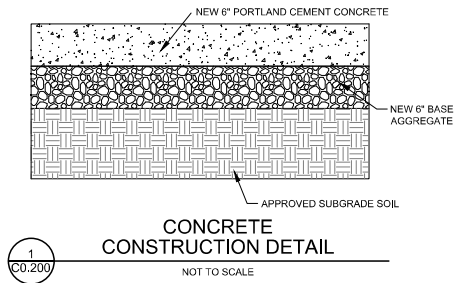
CIVIL SITE PLAN

Scale: As indicated

CITY SUBMITTAL - 03.01.2021
NOT FOR CONSTRUCTION

C0.100

MN



ISD #622 SECURE ENTRANCES - COWERN ELEMENTARY

2131 Margaret Street North
St. Paul, MN 55109

INDEPENDENT SCHOOL DISTRICT #622
2520 12th Ave. E.
North St. Paul, MN 55109



WOLD ARCHITECTS AND ENGINEERS
332 Minnesota Street, Suite W2000
Saint Paul, MN 55101

woldac.com | 651.227.7773

Larson Engineering, Inc.
3524 Labore Road
White Bear Lake, MN 55110
651.481.9120 (T) 651.481.9201
www.larsonengr.com

© 2021 Larson Engineering, Inc. All rights reserved.

I hereby certify that this plan, specifications or report was prepared by me or under my direct supervision and that I am a duly licensed Professional Engineer under the laws of the state of Minnesota.

Greg A. Buchal, P.E.
Date: xx.xx.2021 Lic. No.: 23753

Revisions		
Description	Date	Num

Comm: 12216002
Date: xx.xx.2021
Drawn: NJN
Check: GAB



DETAILS

Scale: As indicated

C0.200

**CITY SUBMITTAL - 03.01.2021
NOT FOR CONSTRUCTION**

CITY OF NORTH ST. PAUL
RESOLUTION NO. 2021-xxx

**RESOLUTION APPROVING A CONDITIONAL USE
PERMIT AMENDMENT FOR A SECURITY ENTRANCE
ADDITION FOR COWERN ELEMENTARY LOCATED
AT 2131 MARGARET STREET NORTH**

WHEREAS, the City of North St. Paul (“City”) has received an application for a Conditional Use Permit Amendment to allow for a 1,750 square foot addition to Cowern Elementary School for a security entrance and administrative office from Randy Anderson, Independent School District #622, 2520 East 12th Avenue, North St. Paul, MN 55109 at the property located at 2131 Margaret St N; and,

WHEREAS, the applicant is requesting the Conditional Use Permit Amendment to allow for the security entrance and administrative office addition; and,

WHEREAS, the property is legally described as follows:

Subj to Rd over N 33 ft and subj to St over E 17 58/100 feet and Ex N 273 ft of E 155 ft of W ½ the NW ¼ of NW ¼ of NE ¼ of Sec 13 TN 29 RN 22, North St. Paul, Ramsey County, Minnesota; and,

WHEREAS, A public notice for the proposal was published in the newspaper dated March 21, 2021 and property owners within 350 feet of the site have been notified; and,

WHEREAS, the Planning Commission held a public hearing on April 1, 2021 to consider and receive public input and has reviewed this request and recommends the City Council approve the Conditional Use Permit.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTH ST. PAUL, the request for a Conditional Use Permit Amendment as described herein is hereby approved according to the plans reviewed by the Planning Commission and City Council, subject to the following conditions:

1. Revised set of plans shall be submitted prior to building permit issuance for review addressing comments provided and incorporating any recommended comments as acceptable and necessary.
2. The two relocated trees shall be installed between the school building and Margaret Street and/or South Avenue. The relocated trees must not be installed within any drainage and utility easement.
3. Improve the informal parking area on 2095 Margaret Street in conformance with City Code and to provide a total of 60 parking spaces for the school.
4. The applicant is responsible for and shall provide copies of all applicable permitting for the project prior to grading permit (mass grading) and/or building permit

issuance, including but not limited to RWMWD and Minnesota Pollution Control Agency (MPCA) NPDES stormwater construction, MPCA/Metropolitan Council sanitary sewer extension, and Minnesota Department of Health watermain extension permits, as applicable.

5. Additional SAC charges may be due at time of building permit based on Met Council calculations of the additional use with the expansion.
6. Compliance with the conditions and recommendations within the City Engineer's Memorandum dated March 23, 2021.

ADOPTED this 4th day of May 2021.

Motion by Council Member xxx
Second by Council Member xxx

Voting: Aye: Council Member
 Council Member
 Council Member
 Council Member
 Mayor
 Nay:
 Abstain:
 Absent:

Terrence J. Furlong, Mayor

Attest:

Scott A. Duddeck, City Manager/Clerk

Agenda Information Memorandum
North St. Paul City Council
May 4, 2021

FROM THE OFFICE OF THE ELECTRIC DIRECTOR

Agenda placement: City Business Action Items & Recommendations

Subject: Declaration of Equipment Surplus

To: Honorable Mayor and City Council

Background/Facts:

2014 Ring-O-Matic Hydro-Vac Excavator

2016 Ditch Witch Backhoe Trancher

All surplus items will be sold via online auction.

All surplus equipment has reached the end of its serviceable life with the City.

Recommendation: It is recommended the City Council declare the equipment surplus to sell and in turn purchase a 2020 Ditch Witch Hydro-vac which was approved at the 4-20-21 City Council meeting.

Attachments:

Surplus photos

Respectfully submitted,

Brian Frandle
Electric Director

APPROVED FOR AGENDA ENCLOSURE:

Scott Duddeck
City Manager





Agenda Information Memorandum
North St. Paul City Council
May 4, 2021

FROM THE OFFICE OF THE ELECTRIC DIRECTOR

Agenda placement: City Business Action Items & Recommendations

Subject: Declaration of Equipment Surplus

To: Honorable Mayor and City Council

Background/Facts:

Surplus Equipment is as follows:

2003 Chevy ¾ Ton Utility Truck
1999 Chevy 1 Ton Utility Truck
Onan 10 kW Generator
Kohler 10 kW Generator
H & H hydraulic Pump
2 Bolt Bins- 40 compartments
Bolt Bin- 72 compartments
2002 Blacktop Trailer
Jenny 760 Steam Cleaner
Trailer- 1,500 lb. Rated
Pallet of Miscellaneous Equipment Supplies and Tools
Engine Lift
Gas Engine Compressor
Tool Box for Truck Bed
Trailer Axles w/4 Rims and 2 Tires
Back Rack
Blacktop Trailer
Floor Cleaner
Transmission Jack
Dirt Compactor
Floor Sweeper

All surplus items will be sold via online auction.

All surplus equipment has reached the end of its serviceable life with the City.

Recommendation: It is recommended the City Council declare the unused equipment and material surplus.

Attachments:

Surplus photos

Respectfully submitted,

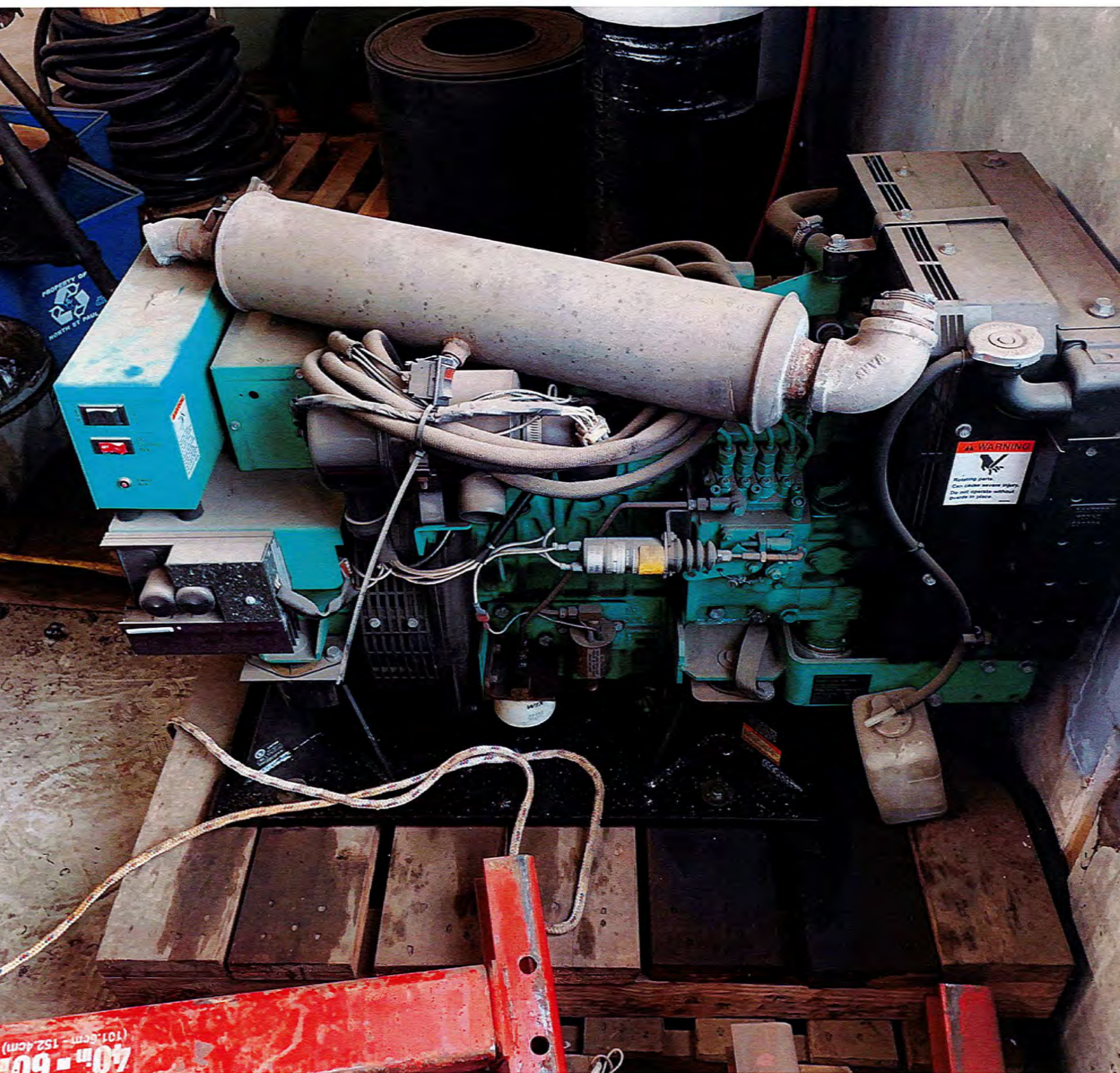
Brian Frandle
Electric Director

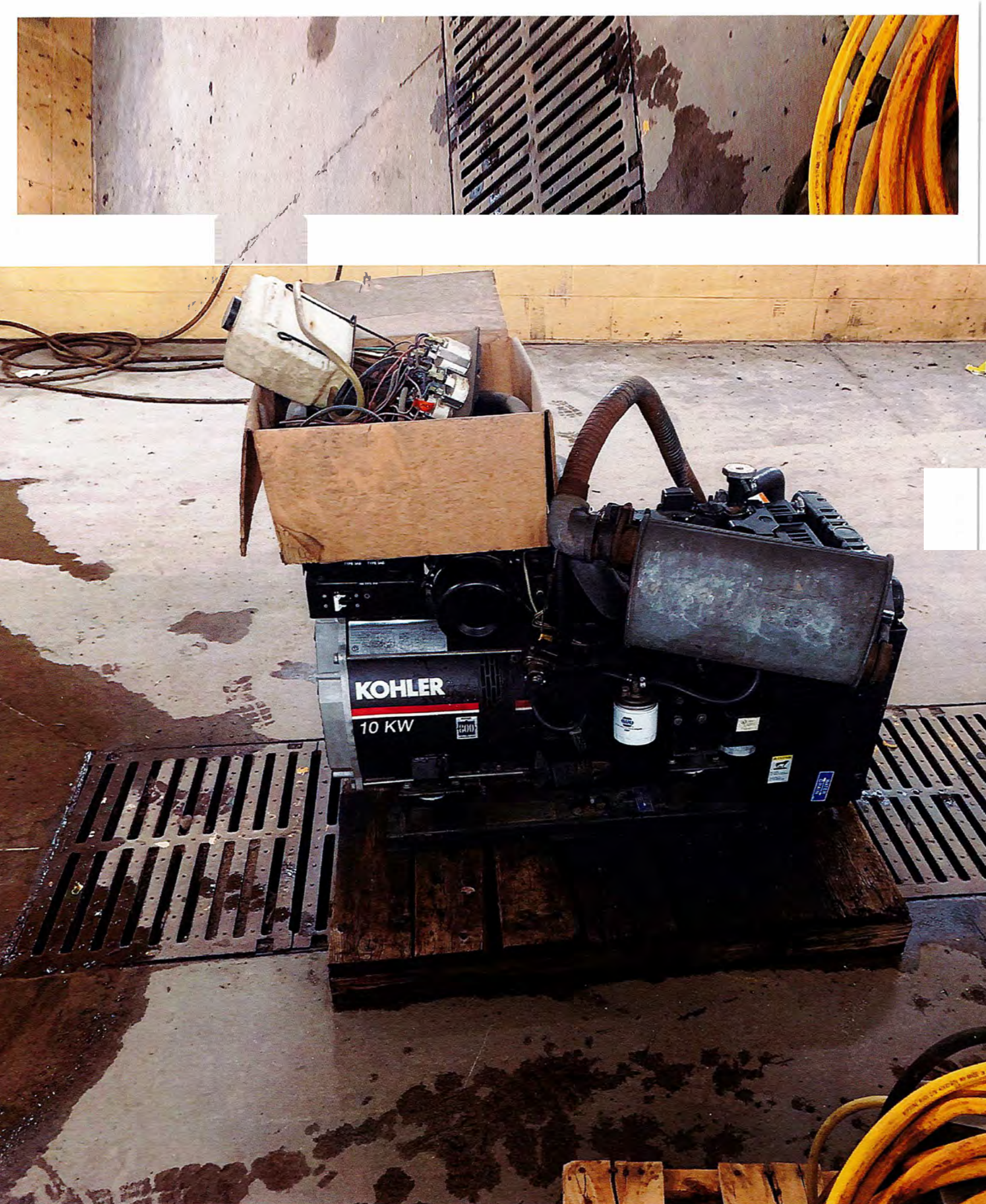
APPROVED FOR AGENDA ENCLOSURE:

Scott Duddeck
City Manager

















Jenny 760

DIVISION
STEAM CLEANER

Homestead Industries, Inc.
Box 346, Coraopolis, Pennsylvania 15108-0346

TO START:

1. Turn on Motor Switch.
2. Open Fuel Valve Turn on Fuel Switch after water flows from gun.
3. Open Solution Valve.

TO STOP:

1. Close Solution Valve.
2. Close Fuel Valve Turn off Fuel Switch.
3. Turn off Motor Switch when only water flows from gun.



PRESSURE
GAUGE

WARNING

- This machine must be properly grounded to avoid fatal electrical shock in the event it becomes accidentally grounded. See instructions & warning in manual.
- Disassemble this machine from electrical source before making any repairs.
- Unit is designed to produce very high pressure and/or temperature at gun tip. To prevent injury or damage, hold cleaning gun securely at all times.
- When used make use approved drain regulator and gun to vent exhaust.
- Open flame and continuously monitor spark present during operation. To avoid fire and/or explosion, do not operate this unit in combustible atmosphere or adjacent to combustible material or liquids.
- Wear protective clothing including face mask when operating.
- Check washing hose, flange, flange and control for all operations. DO NOT operate unit with damaged or worn hose.
- DO NOT repair damaged hose and/or flange. Replace worn flange and/or hose with parts or accessories specifications of original equipment.

CAUTION

- DO NOT run pump dry or damage may occur.
- DO NOT allow pump to freeze.
- DO NOT allow coil to freeze.
- Use only genuine Jenny cleaning compounds.

FUEL VALVE SWITCH

MOTOR SWITCH

SOLUTION VALVE











