

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

**FOR THE YEAR ENDED  
DECEMBER 31, 2019**

**Prepared By  
Finance Department**

# CITY OF MOUNDS VIEW

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SECTION I

INTRODUCTORY SECTION



Phone: (763) 717-4000  
Fax: (763) 717-4019

March 30, 2020

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

State law requires that all municipalities complete a set of financial statements presented in conformity with accounting principles generally accepted in the United States of America, and these statements are to be audited by a firm of certified public accountants or the Office of the State Auditor. Pursuant to that requirement, we hereby submit the comprehensive annual financial report (CAFR) of the City of Mounds View, Minnesota (the City) for the fiscal year ended December 31, 2019.

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

The City's financial statements have been audited by Malloy, Montague, Karnowski, Radosevich & Co., P.A. (MMKR), a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2019 are free of material misstatement.

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements for the year ended December 31, 2019 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

## **Profile of the City**

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

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

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

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

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

## **Local Economic Condition and Outlook**

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

The City of Mounds View saw significant residential development in 2019. Twelve permits were issued for new residential dwelling units and 128 units of multi-family housing in 2019. This compares with eight residential and 60 multi-family units in 2018. The City issued no new commercial building permits in 2019 or 2018. The City issued a total of 423 building permits in 2019 compared with 351 in 2018 at a total constructed value of \$20,333,800 compared with \$9,657,000 in 2018. The City anticipates modest residential and one multi-family development in 2020.

The U.S. Federal government, the State of Minnesota, County, and Municipal governments have been working together to address the corona virus pandemic in an effort to flatten the demand on the healthcare system. This will have an unknown negative impact on the economy. The state began the legislative session with a current surplus and a budget reserve at the statutory level. It is unknown at this time if the City will see a reduction in anticipated aid payments in the next state budget cycle. The City prepared the 2020 budget at 90% of certified state aid and thus any reduction will not have as adverse an impact on the City.

### **Long-term Financial Planning**

The City maintains a bond rating of AA, which improved as part of financing a new public works facility, this reflects the City's favorable financial position. This would provide a lower interest rate should the City desire to use long-term borrowing for future capital and infrastructure improvements. The greatest infrastructure need facing the City is the condition of its utility infrastructure. The City is developing plans to make significant improvements to the water treatment system beginning in 2020 and running through 2022. Also, the City is preparing to replace the 25 year old water meters in 2021. The City anticipates the need to issue bonds to finance the improvements. The City completed a ten year street improvement program in 2017 that rehabilitated 25.9 miles of streets. The City commenced street reconstruction of streets that were not part of the ten year street improvement program with completion of the Woodale Drive and Silver View Park parking lot in 2019. Quincy Street will be reconstructed in 2020. There will be additional streets reconstructed in 2021 and beyond.

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

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

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

### **Relevant Financial Policies**

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

### **Major Initiatives**

The major economic development initiative continues to be the upgrading of Mounds View Boulevard. The objective is to improve traffic flow and safety on the major corridor through the City's main commercial district. This is a multi-year project and achieving this should trigger new interest in development and redevelopment of commercial properties along the corridor. The City will rehabilitate the road surfaces and improve storm water structures on Quincy Street in 2020. The City will also undertake additional sewer lining and a sealcoat project.

The City is currently working to develop the Skyline parcels in the southeast part of the City. The City is working with a developer on a housing development known as Long Lake Woods that would add 12 to 14 buildable lots.



## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended December 31, 2018. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized comprehensive annual financial report that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the dedicated services of the finance and administrative staff of the City. I would like to express my appreciation to all staff members who assisted in the preparation of this report. Credit must also be given to the Mayor and City Council who have supported changes to improve the financial processes and position of the City.

Respectfully submitted,



Nyle Zikmund  
City Administrator



Mark Beer  
Finance Director

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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Mounds View  
Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2018**

*Christopher P. Morrill*

Executive Director/CEO

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**CITY OF MOUNDS VIEW**

Principal City Officials  
Year Ended December 31, 2019

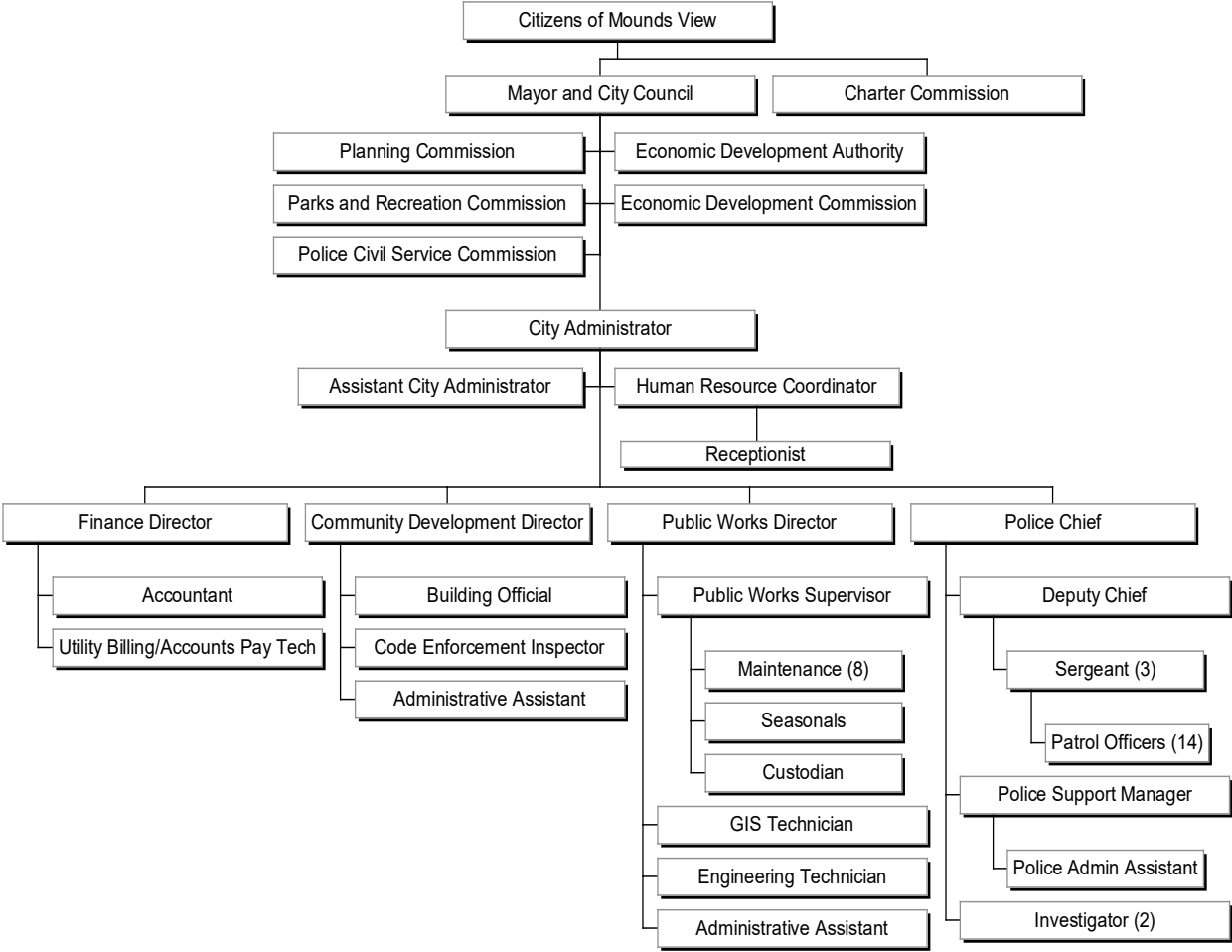
**ELECTED OFFICIALS**

Carol Mueller	Mayor
Bill Bergeron	Councilmember
Sherry Gunn	Councilmember
Alan Hull	Councilmember
Gary Meehlhause	Councilmember

**APPOINTED OFFICIALS**

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

# City of Mounds View Organizational Chart



SECTION II

FINANCIAL SECTION

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**PRINCIPALS**

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

**INDEPENDENT AUDITOR'S REPORT**

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

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mounds View, Minnesota (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

(continued)

## **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, each major fund, and the aggregate remaining fund information of the City as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund and major special revenue funds 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, combining and individual fund statements and schedules, 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 combining and individual fund statements and schedules are the responsibility of management and were derived from and relate 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 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 March 30, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota  
March 30, 2020

## CITY OF MOUNDS VIEW

### Management's Discussion and Analysis Year Ended December 31, 2019

As management of the City of Mounds View, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the beginning of this report.

#### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$61,206,031 (*net position*). Of this amount, \$16,257,288 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$652,718. Governmental activities increased total net position by \$196,555 while business-type activities increased total net position by \$456,163.
- As of the close of the current fiscal year, the City's Governmental Funds reported combined ending fund balances of \$18,015,922. The City reported a net increase of \$622,211 in comparison with the prior year. Approximately 16.1% of total fund balance or \$2,894,413 is restricted for debt service, tax increment purposes, economic development, parks and recreation, communications, public safety, and conservation. Approximately 61.0% or \$10,994,447 is assigned for future expenditures and 22.9% or \$4,127,062 is unassigned, which is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,127,062, or 59.2% of total General Fund expenditures.
- The City's total long-term debt (excluding compensated absences and net pension liability) decreased by \$427,799 or 5.7% during the current fiscal year. The decrease was the result of scheduled debt service.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *Statement of Net Position* presents financial information on all of the City’s assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned, but unused, vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, streets and highways, sanitation, culture and recreation, and economic development. The business-type activities of the City include water, sanitary sewer, storm water, and street light.

The government-wide financial statements include only the City itself. The Economic Development Authority, although legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government. The government-wide financial statements can be found on pages 15-16.

**Fund Financial Statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: Governmental Funds and Proprietary Funds.

**Governmental Funds** – Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the governmental-wide financial statements, Governmental Fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of Governmental Funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for Governmental Funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between Governmental Funds and governmental activities.

The City maintains several Individual Governmental Funds. Information is presented separately in the Governmental Fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund; the Economic Development Authority Special Revenue Fund, the TIF District No. 5 Special Revenue Fund, and the Street Improvement Capital Projects Fund, which all are considered to be Major Funds. Data from the other Governmental Funds are combined into a single, aggregated presentation. Combining and individual fund data for each of these Nonmajor Governmental funds can be found on pages 59-74.

The City adopts an annual appropriated budget for its General Fund and most special revenue funds. Budgetary comparisons for the General and Major Special Revenue Funds are included in the basic financial statements. Budgetary comparisons for Nonmajor Special Revenue Funds are provided elsewhere in the report to demonstrate compliance with these budgets. The basic Governmental Fund financial statements can be found on pages 17-24.

**Proprietary Funds** – The City maintains only one type of Proprietary Fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses Enterprise Funds to account for its water, sanitary sewer, storm water, and street light operations.

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

The basic Proprietary Fund financial statements can be found on pages 25-27.

**Notes to Basic Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements are included as a component of the basic financial statements and can be found on pages 28-53.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$61,206,031 at the close of the most recent fiscal year.

A significant portion of the City's net position (68.8%) reflects its net investment in capital assets (e.g. land, land improvements, construction in progress, buildings, infrastructure, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot typically be used to liquidate these liabilities.

### The City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 18,867,577	\$ 18,418,351	\$ 6,071,399	\$ 5,879,706	\$ 24,938,976	\$ 24,298,057
Capital assets	42,553,236	43,459,390	6,595,530	6,329,151	49,148,766	49,788,541
Total assets	61,420,813	61,877,741	12,666,929	12,208,857	74,087,742	74,086,598
Deferred outflows of resources	1,989,561	2,593,479	61,202	83,546	2,050,763	2,677,025
Total assets & def'd outflows	\$ 63,410,374	\$ 64,471,220	\$ 12,728,131	\$ 12,292,403	\$ 76,138,505	\$ 76,763,623
Long-term liabilities						
outstanding	\$ 10,485,794	\$ 10,603,527	\$ 591,180	\$ 550,146	\$ 11,076,974	\$ 11,153,673
Other liabilities	762,933	992,042	105,521	110,146	868,454	1,102,188
Total liabilities	11,248,727	11,595,569	696,701	660,292	11,945,428	12,255,861
Deferred inflows of resources	2,863,377	3,773,936	123,669	180,513	2,987,046	3,954,449
Total liabilities & def'd inflows	\$ 14,112,104	\$ 15,369,505	\$ 820,370	\$ 840,805	\$ 14,932,474	\$ 16,210,310
Net position						
Net investment in capital assets	\$ 35,524,808	\$ 36,010,512	\$ 6,595,530	\$ 6,329,151	\$ 42,120,338	\$ 42,339,663
Restricted	2,828,405	3,298,426	–	–	2,828,405	3,298,426
Unrestricted	10,945,057	9,792,777	5,312,231	5,122,447	16,257,288	14,915,224
Total net position	\$ 49,298,270	\$ 49,101,715	\$ 11,907,761	\$ 11,451,598	\$ 61,206,031	\$ 60,553,313

An additional portion of the City's net position, 4.6%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$16,257,288, may be used to meet the government's ongoing obligations to citizens and creditors.

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

Total net position increased by \$652,718 during the current year. Significant factors contributing to the increase in net position were increased utility rates.

**Governmental Activities** – Governmental activities increased the City's net position by \$196,555. Key elements of this increase are seen in the table below.

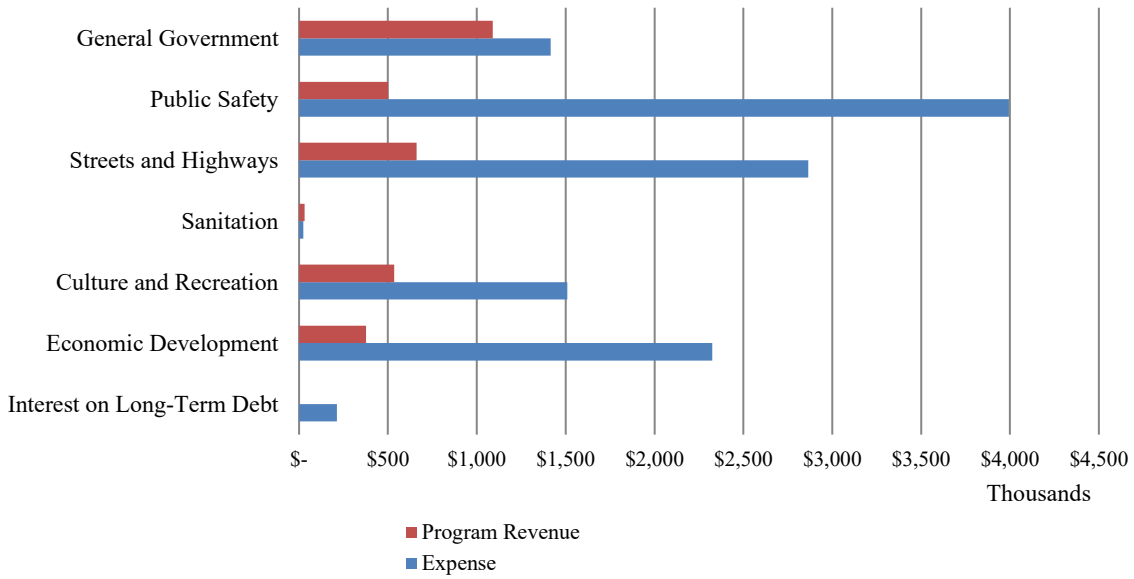
- Charges for services increased by \$997,608 over the prior year.
- Property taxes increased by \$473,207 over the prior year.
- Unrestricted Investment Earnings increased by \$209,097 over the prior year.
- Streets and highways expense increased by \$760,777 over the prior year.
- Public safety expense increased by \$470,332 over the prior year.

## The City's Changes in Net Position

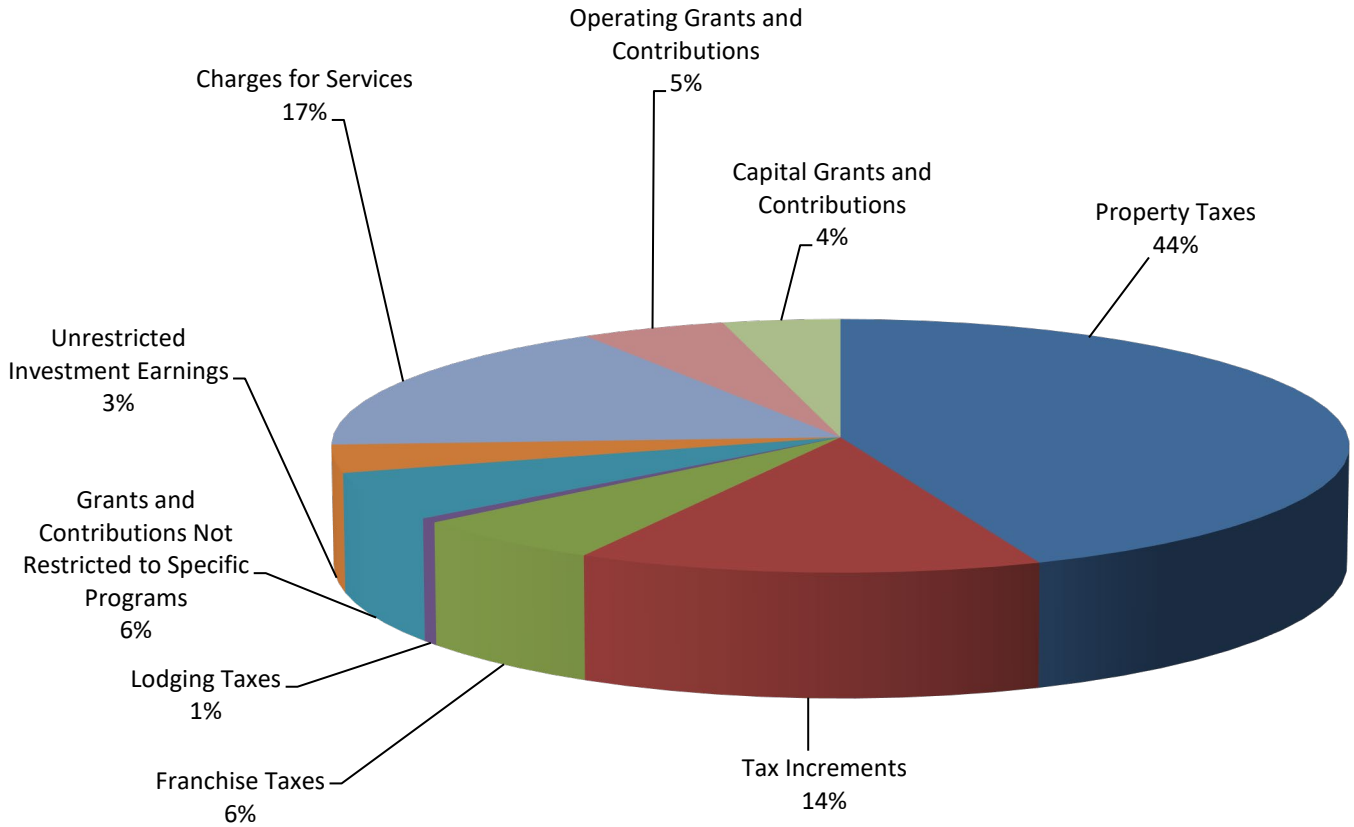
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	\$ 2,096,876	\$ 1,099,268	\$ 3,374,124	\$ 3,330,475	\$ 5,471,000	\$ 4,429,743
Operating grants and contributions	606,566	526,942	1,080	3,292	607,646	530,234
Capital grants and contributions	490,703	410,015	43,059	-	533,762	410,015
General revenues						
Property taxes	5,423,885	4,950,678	-	-	5,423,885	4,950,678
Tax increments	1,707,400	1,670,422	-	-	1,707,400	1,670,422
Franchise taxes	735,319	799,948	-	-	735,319	799,948
Lodging taxes	71,957	77,115	-	-	71,957	77,115
Grants and contributions not restricted to specific programs	750,546	746,962	-	-	750,546	746,962
Unrestricted investment earnings	438,096	228,999	147,951	67,720	586,047	296,719
Total revenues	12,321,348	10,510,349	3,566,214	3,401,487	15,887,562	13,911,836
Expenses						
General government	1,416,027	1,327,997	-	-	1,416,027	1,327,997
Public safety	3,994,122	3,523,790	-	-	3,994,122	3,523,790
Streets and highways	2,864,440	2,103,663	-	-	2,864,440	2,103,663
Sanitation	24,411	27,330	-	-	24,411	27,330
Culture and recreation	1,509,833	1,467,715	-	-	1,509,833	1,467,715
Economic development	2,325,182	2,211,174	-	-	2,325,182	2,211,174
Interest on long-term debt	212,833	225,377	-	-	212,833	225,377
Water	-	-	1,005,538	996,602	1,005,538	996,602
Sanitary sewer	-	-	1,527,841	1,492,863	1,527,841	1,492,863
Storm water	-	-	266,924	233,995	266,924	233,995
Streetlight	-	-	87,693	87,165	87,693	87,165
Total expenses	12,346,848	10,887,046	2,887,996	2,810,625	15,234,844	13,697,671
Change in net position before transfers	(25,500)	(376,697)	678,218	590,862	652,718	214,165
Transfers	222,055	296,801	(222,055)	(296,801)	-	-
Change in net position	196,555	(79,896)	456,163	294,061	652,718	214,165
Net position – beginning	49,101,715	49,181,611	11,451,598	11,157,537	60,553,313	60,339,148
Net position – ending	\$ 49,298,270	\$ 49,101,715	\$ 11,907,761	\$ 11,451,598	\$ 61,206,031	\$ 60,553,313



### Expenses and Program Revenues – Governmental Activities



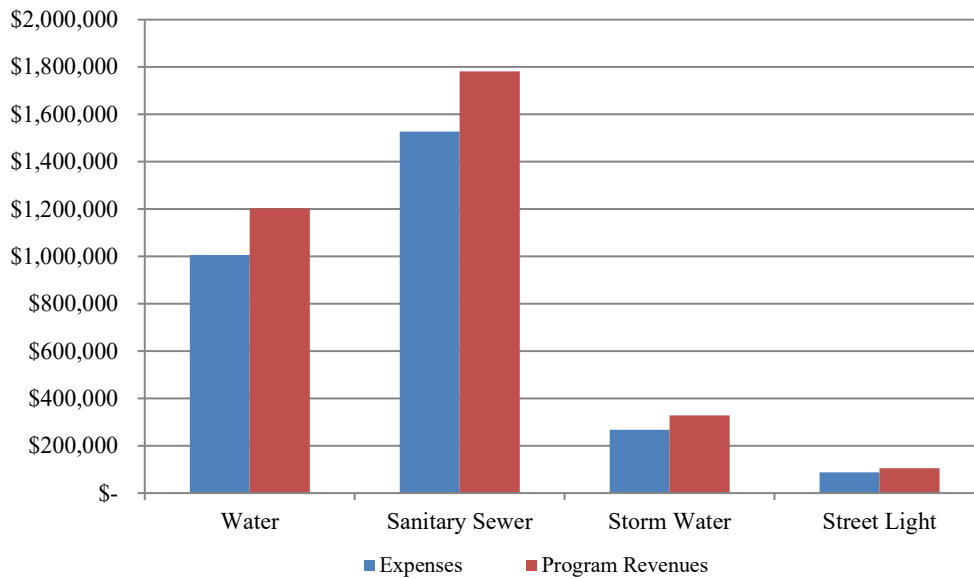
### Revenues by Source – Governmental Activities



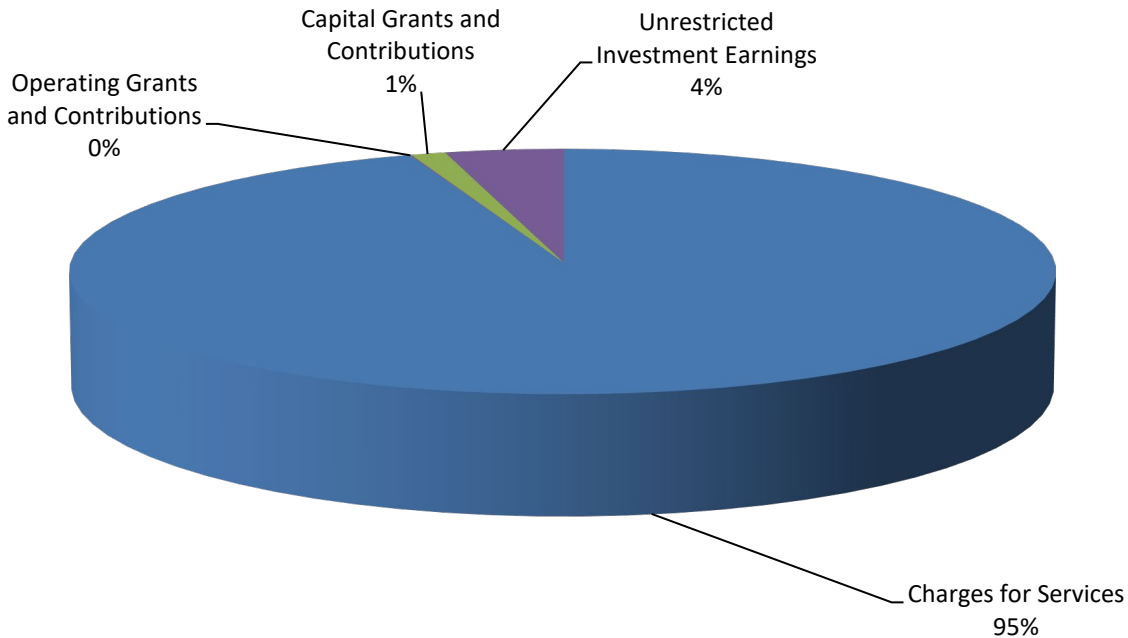
**Business-Type Activities** – Key factors in the business-type activities during 2019 are as follows:

- Utility rates were reviewed in conjunction with planning the 2019 fiscal year. Modest changes in the utility rate structures were necessary to offset anticipated capital activity. Overall utility revenues were modestly higher.
- Operating expenses were slightly higher overall when compared to the previous year.
- Nonoperating activities reported an increase in investment income due to increasing interest rates.
- Net transfers out of the City’s Enterprise Funds decreased from the previous year as approved by City Council resolution.

**Expenses and Program Revenues – Business-Type Activities**



### Revenues by Source – Business-Type Activities



### FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

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

**Governmental Funds** – The focus of the City’s Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, assigned and unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City’s Governmental Funds reported combined ending fund balances of \$18,015,922, an increase of \$622,211 in comparison with the prior year. Approximately 16.1% of this total amount, \$2,894,413, is restricted for debt service, tax increment purposes, economic development, parks and recreation, communications, public safety, and conservation. Approximately 61.0% or \$10,994,447 is assigned for future expenditures and 22.9% or \$4,127,062 is unassigned. Assigned and unassigned fund balance is available for spending at the government’s discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$4,127,062. Due to the pattern of receipt of taxes and intergovernmental revenues mandated by the state, Minnesota cities do not receive any significant revenues in their General Funds until July of each year. The City’s policy is to end the year with a fund balance equal to 35% to 50% of the subsequent years budgeted revenues and transfers or a minimum of five months expenditures and transfers. Unassigned fund balance represents 54.9% of the 2020 Budgeted General Fund revenue and transfers from other funds.

Fund balance for the City’s General Fund increased by \$50,252 during the current fiscal year due to favorable revenue collections. The City had budgeted for a net decrease in fund balance of (\$250,000).

The Economic Development Authority Special Revenue Fund experienced an increase in fund balance of \$33,699 due to planned activities.

The Tax Increment Financing District No. 5 Special Revenue Fund experienced an increase in fund balance of \$20,241 due to planned activities.

The Street Improvement Fund (Capital Projects) experienced an increase in fund balance of \$404,884 as a result of a planned activities and reduced scope of a street project.

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

The three major Utility Funds (Water, Sanitary Sewer, and Storm Water) saw increases in total net position: the Water fund increased by \$72,232; the Sanitary Sewer fund increased by \$286,874; the Storm Water fund increased by \$78,652. Rate increases helped provide the positive results for all three funds. All three funds experienced slightly higher investment earnings as a result of higher interest rates.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

General Fund revenues exceeded the budgeted amount by \$590,027 as a result of higher than expected licenses and permits, intergovernmental revenues, and investment earnings. Total expenditures were over budget and resulted in a variance of \$177,775 due to higher legal expenses, additional personnel costs for overtime, and retirement severance. The Advisory Commissions functions exceeded budgeted amounts due to increased legal expenses. The Elections function exceeded budgeted amounts due to increased equipment maintenance costs. The Finance function exceeded budget amounts due to higher personnel costs. Central services exceeded budget amounts due to higher legal and training costs. The Government Building function exceeded the budgeted amounts due to increased maintenance costs. The Miscellaneous and contingency function exceeded budget amounts due to adding additional mental health services. The Police function exceeded the budgeted amount due to higher overtime costs, retirement severance, and higher insurance deductible payments. The Fire function exceeded budgeted amounts due to higher dispatch and inspection costs. The Streets function exceeded budgeted amounts due to higher snow removal costs. The Recreation function exceeded budgeted amounts due to adding additional programming for seniors. The Convention and Visitors Bureau function exceeded budgeted amounts due to higher hotel activity. The Debt Service interest function exceeded budgeted amounts due to a change in the fire allocation formula. Transfers out exceeded the budget as a result of the City Council authorizing an additional transfer to the Vehicle and Equipment Capital Projects fund and the Special Projects Capital Projects fund at year end.

## **CAPITAL AND DEBT ADMINISTRATION**

**Capital Assets** – The City’s investment in capital assets for its governmental and business-type activities as of December 31, 2019 was \$49,148,766 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, infrastructure, equipment, and construction in progress. The total decrease in capital assets for the current year was 1.3%. This was comprised primarily of depreciation.

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

- Police office remodel.
- Woodale Drive street project.
- Replacement of Police cars, Parks equipment, and Public Works vehicles.
- Silver View Park parking lot mill and overlay.
- City Hall park and splash pad construction.

**The City's Capital Assets**  
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 642,416	\$ 642,416	\$ 10,851	\$ 10,851	\$ 653,267	\$ 653,267
Land improvements	132,961	132,961	–	–	132,961	132,961
Buildings	18,309,546	18,309,546	5,024,470	5,024,470	23,334,016	23,334,016
Infrastructure	41,424,898	40,738,402	12,547,691	12,547,691	53,972,589	53,286,093
Equipment	6,690,487	6,244,278	2,917,612	2,735,214	9,608,099	8,979,492
Construction in progress	917,640	318,776	484,981	35,910	1,402,621	354,686
<b>Total capital assets</b>	<b>68,117,948</b>	<b>66,386,379</b>	<b>20,985,605</b>	<b>20,354,136</b>	<b>89,103,553</b>	<b>86,740,515</b>
Accumulated depreciation	(25,564,712)	(22,926,989)	(14,390,075)	(14,024,985)	(39,954,787)	(36,951,974)
<b>Total capital assets - net</b>	<b>\$ 42,553,236</b>	<b>\$ 43,459,390</b>	<b>\$ 6,595,530</b>	<b>\$ 6,329,151</b>	<b>\$ 49,148,766</b>	<b>\$ 49,788,541</b>

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

**Long-Term Debt** – At the end of the current year, the City had total bonded debt and certificates outstanding of \$6,528,158 and this is backed by the full faith and credit of the City. The remainder of long-term obligations is comprised of a capital lease.

**The City's Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 6,274,377	\$ 6,568,762	\$ –	\$ –	\$ 6,274,377	\$ 6,568,762
G.O. fire equipment certificates	253,781	318,189	–	–	253,781	318,189
Capital lease	500,270	561,927	59,456	66,805	559,726	628,732
<b>Total</b>	<b>\$ 7,028,428</b>	<b>\$ 7,448,878</b>	<b>\$ 59,456</b>	<b>\$ 66,805</b>	<b>\$ 7,087,884</b>	<b>\$ 7,515,683</b>

Debt excluding leases decreased by \$358,793, or 5.2% during the current year as a result of debt service.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3% of its total estimated market value. The current debt limitation for the City is \$34,979,208, which is significantly in excess of the City's outstanding general obligation debt.

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

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- The unemployment rate for Ramsey County (which includes the City) is 2.9%, which is a modest change from the rate of 2.7% a year ago. This rate compares favorably to the national rate of 3.5%.
- Inflationary trends in the region compare favorably to national indices.
- Home foreclosures are average to below average for the region.
- The U.S. Federal government, the State of Minnesota, County, and Municipal governments have been working together to address the corona virus pandemic in an effort to flatten the demand on the healthcare system. This will have an unknown negative impact on the economy. The state began the legislative session with a current surplus and a budget reserve at the statutory level. It is unknown at this time if the City will see a reduction in anticipated aid payments in the next state budget cycle. The City prepared the 2020 budget at 90% of certified state aid and thus any reduction will not have as adverse an impact on the City.

All of these factors were considered in preparing the City's budget for the 2020 fiscal year.

Utility rate studies are prepared for each of the City's four utilities every year. Water, Sanitary Sewer and Storm Water rates will increase for 2020. Street Light rates will remain the same as fiscal 2018.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 2401 Mounds View Boulevard, City of Mounds View, Minnesota 55112-1429.

BASIC FINANCIAL STATEMENTS

**CITY OF MOUNDS VIEW**

**Statement of Net Position  
December 31, 2019**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and temporary investments	\$ 16,745,016	\$ 5,121,051	\$ 21,866,067
Receivables			
Accounts	188,276	839,341	1,027,617
Intergovernmental	87,301	999	88,300
Delinquent taxes	39,772	-	39,772
Special assessments	117,083	110,008	227,091
Notes	13,032	-	13,032
Land held for resale	1,677,097	-	1,677,097
Capital assets not being depreciated			
Land	642,416	10,851	653,267
Land improvements	132,961	-	132,961
Construction in progress	917,640	484,981	1,402,621
Capital assets being depreciated			
Buildings	18,309,546	5,024,470	23,334,016
Infrastructure	41,424,898	12,547,691	53,972,589
Equipment	6,690,487	2,917,612	9,608,099
Less accumulated depreciation	<u>(25,564,712)</u>	<u>(14,390,075)</u>	<u>(39,954,787)</u>
Total capital assets, net of depreciation	<u>42,553,236</u>	<u>6,595,530</u>	<u>49,148,766</u>
<b>Total assets</b>	<b>61,420,813</b>	<b>12,666,929</b>	<b>74,087,742</b>
<b>Deferred outflows of resources</b>			
Pension plan deferments - PERA	<u>1,989,561</u>	<u>61,202</u>	<u>2,050,763</u>
<b>Total assets and deferred outflows</b>	<b><u>\$ 63,410,374</u></b>	<b><u>\$ 12,728,131</u></b>	<b><u>\$ 76,138,505</u></b>
<b>Liabilities</b>			
Accounts/contracts payable	\$ 161,789	\$ 22,462	\$ 184,251
Accrued wages and benefits	221,493	37,196	258,689
Due to other governments	153,093	2,272	155,365
Unearned revenue	65,462	-	65,462
Deposits payable	92,963	43,591	136,554
Accrued interest payable	68,133	-	68,133
Noncurrent liabilities			
Due within one year	567,909	24,541	592,450
Due in more than one year	9,917,885	566,639	10,484,524
Total noncurrent liabilities	<u>10,485,794</u>	<u>591,180</u>	<u>11,076,974</u>
<b>Total liabilities</b>	<b><u>11,248,727</u></b>	<b><u>696,701</u></b>	<b><u>11,945,428</u></b>
<b>Deferred inflows of resources</b>			
Pension plan deferments - PERA	<u>2,863,377</u>	<u>123,669</u>	<u>2,987,046</u>
<b>Net position</b>			
Net investment in capital assets	35,524,808	6,595,530	42,120,338
Restricted for			
Debt service	282,350	-	282,350
Tax increment	1,567,339	-	1,567,339
Economic development	478,571	-	478,571
Parks and recreation	308,183	-	308,183
Communications	150,341	-	150,341
Public safety	12,688	-	12,688
Conservation	28,933	-	28,933
Unrestricted	<u>10,945,057</u>	<u>5,312,231</u>	<u>16,257,288</u>
<b>Total net position</b>	<b><u>49,298,270</u></b>	<b><u>11,907,761</u></b>	<b><u>61,206,031</u></b>
<b>Total liabilities, deferred inflows, and net position</b>	<b><u>\$ 63,410,374</u></b>	<b><u>\$ 12,728,131</u></b>	<b><u>\$ 76,138,505</u></b>

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



**CITY OF MOUNDS VIEW**

**Statement of Activities  
Year Ended December 31, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 1,416,027	\$ 1,090,374	\$ -	\$ -	\$ (325,653)	\$ -	\$ (325,653)
Public safety	3,994,122	83,619	416,547	-	(3,493,956)	-	(3,493,956)
Streets and highways	2,864,440	35,331	135,960	490,703	(2,202,446)	-	(2,202,446)
Sanitation	24,411	-	31,059	-	6,648	-	6,648
Culture and recreation	1,509,833	511,447	23,000	-	(975,386)	-	(975,386)
Economic development	2,325,182	376,105	-	-	(1,949,077)	-	(1,949,077)
Interest on long-term debt	212,833	-	-	-	(212,833)	-	(212,833)
Total governmental activities	12,346,848	2,096,876	606,566	490,703	(9,152,703)	-	(9,152,703)
Business-type activities							
Water	1,005,538	1,203,410	478	-	-	198,350	198,350
Sanitary sewer	1,527,841	1,738,097	447	43,059	-	253,762	253,762
Storm water	266,924	327,750	155	-	-	60,981	60,981
Street light	87,693	104,867	-	-	-	17,174	17,174
Total business-type activities	2,887,996	3,374,124	1,080	43,059	-	530,267	530,267
Total government	<u>\$ 15,234,844</u>	<u>\$ 5,471,000</u>	<u>\$ 607,646</u>	<u>\$ 533,762</u>	(9,152,703)	530,267	(8,622,436)
General revenues							
Property taxes					5,423,885	-	5,423,885
Tax increments					1,707,400	-	1,707,400
Franchise taxes					735,319	-	735,319
Lodging taxes					71,957	-	71,957
Grants and contributions not restricted to specific programs					750,546	-	750,546
Unrestricted investment earnings					438,096	147,951	586,047
Transfers					222,055	(222,055)	-
Total general revenues and transfers					9,349,258	(74,104)	9,275,154
Change in net position					196,555	456,163	652,718
Net position – beginning					49,101,715	11,451,598	60,553,313
Net position – ending					<u>\$ 49,298,270</u>	<u>\$ 11,907,761</u>	<u>\$ 61,206,031</u>

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

**CITY OF MOUNDS VIEW**

**Balance Sheet  
Governmental Funds  
December 31, 2019**

	<u>General</u>	<u>Economic Development Authority Special Revenue</u>	<u>Tax Increment Financing District No. 5 Special Revenue</u>	<u>Street Improvement Capital Projects</u>	<u>Other Governmental</u>	<u>Total</u>
<b>Assets</b>						
Cash and temporary investments	\$ 9,896,287	\$ 184,166	\$ 869,475	\$ 919,308	\$ 4,875,780	\$ 16,745,016
Receivables						
Accounts	42,752	17,069	-	28,572	99,883	188,276
Intergovernmental	64,999	899	-	2,680	18,723	87,301
Delinquent taxes	37,667	37	-	-	2,068	39,772
Special assessments	5,769	-	-	110,800	514	117,083
Notes	-	13,032	-	-	-	13,032
Due from other funds	-	-	-	1,400,000	-	1,400,000
Land held for resale	-	1,677,097	-	-	-	1,677,097
<b>Total assets</b>	<u>\$ 10,047,474</u>	<u>\$ 1,892,300</u>	<u>\$ 869,475</u>	<u>\$ 2,461,360</u>	<u>\$ 4,996,968</u>	<u>\$ 20,267,577</u>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>						
<b>Liabilities</b>						
Accounts/contracts payable	\$ 42,696	\$ 3,964	\$ -	\$ 55,017	\$ 60,112	\$ 161,789
Accrued wages and benefits	213,246	5,603	-	-	2,644	221,493
Due to other funds	-	1,400,000	-	-	-	1,400,000
Due to other governments	18,179	-	-	132,637	2,277	153,093
Unearned revenue	65,462	-	-	-	-	65,462
Deposits payable	73,669	4,162	-	15,132	-	92,963
<b>Total liabilities</b>	<u>413,252</u>	<u>1,413,729</u>	<u>-</u>	<u>202,786</u>	<u>65,033</u>	<u>2,094,800</u>
<b>Deferred inflows of resources</b>						
Unavailable revenue - taxes	37,667	37	-	-	2,068	39,772
Unavailable revenue - assessments	5,769	-	-	110,800	514	117,083
<b>Total deferred inflows of resources</b>	<u>43,436</u>	<u>37</u>	<u>-</u>	<u>110,800</u>	<u>2,582</u>	<u>156,855</u>
<b>Fund balances</b>						
<b>Restricted for</b>						
Debt service	-	-	-	-	348,395	348,395
Tax increment	-	-	869,475	-	697,864	1,567,339
Economic development	-	478,534	-	-	-	478,534
Parks and recreation	-	-	-	-	308,183	308,183
Communications	-	-	-	-	150,341	150,341
Public safety	-	-	-	-	12,688	12,688
Conservation	-	-	-	-	28,933	28,933
<b>Assigned to</b>						
Levy reduction	5,217,724	-	-	-	-	5,217,724
Balance subsequent budget	246,000	-	-	-	-	246,000
Street reconstruction	-	-	-	2,147,774	-	2,147,774
Other capital projects	-	-	-	-	3,382,949	3,382,949
Unassigned	4,127,062	-	-	-	-	4,127,062
<b>Total fund balances</b>	<u>9,590,786</u>	<u>478,534</u>	<u>869,475</u>	<u>2,147,774</u>	<u>4,929,353</u>	<u>18,015,922</u>
<b>Total liabilities, deferred inflows, and fund balances</b>	<u>\$ 10,047,474</u>	<u>\$ 1,892,300</u>	<u>\$ 869,475</u>	<u>\$ 2,461,360</u>	<u>\$ 4,996,968</u>	<u>\$ 20,267,577</u>

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

## CITY OF MOUNDS VIEW

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

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

Total fund balances - governmental funds	\$ 18,015,922
Amounts reported for governmental activities in the Statement of Net Position are different because capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	42,553,236
Other long-term assets are not available to pay for current period expenditures and thus, are deferred inflows in the funds.	156,855
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.	
General Obligation bonds and certificates	(6,528,158)
Capital lease payable	(500,270)
Net pension liability - PERA	(2,972,538)
Compensated absences	(484,828)
Accrued interest payable	(68,133)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.	
Deferred outflows - PERA	1,989,561
Deferred inflows - PERA	(2,863,377)
Net position of governmental activities	<u>\$ 49,298,270</u>

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

**CITY OF MOUNDS VIEW**

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

	<u>General</u>	<u>Economic Development Authority Special Revenue</u>	<u>Tax Increment Financing District No. 5 Special Revenue</u>	<u>Street Improvement Capital Projects</u>	<u>Other Governmental</u>	<u>Total</u>
<b>Revenues</b>						
<b>Taxes</b>						
Property	\$ 4,787,323	\$ 93,170	\$ -	\$ 139,665	\$ 415,101	\$ 5,435,259
Tax increment	-	-	1,707,400	-	-	1,707,400
Franchise	308,835	-	-	308,835	117,649	735,319
Lodging	71,957	-	-	-	-	71,957
Special assessments	5,788	-	-	17,017	1,371	24,176
Licenses and permits	348,201	-	-	-	-	348,201
Intergovernmental	1,303,053	-	-	407,880	54,059	1,764,992
Charges for services	38,007	-	-	-	371,794	409,801
Fines and forfeits	46,098	-	-	-	20,312	66,410
Investment earnings	316,381	309	8,175	60,850	52,381	438,096
Miscellaneous	317,709	1,654	-	-	976,120	1,295,483
Total revenues	<u>7,543,352</u>	<u>95,133</u>	<u>1,715,575</u>	<u>934,247</u>	<u>2,008,787</u>	<u>12,297,094</u>
<b>Expenditures</b>						
<b>Current</b>						
General government	1,184,784	-	-	-	11,592	1,196,376
Public safety	3,793,551	-	-	-	54,007	3,847,558
Streets and highways	726,767	-	-	236,423	27,916	991,106
Sanitation	-	-	-	-	24,396	24,396
Culture and recreation	512,554	-	-	-	598,794	1,111,348
Economic development	507,131	196,997	1,609,771	-	-	2,313,899
<b>Debt service</b>						
Principal	153,252	-	-	-	267,198	420,450
Interest	37,355	-	-	-	178,291	215,646
<b>Capital outlay</b>						
General government	-	-	-	-	62,048	62,048
Public safety	59,761	-	-	-	317,788	377,549
Streets and highways	-	-	-	292,940	454,311	747,251
Culture and recreation	-	-	-	-	589,311	589,311
Total expenditures	<u>6,975,155</u>	<u>196,997</u>	<u>1,609,771</u>	<u>529,363</u>	<u>2,585,652</u>	<u>11,896,938</u>
Excess (deficiency) of revenues over (under) expenditures	568,197	(101,864)	105,804	404,884	(576,865)	400,156
<b>Other financing sources (uses)</b>						
Transfers in	172,055	135,563	-	-	790,000	1,097,618
Transfers out	<u>(690,000)</u>	<u>-</u>	<u>(85,563)</u>	<u>-</u>	<u>(100,000)</u>	<u>(875,563)</u>
Total other financing sources (uses)	<u>(517,945)</u>	<u>135,563</u>	<u>(85,563)</u>	<u>-</u>	<u>690,000</u>	<u>222,055</u>
Net change in fund balance	50,252	33,699	20,241	404,884	113,135	622,211
Fund balances - beginning	<u>9,540,534</u>	<u>444,835</u>	<u>849,234</u>	<u>1,742,890</u>	<u>4,816,218</u>	<u>17,393,711</u>
Fund balances - ending	<u>\$ 9,590,786</u>	<u>\$ 478,534</u>	<u>\$ 869,475</u>	<u>\$ 2,147,774</u>	<u>\$ 4,929,353</u>	<u>\$ 18,015,922</u>

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

## CITY OF MOUNDS VIEW

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

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

Net change in fund balances – total Governmental Funds	\$ 622,211
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlays	1,776,159
Depreciation expense	(2,653,329)
Net effect of various disposal transactions involving capital assets	(28,984)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.	
	420,450
Changes in bond interest payable	2,813
Changes in compensated absences	(49,603)
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.	
PERA	53,527
Certain revenues are included in the change in net position, but are excluded from the change in fund balances until they are available to liquidate liabilities of the current period.	
Delinquent taxes	(11,301)
Special assessments	64,612
Changes in net position of governmental activities	<u>\$ 196,555</u>

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

## CITY OF MOUNDS VIEW

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property	\$ 4,788,230	\$ 4,788,230	\$ 4,787,323	\$ (907)
Franchise	295,000	295,000	308,835	13,835
Lodging	65,000	65,000	71,957	6,957
Special assessments	3,000	3,000	5,788	2,788
Licenses and permits	183,372	183,372	348,201	164,829
Intergovernmental	1,163,014	1,163,014	1,303,053	140,039
Charges for services	16,625	16,625	38,007	21,382
Fines and forfeits	33,000	33,000	46,098	13,098
Investment earnings	115,000	115,000	316,381	201,381
Miscellaneous	291,084	291,084	317,709	26,625
Total revenues	<u>6,953,325</u>	<u>6,953,325</u>	<u>7,543,352</u>	<u>590,027</u>
Expenditures				
Current				
General government				
Mayor and City Council	60,752	60,752	58,013	2,739
Advisory commissions	19,500	19,500	39,379	(19,879)
Administration	309,655	309,655	305,115	4,540
Elections	26,832	26,832	26,954	(122)
Finance	274,169	274,169	274,866	(697)
Central services	280,773	280,773	298,123	(17,350)
Government buildings	137,834	137,834	143,343	(5,509)
Miscellaneous and contingency	32,829	32,829	38,991	(6,162)
Total general government	<u>1,142,344</u>	<u>1,142,344</u>	<u>1,184,784</u>	<u>(42,440)</u>
Public safety				
Police	3,148,099	3,148,099	3,325,569	(177,470)
Fire	458,501	458,501	467,982	(9,481)
Total public safety	<u>3,606,600</u>	<u>3,606,600</u>	<u>3,793,551</u>	<u>(186,951)</u>
Streets and highways				
Public works administration	156,637	156,637	153,708	2,929
Streets	449,904	449,904	459,678	(9,774)
Vehicle maintenance	122,604	122,604	113,381	9,223
Total streets and highways	<u>729,145</u>	<u>729,145</u>	<u>726,767</u>	<u>2,378</u>
Culture and recreation				
Parks	358,750	358,750	342,429	16,321
Recreation	122,042	122,042	125,940	(3,898)
Forestry	49,188	49,188	44,185	5,003
Total culture and recreation	<u>529,980</u>	<u>529,980</u>	<u>512,554</u>	<u>17,426</u>

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

(continued)

## CITY OF MOUNDS VIEW

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (continued)				
Current (continued)				
Economic development				
Community development	477,189	477,189	441,676	35,513
Convention and visitors bureau	61,750	61,750	65,455	(3,705)
Total economic development	<u>538,939</u>	<u>538,939</u>	<u>507,131</u>	<u>31,808</u>
Total current expenditures	6,547,008	6,547,008	6,724,787	(177,779)
Debt service				
Principal	162,725	162,725	153,252	9,473
Interest	27,886	27,886	37,355	(9,469)
Total debt service	<u>190,611</u>	<u>190,611</u>	<u>190,607</u>	<u>4</u>
Capital outlay				
Public safety	59,761	59,761	59,761	-
Total expenditures	<u>6,797,380</u>	<u>6,797,380</u>	<u>6,975,155</u>	<u>(177,775)</u>
Excess (deficiency) of revenues over (under) expenditures	155,945	155,945	568,197	412,252
Other financing sources (uses)				
Transfers in	195,055	195,055	172,055	(23,000)
Transfers out	<u>(601,000)</u>	<u>(601,000)</u>	<u>(690,000)</u>	<u>(89,000)</u>
Total other financing sources (uses)	<u>(405,945)</u>	<u>(405,945)</u>	<u>(517,945)</u>	<u>(112,000)</u>
Net change in fund balance	(250,000)	(250,000)	50,252	300,252
Fund balance – beginning	<u>9,540,534</u>	<u>9,540,534</u>	<u>9,540,534</u>	<u>-</u>
Fund balance – ending	<u>\$ 9,290,534</u>	<u>\$ 9,290,534</u>	<u>\$ 9,590,786</u>	<u>\$ 300,252</u>

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

## CITY OF MOUNDS VIEW

### Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual Economic Development Authority Special Revenue Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property	\$ 100,000	\$ 100,000	\$ 93,170	\$ (6,830)
Investment earnings	-	-	309	309
Miscellaneous	-	-	1,654	1,654
	<u>100,000</u>	<u>100,000</u>	<u>95,133</u>	<u>(4,867)</u>
Total revenues				
Expenditures				
Current				
Economic development				
Community development	<u>297,787</u>	<u>297,787</u>	<u>196,997</u>	<u>100,790</u>
Excess (deficiency) of revenues over (under) expenditures	(197,787)	(197,787)	(101,864)	95,923
Other financing sources				
Transfers in	<u>135,563</u>	<u>135,563</u>	<u>135,563</u>	<u>-</u>
Net change in fund balance	(62,224)	(62,224)	33,699	95,923
Fund balance – beginning	<u>444,835</u>	<u>444,835</u>	<u>444,835</u>	<u>-</u>
Fund balance – ending	<u><u>\$ 382,611</u></u>	<u><u>\$ 382,611</u></u>	<u><u>\$ 478,534</u></u>	<u><u>\$ 95,923</u></u>

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



## CITY OF MOUNDS VIEW

### Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual Tax Increment Financing District No. 5 Special Revenue Fund Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Tax increment	\$ 1,711,275	\$ 1,711,275	\$ 1,707,400	\$ (3,875)
Investment earnings	3,000	3,000	8,175	5,175
Total revenues	<u>1,714,275</u>	<u>1,714,275</u>	<u>1,715,575</u>	<u>1,300</u>
Expenditures				
Current				
Economic development				
Community development	<u>1,611,824</u>	<u>1,611,824</u>	<u>1,609,771</u>	<u>2,053</u>
Excess (deficiency) of revenues over (under) expenditures	102,451	102,451	105,804	3,353
Other financing sources (uses)				
Transfers out	<u>(85,563)</u>	<u>(85,563)</u>	<u>(85,563)</u>	<u>—</u>
Net change in fund balance	16,888	16,888	20,241	3,353
Fund balance – beginning	<u>849,234</u>	<u>849,234</u>	<u>849,234</u>	<u>—</u>
Fund balance – ending	<u>\$ 866,122</u>	<u>\$ 866,122</u>	<u>\$ 869,475</u>	<u>\$ 3,353</u>

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

**CITY OF MOUNDS VIEW**

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

	<b>Business-Type Activities – Enterprise Funds</b>				<b>Totals</b>
	<b>Water</b>	<b>Sanitary Sewer</b>	<b>Storm Water</b>	<b>Non-major Street Light</b>	
<b>Assets</b>					
<b>Current assets</b>					
Cash and temporary investments	\$ 676,292	\$ 2,296,408	\$ 2,006,378	\$ 141,973	\$ 5,121,051
<b>Receivables</b>					
Accounts	267,876	459,008	84,462	27,995	839,341
Intergovernmental	999	-	-	-	999
Special assessments	99,217	10,791	-	-	110,008
Total current assets	<u>1,044,384</u>	<u>2,766,207</u>	<u>2,090,840</u>	<u>169,968</u>	<u>6,071,399</u>
<b>Noncurrent assets</b>					
<b>Capital assets</b>					
Land	7,596	3,255	-	-	10,851
Buildings	4,903,531	120,939	-	-	5,024,470
Infrastructure	4,423,376	6,616,011	1,508,304	-	12,547,691
Equipment	1,694,846	886,795	335,971	-	2,917,612
Construction in progress	367,321	81,750	35,910	-	484,981
Less accumulated depreciation	<u>(7,927,964)</u>	<u>(5,902,726)</u>	<u>(559,385)</u>	<u>-</u>	<u>(14,390,075)</u>
Total capital assets (net)	<u>3,468,706</u>	<u>1,806,024</u>	<u>1,320,800</u>	<u>-</u>	<u>6,595,530</u>
Total assets	4,513,090	4,572,231	3,411,640	169,968	12,666,929
<b>Deferred Outflows of Resources</b>					
Pension plan deferments - PERA	27,091	25,320	8,791	-	61,202
Total assets and deferred outflows or resources	<u>\$ 4,540,181</u>	<u>\$ 4,597,551</u>	<u>\$ 3,420,431</u>	<u>\$ 169,968</u>	<u>\$ 12,728,131</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts/contracts payable	\$ 8,946	\$ 1,219	\$ 12,297	\$ -	\$ 22,462
Accrued wages and benefits	16,802	14,076	5,840	478	37,196
Compensated absences	8,914	5,262	2,555	238	16,969
Due to other governments	1,646	7	7	612	2,272
Lease payable	-	-	-	7,572	7,572
Deposits payable	35,591	8,000	-	-	43,591
Total current liabilities	<u>71,899</u>	<u>28,564</u>	<u>20,699</u>	<u>8,900</u>	<u>130,062</u>
<b>Noncurrent liabilities</b>					
Lease payable	-	-	-	51,884	51,884
Net pension liability	205,319	191,898	66,629	-	463,846
Compensated absences	26,742	15,787	7,665	715	50,909
Total noncurrent liabilities	<u>232,061</u>	<u>207,685</u>	<u>74,294</u>	<u>52,599</u>	<u>566,639</u>
Total liabilities	303,960	236,249	94,993	61,499	696,701
<b>Deferred Inflows of Resources</b>					
Pension plan deferments - PERA	54,742	51,163	17,764	-	123,669
<b>Net position</b>					
Investment in capital assets	3,468,706	1,806,024	1,320,800	-	6,595,530
Unrestricted	712,773	2,504,115	1,986,874	108,469	5,312,231
Total net position	<u>4,181,479</u>	<u>4,310,139</u>	<u>3,307,674</u>	<u>108,469</u>	<u>11,907,761</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 4,540,181</u>	<u>\$ 4,597,551</u>	<u>\$ 3,420,431</u>	<u>\$ 169,968</u>	<u>\$ 12,728,131</u>

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

## CITY OF MOUNDS VIEW

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

	Business-Type Activities – Enterprise Funds				Totals
	Water	Sanitary Sewer	Storm Water	Non-major Street Light	
Operating revenues					
Sales/user fees	\$ 1,124,866	\$ 1,736,097	\$ 317,034	\$ 104,867	\$ 3,282,864
Meter charges	3,675	-	-	-	3,675
Connection charges	72,650	2,000	10,716	-	85,366
Intergovernmental					
State pension contribution	478	447	155	-	1,080
Other income	2,219	-	-	-	2,219
Total operating revenues	1,203,888	1,738,544	327,905	104,867	3,375,204
Operating expenses					
Personal services	401,656	343,398	128,546	9,445	883,045
Supplies	57,107	23,926	15,175	-	96,208
Contractual services	316,092	70,683	86,637	76,346	549,758
Disposal charges	-	991,993	-	-	991,993
Depreciation	230,683	97,841	36,566	-	365,090
Total operating expenses	1,005,538	1,527,841	266,924	85,791	2,886,094
Operating income	198,350	210,703	60,981	19,076	489,110
Nonoperating revenues (expenses)					
Investment income	21,328	65,558	56,980	4,085	147,951
Interest expense	-	-	-	(1,902)	(1,902)
Total nonoperating revenues (expenses)	21,328	65,558	56,980	2,183	146,049
Income before contributions and transfers	219,678	276,261	117,961	21,259	635,159
Contributions	-	43,059	-	-	43,059
Transfer in	-	100,000	-	-	100,000
Transfer out	(147,446)	(132,446)	(39,309)	(2,854)	(322,055)
Change in net position	72,232	286,874	78,652	18,405	456,163
Net position – beginning	4,109,247	4,023,265	3,229,022	90,064	11,451,598
Total net position - ending	\$ 4,181,479	\$ 4,310,139	\$ 3,307,674	\$ 108,469	\$ 11,907,761

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

**CITY OF MOUNDS VIEW**

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

	<b>Business-Type Activities – Enterprise Funds</b>				<b>Totals</b>
	<b>Water</b>	<b>Sanitary Sewer</b>	<b>Storm Water</b>	<b>Non-major Street Light</b>	
Cash flows from operating activities					
Receipts from customers and users	\$ 1,228,258	\$ 1,724,837	\$ 320,374	\$ 104,621	\$ 3,378,090
Payments to employees	(389,158)	(336,125)	(126,705)	(9,265)	(861,253)
Payments to suppliers	(57,107)	(23,926)	(15,175)	-	(96,208)
Payments to contractors	(328,175)	(1,070,123)	(74,455)	(81,532)	(1,554,285)
Net cash flows from operating activities	<u>453,818</u>	<u>294,663</u>	<u>104,039</u>	<u>13,824</u>	<u>866,344</u>
Cash flows from noncapital financing activities					
Transfers from other funds	-	100,000	-	-	100,000
Transfers to other funds	(147,446)	(132,446)	(39,309)	(2,854)	(322,055)
Principal paid on lease	-	-	-	(7,349)	(7,349)
Interest paid on lease	-	-	-	(1,902)	(1,902)
Net cash flows from noncapital financing activities	<u>(147,446)</u>	<u>(32,446)</u>	<u>(39,309)</u>	<u>(12,105)</u>	<u>(231,306)</u>
Cash flows from capital and related financing activities					
Contributions	-	43,059	-	-	43,059
Purchases of capital assets	-	(182,398)	-	-	(182,398)
Acquisition and construction of capital assets	(367,321)	(81,750)	-	-	(449,071)
Net cash flows from capital and related financing activities	<u>(367,321)</u>	<u>(221,089)</u>	<u>-</u>	<u>-</u>	<u>(588,410)</u>
Cash flows from investing activities					
Change in fair value of investments	4,829	16,849	14,735	1,047	37,460
Interest received	16,499	48,709	42,245	3,038	110,491
Net cash flows from investing activities	<u>21,328</u>	<u>65,558</u>	<u>56,980</u>	<u>4,085</u>	<u>147,951</u>
Net change in cash and cash equivalents	(39,621)	106,686	121,710	5,804	194,579
Cash and temporary investments, January 1	<u>715,913</u>	<u>2,189,722</u>	<u>1,884,668</u>	<u>136,169</u>	<u>4,926,472</u>
Cash and temporary investments, December 31	<u>\$ 676,292</u>	<u>\$ 2,296,408</u>	<u>\$ 2,006,378</u>	<u>\$ 141,973</u>	<u>\$ 5,121,051</u>
Reconciliation of operating income to net cash flows from operating activities					
Operating income	\$ 198,350	\$ 210,703	\$ 60,981	\$ 19,076	\$ 489,110
Adjustments to reconcile operating income to net cash flows from operating activities					
Depreciation expense	230,683	97,841	36,566	-	365,090
(Increase) decrease in accounts receivable	21,154	(15,056)	(7,531)	(246)	(1,679)
(Increase) decrease in intergovernmental receivables	(546)	-	-	-	(546)
(Increase) decrease in special assessments receivable	3,762	1,349	-	-	5,111
(Increase) decrease in deferred outflows	9,891	9,149	3,304	-	22,344
Increase (decrease) in accounts/contracts payable	(7,046)	(7,447)	12,182	(5,798)	(8,109)
Increase (decrease) in wages and benefits payable	4,159	2,182	1,419	149	7,909
Increase (decrease) in compensated absences	8,623	5,437	359	31	14,450
Increase (decrease) in net pension liability	14,990	14,022	4,921	-	33,933
Increase (decrease) in due to other governments	(977)	-	-	612	(365)
Increase (decrease) in deposits payable	(4,060)	-	-	-	(4,060)
Increase (decrease) in deferred inflows	(25,165)	(23,517)	(8,162)	-	(56,844)
Total adjustments	<u>255,468</u>	<u>83,960</u>	<u>43,058</u>	<u>(5,252)</u>	<u>377,234</u>
Net cash flows from operating activities	<u>\$ 453,818</u>	<u>\$ 294,663</u>	<u>\$ 104,039</u>	<u>\$ 13,824</u>	<u>\$ 866,344</u>

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

## CITY OF MOUNDS VIEW

Notes to Basic Financial Statements  
Year Ended December 31, 2019

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

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

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

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

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

#### Blended Component Unit

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

#### Joint Powers Organizations

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

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

- a. The Fire Department is governed by its own Board of Directors. Directors are appointed by each city and from the Fire Department.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- b. Operation, maintenance, and debt service costs are shared based upon a formula. One half of the formula is the relative assessed value of each city. The other half is the three year average of fire calls within each city. The City's share of the formula is 16.373% in 2019 and will be 15.998% in 2020.
- c. The city of Blaine issued \$4,900,000 G.O. Capital Improvement Refunding Bonds, Series 2013A on December 1, 2013 to refund the G.O. Capital Improvement Bonds, Series 2005A. They also issued \$1,070,000 of G.O. Equipment Certificates of Indebtedness, Series 2018A on June 28, 2018 to purchase a ladder truck and related equipment.
- d. The city of Spring Lake Park issued \$1,090,000 G.O. Equipment Certificates of Indebtedness, Series 2017A on March 21, 2017 to purchase certain pieces of fire equipment including a ladder truck.
- e. Each city has a non-measurable equity interest in the property that is held in the city of Blaine's name.

The City's share of operating costs were \$467,982, capital costs were \$59,761 and debt service costs were \$166,112 during 2019. These costs were recorded as expenditures in the General Fund.

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

### **B. Government-Wide and Fund Financial Statements**

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customer or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for Governmental Funds and Proprietary Funds. Major Individual Governmental Funds and Major Individual Enterprise Funds are reported as separate columns in the fund financial statements. All remaining funds are aggregated and reported as nonmajor funds as a separate column in the fund financial statements.

### **C. Measurement Focus, Basis of Accounting, and Basis of Presentation**

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay the liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pensions, and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following Major Governmental Funds:

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

**Economic Development Authority Special Revenue Fund** – accounts for the activity of the Economic Development Authority.

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

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

The City reports the following Major Proprietary Funds:

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

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

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

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

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

#### **1. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

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

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

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

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



## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2. Receivables and Payables**

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

All trade and property tax receivables are shown net of an allowance for uncollectible amounts, which are not material.

### **3. Property Taxes**

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

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

### **4. Land Held for Resale**

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**5. Capital Assets**

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is reflected as part of the capitalized value of the asset constructed. Interest incurred during construction is not capitalized on capital assets of government-type activities.

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

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

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

**6. Compensated Absences**

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

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **7. Long-Term Obligations**

In the government-wide financial statements and Proprietary Fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Fund-type Statement of Net Position. Bond premiums and discounts, when material are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, Governmental Fund-types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

### **8. Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, statements of financial position or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items which qualify for reporting in this category.

The first item, unavailable revenue, arises only under a modified accrual basis of accounting and therefore is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 9. Fund Balance Classifications/Flow Assumptions

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by ordinance of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to Council resolution, the City’s Administrator or Finance Director is authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund which also reflects negative residual amounts in other funds.

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

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

### 10. Minimum Unassigned Fund Balance Policy

The City Council has formally adopted a fund balance policy regarding the minimum unassigned fund balance for the General Fund. The policy establishes a minimum unassigned General Fund balance of between 35 percent and 50 percent of subsequent years budgeted revenues and transfers or a minimum five months of expenditures and transfers. At December 31, 2019, the unassigned fund balance of the General Fund was 54.9 percent of the subsequent year’s budgeted revenues and transfers compared to 55.3 percent for the prior year.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **11. Net Position/Flow Assumptions**

Net position represents the difference between assets, liabilities, and deferred inflows/outflows of financial resources in the government-wide and Proprietary Fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When both restricted net position and unrestricted net position are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

### **12. Statement of Cash Flows**

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

### **13. Use of Estimates**

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

### **14. Pensions**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The PERA has a special funding situation created by a direct aid contribution made by the state of Minnesota. The direct aid is a result of the merger of the Minneapolis Employees Retirement Fund into the PERA on January 1, 2015.

## **NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **A. Budgetary Information**

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

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

### A. Budgetary Information (continued)

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

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

The City Council made one supplementary budgetary appropriation during the year, increasing expenditures by \$400,000.

### B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2019, expenditures exceeded appropriations in the following departments (the legal level of budgetary control) of the City's funds with budgets approved by the City Council. These over expenditures were funded by greater than anticipated revenues or fund balance.

General Fund	
Advisory commissions	19,879
Elections	122
Finance	697
Central services	17,350
Government buildings	5,509
Miscellaneous and contingency	6,162
Police	177,470
Fire	9,481
Streets	9,774
Recreation	3,898
Convention and visitors bureau	3,705
Debt service - interest	9,469
Transfers out	89,000
Police Forfeiture - other governmental funds	7,698
Community Center - other governmental funds	11,917

## NOTE 3 – DETAILED NOTES ON ALL FUNDS

### A. Deposits and Investments

At year-end, the City's carrying amount of deposits was \$1,429,044 and the bank balance was \$1,285,811. Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to it. Minnesota statutes require City deposits to be covered by FDIC deposit insurance or pledged collateral. All of the bank balance, as of year-end, was covered by federal depository insurance or by collateral held by the City's agent in the City's name. The following are other risks that deposits and investments may be subject to:

#### Concentration of Credit Risk

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

<u>Issuer</u>	<u>Amount</u>
Federal Home Loan Mortgage Corporation	\$ 5,179,582
Federal Farm Credit Bank Bonds	1,949,488

#### Interest Rate Risk

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

#### Custodial Credit Risk

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

#### Credit Risk

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

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

The following table presents the City’s investment balances at December 31, 2019, and information relating to interest and credit quality investment risks:

Investment type	Credit Rating	Rating Agency	Weighted Average Maturity (Years)	Fair Value Measurement	Carrying (Fair) Value
U.S. Government agency securities					
Federal Home Loan Mortgage Corporation	Aa	S&P	3.64	Level 2	\$ 2,514,546
Federal Home Loan Mortgage Corporation	Aaa	Moody's	3.76	Level 2	2,665,036
Federal Home Loan Bank Notes & Bonds	Aa	S&P	2.65	Level 2	589,030
Federal Farm Credit Bank Bonds	Aa	S&P	3.41	Level 2	1,949,488
Negotiable certificates of deposit	Not Rated		1.70	Level 2	7,590,139
Investment pools/mutual funds					
4M fund	Not Rated		N/A	N/A	5,069,264
Wells Fargo Advantage 100% Treasury	Aaa	Moody's, S&P	N/A	Level 1	<u>59,037</u>
Total Investments					20,436,540
Deposits					1,429,044
Change funds					<u>483</u>
Total cash and investments					<u>\$ 21,866,067</u>

N/A - Not Applicable

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

#### B. Receivables

Special assessment receivables are generally payable in equal annual installments of one to ten years plus interest. Interest rates are between 5% and 5.5%. Based on the payment schedule for special assessment receivables, \$96,557 of the amount is not expected to be collected within the next year.

Unearned revenue of \$65,462 in the General Fund represents prepayment of rent due in future years.



**NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets**

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

**1. Governmental Activities**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 642,416	\$ -	\$ -	\$ 642,416
Land improvements	132,961	-	-	132,961
Construction in progress	318,776	668,243	69,379	917,640
Total capital assets, not being depreciated	<u>1,094,153</u>	<u>668,243</u>	<u>69,379</u>	<u>1,693,017</u>
Capital assets, being depreciated				
Buildings	18,309,546	-	-	18,309,546
Infrastructure	40,738,402	686,496	-	41,424,898
Equipment	6,244,278	490,799	44,590	6,690,487
Total capital assets, being depreciated	<u>65,292,226</u>	<u>1,177,295</u>	<u>44,590</u>	<u>66,424,931</u>
Less accumulated depreciation for				
Buildings	7,925,815	652,962	-	8,578,777
Infrastructure	11,422,756	1,602,684	-	13,025,440
Equipment	3,578,418	397,683	15,606	3,960,495
Total accumulated depreciation	<u>22,926,989</u>	<u>2,653,329</u>	<u>15,606</u>	<u>25,564,712</u>
Total capital assets, being depreciated, net	<u>42,365,237</u>	<u>(1,476,034)</u>	<u>28,984</u>	<u>40,860,219</u>
Governmental activities capital assets, net	<u>\$ 43,459,390</u>	<u>\$ (807,791)</u>	<u>\$ 98,363</u>	<u>\$ 42,553,236</u>

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**2. Business-Type Activities**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 10,851	\$ -	\$ -	\$ 10,851
Construction in progress	35,910	449,071	-	484,981
Total capital assets, not being depreciated	46,761	449,071	-	495,832
Capital assets, being depreciated				
Buildings	5,024,470	-	-	5,024,470
Infrastructure	12,547,691	-	-	12,547,691
Equipment	2,735,214	182,398	-	2,917,612
Total capital assets, being depreciated	20,307,375	182,398	-	20,489,773
Less accumulated depreciation for				
Buildings	3,330,387	89,124	-	3,419,511
Infrastructure	8,768,960	176,716	-	8,945,676
Equipment	1,925,638	99,250	-	2,024,888
Total accumulated depreciation	14,024,985	365,090	-	14,390,075
Total capital assets, being depreciated, net	6,282,390	(182,692)	-	6,099,698
Business-type activities capital assets, net	<u>\$ 6,329,151</u>	<u>\$ 266,379</u>	<u>\$ -</u>	<u>\$ 6,595,530</u>

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

<b>Governmental activities</b>	
General government	\$ 223,038
Public safety	169,686
Streets and highways	1,862,752
Culture and recreation	397,853
Total depreciation expense – governmental activities	<u>\$ 2,653,329</u>
<b>Business-type activities</b>	
Water	\$ 230,683
Sanitary sewer	97,841
Storm water	36,566
Total depreciation expense – business-type activities	<u>\$ 365,090</u>

The City’s commitment for uncompleted work at December 31, 2019 is \$13,059.

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Interfund Receivables/Payables**

Interfund borrowing is done for cash flow purposes. The composition of Interfund balances as of December 31, 2019 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Street Improvement Capital Projects Fund	Economic Development Authority Special Revenue Fund	<u><u>\$1,400,000</u></u>

**E. Interfund Transfers and Borrowings**

Transfers are made in accordance with the budget or as approved by the City Council. Transfers are used to move restricted and unrestricted revenues from various funds to finance various programs that the government must account for in other funds in accordance with budgetary and statutory authorizations. The following is a summary of the 2019 transfers:

<u>Fund Making Transfer</u>	<u>Fund Receiving Transfer</u>	<u>Amount</u>
General Fund	Community Center other governmental funds	\$ 190,000
	EDA Fund	50,000
	Vehicle and Equipment other governmental funds	325,000
	Special Projects other governmental funds	125,000
		<u>690,000</u>
TIF District No. 5 Fund	EDA Fund	<u>85,563</u>
Water Fund	General Fund	80,446
	Vehicle and Equipment other governmental funds	67,000
		<u>147,446</u>
Sanitary Sewer Fund	General Fund	80,446
	Vehicle and Equipment other governmental funds	52,000
		<u>132,446</u>
Storm Water Fund	General Fund	8,309
	Vehicle and Equipment other governmental funds	31,000
		<u>39,309</u>
Street Light Fund	General Fund	<u>2,854</u>
Vehicle and Equipment other governmental funds	Sanitary Sewer Fund	<u>100,000</u>
Total		<u><u>\$ 1,197,618</u></u>

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Capital Lease**

The City of Mounds View entered into a lease agreement as lessee for financing energy saving improvements to the Community Center, City Hall, and trail lights valued at \$874,964. The equipment has an estimated useful life of between 15 – 25 years. The lease carries an interest rate of 2.99% and matures February 23, 2027. This year, \$52,117 was included in depreciation expense, accumulated depreciation over the life of the equipment is \$156,351. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date. \$781,756 was capitalized as equipment in governmental activities with the remaining portion for business-type activities, which was not capitalized because individual assets were below the City’s capitalization threshold. The General Fund, Community Center Special Revenue Fund, and Street Light Enterprise Fund are used to liquidate the lease liability.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2019, were as follows:

Year Ending December 31,	Governmental Activities		Business-Type Activities	
	Capital Lease		Capital Lease	
	Principal	Interest	Principal	Interest
2020	\$ 63,526	\$ 14,088	\$ 7,572	\$ 1,679
2021	65,452	12,162	7,801	1,450
2022	67,436	10,178	8,038	1,213
2023	69,480	8,134	8,282	969
2024	71,586	6,027	8,533	718
2025	73,756	3,857	8,791	460
2026	75,992	1,622	9,058	124
2027	13,042	117	1,381	5
	<u>\$ 500,270</u>	<u>\$ 56,185</u>	<u>\$ 59,456</u>	<u>\$ 6,618</u>

**G. Long-Term Debt**

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

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

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Long-Term Debt (continued)**

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance – December 31, 2019</u>
Governmental activities				
2013 G.O. Fire Improvements Refunding Bonds	\$ 4,900,000	1.0–2.0%	2025	\$ 499,377
2017A G.O. Fire Equipment Certificates	1,090,000	.5–1.45%	2022	110,517
2018A G.O. Fire Equipment Certificates	1,070,000	3.0–5.0%	2023	143,264
2017A G.O. Capital Improvements Plan Bonds	6,000,000	2.7–3.5%	2038	5,775,000
<b>Total</b>				<b>\$ 6,528,158</b>

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

During the year ended December 31, 2019, the following changes occurred in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Reported in governmental activities					
General obligation bonds	\$ 6,568,762	\$ -	\$ 294,385	\$ 6,274,377	\$ 313,590
G.O. equipment certificates	318,189	-	64,408	253,781	69,586
Capital lease payable	561,927	-	61,657	500,270	63,526
Net pension liability - PERA	2,719,424	746,347	493,233	2,972,538	-
Compensated absences	435,225	267,215	217,612	484,828	121,207
Subtotal	10,603,527	1,013,562	1,131,295	10,485,794	567,909
Reported in business-type activities					
Capital lease payable	66,805	-	7,349	59,456	7,572
Net pension liability - PERA	429,913	88,601	54,668	463,846	-
Compensated absences	53,428	41,165	26,715	67,878	16,969
Subtotal	550,146	129,766	88,732	591,180	24,541
Total	\$ 11,153,673	\$ 1,143,328	\$ 1,220,027	\$ 11,076,974	\$ 592,450

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

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

<u>Year Ending December 31,</u>	<u>G.O. Bonds &amp; Certificates</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 383,176	\$ 175,788
2021	392,269	164,217
2022	401,362	153,094
2023	376,979	142,426
2024	345,958	132,998
2025 - 2029	1,518,414	535,089
2030 - 2034	1,630,000	327,655
2035 - 2038	1,480,000	92,050
	<u>\$ 6,528,158</u>	<u>\$ 1,723,317</u>

### NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

#### H. Other Bond Issues

The aggregate amount of conduit debt outstanding at December 31, 2019 could not be determined. The original issued amounts total \$3,000,000. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements.

#### I. Other Long Term Debt

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

<u>Pension Plans</u>	<u>Net Pension Liabilities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
PERA - GERF	\$ 1,597,817	\$ 210,827	\$ 426,005	\$ 155,105
PERA - PEPFF	<u>1,838,567</u>	<u>1,839,936</u>	<u>2,561,041</u>	<u>316,251</u>
Total	<u>\$ 3,436,384</u>	<u>\$ 2,050,763</u>	<u>\$ 2,987,046</u>	<u>\$ 471,356</u>

### NOTE 4 – OTHER INFORMATION

#### A. Risk Management

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

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

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

## **NOTE 4 – OTHER INFORMATION (CONTINUED)**

### **B. Contingent Liabilities**

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

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

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

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

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

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

The outstanding principal balance as of December 31, 2019, for the two agreements was \$21,111,630. This amount is not included in long-term debt because of the nature of the note in that repayment is required only if sufficient tax increments are received. The City's position is that these are obligations to assign future and uncertain revenue sources and, as such, is not actual debt in substance.

### **D. Defined Benefit Pension Plans – State-Wide**

#### **1. Plan Description**

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

##### **A. General Employees Retirement Fund (GERF)**

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

## NOTE 4 – OTHER INFORMATION (CONTINUED)

### B. Public Employees Police and Fire Fund (PEPFF)

The 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 a local relief association that elected to merge with and transfer assets and administration to PERA.

## 2. Benefits Provided

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

### A. GERP Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent 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 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 66.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. 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.

### B. PEPFF Benefits

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

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



**NOTE 4 – OTHER INFORMATION (CONTINUED)**

**3. Contributions**

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

**A. GERS Contributions**

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2019 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City’s contributions to the General Employees Fund for the year ended December 31, 2019, were \$152,838. The City’s contributions were equal to the required contributions as set by state statute.

**B. PEPFF Contributions**

Plan members contribution rates increased from 10.8 percent of pay to 11.3 percent and employer rates increased from 16.2 percent to 16.95 percent on January 1, 2019. The City’s contributions to the Police and Fire Fund for the year ended December 31, 2019, were \$322,054. The City’s contributions were equal to the required contributions as set by state statute.

**4. Pension Costs**

**A. GERS Pension Costs**

At December 31, 2019, the City reported a liability of \$1,597,817 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 million to the fund in 2019. The State of Minnesota is considered a non-employer contributing entity and the state’s contribution meets the definition of a special funding situation. The State of Minnesota’s proportionate share of the net pension liability associated with the City totaled \$49,665. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2019, the City’s proportion was 0.0289% which was an increase of 0.0022% from its proportion measured as of June 30, 2018.

There were no provision changes during the measurement period.

For the year ended December 31, 2019, the City recognized pension expense of \$151,386 for its proportionate share of the GERS’s pension expense. In addition, the City recognized an additional \$3,719 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s contribution of \$16 million to the General Employees Fund.

At December 31, 2019, 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	\$ 45,096	\$ -
Changes in actuarial assumptions	-	125,479
Difference between projected and actual investment earnings	-	152,269
Changes in proportion	91,535	148,257
Contributions paid to PERA subsequent to the measurement date	74,196	-
<b>Total</b>	<b>\$ 210,827</b>	<b>\$ 426,005</b>

**NOTE 4 – OTHER INFORMATION (CONTINUED)**

\$74,196 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension expense amount
2020	\$ (139,477)
2021	(153,544)
2022	1,072
2023	<u>2,575</u>
Total	<u>\$ (289,374)</u>

**B. PEPFF Pension Costs**

At December 31, 2019, the City reported a liability of \$1,838,567 for its proportionate share of the PEPFF’s net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2019, the City’s proportion was 0.1727% which was an increase of 0.0162% from its proportion measured as of June 30, 2018.

There were no provision changes during the measurement period.

For the year ended December 31, 2019, the City recognized pension expense of \$292,937 for its proportionate share of the PEPFF’s pension expense. The City also recognized \$23,314 for the year ended December 31, 2019, as a revenue and offsetting reduction of net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

At December 31, 2019, the City reported its proportionate share of the PEPFF’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 71,672	\$ 256,912
Changes in actuarial assumptions	1,404,686	1,809,951
Difference between projected and actual investment earnings	-	330,051
Changes in proportion	200,975	164,127
Contributions paid to PERA subsequent to the measurement date	<u>162,603</u>	<u>-</u>
Total	<u>\$ 1,839,936</u>	<u>\$ 2,561,041</u>

#### NOTE 4 – OTHER INFORMATION (CONTINUED)

\$162,603 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension expense amount
2020	\$ (86,761)
2021	(209,728)
2022	(654,606)
2023	40,165
2024	27,222
Total	<u>\$ (883,708)</u>

#### 5. Actuarial Assumptions

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

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be: 1.25 percent per year for the General Employee's Plan and 1.0 percent per year for the Police and Fire Plan.

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

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

##### General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

##### Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**NOTE 4 – OTHER INFORMATION (CONTINUED)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	35.5%	5.10%
Private Markets	25.0%	5.90%
Fixed Income	20.0%	0.75%
International Equity	17.5%	5.90%
Cash Equivalents	2.0%	0.00%

**6. Discount Rate**

The discount rate used to measure the total pension liability in 2019 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**7. Pension Liability Sensitivity**

The following presents the City’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>General Employees Fund</u>		<u>Police and Fire Fund</u>	
1% Lower	6.50%	\$ 2,626,724	6.50%	\$ 4,018,764
Current Discount Rate	7.50%	1,597,817	7.50%	1,838,567
1% Higher	8.50%	748,248	8.50%	36

**8. Pension Plan Fiduciary Net Position**

Detailed information about each pension plan’s fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

**NOTE 4 – OTHER INFORMATION (CONTINUED)**

**E. Defined Contribution Plan**

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

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

	<u>Contribution Amount</u>		<u>Percent of Covered Payroll</u>		<u>Required</u>
	<u>Employees</u>	<u>Employer</u>	<u>Employees</u>	<u>Employer</u>	<u>Rates</u>
2019	\$ 1,050	\$ 1,050	5.0%	5.0%	5.0%
2018	1,050	1,050	5.0%	5.0%	5.0%
2017	970	970	5.0%	5.0%	5.0%

**F. Flexible Benefit Plan**

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

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

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

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

## NOTE 4 – OTHER INFORMATION (CONTINUED)

### G. Tax Abatement Agreements

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

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

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

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

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

The developer (Boulevard Apartments, LP) agreed to a number of restrictive covenants related to income limitations for residents of the rental building and is required to submit a report on compliance annually by January 31. The developer is in compliance. The City rebated \$0 to retire the revenue note in 2019.

The developer (Medtronic, Inc.) agreed to the material requirements to construct a minimum of 1.2 million square feet of office and laboratory space and employ a minimum of 1,500 employees at an average of \$34 per hour within two years of completion of the corporate campus and cause the continuous operation of the facility for five years after issuance of a certificate of occupancy. The developer has complied with all the requirements. The City rebated \$1,604,465 to retire the revenue note in 2019.

REQUIRED SUPPLEMENTARY INFORMATION

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

<b>Fiscal Year Ending (for the Financial Reporting Period)</b>	<b>Statutorily Required Contribution (a)</b>	<b>Contributions in Relation to the Statutorily Required Contribution (b)</b>	<b>Contribution Deficiency (Excess) (a-b)</b>	<b>Covered Payroll (d)</b>	<b>Contributions as a Percentage of Covered Payroll (b/d)</b>
December 31, 2019	\$ 152,838	\$ 152,838	\$ -	\$ 2,037,843	7.50%
December 31, 2018	\$ 142,769	\$ 142,769	\$ -	\$ 1,903,591	7.50%
December 31, 2017	\$ 139,833	\$ 139,833	\$ -	\$ 1,864,442	7.50%
December 31, 2016	\$ 147,699	\$ 147,699	\$ -	\$ 1,969,324	7.50%
December 31, 2015	\$ 145,092	\$ 145,092	\$ -	\$ 1,934,560	7.50%

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

<b>Fiscal Year Ending (for the Financial Reporting Period)</b>	<b>Statutorily Required Contribution (a)</b>	<b>Contributions in Relation to the Statutorily Required Contribution (b)</b>	<b>Contribution Deficiency (Excess) (a-b)</b>	<b>Covered Payroll (d)</b>	<b>Contributions as a Percentage of Covered Payroll (b/d)</b>
December 31, 2019	\$ 322,054	\$ 322,054	\$ -	\$ 1,900,022	16.95%
December 31, 2018	\$ 279,204	\$ 279,204	\$ -	\$ 1,723,481	16.20%
December 31, 2017	\$ 258,079	\$ 258,079	\$ -	\$ 1,593,084	16.20%
December 31, 2016	\$ 246,897	\$ 246,897	\$ -	\$ 1,524,057	16.20%
December 31, 2015	\$ 244,551	\$ 244,551	\$ -	\$ 1,509,576	16.20%

\* Schedules will be provided prospectively.



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

Fiscal Year Ending (for the Measurement Period)	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City of Mounds View (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated With the City of Mounds View (a+b)		Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2019	0.0289%	\$ 1,597,817	\$ 49,665	\$ 1,647,482	\$ 2,045,469		78.11%	80.20%
June 30, 2018	0.0267%	\$ 1,481,207	\$ 48,629	\$ 1,529,836	\$ 1,794,854		82.53%	79.50%
June 30, 2017	0.0302%	\$ 1,927,948	\$ 24,234	\$ 1,952,182	\$ 1,944,862		99.13%	75.90%
June 30, 2016	0.0320%	\$ 2,598,241	\$ 33,915	\$ 2,632,156	\$ 1,985,281		130.88%	68.90%
June 30, 2015	0.0325%	\$ 1,684,318	\$ -	\$ 1,684,318	\$ 1,910,660		88.15%	78.19%

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

Fiscal Year Ending (for the Measurement Period)	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2019	0.1727%	\$ 1,838,567	\$ 1,819,880	101.03%	89.30%
June 30, 2018	0.1565%	\$ 1,668,130	\$ 1,694,461	98.45%	88.80%
June 30, 2017	0.1510%	\$ 2,038,680	\$ 1,545,377	131.92%	85.40%
June 30, 2016	0.1590%	\$ 6,380,947	\$ 1,533,300	416.16%	63.90%
June 30, 2015	0.1570%	\$ 1,783,887	\$ 1,440,337	123.85%	86.61%

\* Schedules will be provided prospectively.

## CITY OF MOUNDS VIEW

### Notes to Required Supplementary Information Year Ended December 31, 2019

#### **General Employees Fund**

##### *2019 Changes*

##### Changes in Plan Provisions

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

##### Changes in Actuarial Assumptions

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

##### *2018 Changes*

##### Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

##### Changes in Actuarial Assumptions:

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

##### *2017 Changes*

##### Changes in Plan Provisions:

- The State's special funding contribution increased from \$6 million to \$16 million.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031

##### Changes in Actuarial Assumptions:

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

### *2016 Changes*

#### Changes in Actuarial Assumptions:

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

### *2015 Changes*

#### Changes in Plan Provisions:

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

#### Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

## **Police and Fire Fund**

### *2019 Changes*

#### Changes in Actuarial Assumptions:

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

### *2018 Changes*

#### Changes in Plan Provisions:

- Postretirement benefit increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

#### Changes in Actuarial Assumptions:

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

### *2017 Changes*

#### Changes in Actuarial Assumptions:

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

### *2016 Changes*

#### Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

### *2015 Changes*

#### Changes in Plan Provisions:

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

#### Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2037 and 2.5% per year thereafter.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

## CITY OF MOUNDS VIEW

### Combining Balance Sheet Nonmajor Governmental Funds December 31, 2019

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets				
Cash and temporary investments	\$ 1,109,819	\$ 344,502	\$ 3,421,459	\$ 4,875,780
Receivables				
Accounts	99,883	-	-	99,883
Intergovernmental	14,419	3,893	411	18,723
Delinquent taxes	-	2,068	-	2,068
Special assessments	-	-	514	514
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 1,224,121</u>	<u>\$ 350,463</u>	<u>\$ 3,422,384</u>	<u>\$ 4,996,968</u>
Liabilities, Deferred Inflows and Fund Balances				
Liabilities				
Accounts/contracts payable	\$ 21,191	\$ -	\$ 38,921	\$ 60,112
Accrued wages and benefits	2,644	-	-	2,644
Due to other governments	2,277	-	-	2,277
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	26,112	-	38,921	65,033
Deferred inflows of resources				
Unavailable revenue - taxes	-	2,068	-	2,068
Unavailable revenue - assessments	-	-	514	514
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total deferred inflows of resources	-	2,068	514	2,582
Fund balances				
Restricted for				
Debt service	-	348,395	-	348,395
Tax increment	697,864	-	-	697,864
Parks and recreation	308,183	-	-	308,183
Communications	150,341	-	-	150,341
Public safety	12,688	-	-	12,688
Conservation	28,933	-	-	28,933
Assigned to				
Other capital projects	-	-	3,382,949	3,382,949
Total fund balances	<u>1,198,009</u>	<u>348,395</u>	<u>3,382,949</u>	<u>4,929,353</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,224,121</u>	<u>\$ 350,463</u>	<u>\$ 3,422,384</u>	<u>\$ 4,996,968</u>

## CITY OF MOUNDS VIEW

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

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues				
Taxes				
Property	\$ -	\$ 415,101	\$ -	\$ 415,101
Franchise	117,649	-	-	117,649
Special assessments	-	-	1,371	1,371
Intergovernmental	54,059	-	-	54,059
Charges for services	371,794	-	-	371,794
Fines and forfeits	20,312	-	-	20,312
Investment earnings	4,168	3,142	45,071	52,381
Miscellaneous	20,579	-	955,541	976,120
Total revenues	<u>588,561</u>	<u>418,243</u>	<u>1,001,983</u>	<u>2,008,787</u>
Expenditures				
Current				
General government	-	-	11,592	11,592
Public safety	10,898	-	43,109	54,007
Streets and highways	-	-	27,916	27,916
Sanitation	24,396	-	-	24,396
Culture and recreation	591,778	-	7,016	598,794
Debt service				
Principal	42,198	225,000	-	267,198
Interest	10,921	167,370	-	178,291
Capital outlay				
General government	-	-	62,048	62,048
Public safety	-	-	317,788	317,788
Streets and highways	397,472	-	56,839	454,311
Culture and recreation	107,921	-	481,390	589,311
Total expenditures	<u>1,185,584</u>	<u>392,370</u>	<u>1,007,698</u>	<u>2,585,652</u>
Excess (deficiency) of revenues over (under) expenditures	(597,023)	25,873	(5,715)	(576,865)
Other financing sources (uses)				
Transfers in	190,000	-	600,000	790,000
Transfers out	-	-	(100,000)	(100,000)
Total other financing sources (uses)	<u>190,000</u>	<u>-</u>	<u>500,000</u>	<u>690,000</u>
Net change in fund balance	(407,023)	25,873	494,285	113,135
Fund balances - beginning	<u>1,605,032</u>	<u>322,522</u>	<u>2,888,664</u>	<u>4,816,218</u>
Fund balances – ending	<u>\$ 1,198,009</u>	<u>\$ 348,395</u>	<u>\$ 3,382,949</u>	<u>\$ 4,929,353</u>

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## NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

**Tax Increment Financing District No. 1** – This fund has been statutorily decertified and no longer has the authority to collect tax increments but remains for the purpose of holding land held for resale purchased with tax increments from this district.

**Tax Increment Financing District No. 3** – This fund has been statutorily decertified and no longer has the authority to collect tax increments but remains for the purpose of holding land held for resale purchased with tax increments from this district.

**CITY OF MOUNDS VIEW**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2019**

	<u>Cable Television</u>	<u>Police Forfeiture</u>	<u>Community Center</u>
Assets			
Cash and temporary investments	\$ 131,162	\$ 12,688	\$ 239,943
Receivables			
Accounts	31,001	-	68,882
Intergovernmental	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 162,163</u>	<u>\$ 12,688</u>	<u>\$ 308,825</u>
Liabilities and Fund Balances			
Liabilities			
Accounts/contracts payable	\$ 10,089	\$ -	\$ 11,102
Accrued wages and benefits	1,733	-	386
Due to other governments	-	-	949
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	11,822	-	12,437
Fund balances			
Restricted for			
Tax increment	-	-	-
Parks and recreation	-	-	296,388
Communications	150,341	-	-
Public safety	-	12,688	-
Conservation	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>150,341</u>	<u>12,688</u>	<u>296,388</u>
Total liabilities and fund balances	<u>\$ 162,163</u>	<u>\$ 12,688</u>	<u>\$ 308,825</u>

<b>Lakeside Park</b>	<b>Recycling Grant</b>	<b>Tax Increment Financing District No. 3</b>	<b>Total</b>
\$ 13,123	\$ 15,039	\$ 697,864	\$ 1,109,819
-	-	-	99,883
-	14,419	-	14,419
<u>\$ 13,123</u>	<u>\$ 29,458</u>	<u>\$ 697,864</u>	<u>\$ 1,224,121</u>
\$ -	\$ -	\$ -	\$ 21,191
-	525	-	2,644
1,328	-	-	2,277
1,328	525	-	26,112
-	-	697,864	697,864
11,795	-	-	308,183
-	-	-	150,341
-	-	-	12,688
-	28,933	-	28,933
<u>11,795</u>	<u>28,933</u>	<u>697,864</u>	<u>1,198,009</u>
<u>\$ 13,123</u>	<u>\$ 29,458</u>	<u>\$ 697,864</u>	<u>\$ 1,224,121</u>

## CITY OF MOUNDS VIEW

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

	<u>Cable Television</u>	<u>Police Forfeiture</u>	<u>Community Center</u>
Revenues			
Taxes			
Franchise	\$ 117,649	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	371,195
Fines and forfeits	-	20,312	-
Investment earnings	-	-	3,370
Miscellaneous	-	-	819
Total revenues	<u>117,649</u>	<u>20,312</u>	<u>375,384</u>
Expenditures			
Current			
Public safety	-	10,898	-
Sanitation	-	-	-
Culture and recreation	128,308	-	441,877
Debt service			
Principal	-	-	42,198
Interest	-	-	10,921
Capital outlay			
Streets and highways	-	-	-
Culture and recreation	107,921	-	-
Total expenditures	<u>236,229</u>	<u>10,898</u>	<u>494,996</u>
Excess (deficiency) of revenues over (under) expenditures	(118,580)	9,414	(119,612)
Other financing sources			
Transfers in	-	-	190,000
Net change in fund balance	(118,580)	9,414	70,388
Fund balances - beginning	<u>268,921</u>	<u>3,274</u>	<u>226,000</u>
Fund balances – ending	<u>\$ 150,341</u>	<u>\$ 12,688</u>	<u>\$ 296,388</u>

<b>Lakeside Park</b>	<b>Recycling Grant</b>	<b>Tax Increment Financing District No. 1</b>	<b>Tax Increment Financing District No. 3</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ -	\$ 117,649
23,000	31,059	-	-	54,059
599	-	-	-	371,794
-	-	-	-	20,312
622	-	-	176	4,168
-	-	7,172	12,588	20,579
<u>24,221</u>	<u>31,059</u>	<u>7,172</u>	<u>12,764</u>	<u>588,561</u>
-	-	-	-	10,898
-	24,396	-	-	24,396
21,593	-	-	-	591,778
-	-	-	-	42,198
-	-	-	-	10,921
-	-	397,472	-	397,472
-	-	-	-	107,921
<u>21,593</u>	<u>24,396</u>	<u>397,472</u>	<u>-</u>	<u>1,185,584</u>
2,628	6,663	(390,300)	12,764	(597,023)
-	-	-	-	190,000
2,628	6,663	(390,300)	12,764	(407,023)
<u>9,167</u>	<u>22,270</u>	<u>390,300</u>	<u>685,100</u>	<u>1,605,032</u>
<u>\$ 11,795</u>	<u>\$ 28,933</u>	<u>\$ -</u>	<u>\$ 697,864</u>	<u>\$ 1,198,009</u>

**CITY OF MOUNDS VIEW**

**Cable Television Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended December 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Franchise	\$ 128,000	\$ 128,000	\$ 117,649	\$ (10,351)
Expenditures				
Current				
Culture and recreation				
Recreation	143,722	143,722	128,308	15,414
Capital outlay				
Culture and recreation	105,000	105,000	107,921	(2,921)
Total expenditures	<u>248,722</u>	<u>248,722</u>	<u>236,229</u>	<u>12,493</u>
Net change in fund balance	(120,722)	(120,722)	(118,580)	2,142
Fund balance – beginning	<u>268,921</u>	<u>268,921</u>	<u>268,921</u>	<u>-</u>
Fund balance – ending	<u>\$ 148,199</u>	<u>\$ 148,199</u>	<u>\$ 150,341</u>	<u>\$ 2,142</u>

**CITY OF MOUNDS VIEW**

**Police Forfeiture Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended December 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeits	\$ 2,000	\$ 2,000	\$ 20,312	\$ 18,312
Expenditures				
Current				
Public safety				
Police	3,200	3,200	10,898	(7,698)
Net change in fund balance	(1,200)	(1,200)	9,414	10,614
Fund balance – beginning	3,274	3,274	3,274	-
Fund balance – ending	\$ 2,074	\$ 2,074	\$ 12,688	\$ 10,614

**CITY OF MOUNDS VIEW**

**Community Center Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended December 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 310,862	\$ 310,862	\$ 371,195	\$ 60,333
Investment earnings	300	300	3,370	3,070
Miscellaneous	1,200	1,200	819	(381)
Total revenues	<u>312,362</u>	<u>312,362</u>	<u>375,384</u>	<u>63,022</u>
Expenditures				
Current				
Culture and recreation				
Recreation	429,959	429,959	441,877	(11,918)
Debt service				
Principal	42,199	42,199	42,198	1
Interest	10,921	10,921	10,921	-
Total expenditures	<u>483,079</u>	<u>483,079</u>	<u>494,996</u>	<u>(11,917)</u>
Excess (deficiency) of revenues over expenditures	(170,717)	(170,717)	(119,612)	51,105
Other financing sources				
Transfers in	<u>190,000</u>	<u>190,000</u>	<u>190,000</u>	<u>-</u>
Net change in fund balance	19,283	19,283	70,388	51,105
Fund balance – beginning	<u>226,000</u>	<u>226,000</u>	<u>226,000</u>	<u>-</u>
Fund balance – ending	<u>\$ 245,283</u>	<u>\$ 245,283</u>	<u>\$ 296,388</u>	<u>\$ 51,105</u>



**CITY OF MOUNDS VIEW**

**Lakeside Park Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended December 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 23,000	\$ 23,000	\$ 23,000	\$ -
Charges for services	-	-	599	599
Investment earnings	210	210	622	412
Miscellaneous	500	500	-	(500)
Total revenues	<u>23,710</u>	<u>23,710</u>	<u>24,221</u>	<u>511</u>
Expenditures				
Current				
Culture and recreation				
Recreation	<u>23,710</u>	<u>23,710</u>	<u>21,593</u>	<u>2,117</u>
Net change in fund balance	-	-	2,628	2,628
Fund balance – beginning	<u>9,167</u>	<u>9,167</u>	<u>9,167</u>	<u>-</u>
Fund balance – ending	<u>\$ 9,167</u>	<u>\$ 9,167</u>	<u>\$ 11,795</u>	<u>\$ 2,628</u>

**CITY OF MOUNDS VIEW**

**Recycling Grant Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended December 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 31,545	\$ 31,545	\$ 31,059	\$ (486)
Expenditures				
Current				
Sanitation	31,545	31,545	24,396	7,149
Net change in fund balance	-	-	6,663	6,663
Fund balance – beginning	22,270	22,270	22,270	-
Fund balance – ending	<u>\$ 22,270</u>	<u>\$ 22,270</u>	<u>\$ 28,933</u>	<u>\$ 6,663</u>

**CITY OF MOUNDS VIEW**

**Tax Increment Financing District No. 1  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended December 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$ -	\$ -	\$ 7,172	\$ 7,172
Expenditures				
Capital outlay				
Streets and highways	-	400,000	397,472	2,528
Net change in fund balance	-	(400,000)	(390,300)	9,700
Fund balance – beginning	390,300	390,300	390,300	-
Fund balance – ending	<u>\$ 390,300</u>	<u>\$ (9,700)</u>	<u>\$ -</u>	<u>\$ 9,700</u>

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## **NONMAJOR DEBT SERVICE FUND**

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

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

**CITY OF MOUNDS VIEW**

**Balance Sheet  
Nonmajor Debt Service Fund  
December 31, 2019**

	<b><u>G.O. Capital Improvement Plan Bonds of 2017A</u></b>
Assets	
Cash and temporary investments	\$ 344,502
Receivables	
Intergovernmental	3,893
Delinquent taxes	<u>2,068</u>
Total assets	<u><u>\$ 350,463</u></u>
Deferred inflows and fund balance	
Deferred inflow of resources	
Unavailable revenue - taxes	\$ 2,068
Fund balances	
Restricted for	
Debt service	<u>348,395</u>
Total deferred inflows and fund balance	<u><u>\$ 350,463</u></u>

# CITY OF MOUNDS VIEW

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

	<b>G.O. Capital Improvement Plan Bonds of 2017A</b>
Revenues	
Taxes	
Property	\$ 415,101
Investment earnings	3,142
	<hr/>
Total revenues	418,243
	<hr/>
Expenditures	
Debt service	
Principal	225,000
Interest	167,370
	<hr/>
Total expenditures	392,370
	<hr/>
Net change in fund balance	25,873
	<hr/>
Fund balances – beginning	322,522
	<hr/>
Fund balances – ending	\$ 348,395
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## NONMAJOR CAPITAL PROJECTS FUNDS

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

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

**Vehicle and Equipment Fund** – This fund accumulates resources for the eventual replacement of city vehicles and equipment. A formula calculates the need for funds based upon the estimated replacement cost of each vehicle or piece of equipment and its remaining life. The General Fund and Utility Funds then make annual transfers to the Vehicle and Equipment Fund based on this calculation.

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

**CITY OF MOUNDS VIEW**

**Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2019**

	<u>Park Dedication</u>	<u>Vehicle and Equipment</u>	<u>Special Projects</u>	<u>Total</u>
Assets				
Cash and temporary investments	\$ 183,098	\$ 1,904,974	\$ 1,333,387	\$ 3,421,459
Receivables				
Intergovernmental	-	-	411	411
Special assessments	-	-	514	514
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 183,098</u>	<u>\$ 1,904,974</u>	<u>\$ 1,334,312</u>	<u>\$ 3,422,384</u>
Liabilities, Deferred Inflows and Fund Balances				
Liabilities				
Accounts/contracts payable	\$ -	\$ -	\$ 38,921	\$ 38,921
Deferred inflow of resources				
Unavailable revenue - assessments	-	-	514	514
Fund balances				
Assigned to				
Other capital projects	<u>183,098</u>	<u>1,904,974</u>	<u>1,294,877</u>	<u>3,382,949</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities, deferred inflows and fund balances	<u>\$ 183,098</u>	<u>\$ 1,904,974</u>	<u>\$ 1,334,312</u>	<u>\$ 3,422,384</u>

## CITY OF MOUNDS VIEW

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

	<u>Park Dedication</u>	<u>Vehicle and Equipment</u>	<u>Special Projects</u>	<u>Total</u>
<b>Revenues</b>				
Special assessments	\$ -	\$ -	\$ 1,371	\$ 1,371
Investment earnings	5,091	-	39,980	45,071
Miscellaneous	114,972	13,289	827,280	955,541
	<u>120,063</u>	<u>13,289</u>	<u>868,631</u>	<u>1,001,983</u>
<b>Expenditures</b>				
Current				
General government	-	6,502	5,090	11,592
Public safety	-	43,109	-	43,109
Streets and highways	-	-	27,916	27,916
Culture and recreation	7,016	-	-	7,016
Capital outlay				
General government	-	7,601	54,447	62,048
Public safety	-	95,645	222,143	317,788
Streets and highways	-	26,464	30,375	56,839
Culture and recreation	75,599	48,171	357,620	481,390
	<u>82,615</u>	<u>227,492</u>	<u>697,591</u>	<u>1,007,698</u>
Excess (deficiency) of revenues over (under) expenditures	37,448	(214,203)	171,040	(5,715)
<b>Other financing sources (uses)</b>				
Transfers in	-	475,000	125,000	600,000
Transfers out	-	(100,000)	-	(100,000)
Total other financing sources (uses)	<u>-</u>	<u>375,000</u>	<u>125,000</u>	<u>500,000</u>
Net change in fund balance	37,448	160,797	296,040	494,285
Fund balances – beginning	<u>145,650</u>	<u>1,744,177</u>	<u>998,837</u>	<u>2,888,664</u>
Fund balances – ending	<u><u>\$ 183,098</u></u>	<u><u>\$ 1,904,974</u></u>	<u><u>\$ 1,294,877</u></u>	<u><u>\$ 3,382,949</u></u>

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### **SECTION III STATISTICAL SECTION (UNAUDITED)**

This part of the City of Mounds View, Minnesota's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City of Mounds View, Minnesota's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	75
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	82
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	86
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	91
<b>Operation Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	93

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive financial reports for the relevant year.

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**CITY OF MOUNDS VIEW**

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental activities</b>										
Net investment in capital assets	\$20,808,453	\$23,301,032	\$26,264,355	\$29,113,831	\$ 31,091,016	\$ 34,081,047	\$ 37,087,585	\$ 36,784,587	\$ 36,010,512	\$ 35,524,808
Restricted	4,657,442	5,572,244	4,691,738	4,961,119	4,657,172	3,455,542	2,965,913	3,148,142	3,298,426	2,828,405
Unrestricted	<u>18,942,702</u>	<u>17,937,346</u>	<u>18,322,563</u>	<u>17,443,560</u>	<u>18,199,615</u>	<u>13,792,759</u>	<u>9,943,649</u>	<u>9,248,882</u>	<u>9,792,777</u>	<u>10,945,057</u>
<b>Total governmental activities net position</b>	<b><u>\$44,408,597</u></b>	<b><u>\$46,810,622</u></b>	<b><u>\$49,278,656</u></b>	<b><u>\$51,518,510</u></b>	<b><u>\$ 53,947,803</u></b>	<b><u>\$ 51,329,348</u></b>	<b><u>\$ 49,997,147</u></b>	<b><u>\$ 49,181,611</u></b>	<b><u>\$ 49,101,715</u></b>	<b><u>\$ 49,298,270</u></b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 5,968,544	\$ 6,351,886	\$ 6,811,382	\$ 6,643,844	\$ 6,619,515	\$ 6,814,281	\$ 6,714,995	\$ 6,702,181	\$ 6,329,151	\$ 6,595,530
Unrestricted	<u>6,789,275</u>	<u>6,286,877</u>	<u>5,715,505</u>	<u>5,018,324</u>	<u>4,856,016</u>	<u>4,013,515</u>	<u>4,075,782</u>	<u>4,455,356</u>	<u>5,122,447</u>	<u>5,312,231</u>
<b>Total business-type activities net position</b>	<b><u>\$12,757,819</u></b>	<b><u>\$12,638,763</u></b>	<b><u>\$12,526,887</u></b>	<b><u>\$11,662,168</u></b>	<b><u>\$ 11,475,531</u></b>	<b><u>\$ 10,827,796</u></b>	<b><u>\$ 10,790,777</u></b>	<b><u>\$ 11,157,537</u></b>	<b><u>\$ 11,451,598</u></b>	<b><u>\$ 11,907,761</u></b>
<b>Primary government</b>										
Net investment in capital assets	\$26,776,997	\$29,652,918	\$33,075,737	\$35,757,675	\$ 37,710,531	\$ 40,895,328	\$ 43,802,580	\$ 43,486,768	\$ 42,339,663	\$ 42,120,338
Restricted	4,657,442	5,572,244	4,691,738	4,961,119	4,657,172	3,455,542	2,965,913	3,148,142	3,298,426	2,828,405
Unrestricted	<u>25,731,977</u>	<u>24,224,223</u>	<u>24,038,068</u>	<u>22,461,884</u>	<u>23,055,631</u>	<u>17,806,274</u>	<u>14,019,431</u>	<u>13,704,238</u>	<u>14,915,224</u>	<u>16,257,288</u>
<b>Total primary government net position</b>	<b><u>\$57,166,416</u></b>	<b><u>\$59,449,385</u></b>	<b><u>\$61,805,543</u></b>	<b><u>\$63,180,678</u></b>	<b><u>\$ 65,423,334</u></b>	<b><u>\$ 62,157,144</u></b>	<b><u>\$ 60,787,924</u></b>	<b><u>\$ 60,339,148</u></b>	<b><u>\$ 60,553,313</u></b>	<b><u>\$ 61,206,031</u></b>

**CITY OF MOUNDS VIEW**

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
<b>Governmental activities</b>										
General government	\$ 1,012,708	\$ 1,066,488	\$ 1,057,520	\$ 1,043,415	\$ 1,088,836	\$ 1,157,461	\$ 1,201,039	\$ 1,298,436	\$ 1,327,997	\$ 1,416,027
Public safety	2,618,917	2,651,254	2,816,428	2,838,418	2,927,551	3,291,339	4,061,286	3,653,742	3,523,790	3,994,122
Streets and highways	1,002,384	968,383	1,325,863	1,443,093	1,627,747	1,658,540	1,737,382	2,268,318	2,103,663	2,864,440
Sanitation	29,146	28,563	25,581	25,348	26,075	25,294	27,861	20,019	27,330	24,411
Culture and recreation	1,297,825	1,324,772	1,410,918	1,334,248	1,419,628	1,446,470	1,527,977	1,341,654	1,467,715	1,509,833
Economic development	1,815,098	2,089,528	1,743,520	1,818,565	1,885,105	1,879,233	2,406,007	2,078,756	2,211,174	2,325,182
Interest on long-term debt	74,966	44,506	88,854	66,116	118,888	55,847	36,180	100,802	225,377	212,833
<b>Total governmental activities expenses</b>	<u>7,851,044</u>	<u>8,173,494</u>	<u>8,468,684</u>	<u>8,569,203</u>	<u>9,093,830</u>	<u>9,514,184</u>	<u>10,997,732</u>	<u>10,761,727</u>	<u>10,887,046</u>	<u>12,346,848</u>
<b>Business-type activities</b>										
Water	808,900	862,540	867,966	1,031,766	1,011,194	1,011,893	1,000,744	968,475	996,602	1,005,538
Sanitary sewer	1,255,555	1,332,661	1,290,361	1,405,196	1,414,638	1,374,822	1,401,189	1,396,463	1,492,863	1,527,841
Storm water	150,939	162,650	158,052	157,882	230,580	200,942	194,152	227,621	233,995	266,924
Streetlight	80,034	88,480	82,413	96,574	68,768	182,563	82,900	87,804	87,165	87,693
<b>Total business-type activities expenses</b>	<u>2,295,428</u>	<u>2,446,331</u>	<u>2,398,792</u>	<u>2,691,418</u>	<u>2,725,180</u>	<u>2,770,220</u>	<u>2,678,985</u>	<u>2,680,363</u>	<u>2,810,625</u>	<u>2,887,996</u>
<b>Total primary government expenses</b>	<u>\$ 10,146,472</u>	<u>\$ 10,619,825</u>	<u>\$ 10,867,476</u>	<u>\$ 11,260,621</u>	<u>\$ 11,819,010</u>	<u>\$ 12,284,404</u>	<u>\$ 13,676,717</u>	<u>\$ 13,442,090</u>	<u>\$ 13,697,671</u>	<u>\$ 15,234,844</u>
<b>Program revenues</b>										
<b>Governmental activities</b>										
<b>Charges for services</b>										
General government	\$ 121,397	\$ 184,973	\$ 238,633	\$ 245,830	\$ 252,542	\$ 263,412	\$ 294,146	\$ 271,318	\$ 255,379	\$ 1,090,374
Culture and recreation	214,367	239,782	273,589	281,930	268,558	294,098	275,782	311,751	413,551	511,447
Economic development	276,059	177,791	174,431	300,785	298,085	212,240	191,801	326,132	314,047	376,105
Other activities	96,258	98,171	147,872	144,491	166,370	104,606	110,365	142,360	116,291	118,950
Operating grants and contributions	403,488	387,010	401,768	417,574	380,705	441,123	456,019	467,486	526,942	606,566
Capital grants and contributions	574,714	503,815	374,510	470,285	559,796	379,090	517,872	372,033	410,015	490,703
<b>Total governmental activities program revenues</b>	<u>1,686,283</u>	<u>1,591,542</u>	<u>1,610,803</u>	<u>1,860,895</u>	<u>1,926,056</u>	<u>1,694,569</u>	<u>1,845,985</u>	<u>1,891,080</u>	<u>2,036,225</u>	<u>3,194,145</u>
<b>Business-type activities</b>										
<b>Charges for services</b>										
Water	888,961	838,701	943,731	922,907	976,763	959,130	1,063,337	1,112,169	1,255,559	1,203,410
Sanitary sewer	1,166,909	1,212,344	1,192,506	1,235,478	1,356,000	1,400,087	1,471,301	1,599,427	1,678,163	1,738,097
Storm water	266,966	268,476	266,395	268,587	278,359	266,092	264,066	286,324	292,431	327,750
Streetlight	76,261	76,128	76,231	82,625	88,052	91,563	97,759	104,224	104,322	104,867
Operating grants and contributions	-	-	-	-	-	-	2,937	203	3,292	1,080
Capital grants and contributions	-	-	-	-	-	-	-	-	-	43,059
<b>Total business-type activities program revenues</b>	<u>2,399,097</u>	<u>2,395,649</u>	<u>2,478,863</u>	<u>2,509,597</u>	<u>2,699,174</u>	<u>2,716,872</u>	<u>2,899,400</u>	<u>3,102,347</u>	<u>3,333,767</u>	<u>3,418,263</u>
<b>Total primary government program revenues</b>	<u>\$ 4,085,380</u>	<u>\$ 3,987,191</u>	<u>\$ 4,089,666</u>	<u>\$ 4,370,492</u>	<u>\$ 4,625,230</u>	<u>\$ 4,411,441</u>	<u>\$ 4,745,385</u>	<u>\$ 4,993,427</u>	<u>\$ 5,369,992</u>	<u>\$ 6,612,408</u>
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (6,164,761)	\$ (6,581,952)	\$ (6,857,881)	\$ (6,708,308)	\$ (7,167,774)	\$ (7,819,615)	\$ (9,151,747)	\$ (8,870,647)	\$ (8,850,821)	\$ (9,152,703)
Business-type activities	103,669	(50,682)	80,071	(181,821)	(26,006)	(53,348)	220,415	421,984	523,142	530,267
<b>Total primary government net expense</b>	<u>\$ (6,061,092)</u>	<u>\$ (6,632,634)</u>	<u>\$ (6,777,810)</u>	<u>\$ (6,890,129)</u>	<u>\$ (7,193,780)</u>	<u>\$ (7,872,963)</u>	<u>\$ (8,931,332)</u>	<u>\$ (8,448,663)</u>	<u>\$ (8,327,679)</u>	<u>\$ (8,622,436)</u>



General revenues and other changes in net position

Governmental activities										
Taxes										
Property taxes	\$ 3,909,130	\$ 4,049,525	\$ 4,189,258	\$ 4,341,477	\$ 4,328,302	\$ 4,398,808	\$ 4,322,667	\$ 4,558,252	\$ 4,950,678	\$ 5,423,885
Tax increments	3,699,335	3,367,496	3,795,758	3,739,535	1,966,286	1,610,547	1,555,581	1,630,140	1,670,422	1,707,400
Franchise taxes	565,793	599,345	559,043	641,061	800,402	744,260	727,229	753,959	799,948	735,319
Lodging taxes	51,002	53,516	54,088	60,364	66,367	69,109	67,408	68,666	77,115	71,957
Unrestricted grants and contributions	241,458	241,312	241,512	241,335	607,419	665,944	677,284	682,022	746,962	750,546
Gain on sale or trade of capital assets	—	29,549	—	12,827	450	—	—	48,001	—	—
Investment earnings (charges)	340,754	457,179	238,963	(628,519)	1,025,931	212,392	171,852	208,491	228,999	438,096
Special Item	—	—	—	—	412,925	—	—	—	—	—
Transfers	484,674	186,055	247,293	540,082	388,985	195,530	297,525	105,580	296,801	222,055
Total governmental activities	<u>9,292,146</u>	<u>8,983,977</u>	<u>9,325,915</u>	<u>8,948,162</u>	<u>9,597,067</u>	<u>7,896,590</u>	<u>7,819,546</u>	<u>8,055,111</u>	<u>8,770,925</u>	<u>9,349,258</u>
Business-type activities										
Investment earnings (charges)	93,680	117,681	55,346	(142,816)	228,354	43,772	40,091	50,356	67,720	147,951
Transfers	(484,674)	(186,055)	(247,293)	(540,082)	(388,985)	(195,530)	(297,525)	(105,580)	(296,801)	(222,055)
Total business-type activities	<u>(390,994)</u>	<u>(68,374)</u>	<u>(191,947)</u>	<u>(682,898)</u>	<u>(160,631)</u>	<u>(151,758)</u>	<u>(257,434)</u>	<u>(55,224)</u>	<u>(229,081)</u>	<u>(74,104)</u>
Total primary government	<u>\$ 8,901,152</u>	<u>\$ 8,915,603</u>	<u>\$ 9,133,968</u>	<u>\$ 8,265,264</u>	<u>\$ 9,436,436</u>	<u>\$ 7,744,832</u>	<u>\$ 7,562,112</u>	<u>\$ 7,999,887</u>	<u>\$ 8,541,844</u>	<u>\$ 9,275,154</u>
Change in net position										
Governmental activities	\$ 3,127,385	\$ 2,402,025	\$ 2,468,034	\$ 2,239,854	\$ 2,429,293	\$ 76,975	\$ (1,332,201)	\$ (815,536)	\$ (79,896)	\$ 196,555
Business-type activities	(287,325)	(119,056)	(111,876)	(864,719)	(186,637)	(205,106)	(37,019)	366,760	294,061	456,163
Total primary government	<u>\$ 2,840,060</u>	<u>\$ 2,282,969</u>	<u>\$ 2,356,158</u>	<u>\$ 1,375,135</u>	<u>\$ 2,242,656</u>	<u>\$ (128,131)</u>	<u>\$ (1,369,220)</u>	<u>\$ (448,776)</u>	<u>\$ 214,165</u>	<u>\$ 652,718</u>

## CITY OF MOUNDS VIEW

### Governmental Activities Tax Revenues By Source

#### Last Ten Fiscal Years

(Accrual Basis of Accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Tax Increments</u>	<u>Franchise Tax</u>	<u>Lodging Tax</u>	<u>Total</u>
2010	\$ 3,909,130	\$ 3,699,335	\$ 565,793	\$ 51,002	\$ 8,225,260
2011	4,049,525	3,367,496	599,345	53,516	8,069,882
2012	4,189,258	3,795,758	559,043	54,088	8,598,147
2013	4,341,477	3,739,535	641,061	60,364	8,782,437
2014	4,328,302	1,966,286	800,402	66,367	7,161,357
2015	4,398,808	1,610,547	744,260	69,109	6,822,724
2016	4,322,667	1,555,581	727,229	67,408	6,672,885
2017	4,558,252	1,630,140	753,959	68,666	7,011,017
2018	4,950,678	1,670,422	799,948	77,115	7,498,163
2019	5,423,885	1,707,400	735,319	71,957	7,938,561

**CITY OF MOUNDS VIEW**

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Assigned	\$ -	\$ 6,292,906	\$ 6,479,169	\$ 6,462,763	\$ 6,250,280	\$ 6,166,302	\$ 5,906,709	\$ 5,765,648	\$ 5,587,607	\$ 5,463,724
Unassigned	-	3,200,472	3,176,966	3,097,666	3,334,542	3,448,111	3,538,754	3,710,891	3,952,927	4,127,062
Unreserved	<u>2,566,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Fund	<u>\$ 2,820,035</u>	<u>\$ 9,493,378</u>	<u>\$ 9,656,135</u>	<u>\$ 9,560,429</u>	<u>\$ 9,584,822</u>	<u>\$ 9,614,413</u>	<u>\$ 9,445,463</u>	<u>\$ 9,476,539</u>	<u>\$ 9,540,534</u>	<u>\$ 9,590,786</u>
All other governmental funds										
Reserved	\$ 3,940,351	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	4,798,885	4,029,265	3,277,870	2,987,847	1,782,701	2,965,913	3,147,858	3,367,273	2,894,413
Unreserved, reported in										
Special revenue funds	9,344,020	-	-	-	-	-	-	-	-	-
Capital projects funds	8,194,063	-	-	-	-	-	-	-	-	-
Assigned	-	10,165,216	10,378,010	9,552,519	9,868,708	8,100,748	5,241,230	5,030,794	4,485,904	5,530,723
Unassigned	-	-	-	(3,661)	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 21,478,434</u>	<u>\$ 14,964,101</u>	<u>\$ 14,407,275</u>	<u>\$ 12,826,728</u>	<u>\$ 12,856,555</u>	<u>\$ 9,883,449</u>	<u>\$ 8,207,143</u>	<u>\$ 8,178,652</u>	<u>\$ 7,853,177</u>	<u>\$ 8,425,136</u>

Note: The City transferred \$6,472,060 to the General Fund from the Levy Reduction Special Revenue Fund to close that fund in 2011.

2011 reflects the adoption of GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions."

**CITY OF MOUNDS VIEW**

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Taxes	\$ 8,173,508	\$ 8,136,161	\$ 8,708,216	\$ 8,796,617	\$ 7,197,519	\$ 6,805,517	\$ 6,676,733	\$ 7,007,896	\$ 7,495,877	\$ 7,949,935
Special assessments	72,312	65,918	78,484	187,388	54,396	67,085	41,923	27,670	22,047	24,176
Licenses and permits	129,834	172,841	162,955	210,774	246,970	204,844	184,499	310,965	312,047	348,201
Intergovernmental	1,082,957	959,152	978,288	1,083,961	1,315,314	1,416,279	1,624,550	1,512,865	1,680,480	1,764,992
Charges for services	240,114	237,385	243,131	277,373	264,865	281,039	298,003	309,373	363,621	409,801
Fines and forfeits	41,475	55,321	79,641	69,049	69,101	50,179	35,683	43,837	52,531	66,410
Investment earnings (charges)	340,754	457,179	238,963	(628,519)	1,025,931	212,392	171,852	208,491	228,999	438,096
Miscellaneous	364,768	327,342	345,284	419,990	622,087	346,562	348,177	383,946	426,697	1,295,483
<b>Total revenues</b>	<b>10,445,722</b>	<b>10,411,299</b>	<b>10,834,962</b>	<b>10,416,633</b>	<b>10,796,183</b>	<b>9,383,897</b>	<b>9,381,420</b>	<b>9,805,043</b>	<b>10,582,299</b>	<b>12,297,094</b>
<b>Expenditures</b>										
General government	876,211	896,475	904,199	885,717	937,782	989,052	1,007,715	1,091,571	1,107,761	1,196,376
Public safety	2,462,361	2,535,817	2,706,826	2,741,429	2,849,814	3,098,543	3,136,469	3,235,510	3,460,743	3,847,558
Streets and highways	553,821	557,024	567,165	589,264	694,781	576,629	604,294	873,006	709,953	991,106
Sanitation	26,398	30,933	25,360	24,989	26,033	24,868	27,563	19,196	27,975	24,396
Culture and recreation	912,684	967,287	1,055,945	962,921	987,599	1,012,160	1,077,863	926,124	1,030,967	1,111,348
Economic development	1,814,049	2,082,925	1,739,980	2,953,003	1,888,217	1,879,212	1,906,076	2,059,441	2,215,355	2,313,899
Capital outlay	3,665,304	3,251,246	4,078,631	4,080,595	3,343,582	5,279,794	4,742,796	7,740,035	2,343,410	1,776,159
Debt service										
Principal	729,060	302,737	305,928	324,934	280,636	383,864	180,658	143,296	150,898	420,450
Interest	92,927	49,016	92,290	70,116	122,504	60,576	43,733	106,489	268,709	215,646
<b>Total expenditures</b>	<b>11,132,815</b>	<b>10,673,460</b>	<b>11,476,324</b>	<b>12,632,968</b>	<b>11,130,948</b>	<b>13,304,698</b>	<b>12,727,167</b>	<b>16,194,668</b>	<b>11,315,771</b>	<b>11,896,938</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(687,093)</b>	<b>(262,161)</b>	<b>(641,362)</b>	<b>(2,216,335)</b>	<b>(334,765)</b>	<b>(3,920,801)</b>	<b>(3,345,747)</b>	<b>(6,389,625)</b>	<b>(733,472)</b>	<b>400,156</b>
<b>Other financing sources (uses)</b>										
Transfers in	1,100,035	7,601,879	927,391	918,688	1,809,766	1,008,313	1,202,981	1,006,678	1,146,628	1,097,618
Transfers out	(615,361)	(7,415,824)	(680,098)	(378,606)	(1,420,781)	(812,783)	(905,456)	(901,098)	(849,827)	(875,563)
Debt issued, net of premium/discount	-	235,116	-	-	-	781,756	-	6,286,630	175,191	-
<b>Total other financing sources (uses)</b>	<b>484,674</b>	<b>421,171</b>	<b>247,293</b>	<b>540,082</b>	<b>388,985</b>	<b>977,286</b>	<b>297,525</b>	<b>6,392,210</b>	<b>471,992</b>	<b>222,055</b>
<b>Net change in fund balances</b>	<b>\$ (202,419)</b>	<b>\$ 159,010</b>	<b>\$ (394,069)</b>	<b>\$ (1,676,253)</b>	<b>\$ 54,220</b>	<b>\$ (2,943,515)</b>	<b>\$ (3,048,222)</b>	<b>\$ 2,585</b>	<b>\$ (261,480)</b>	<b>\$ 622,211</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>11.0%</b>	<b>4.7%</b>	<b>5.4%</b>	<b>4.6%</b>	<b>5.2%</b>	<b>5.5%</b>	<b>2.8%</b>	<b>3.0%</b>	<b>4.7%</b>	<b>6.3%</b>

## CITY OF MOUNDS VIEW

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Tax Increment</u>	<u>Franchise Tax</u>	<u>Lodging Tax</u>	<u>Total</u>
2010	\$ 3,902,456	\$ 3,654,257	\$ 565,793	\$ 51,002	\$ 8,173,508
2011	4,106,384	3,376,916	599,345	53,516	8,136,161
2012	4,210,657	3,884,428	559,043	54,088	8,708,216
2013	4,354,084	3,741,108	641,061	60,364	8,796,617
2014	4,339,441	1,991,309	800,402	66,367	7,197,519
2015	4,381,601	1,610,547	744,260	69,109	6,805,517
2016	4,326,515	1,555,581	727,229	67,408	6,676,733
2017	4,555,131	1,630,140	753,959	68,666	7,007,896
2018	4,948,392	1,670,422	799,948	77,115	7,495,877
2019	5,435,259	1,707,400	735,319	71,957	7,949,935

**CITY OF MOUNDS VIEW**

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

Fiscal Year	Real Property			Personal Property	Fiscal Disparities	Total Taxable Tax Capacity	Total Direct Tax Rate	Market Value Tax Rate	Estimated Market Value (EMV)	Tax Capacity as a Percentage of EMV
	Residential Property	Commercial Property	Other	Other						
2010	\$ 5,647,328	\$ 2,367,920	\$ 1,676,331	\$ 126,668	\$ 192,359	\$ 10,010,606	40.968	% 0.02099	% 987,959,400	1.01
2011	5,394,605	2,230,384	1,591,865	132,487	342,908	9,692,249	41.172	0.02164	933,428,800	1.04
2012	4,533,271	2,136,351	1,582,135	140,849	96,614	8,489,220	48.893	0.02334	906,171,000	0.94
2013	4,097,960	2,088,738	1,588,763	150,983	86,280	8,012,724	50.422	0.02099	863,579,900	0.93
2014	3,958,510	3,215,212	1,587,047	154,507	38,319	8,953,595	44.301	0.02096	849,139,100	1.05
2015	4,349,593	3,408,647	1,673,154	160,728	49,810	9,641,932	42.886	0.02103	889,337,900	1.08
2016	4,555,818	3,650,240	1,768,381	165,194	187,379	10,327,012	40.105	0.02092	927,413,500	1.11
2017	4,895,771	3,743,244	2,035,576	176,236	503,814	11,354,641	37.980	0.02071	989,506,500	1.15
2018	5,328,381	4,062,680	2,278,877	184,690	525,648	12,380,276	37.742	0.02765	1,067,718,200	1.16
2019	6,009,045	4,317,399	1,874,373	174,238	487,051	12,862,106	38.009	0.02659	1,165,973,600	1.10

Source: Ramsey County

## CITY OF MOUNDS VIEW

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

Year	City				Overlapping Rates			Total
	Basic Rate	General Obligation Debt Service	Total Direct	Market Value Tax Rate (2)	Ramsey County	School District No. 621	Other Taxing Jurisdictions	
2010	37.345 %	3.623 %	40.968 %	0.02099 %	50.248 %	24.560 %	9.512 %	125.288 %
2011	38.232	2.940	41.172	0.02164	54.678	25.573	10.065	131.488
2012	46.561	2.332	48.893	0.02334	61.316	29.044	11.813	151.066
2013	46.194	4.228	50.422	0.02099	65.240	29.444	12.228	157.334
2014	40.527	3.774	44.301	0.02096	63.735	29.734	11.764	149.534
2015	42.886	-	42.886	0.02103	58.922	27.378	10.876	140.062
2016	40.105	-	40.105	0.02092	58.885	26.245	10.742	135.977
2017	37.980	-	37.980	0.02071	55.850	25.305	9.006	128.141
2018	33.497	4.245	37.742	0.02765	53.962	28.464	8.249	128.417
2019	33.670	4.339	38.009	0.02659	52.879	26.330	8.265	125.483

(1) Source: Ramsey County

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

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

**CITY OF MOUNDS VIEW**

**Principal Property Taxpayers  
Current Year and Nine Years Ago**

Taxpayer	2019			2010		
	Tax Capacity Value	Rank	Percentage of Total Tax Capacity Value	Tax Capacity Value	Rank	Percentage of Total Tax Capacity Value
Medtronic, Inc.	\$ 2,579,570	1	20.06 %	\$2,079,250	1	20.77 %
GIJV MN 3,4,5 LLC	511,656	2	3.98	484,260	2	4.84
Levitan Limited Partnership	428,590	3	3.33	250,250	5	2.50
ICON Owner Pool 3 Midwest/Southeast LLC	357,000	4	2.78	322,200	3	3.22
Sysco	208,048	5	1.62	259,250	4	2.59
Individual	182,351	6	1.42	104,738	10	1.05
SAIA Motor Freight Line LLC	151,376	7	1.18	-	-	-
Xcel Energy	144,016	8	1.12	-	-	-
Mounds View Square Associates	136,228	9	1.06	109,250	9	1.09
A And L Management & Co	119,849	10	0.93	-	-	-
AP Mounds View Limited	-	-	-	215,748	6	2.16
Multi Tech Systems, Inc	-	-	-	156,552	7	1.56
Mounds Vista, Inc.	-	-	-	120,920	8	1.21
<b>Total</b>	<b>\$ 4,818,684</b>		<b>37.46 %</b>	<b>\$4,102,418</b>		<b>40.98 %</b>

Source: Ramsey County



## CITY OF MOUNDS VIEW

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

Year	Tax Levy	Current Collections		Delinquent Collections and Adjustments	Total Collections	% of Levy
		Amount	% of Levy			
2010	\$ 4,099,393	\$ 3,881,761	94.69 %	\$ 84,110	\$ 3,965,871	96.74 %
2011	4,181,381	3,940,522	94.24	21,253	3,961,775	94.75
2012	4,181,381	4,126,957	98.70	19,508	4,146,465	99.16
2013	4,181,381	4,145,723	99.15	24,935	4,170,658	99.74
2014	4,265,010	4,225,053	99.06	12,764	4,237,817	99.36
2015	4,350,310	4,320,828	99.32	3,882	4,324,710	99.41
2016	4,393,813	4,336,994	98.71	20,729	4,357,723	99.18
2017	4,528,947	4,502,685	99.42	14,346	4,517,031	99.74
2018	4,973,985	4,933,166	99.18	(9,333)	4,923,833	98.99
2019	5,521,922	5,455,931	98.80	-	5,455,931	98.80

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

Note:

In 2010 the State of Minnesota reduced MVHC by \$160,156, this will reduce the collection percentage by 3.91%.

In 2011 the State of Minnesota reduced MVHC by \$162,871, this will reduce the collection percentage by 3.90%.

## CITY OF MOUNDS VIEW

### Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Tax Capacity (1)	Per Capita (2)
	General Obligation Bonds	G.O. Fire Equipment Certificates	Capital Lease	Water Bonds	Capital Lease			
2010	\$ 2,157,339	\$ -	\$ -	\$ 655,000	\$ -	\$ 2,812,339	28.09 %	\$ 231
2011	1,854,602	235,116	-	445,000	-	2,534,718	26.15	209
2012	1,594,348	189,442	-	230,000	-	2,013,790	23.72	166
2013	1,304,282	154,574	-	-	-	1,458,856	18.21	118
2014	1,073,928	104,292	-	-	-	1,178,220	13.16	96
2015	789,173	50,712	736,227	-	87,580	1,663,692	17.25	134
2016	715,601	-	679,853	-	80,861	1,476,315	14.30	114
2017	6,630,388	172,427	621,770	-	73,938	7,498,523	66.04	570
2018	6,568,762	318,189	561,927	-	66,805	7,515,683	60.71	564
2019	6,274,377	253,781	500,270	-	59,456	7,087,884	55.11	532

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

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

## CITY OF MOUNDS VIEW

### Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	G.O. Bonds and Certificates	Less Amounts Available in Debt Service Fund	Total	Percentage of Tax Capacity (1)	Per Capita (2)
2010	\$ 2,157,339	\$ 377,989	\$ 1,779,350	17.77 %	\$ 146
2011	2,089,718	340,940	1,748,778	18.04	144
2012	1,783,790	306,870	1,476,920	17.40	122
2013	1,458,856	373,807	1,085,049	13.54	88
2014	1,178,220	232,174	946,046	10.57	77
2015	839,885	-	839,885	8.71	67
2016	715,601	-	715,601	6.93	55
2017	6,802,815	-	6,802,815	59.91	517
2018	6,886,951	322,522	6,564,429	53.02	493
2019	6,528,158	348,395	6,179,763	48.05	464

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

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

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

## CITY OF MOUNDS VIEW

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

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Ramsey County	\$ 148,297,000	1.37 %	\$ 2,025,320
Ramsey County Library	27,180,000	3.95	1,073,394
Independent School district No. 621	235,390,000	11.30	26,589,295
Intermediate District No. 916	78,970,000	4.06	3,203,445
Metropolitan Council	1,555,384,035	0.28	<u>4,308,144</u>
Total overlapping debt			37,199,598
City of Mounds View	7,028,428	100.00%	<u>7,028,428</u>
Total direct and overlapping debt			<u><u>\$ 44,228,026</u></u>

Source: Ramsey County

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

(1) The percentage of overlapping debt applicable are based upon percentage of tax capacity to the total.

**CITY OF MOUNDS VIEW**

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 29,638,782	\$ 28,002,864	\$27,185,130	\$ 25,907,397	\$ 25,474,173	\$ 26,680,137	\$ 27,822,405	\$ 29,685,195	\$ 32,031,546	\$ 34,979,208
Total net debt applicable to limit	<u>1,779,350</u>	<u>1,748,778</u>	<u>1,476,920</u>	<u>1,085,049</u>	<u>946,046</u>	<u>1,663,692</u>	<u>1,476,315</u>	<u>6,802,815</u>	<u>6,564,429</u>	<u>6,179,763</u>
Legal debt margin	<u>\$ 27,859,432</u>	<u>\$ 26,254,086</u>	<u>\$25,708,210</u>	<u>\$ 24,822,348</u>	<u>\$ 24,528,127</u>	<u>\$ 25,016,445</u>	<u>\$ 26,346,090</u>	<u>\$ 22,882,380</u>	<u>\$ 25,467,117</u>	<u>\$ 28,799,445</u>
Total net debt applicable to the limit as a percentage of debt limit	6.00%	6.24%	5.43%	4.19%	3.71%	6.24%	5.31%	22.92%	20.49%	17.67%

Legal Debt Margin Calculation for Fiscal Year 2019

Estimated Market Value	\$1,165,973,600
Debt limit (3% of estimated market value)	34,979,208
Debt applicable to limit: City Debt	<u>6,179,763</u>
Legal debt margin	<u>\$ 28,799,445</u>

**CITY OF MOUNDS VIEW**

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

G.O. Water Revenue Bonds (1)

Fiscal Year	Water Charges and Other	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2010	\$ 826,422	\$ 555,269	\$ 271,153	\$ 205,000	\$ 24,432	1.18
2011	838,701	630,653	208,048	210,000	18,550	0.91
2012	943,731	637,929	305,802	215,000	9,806	1.36
2013	922,907	779,140	143,767	230,000	680	0.62
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-

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

(1) Water revenue bonds were retired in 2013.

## CITY OF MOUNDS VIEW

### Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Median Age (4)	Population (1)	Tax Capacity (2)	Per Capita Tax Capacity	Per Capita Income (4)	Personal Income	Unemployment Rate (3)
2010	-	12,155	\$ 10,010,606	\$ 824	\$ -	\$ -	6.4 %
2011	-	12,155	9,692,249	797	-	-	5.5
2012	-	12,136	8,489,220	700	-	-	5.3
2013	-	12,335	8,012,724	650	-	-	4.6
2014	-	12,314	8,953,595	727	-	-	3.2
2015	36.5	12,444	-	-	28,928	359,980,032	3.5
2016	35.4	13,007	-	-	29,696	386,255,872	3.5
2017	36.2	13,161	-	-	29,080	382,721,880	2.8
2018	36.6	13,327	-	-	30,495	406,406,865	2.7
2019	35.5	13,328	-	-	30,620	408,103,360	2.9

#### Data Sources

- (1) Metropolitan Council except for 2010 U.S. Census Bureau
- (2) Ramsey County
- (3) U.S. Department of Labor, Bureau of Labor Statistics
- (4) U.S. Census Bureau

## CITY OF MOUNDS VIEW

### Principal Employers Current Year and Nine Years Ago

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Medtronic, Inc.	4,200	1	60.28 %	3,937	1	61.52 %
Sysco Minnesota	495	2	7.10	573	2	8.95
Multi-Tech Systems	190	3	2.73	215	3	3.36
Midwest Medical Services	147	4	2.11	151	6	2.36
Allina Ambulance Service	145	5	2.08	–	–	–
Owens & Minor	124	6	1.78	–	–	–
Excel Engineering	109	7	1.56	–	–	–
Mounds View School District	105	8	1.51	171	4	2.67
Quanex	97	9	1.39	106	7	1.66
BioLife Plasma Service	94	10	1.35	56	10	0.88
Vitran Express	–	–	–	160	5	2.50
Tyson Companies	–	–	–	103	8	1.61
Mermaid Supper Club and Banquet Center	–	–	–	65	9	1.02
<b>Total</b>	<b>5,706</b>		<b>81.89 %</b>	<b>5,537</b>		<b>86.52 %</b>

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



**CITY OF MOUNDS VIEW**

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

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	7	7	7	6	6	6	6	6	6.5	6.5
Public safety										
Police										
Officers	19	19	19	19	19	19	19	19	21	21
Civilians	3	3	3	3	3	3	3	3	2	2
Highways and streets										
Administration/Engineering	4	4	4	4	4	4	4	4	4	4
Maintenance	3	3	3	3	3.25	3.25	3.25	3.25	3.25	3.25
Culture and recreation										
Parks	2	2	2	2	2	2	2	2	2	2
Community center	1	1	1	1	1	1	1	1	1	1
Cable	1	1	1	1	1	1	1	1	1	-
Economic development										
EDA	1	1	1	1	0.75	0.75	0.75	1	1	1
Community development	5	4	4	4	4	4	4	4	4	4
Storm water	1	1	1	1	1.25	1.25	1.25	1.25	1.25	1.25
Water	2	2	2	2	2.25	2.25	2.25	2.25	2.25	2.25
Sewer	2	2	2	2	2.25	2.25	2.25	2.25	2.25	2.25
<b>Total</b>	<b>51.0</b>	<b>50.0</b>	<b>50.0</b>	<b>49.0</b>	<b>49.75</b>	<b>49.75</b>	<b>49.75</b>	<b>50.00</b>	<b>51.50</b>	<b>50.50</b>

Source: Finance department

**CITY OF MOUNDS VIEW**

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

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Police										
Physical arrests - Adults	333	483	696	462	407	236	214	251	433	628
Calls for service	6,174	6,690	6,930	6,673	9,955	11,268	9,979	12,215	11,007	12,313
Traffic citations	1,224	2,059	1,851	1,418	1,280	855	672	808	873	752
Accidents	210	223	196	265	230	127	281	214	267	267
Fire										
Number of calls answered	201	196	218	197	202	205	274	270	203	221
Inspections	93	79	15	21	14	70	93	53	60	142
Highways and streets										
Streets reconstructed (miles)	4.10	2.30	4.00	3.00	1.80	2.40	2.60	0.70	0.97	0.70
Pothole material (asphalt tons)	512	390	321	242	359	103	95	84	56	11
Economic development										
Building permits issued	350	420	386	345	384	412	431	459	351	423
Building permit value (thousands \$)	2,264	3,936	5,544	7,133	13,604	6,417	5,064	9,666	9,657	20,334
Water										
Water main breaks	7	8	7	7	5	3	7	8	9	9
Residential service line breaks	9	18	18	37	24	16	10	15	19	10
Average daily consumption (thousands of gallons)(billed)	1,142	1,109	1,209	1,112	1,035	1,012	1,021	1,018	1,081	936
Sanitary sewer										
Average daily sewage treatment (thousands of gallons)(MCES)	1,050	1,125	1,102	1,052	1,094	1,041	1,006	1,100	1,075	1,047

Sources: Various government departments

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

## CITY OF MOUNDS VIEW

### Capital Asset Statistics by Function Last Ten Fiscal Years

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	6	6	6	6	6	6	6	6	6	6
Fire stations	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	43.3	43.3	43.3	43.3	43.3	43.3	43.3	43.3	43.3	43.3
Traffic signals	10	10	10	10	10	10	10	10	10	10
Culture and recreation										
Parks acreage	123	123	123	123	123	123	123	123	123	123
Parks	11	11	11	11	11	11	11	11	11	11
Tennis courts	4	4	4	4	4	4	4	4	4	4
Basketball courts	9	9	9	9	9	9	9	9	9	9
Soccer fields	4	4	4	4	4	4	4	5	5	5
Volleyball courts	3	3	3	3	3	3	3	3	3	3
Ball fields	6	6	6	6	6	6	6	6	6	6
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	47.2	47.2	47.2	47.2	47.2	47.2	47.2	47.2	47.2	47.2
Fire hydrants	479	480	481	481	481	481	481	481	481	481
Maximum daily capacity (thousands of gallons)	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600
Sewer										
Sanitary sewers (miles)	44.7	44.7	44.7	44.7	44.7	44.7	44.7	44.7	44.7	44.7
Storm water										
Storm sewers (miles)	33.5	33.5	33.5	33.5	33.9	33.9	33.9	33.9	33.9	33.9
Street light										
Streetlights	272	274	275	275	275	275	275	275	275	275

Sources: Various city departments

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

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