ANNUAL COMPREHENSIVE FINANCIAL REPORT

OF THE

CITY OF FALCON HEIGHTS, MINNESOTA

For the Year Ended

December 31, 2022

Prepared by

THE DEPARTMENT OF FINANCE
AND ADMINISTRATION

Jack Linehan, City Administrator

Roland Olson, Finance Director

CITY OF FALCON HEIGHTS
2077 W. Larpenteur Avenue
Falcon Heights, Minnesota 55113

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City of Falcon Heights
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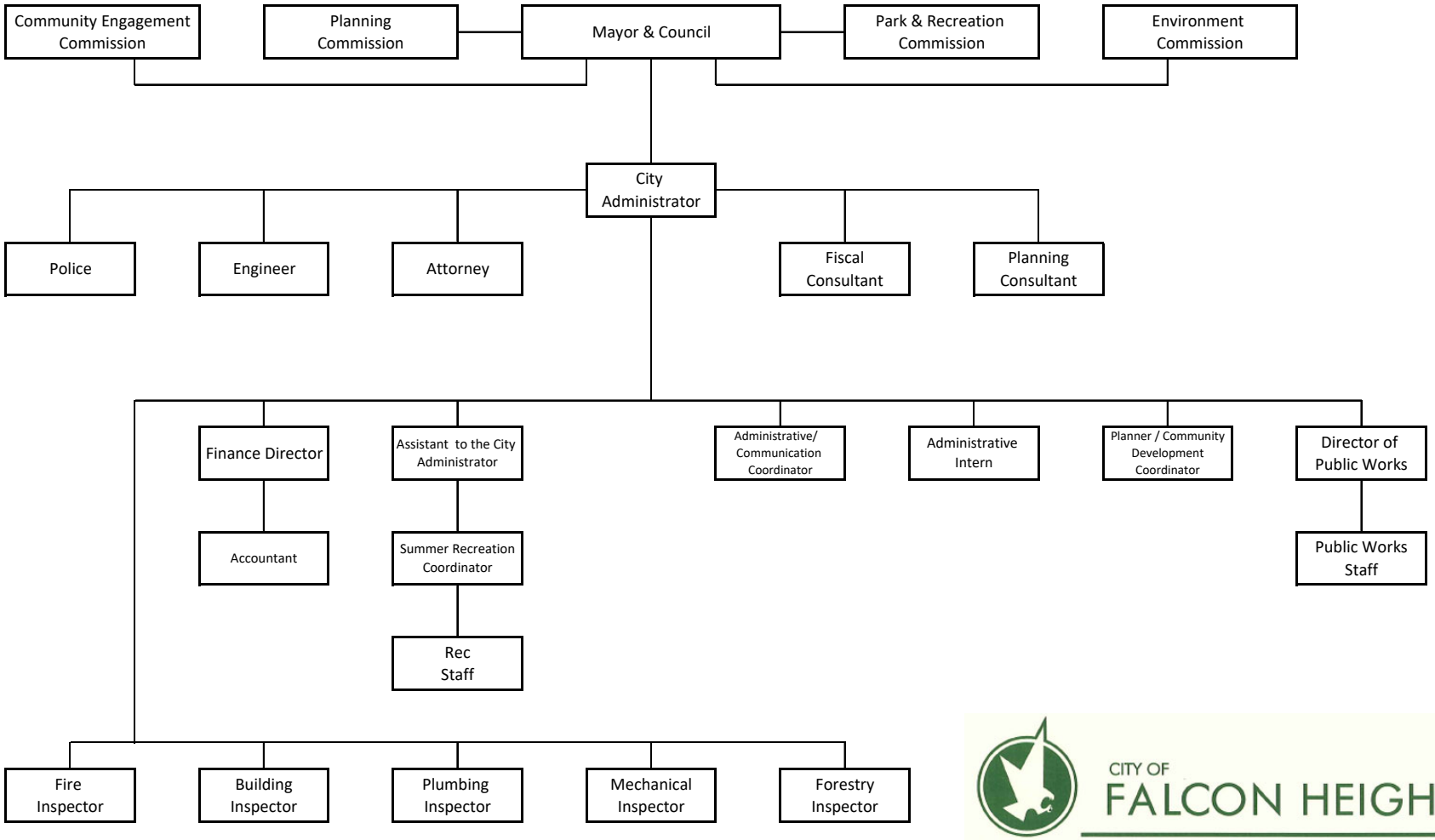
City of Falcon Heights
Elected Officials and Administration
December 31, 2022

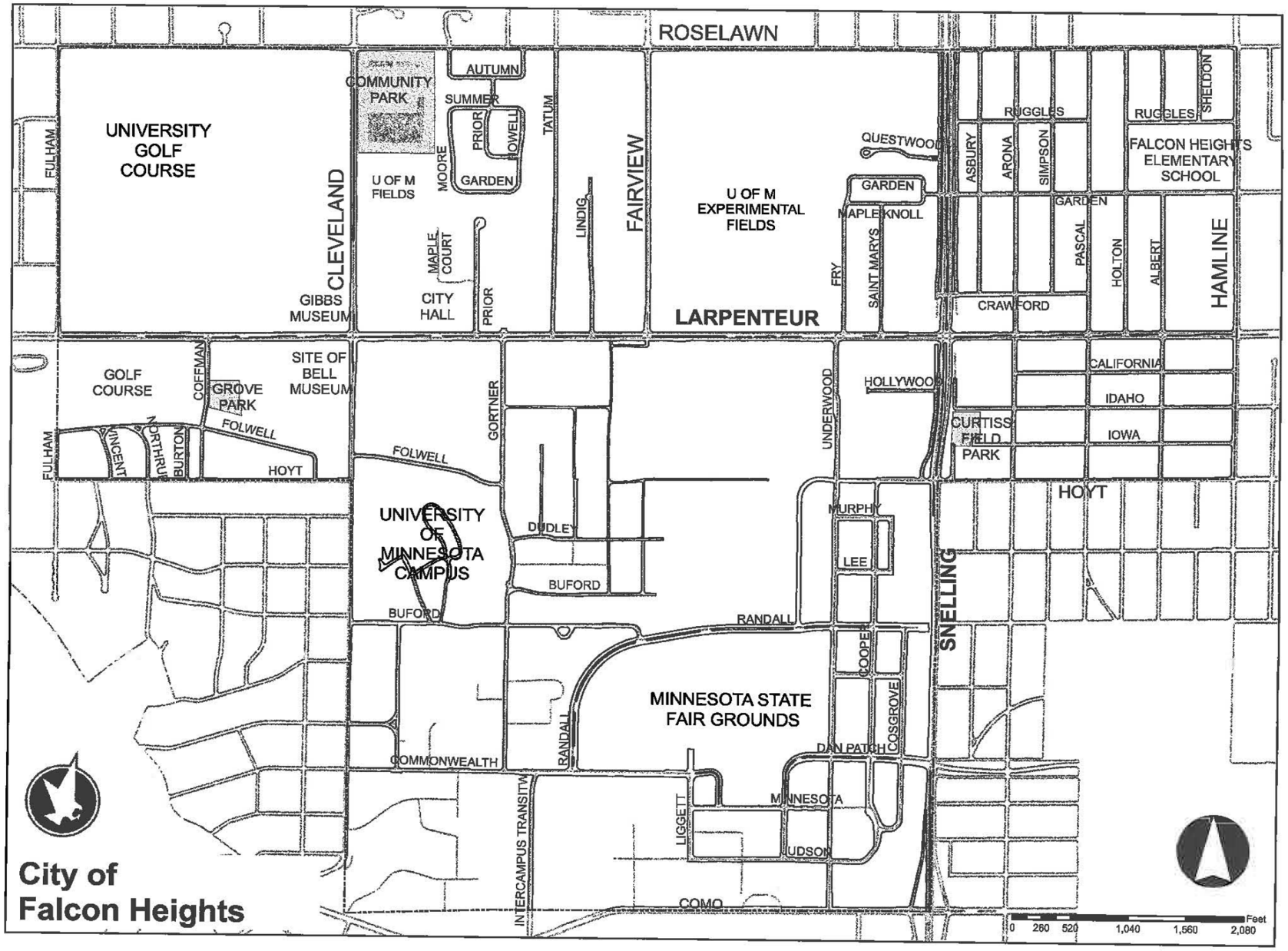
Elected Officials	Position	Term Expires
Randy Gustafson	Mayor	December 31, 2023
Eric Meyer	Council Member	December 31, 2025
Melanie Leehy	Council Member	December 31, 2025
James Wassenberg	Council Member	December 31, 2023
Yakasah Wehyee	Council Member	December 31, 2023
Administration		
Jack Linehan	City Administrator	
Roland Olson	Finance Director	
Tim Pittman	Park and Public Works Director	

City of Falcon Heights
Organization Chart
December 31, 2022



CITY OF FALCON HEIGHTS

City of Falcon Heights
City Map
December 31, 2022



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CITY OF
FALCON HEIGHTS

2077 W. Larpenteur Avenue
Falcon Heights, MN 55113-5594

email: mail@falconheights.org
website: www.falconheights.org

The City That Soars!

Phone - (651) 792-7600
Fax - (651) 792-7610

April 26, 2023

To the Mayor, City Council Members, and Citizens of the City of Falcon Heights:

Minnesota statutes require that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2022.

Management assumes full responsibility for the completeness and propriety of the information contained in this report. The information herein is based upon a comprehensive framework of internal controls established for the summarization and disclosure of financial data. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

BerganKDV, Ltd., a firm of licensed certified public accountants, has audited the City of Falcon Heights' financial statements. BerganKDV, Ltd. has issued an unmodified ("clean") opinion on the City of Falcon Heights' financial statements for the year ended December 31, 2022. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements the Letter of Transmittal and should be read in conjunction with it.

Profile of the Government

The City of Falcon Heights, incorporated in 1949, is located near the center of the Minneapolis and St. Paul metropolitan area. This area is considered the major population and economic growth area in Minnesota, and one of the top economic growth areas in the country. The City of Falcon Heights currently occupies a land area of 2.28 square miles and serves a population of 5,400. The City of Falcon Heights is empowered to levy a property tax on both real and personal properties located within its boundaries. While it also is empowered by state statute to extend its corporate limits by annexation, Falcon Heights has never utilized this option to extend its borders.

Profile of the Government (Continued)

Falcon Heights is a completely developed community. It has operated under the council/city administrator form of government since 1974. Policy-making and legislative authority are vested in a city council consisting of the mayor and four council members, all elected on a nonpartisan basis. The council appoints the city administrator, who in turn appoints the heads of the various departments. The council is responsible for passing ordinances, adopting the budget, appointing committees, and hiring the city administrator. The city administrator is responsible for carrying out the policies and ordinances of the council and for overseeing the day-to-day operations of the city government. Council members serve four-year staggered terms, with two council members elected every two years. The mayor is elected to serve a four-year term. The mayor and all four council members are elected at large.

The City of Falcon Heights provides a full range of services, including police and fire protection; construction and maintenance of highways, streets, and other infrastructure, sewer services; and recreational and cultural activities. St. Paul Regional Water Services provides the water services for the City.

The council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Falcon Heights' financial planning and control. All departments of the City of Falcon Heights are required to submit requests for appropriation to the city administrator during or before the second week in June each year. The City Administrator uses these requests as the starting point for developing a proposed budget. By September of each year, the city staff submits to the city council a proposed operating budget for the fiscal year commencing the following January 1. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 31, the close of the City of Falcon Heights' fiscal year.

The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Transfers of appropriations between funds require the special approval of the city council. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 39 as part of the basic financial statements for the governmental funds. For the Special Revenue funds, Debt Service funds, and Capital Project funds, this comparison is presented on pages 86-100.

Expenditures may not legally exceed budgeted appropriations at the fund level. No fund's budget can be increased without City Council approval. The City Council may authorize transfers of budgeted amounts between departments within any fund. Management may amend budgets within a department level, so long as the total department budget is not changed.

Local Economy

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Falcon Heights operates.

Local Economy (Continued)

The City of Falcon Heights is primarily a bedroom, residential, inner ring suburban community situated near the center of the Minneapolis and St. Paul metropolitan area. The economy of the City consists of retail, commerce, agricultural-related businesses, and institutional landowners, such as the St. Paul campus of the University of Minnesota and the Minnesota State Fair. The St. Paul campus of the University of Minnesota has 2,400 full time employees and a student population of approximately 6,300 students enrolled in the specific colleges located on the St. Paul Campus. The Minnesota State Fair, held over a 12-day period, is one of the nation's largest and best-attended entertainment events with approximately 2 million visitors each year. Also, additional "non-fair" events have attendance estimated at 100,000 visitors. One of these "non-fair" events is the Minnesota Street Rod Convention, which attracts over 65,000 visitors. Unfortunately, in 2020, due to Covid 19, neither the Minnesota State Fair or the Minnesota Street Rod Convention could be held. However, in 2022, both the Minnesota State Fair and the Minnesota Street Rod convention were held. Attendance during the Minnesota State Fair increased approximately 30% in 2022.

Because of its location in a region with a varied economic base, unemployment is relatively stable and tends to be less than the State of Minnesota and national rates. During the past ten years, the unemployment rate for Ramsey County, within which the City is located, was at a high of 12.5% in May 2020 and in December 2022, the unemployment rate was 2.6%. In 2022, the State of Minnesota's ending unemployment rate was 3.2% and the national ending unemployment rate was 3.5%. The average 2022 state of Minnesota's unemployment rate was 2.7% and the average 2022 national unemployment rate was 3.6%.

The City is at or near full development, with a 17.2% increase in the median market value of property during 2022. The City's economic conditions have remained relatively stable with the University of Minnesota agricultural campus, Spire Federal Credit Union, and the Minnesota State Fairgrounds providing a diversified economic employment base.

The City continues an aggressive plan of reconstruction and improvement of its streets. Ongoing maintenance activities will continue with yearly sealcoating, curb/gutter repairs, and sidewalk replacement as needed throughout the City. MSA street funds and assessments will be utilized for all street maintenance activities.

Long-Term Financial Planning

During 2018, the City of Falcon Heights started updating its Comprehensive Plan with approval of the plan by the Metropolitan Council and adoption by the City Council in January 2020. As part of the plan, the City continues to look at alternative ways to increase the tax base of the City such as evaluating any re-development opportunities in our business district and increasing housing densities when appropriate.

The City continues to complete a ten-year capital improvement plan as part of its annual budget and uses a financial planning company to assist with any plans and bonding requirements.

Relevant Financial Policies

The Mayor and council members continue to evaluate the level of reserves of the city with their desire to minimize property tax increases on the citizens while still maintaining service levels. With tax revenues scheduled for receipt in the months of July and December, the City needs to maintain sufficient working capital to mitigate cash flow timing concerns. One important reason for maintaining a high fund balance in the general fund is that it leads to increased investment income allocated to the General Fund since the investment income is allocated based upon levels of fund balance among all the funds. This helps to minimize any levy increases needed to support the general operating expenses of the city.

Major Initiatives

In 2008, the City of Falcon Heights participated in a grant application of $ 1,078,000 with the University of Minnesota and the neighboring city of Roseville to complete a three-mile pedestrian trail. This grant was awarded with construction to have phase I completed in 2011 and phase II completed in 2012. The Northeast Connector Trail project has now been completed. This development project was a collaborative effort between the City of Roseville, the City of Falcon Heights and the University of Minnesota to allow for residents of both cities and the university to enjoy walking or biking through Falcon Heights.

In 2013, the City completed two storm water underground storage and infiltration systems in our storm water system in an area of the city that had no storm water sewer system.

In 2014 and 2015, the City completed the relining of sanitary sewer lines in a residential section of the city. Also in 2015, approximately one mile of city streets was improved with mill and overlay resurfacing.

In 2015, an underground storage and infiltration system was completed in our Curtiss Field Park to prevent flooding whenever a large rainfall occurred.

In 2017 and 2018, one mile of city streets was improved with a reclaim and resurface. New water lines were also installed with improvements in storm water catch basins and sanitary sewer basins.

In 2021, the City completed the resurfacing of three miles of city streets.

In 2019, 2020, 2021, and 2022, the City completed the relining of additional sections of the sanitary sewer system.

Awards and Acknowledgements

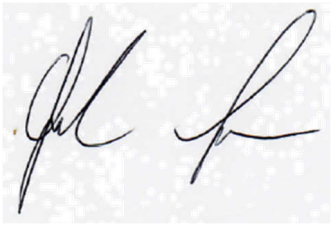
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Falcon Heights for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2021. This was the 32nd consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized ACFR. This report satisfied both GAAP and applicable legal requirements.

Awards and Acknowledgements (Continued)

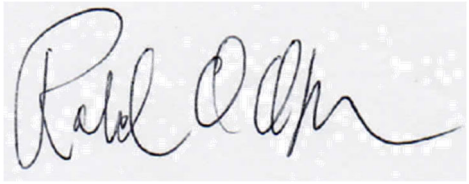
A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department, as well as the auditing personnel of BerganKDV, Ltd. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report, and to the auditing firm for its professional assistance in preparing the Annual Comprehensive Financial Report for 2022. Credit also must be given to the mayor and the city council for their resolute support for maintaining high standards of professionalism in the management of the City's finances.

Respectfully submitted,



Jack Linehan
City Administrator



Roland Olson
Finance Director

City of Falcon Heights
Certificate of Achievement for Excellence in Financial Reporting

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Falcon Heights
Minnesota

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrill

Executive Director/CEO

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Falcon Heights
Falcon Heights, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Falcon Heights, Minnesota, as of and for the year ended December 31, 2022, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements 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 City of Falcon Heights, Minnesota, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Falcon Heights, Minnesota, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City of Falcon Heights' management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Falcon Heights' ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor′s Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Falcon Heights' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Falcon Heights' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management′s Discussion and Analysis, which follows this report letter, and Required Supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management′s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Falcon Heights' basic financial statements. The accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

Minneapolis, Minnesota
April 26, 2023

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As management of the City of Falcon Heights (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, 2022. 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 on pages 5-9 of this report. All amounts, unless otherwise indicated, are expressed in dollars.

FINANCIAL HIGHLIGHTS

- The assets & deferred inflows of resources of the City exceeded its liabilities & deferred inflows of resources at the close of the most recent fiscal year by $19,180,867. Of this amount, $8,544,212 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by $1,175,061. Unrestricted net position increased by $524,939.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $8,241,844 an increase of $765,113 in comparison with the prior year. Debt principal payments of $120,000 and interest payments of $36,422 occurred in 2022. A negative change in fund balance in the general fund of $91,220, along with an increase of $856,333 in the fund balances of other governmental funds resulted in a net increase of $765,113 in total fund balance.
- Fund balance definitions must conform to the Government Accounting Standards Board (GASB) Statement No. 54 for the most current year-ended. GASB 54 requires governments to allocate fund balances pursuant to a new hierarchy; fund balances are defined as "Non-spendable," "Restricted," "Committed," "Assigned," and "Unassigned." The new hierarchy defines how a fund discloses its fund balance. Only the general fund maintains an unassigned residual fund balance. The fund balances maintained by all of the other funds are designated for a specific purpose. Restricted, committed, and assigned balances represent differing forms of legal constraint. The reservation of restricted fund balances is stipulated by a city charter, constitution, or grant contract. Committed fund balances have been reserved by the highest law-making body of the government. An assigned fund balance is reserved for the purpose of the fund; for example, the fund balance in the Future Improvements Fund is assigned for future improvements. The General Fund's unassigned fund balance of $3,118,111 is approximately 38% of the total fund balance of all governmental funds.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was $3,118,111, or 122%, of total General Fund expenditures at 2022 levels.
- For 2022, there was a 4.9% increase in the property tax levy. For 2021, there was a 4.9% increase in the property tax levy. For 2020, there was a 7.9% increase in the property tax levy. For both 2019 and 2018, there was a 24% increase in the property tax levy. For 2017, there was an 8.9% increase in the property tax levy. For 2016, there was an 8.3% increase. In 2015 and 2014, there was no increase in the property tax levy. For 2013, there was a 6.5% increase in the property tax levy. For 2012, there was a 1.96% decrease in the property tax levy. For 2011, there was a 1.5% increase in the property tax levy.
- The City's total debt decreased by $120,000 during the current fiscal year. This represents payments of $120,000 of the City's debt. The principal of general obligation debt outstanding as of December 31, 2022, is $1,045,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management's discussion and analysis (MD&A) 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 the 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 information on all of the City's assets and liabilities, with the difference between the two 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, public works, parks and recreation, and community development. The business-type activities of the City include sanitary sewer and storm drainage.

The government-wide financial statements include only the City itself (known as the primary government). The City has no component units.

The government-wide financial statements can be found on pages 30-31 of this report.

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 funds of the City can be divided into two categories: governmental funds and proprietary funds.

FUND FINANCIAL STATEMENTS (CONTINUED)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on 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 City's near-term financing decisions. Both 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.

Any fund experiencing financial change during the year is considered active. The City maintained 19 individual governmental funds during 2022. Of these funds, four are major funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Amber Union, Future Improvements, and Parks/PW Capital Improvement Fund. Data from the other 15 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. In addition, individual fund schedules are presented on pages 82-100 for all Special Revenue, Debt Service and Capital Projects Funds.

The City adopts an annual appropriated budget for its General Fund, Special Revenue Funds Debt Service Funds and Capital Project Funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 32-39 of this report.

Proprietary Funds

The City maintains 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 sanitary sewer and storm drainage activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in greater detail. The proprietary fund financial statements provide separate information for sanitary sewer and storm drainage, both of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 40-42 of this report.

NOTES TO THE 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 the Financial Statements can be found on pages 43-65 of this report.

OTHER INFORMATION

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the Notes to the Financial Statements, along with statistical tables for the City. Combining and individual fund statements and schedules can be found on pages 74-100. Statistical tables can be found on pages 104-138 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a city's financial position. In the case of the City, assets & deferred outflows of resources exceeded liabilities & deferred inflows of resources by $19,180,867 at the close of the most recent fiscal year.

Forty five percent ($8,544,212) of the City's net position is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. About 8% ($1,503,171) of the net position is restricted and represents resources that are subject to external restrictions on how they may be used. The remaining 47% ($9,133,484) reflects the City's investment in capital assets (e.g., land, buildings, machinery, and equipment) offset by any related debt used to acquire those assets that are still outstanding.

City of Falcon Heights' Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	$ 11,808,098	$ 8,559,475	$ 2,783,915	$ 2,783,398	$ 14,592,013	$ 11,342,873
Capital assets	6,994,386	7,053,078	2,312,482	2,201,504	9,306,868	9,254,582
Total assets	18,802,484	15,612,553	5,096,397	4,984,902	23,898,881	20,597,455
Deferred outflows of resources - pensions	161,074	206,301	59,778	75,294	220,852	281,595
Total assets and deferred outflows of resources	$ 18,963,558	$ 15,818,854	$ 5,156,175	$ 5,060,196	$ 24,119,733	$ 20,879,050
Liabilities						
Long-term liabilities Outstanding	$ 1,387,461	$ 1,468,994	$ 231,542	$ 136,322	$ 1,619,003	$ 1,605,316
Other liabilities	3,113,458	611,539	196,362	304,483	3,309,820	916,022
Total liabilities	4,500,919	2,080,533	427,904	440,805	4,928,823	2,521,338
Deferred inflows of resources - pensions	7,325	257,812	2,718	94,094	10,043	351,906
Net Position						
Net investment in capital assets	6,994,386	7,006,594	2,139,098	2,201,504	9,133,484	9,208,098
Restricted	1,503,171	778,435	-	-	1,503,171	778,435
Unrestricted	5,957,757	5,695,480	2,586,455	2,323,793	8,544,212	8,019,273
Total net position	14,455,314	13,480,509	4,725,553	4,525,297	19,180,867	18,005,806
Total liabilities, deferred inflows of resources, and net position	$ 18,963,558	$ 15,818,854	$ 5,156,175	$ 5,060,196	$ 24,119,733	$ 20,879,050

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the City's investment 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 be used to extinguish these liabilities.

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

City of Falcon Heights' Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	$ 446,856	$ 600,161	$ 1,230,016	$ 1,341,311	$ 1,676,872	$ 1,941,472
Operating grants and contributions	1,344,686	730,258	-	-	1,344,686	730,258
Capital grants and contributions	1,140,158	388,902	-	129,239	1,140,158	518,141
General revenues						
Property taxes	2,353,403	2,251,745	-	-	2,353,403	2,251,745
Other	1,145,160	1,463,108	-	-	1,145,160	1,463,108
Investment earnings	(17,852)	9,901	(6,479)	2,876	(24,331)	12,777
Total revenues	6,412,411	5,444,075	1,223,537	1,473,426	7,635,948	6,917,501
Expenses						
General government	821,349	834,064	-	-	821,349	834,064
Public safety	1,374,452	1,596,239	-	-	1,374,452	1,596,239
Public works	2,978,204	2,006,502	-	-	2,978,204	2,006,502
Park and recreation	243,927	114,604	-	-	243,927	114,604
Community development	758	723	-	-	758	723
Interest on long-term debt	18,916	48,811	-	-	18,916	48,811
Sanitary sewer	-	-	852,016	960,715	852,016	960,715
Storm drainage	-	-	171,265	158,873	171,265	158,873
Total expenses	5,437,606	4,600,943	1,023,281	1,119,588	6,460,887	5,720,531
Increase in net position before transfers	974,805	843,132	200,256	353,838	1,175,061	1,196,970
Transfer	-		-		-	-
Changes in net position	974,805	843,132	200,256	353,838	1,175,061	1,196,970
Net position – January 1	13,480,509	12,637,377	4,525,297	4,171,459	18,005,806	16,808,836
Net position - December 31	$ 14,455,314	$ 13,480,509	$ 4,725,553	$ 4,525,297	$ 19,180,867	$ 18,005,806

GOVERNMENTAL ACTIVITIES

Governmental activities increased the City's net position by $974,805.

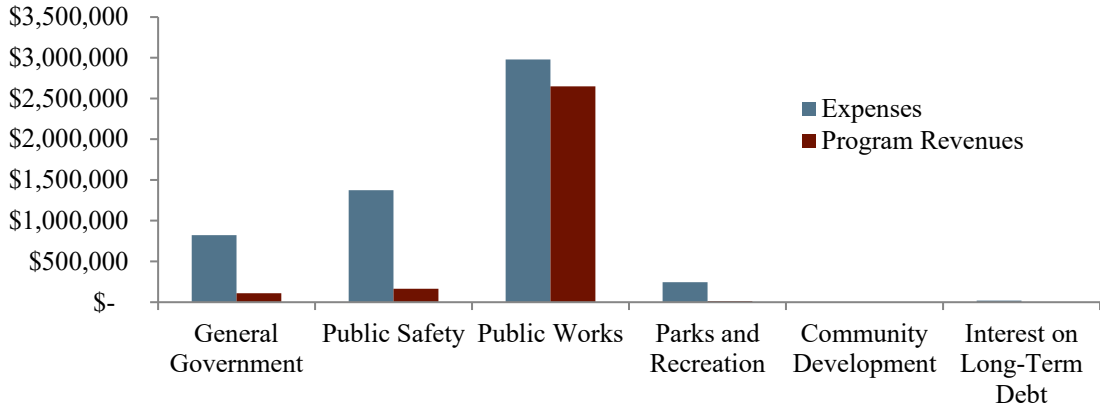
For 2022, the City Council increased the tax levy by 4.9%. In 2021, the City Council increased the tax levy by 4.9%. In 2020, the City increased the tax levy by 7.9%. In both 2019 and 2018, the City increased the tax levy by 24%. In 2017, the City increased the tax levy by 8.9%. In 2016, the City increased the tax levy by 8.4%. In 2015, the property tax levy increased by 3.63%. In 2014 there was a 3.4% decrease in property tax revenue due to a tax petition court case lowering the property taxes of one of the city's biggest taxpayers. The 2022 delinquencies in property tax collections were consistent with the delinquency payments in 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014. The City's tax base continues to be very stable resulting in a low delinquency rate.

In the governmental activities section, overall, charges for services decreased $153,305 from the 2021 level. Comparing to 2021 levels, licenses and permits decreased $95,887 primarily due to permit fees from a large apartment complex in prior year 2021, fines and forfeitures decreased $1,126 primarily due to a decrease in parking ticket revenue from the U of M St Paul campus.

Operating Grants and Contributions increased $614,428 due primarily to the City receiving a $962,200 TBRA grant from the Metropolitan Council for the Amber Union low income housing project and a $102,096 DEED grant from the state of Minnesota. Capital Grants and Contributions increased $751,256 primarily due to the City receiving a payments' in lieu of assessments related to Cleveland Avenue improvements.

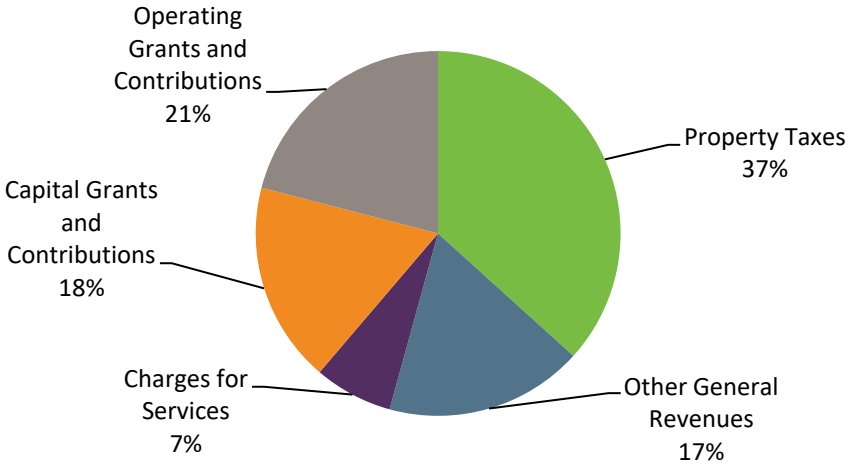
In regard to unrestricted state aid, Local Government Aid (LGA) to the City from the State of Minnesota increased $12,386 in 2022. The LGA level in 2021 was $708,576. The amount of LGA support from the State of Minnesota typically varies annually. In addition, governmental activities unrestricted investment revenues decreased from a positive $9,901 in 2021 to a negative $17,852 in 2022 due to the fair value adjustment in 2022. On the following pages are specific graphs, which provide comparisons of the governmental activities' revenues and expenses.

Expenses and Program Revenue – Governmental Activities



GOVERNMENTAL ACTIVITIES (CONTINUED)

Revenues by Source – Governmental Activities

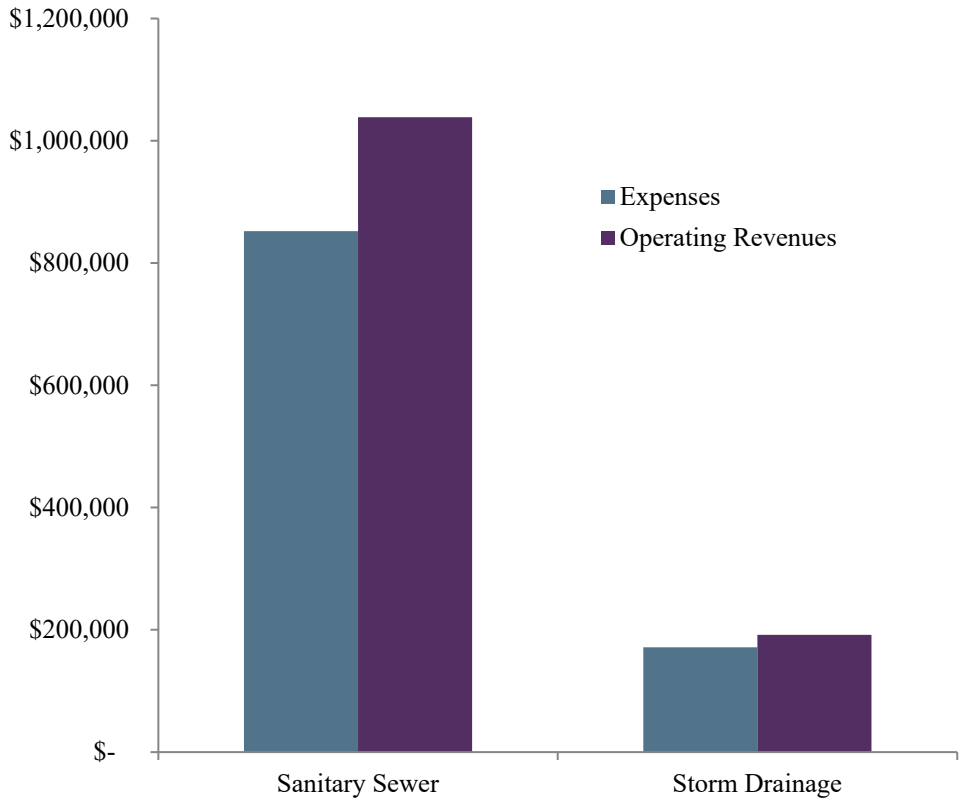


BUSINESS-TYPE ACTIVITIES

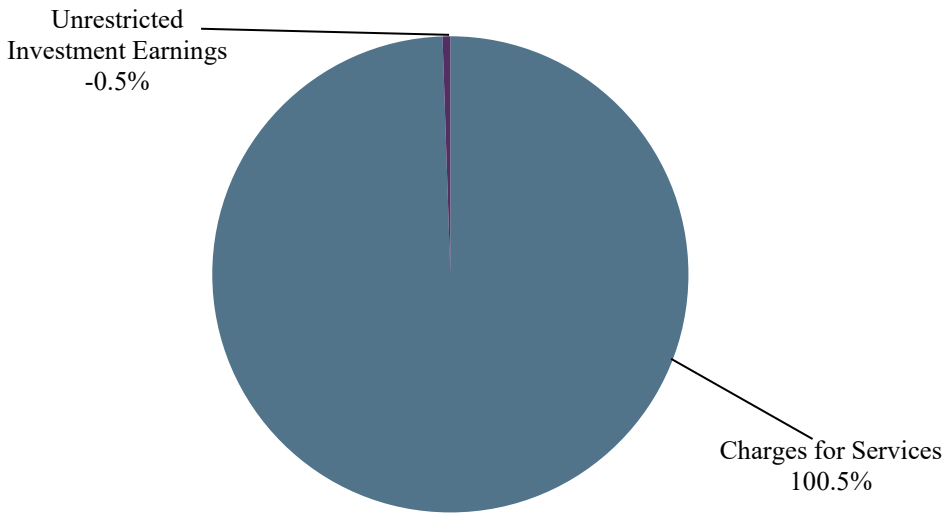
Business-type activities increased the City's net position by $200,256. There was a 2.2% increase in sanitary sewer fees and a 2.9% increase in storm drainage fees for 2022. There was a 2.2% increase in sanitary sewer fees and a 3% increase in fees for storm drainage for 2021. There was a 2.3% fee increase in sanitary sewer fees and a 3.0% increase in storm drainage fees in 2020 as compared to no fee increases in 2019. In 2017, there was a 4.7% increase in sanitary sewer fees and a 6.8% increase in storm drainage fees. In 2016, there was a 10.4% increase in sanitary sewer fees and no increase in storm drainage fees. In 2015 and 2014, there was no price increase for either sanitary sewer or storm drainage fees. In 2013, the sanitary sewer fees raised 8.5% and an 11.4% increase of storm sewer fees. No price increases in 2012. In 2011, the City changed the method of billing the sanitary sewer fees. The City instituted a base fee plus a variable fee determined by water consumption, instead of the previous method of using a flat fee for residential property owners. This resulted in property owners having an incentive to use less water consumption to help lower their sanitary sewer charges. The commercial properties were raised the same percentage increase as the residential properties. With the environmental importance of clean storm water drainage flows being discharged into our neighboring lakes and ponds, the City will continue to be required to make future capital improvements to our storm water drainage system.

BUSINESS-TYPE ACTIVITIES (CONTINUED)

Expenses and Operating 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, unreserved fund balance may serve as a useful measure of a city'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 $8,241,844, an increase of $765,113 in comparison with the prior year. Approximately 38% ($3,118,111) of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. There is $35,967 of the remainder of fund balance being non-spendable, which indicates that it is not available for new spending because it has been disbursed for various prepaid expenditures in the General Fund. Nine percent ($732,661) is restricted fund balance constrained to a specific purpose by outside legislation, external parties, or constitutional provisions. Six percent ($502,097) is committed fund balance constrained by the City Council for specific purposes. Forty seven percent ($3,853,008) is assigned fund balance intended for specific purposes by management as delegated authority by the City Council.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $3,118,111 , while total fund balance reached $3,154,078. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 122% of total General Fund expenditures, while total fund balance represents 124% of that same amount. The year 2022 was a much more normal year for the City as compared to 2021. In comparison, 2020, was a very challenging year. In 2020, it was fortunate that the City received $412,789 in COVID-19 federal/state funding due to the pandemic. Because of the pandemic, the City locked down in March of 2020 and suspended all recreational programs, cultural events, and city celebrations. In 2021 the City partially opened up the recreational programs, cultural events, and city celebrations. The City continued to place extra emphasis on conservative spending of the annual budget knowing that revenue shortfalls could occur due to the pandemic. In addition, the City strived to maintain its AAA bond rating by maintaining a large fund balance in the General Fund. In 2022 and 2021 property tax collections were not adversely affected. A bond rating of AAA has the effect of savings of thousands of dollars in interest costs when the City would go out for bonding for upcoming street projects in the next couple of years.

In 2022, the fund balance of the City's General Fund decreased by $91,220. Revenues were $155,435 over budget. Expenditures were $153,357 under budget. There were transfers out of $640,000 resulting in the $91,220 decrease to the fund balance. Key factors for this fund balance change are:

Revenue Variances

- Property Tax revenue had a variance over budget of $7,188. In addition, there was excess tax increment revenue totaling $34,431. Property tax revenues are very stable for the City. The delinquency amount for 2022 was minimal at $218.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Governmental Funds (Continued)

Revenue Variances (Continued)

- Revenue from fees associated with licenses and permits was $73,771 over budget primarily due to remodeling/reconstruction of a major apartment complex.
- Intergovernmental revenue was consistent to the amount received in 2021 at the $603,532 level. There was also an additional $15,033 received in police support funds from Ramsey County.
- Fines and forfeits revenue had a positive variance of $3,385. Additional parking ticket revenue was received at the U of M campus.
- The City contracted with the neighboring city of Lauderdale for snow removal services providing an additional unbudgeted $12,150 in revenue for 2022.
- Investment income was $18,511 under budget for 2022. While there were increasing yields on investments, the fair market valuation requirement of the investments resulted in posting negative interest for the year due to the fair market valuation adjustment.
- Other revenues were over budget by $25,932 primarily due to receiving an insurance refund of $28,507 from the city's worker's compensation and general liability and property insurance policies.

Expenditure Variances

- General Government was $68,343 under budget. The city continues to use a conservative approach to spending due to the pandemic. The departments within the general government contributing to this are as follows: The Legislative section was $3,555 under budget due to a shortage of one council member for part of the year. The Administrative section recognized a $1,093 expenditure variance under budget. The Finance section was $5,642 over budget due to expanding the part-time accountant position. Legal was $13,240 under budget due to less legal work. The Communications section was $29,557 under budget while the Planning and Inspection section was also under budget by $25,812. Further explanation follows.
- The Communications budget was $32,585 under budget. The full-time position remained open for two months during the year. Also, the employees holding this position waived health insurance benefits since they were able to obtain through other sources.
- Planning and inspections had a $25,812 expenditure variance under budget primarily due to a full-time position not being filled for a couple of months. Also, both the previous employee and the new employee both waived health insurance since their spouse had coverage for them.
- The Public Safety section was $13,030 under budget. The fire services contracted with the City of St Paul was $1,237 under budget. The police services contracted with the Ramsey County Sherriff's office was $5,595 under budget. The emergency preparedness compensation was $5,055 under budget due to not having a staff for two months.
- Expenditures for the Public Works buildings and grounds section was $9,100 over budget due to increased utility expenses of $8,784 in 2022.
- Expenditures for the Streets department were $55,791 under budget for the current year. Compensation was over budget by $9,058 due to a full-time public works employee instead of part-time summer help. Repairing equipment was $4,739 over budget due to increase repairs on older equipment. Snow removal costs were $23,052 under budget due to the City having two snow plow trucks so city staff could perform the snow removal.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Governmental Funds (Continued)

Expenditure Variances (Continued)

- Expenditures for the City's Engineering department was $10,126 under budget. Engineering expenses for the 2023 street project were expenses in a separate street capital fund.
- City's Tree Program was $46,410 under budget due to the City not doing any tree trimming and having minimal tree removals during 2022.
- A $16,193 expenditure variance under budget in total park and recreation expenditures was due to less maintenance and compensation expenses resulted from our three parks being partially closed in 2022 due to the continued COVID-19 pandemic. Compensation was $4,791 under budget. In our largest park, Community Park, the sanitary sewer line collapsed and since we are going to replace the building in the near future, a decision was made to close the building. A $5,289 savings under budget resulted from savings in maintenance and utilities.
- A transfer of $26,000 was made from the General Fund to the Parks Program Special Revenue Fund to help support future summer recreational sports programming activities. A transfer of $114,000 was made from the General Fund to the General Capital Fund for future capital needs in city hall. A transfer of $100,000 was made from the General Fund to the Park/Public Works Capital Fund for future park improvements. Also, a transfer of $400,000 from the General fund to provide funding in the Parks/Public Works Capital Fund for future park capital needs like a new Community Park building.
- The Future Improvements Fund, a major fund, is the fund the City uses to record the infrastructure capital improvements of the City that would not be associated with any of the City's tax increment financing districts. The City received $55,241 in street and local government aid from the state of Minnesota and additional income of $1,028,878 from the University of Minnesota for the Cleveland Avenue project. This $1,028,878 was then paid to Ramsey County to fund the "right of way" purchases necessary for the Cleveland avenue project, along with an additional $6,900 of unassessed costs. Also, the City received $136,421 in the form of franchise fees from Xcel Energy during 2022. In addition, there also was $117,420 in Local Government Aid revenue from the State of Minnesota. This Future Improvement Fund holds $1,848,314 in assigned fund balance for future capital improvement infrastructure projects.
- The Amber Union Fund, a major fund, is the fund the City uses to record the City's relationship with the Amber Union low income housing project. The Metropolitan Council had awarded a grant of $962,200 for financial support of the project. Also, the State of Minnesota awarded another grant of $102,096 for financial support. These funds were required to pass through the City of Falcon Heights and onto the developer.
- Parks/PW and Facilities Capital Improvements Fund had minimal activity for the year although did receive a $500,000 transfer from the General Fund as previously noted. The fund balance will be partially utilized for a community park purchase as disclosed in the subsequent event footnote.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail.

Unrestricted net position of the Sanitary Sewer Fund at the end of the year amounted to $1,959,595 while unrestricted net position for the Storm Drainage Fund amounted to $453,476.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, General Fund expenditures were $153,357 less than the budgetary estimates. Revenues were $155,423 more than the budgetary estimates. Also, $26,000 was transferred from the General Fund to the Parks Program Special Revenue Fund to help support park programs in the City, $114,000 was transferred from the General Fund to the General Capital Fund, and $100,000 was transferred from the General Fund to Future Improvements Fund for future capital needs. Also, there was a $400,000 from the General fund to provide funding in the Parks/ Public Works Capital Fund for future park capital needs. In 2022, the net change in fund balance for the General Fund was a negative $91,220.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2022, amounts to $9,306,868 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and system, improvements other than buildings, and machinery and equipment.

The City has elected to use the "modified approach", as defined by GASB Statement No. 34, for infrastructure reporting of its streets and alleys.

The City implemented a pavement management program in 2001 to assist in maintaining and monitoring the performance of the paved street network. This is one of the City's largest investments and would have a significant dollar value if it were to be replaced today. The software program, MicroPAVER, developed by the Army Corps of Engineers, was used by the City in 2001 and 2004. For 2007, 2010, 2013, 2016, 2019 and 2022, the City used the software program ICON, which was developed and supported by Goodpointe Technology as a tool for pavement management. While the software is different, the methodology is the same. Both systems use field surveys to identify distresses and rate the current condition of the streets. Both systems use the segment and distress information to determine the current Pavement Condition Index (PCI) for each segment. However, ICON provides the City with the ability to determine future needs based on current and past maintenance strategies and prioritize the appropriate rehabilitation at optimum times.

Also, ICON has a geographic information system interface to enable easy development of maps showing the results of the analysis.

ICON used the information gathered in the field to calculate a PCI rating for each pavement segment. A PCI rating of 100 would be indicative of a newly constructed street with no distress, while a rating of 0 would show a completely failed street. Segments then can be grouped into like categories of PCI ratings to help determine a schedule of maintenance, rehabilitation, and reconstruction. The PCI groups set up for the City are as follows: 100 to 66 – Adequate.
65 to 36 – Marginal; and 35 to 0 – Poor. The City's minimum desired PCI rating is 70. For the year 2007, the City's PCI rating was 87. For the year 2010, the City's PCI rating was 76. For 2013, the City's PCI rating was 74. For 2016, the City's PCI rating was 77 and for 2019 the City's PCI rating was 72. The City's PCI rating was 69 for 2022. The City's lowest PCI rated street was Garden Avenue, which is scheduled for replacement in 2023.

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

In 2021, 2019, and 2017, the City conducted mill and overlay resurfacing. The 2021 resurfacing program included three neighborhood streets of the City. Also, during 2019, 2020, 2021, and 2022 the City relined a portion of the sanitary sewer line in one of the sections of the city.

City of Falcon Heights' Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	$ 419,707	$ 419,707	$ -	$ -	$ 419,707	$ 419,707
Construction in progress	-	-	-	-	-	-
Building and system	129,299	157,117	2,312,482	2,200,467	2,441,781	2,357,584
Improvements other Than buildings	468,281	502,226	-	-	468,281	502,226
Machinery and equipment	227,316	224,245	-	1,037	227,316	225,282
Infrastructure	5,749,783	5,749,783	-	-	5,749,783	5,749,783
Total	$ 6,994,386	$ 7,053,078	$ 2,312,482	$ 2,201,504	$ 9,306,868	$ 9,254,582

Additional information on the City's capital assets can be found in Note 3 on pages 53-54 of this report.

Long-Term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of $1,045,000. The debt service payments in 2022 were $120,000.

City of Falcon Heights' Outstanding Debt
General Obligation (G.O.) and Revenue Bonds

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
G.O. Bonds	$ 1,045,000	$ 1,165,000	$ -	$ -	$ 1,045,000	$ 1,165,000

The City earned a "AAA" rating from Standard and Poor's Rating Service on the debt issuance in 2017.

State statutes limit the amount of G.O. debt a governmental entity may issue to a percentage of its total assessed valuation. The current debt limitation for the City is $10,418,674 , which is in excess of the City's outstanding G.O. debt.

Additional information on the City's long-term debt can be found in Note 5 on pages 55-57 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The December 2022 unemployment rate for Ramsey County, in which the City resides, is currently 2.6%, as compared to the rate of 2.7% a year ago. This local unemployment rate compares favorably to the state's December 2022 unemployment rate of 3.2% and favorably to the national December 2022 rate of 3.5%.

Inflationary trends in the region compare favorably to national indices. For a basket of goods indexed at $100 in 1984, a resident of the Midwest Region will pay approximately $272. This compares favorably to the average US citizen who pays approximately $289 for that same basket. The sources for this data are the Federal Reserve Bank of Minneapolis and the Federal Bureau of Labor and Statistics CPI inflation calculator.

All of these factors were considered in preparing the City's budget for the 2023 fiscal year.

During the current fiscal year, the fund balance in the General Fund decreased by $91,220 to a total of $3,154,078. The City has designated $3,118,111 of this balance as unassigned fund balance available for spending at the City's discretion.

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 City'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, 2077 W. Larpenteur Ave., City of Falcon Heights, Minnesota 55113.

BASIC FINANCIAL STATEMENTS

City of Falcon Heights
Statement of Net Position
December 31, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments (including cash eqivalents)	$ 8,825,190	$ 2,476,846	$ 11,302,036
Receivables			
Taxes receivable	9,070	-	9,070
Special assessments	132,519	-	132,519
Accounts receivable	54,796	244,058	298,854
Interest receivable	7,439	2,678	10,117
Due from other governments	2,743,117	-	2,743,117
Prepaid items	35,967	60,333	96,300
Capital assets (net of accumulated depreciation)			
Land	419,707	-	419,707
Infrastructure	5,749,783	-	5,749,783
Buildings and system	129,299	2,312,482	2,441,781
Improvements other than buildings	468,281	-	468,281
Machinery and equipment	227,316	-	227,316
Total assets	18,802,484	5,096,397	23,898,881
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	161,074	59,778	220,852
Total assets and deferred outflows of resources	$ 18,963,558	$ 5,156,175	$ 24,119,733
Liabilities			
Accounts payable	$ 1,125,918	$ 1,879	$ 1,127,797
Contracts payable	49,594	173,384	222,978
Due to other governments	1,037,719	-	1,037,719
Salaries and benefits payable	3,138	3,041	6,179
Interest payable	10,292	-	10,292
Unearned revenue	604,112	-	604,112
Bond principal payable			
Payable within one year	255,000	-	255,000
Payable after one year	823,957	-	823,957
Compensated absences payable			
Payable within one year	27,685	18,058	45,743
Payable after one year	55,187	42,897	98,084
Net pension liability			
Payable after one year	508,317	188,645	696,962
Total liabilities	4,500,919	427,904	4,928,823
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	7,325	2,718	10,043
Net Position			
Net investment in capital assets	6,994,386	2,139,098	9,133,484
Restricted for			
Debt service	1,380,444	-	1,380,444
Tax increment	83,282	-	83,282
Other Purposes	39,445	-	39,445
Unrestricted	5,957,757	2,586,455	8,544,212
Total net position	14,455,314	4,725,553	19,180,867
Total liabilities, deferred inflows of resources, and net position	$ 18,963,558	$ 5,156,175	$ 24,119,733

See notes to basic financial statements.

City of Falcon Heights
Statement of Activities
Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities							
General government	$ 821,349	$ 109,321	$ -	$ -	$ (712,028)	$ -	$ (712,028)
Public safety	1,374,452	147,861	15,033	-	(1,211,558)	-	(1,211,558)
Public works	2,978,204	178,430	1,329,153	1,140,158	(330,463)	-	(330,463)
Park and recreation	243,927	11,244	500	-	(232,183)	-	(232,183)
Community development	758	-	-	-	(758)	-	(758)
Interest on long-term debt	18,916	-	-	-	(18,916)	-	(18,916)
Total governmental activities	5,437,606	446,856	1,344,686	1,140,158	(2,505,906)	-	(2,505,906)
Business-type activities							
Sanitary sewer	852,016	1,038,379	-	-	-	186,363	186,363
Storm sewer	171,265	191,637	-	-	-	20,372	20,372
Total business-type activities	1,023,281	1,230,016	-	-	-	206,735	206,735
Total governmental and business-type activities	$ 6,460,887	$ 1,676,872	$ 1,344,686	$ 1,140,158	(2,505,906)	206,735	(2,299,171)
General revenues							
Property taxes levied for general purposes					2,160,953	-	2,160,953
Property taxes levied for debt service					192,450	-	192,450
Franchise taxes					136,421	-	136,421
Tax increments					371,807	-	371,807
Unrestricted state aid					611,055	-	611,055
Other general revenue					25,877	-	25,877
Unrestricted investment earnings					(17,852)	(6,479)	(24,331)
Total general revenues					3,480,711	(6,479)	3,474,232
Change in net position					974,805	200,256	1,175,061
Net position - beginning					13,480,509	4,525,297	18,005,806
Net position - ending					$ 14,455,314	$ 4,725,553	$ 19,180,867

See notes to basic financial statements.

City of Falcon Heights
Balance Sheet - Governmental Funds
December 31, 2022

	General	Capital Projects: Amber Union	Capital Projects: Future Improvements
Assets			
Cash and investments	$ 3,719,343	$ 58,637	$ 1,823,508
Taxes receivable - delinquent	9,070	-	-
Special assessment receivable - deferred	-	-	-
Accounts receivable	-	-	30,075
Interest receivable	4,989	-	2,450
Due from other governments	41,330	1,064,296	1,633,062
Prepaid items	35,967	-	-
Total assets	$ 3,810,699	$ 1,122,933	$ 3,489,095
Liabilities			
Accounts payable	$ 39,222	$ 1,064,296	$ -
Contracts payable	-	-	-
Due to other governments	1,122	-	1,036,597
Salaries and benefits payable	3,095	-	-
Unearned revenue	604,112	-	-
Total liabilities	647,551	1,064,296	1,036,597
Deferred Inflows of Resources			
Unavailable revenue - state shared taxes	-	-	604,184
Unavailable revenue - property tax	9,070	-	-
Unavailable revenue - special assessments	-	-	-
Total deferred inflows of resources	9,070	-	604,184
Fund Balances			
Nonspendable	35,967	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	58,637	1,848,314
Unassigned	3,118,111	-	-
Total fund balances	3,154,078	58,637	1,848,314
Total liabilities, deferred inflows of resources, and fund balances	$ 3,810,699	$ 1,122,933	$ 3,489,095

See notes to basic financial statements.

Capital Projects		
Parks/PW and Facilities Capital Improvements	Other Governmental Funds	Total Governmental Funds
$ 1,501,373	$ 1,722,329	$ 8,825,190
-	-	9,070
-	132,519	132,519
-	24,721	54,796
-	-	7,439
-	4,429	2,743,117
-	-	35,967
$ 1,501,373	$ 1,883,998	$ 11,808,098
$ -	$ 22,400	$ 1,125,918
-	49,594	49,594
-	-	1,037,719
-	43	3,138
-	-	604,112
-	72,037	2,820,481
-	-	604,184
-	-	9,070
-	132,519	132,519
-	132,519	745,773
-	-	35,967
33,575	699,086	732,661
-	502,097	502,097
1,467,798	478,259	3,853,008
-	-	3,118,111
1,501,373	1,679,442	8,241,844
$ 1,501,373	$ 1,883,998	$ 11,808,098

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City of Falcon Heights
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2022

Total fund balances - governmental funds	$ 8,241,844
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	9,348,223
Less accumulated depreciation	(2,353,837)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Bond principal payable	(1,045,000)
Bond premium	(33,957)
Compensated absences payable	(82,872)
Net pension liability	(508,317)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.	
Deferred inflows of resources related to pensions	(7,325)
Deferred outflows of resources related to pensions	161,074
Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period'sexpenditures and, therefore, are deferred in the funds.	
Property taxes	9,070
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Deferred special assessments	132,519
State shared taxes	604,184
Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.	(10,292)
Total net position - governmental activities	$ 14,455,314

See notes to basic financial statements.

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

		Capital Projects	
	General	Amber Union	Future Improvements
Revenues			
Property taxes	$ 2,174,122	$ -	$ -
Tax increments	34,431	-	-
Special assessments	-	-	3,648
Licenses and permits	156,521	-	136,421
Intergovernmental	652,290	1,064,296	1,201,549
Charges for services	31,069	-	-
Fines and forfeitures	18,385	-	-
Miscellaneous			
Investment income	(3,511)	(102)	(4,470)
Contributions and donations	-	-	-
Refunds and reimbursements	28,507	10,408	-
Other	1,125	-	342
Total revenues	3,092,939	1,074,602	1,337,490
Expenditures			
Current			
General government	808,178	-	-
Public safety	1,383,570	-	-
Public works	273,384	1,065,055	1,520
Park and recreation	79,027	-	-
Community development	-	-	-
Miscellaneous	-	-	-
Debt service			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay			
General government	-	-	-
Public works	-	-	1,053,404
Park and recreation	-	-	-
Total expenditures	2,544,159	1,065,055	1,054,924
Excess of revenues over (under) expenditures	548,780	9,547	282,566
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	(640,000)	-	(80,000)
Total other financing sources (uses)	(640,000)	-	(80,000)
Net change in fund balances	(91,220)	9,547	202,566
Fund Balances			
Beginning of year	3,245,298	49,090	1,645,748
End of year	$ 3,154,078	$ 58,637	$ 1,848,314

See notes to basic financial statements.

Capital Projects		
Parks/PW and Facilities Capital Improvements	Other Governmental Funds	Total Governmental Funds
$ -	$ 193,510	$ 2,367,632
-	337,376	371,807
-	53,585	57,233
-	-	292,942
-	35,654	2,953,789
-	177,524	208,593
-	-	18,385
(5,495)	(4,274)	(17,852)
500	-	500
-	-	38,915
-	15,469	16,936
(4,995)	808,844	6,308,880
-	757	808,935
-	7,611	1,391,181
-	230,206	1,570,165
6,758	30,645	116,430
-	758	758
-	758	758
-	120,000	120,000
-	36,422	36,422
-	6,387	6,387
-	372,262	1,425,666
102,541	-	102,541
109,299	805,806	5,579,243
(114,294)	3,038	729,637
9,976	25,500	35,476
500,000	220,000	720,000
-	-	(720,000)
509,976	245,500	35,476
395,682	248,538	765,113
1,105,691	1,430,904	7,476,731
$ 1,501,373	$ 1,679,442	$ 8,241,844

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

Net change in fund balances - governmental funds	$	765,113
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Capital outlays		84,639
Depreciation expense		(143,331)
Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.		60,453
Governmental funds recognized pension contributions as expenditures at the time of payment in items related to pensions on a full accrual perspective.		(30,869)
Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no effect on net assets in the Statement of Activities.		120,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		4,979
The governmental funds report the effect of bond premiums, discounts, and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Amortization of bond premiums		12,527
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Special assessments		(48,391)
State shared taxes		163,914
Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.		(14,229)
Change in net position - governmental activities	$	974,805

See notes to basic financial statements.

City of Falcon Heights
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Property taxes	$ 2,166,934	$ 2,174,122	$ 7,188
Tax increments	-	34,431	34,431
Licenses and permits	82,750	156,521	73,771
Intergovernmental	633,532	652,290	18,758
Charges for services	20,600	31,069	10,469
Fines and forfeitures	15,000	18,385	3,385
Miscellaneous revenues			
Investment income	15,000	(3,511)	(18,511)
Refunds and reimbursements	3,000	28,507	25,507
Other	700	1,125	425
Total revenues	2,937,516	3,092,939	155,423
Expenditures			
Current			
General government	876,521	808,178	(68,343)
Public safety	1,396,600	1,383,570	(13,030)
Public works	329,175	273,384	(55,791)
Park and recreation	95,220	79,027	(16,193)
Total expenditures	2,697,516	2,544,159	(153,357)
Excess of revenues over expenditures	240,000	548,780	308,780
Other Financing Uses			
Transfers out	(240,000)	(640,000)	(400,000)
Net change in fund balance	$ -	(91,220)	$ (91,220)
Fund Balance			
Beginning of year		3,245,298	
End of year		$ 3,154,078	

See notes to basic financial statements.

City of Falcon Heights
Statement of Net Position - Proprietary Funds
December 31, 2022

	Sanitary Sewer	Storm Drainage	Total
Assets			
Current assets			
Cash and investments	$ 1,992,581	$ 484,265	$ 2,476,846
Accounts receivable	212,691	31,367	244,058
Interest receivable	2,678	-	2,678
Prepaid items	58,333	2,000	60,333
Total current assets	2,266,283	517,632	2,783,915
Noncurrent assets			
Capital assets			
Sewer system	2,064,661	-	2,064,661
Storm drain	-	2,088,550	2,088,550
Machinery and equipment	53,104	122,570	175,674
Total capital assets	2,117,765	2,211,120	4,328,885
Less accumulated depreciation	(1,090,620)	(925,783)	(2,016,403)
Net capital assets	1,027,145	1,285,337	2,312,482
Total assets	3,293,428	1,802,969	5,096,397
Deferred Outflows of Resouces			
Deferred outflows of resources related to pensions	40,044	19,734	59,778
Total assets and deferred outflows of resources	$ 3,333,472	$ 1,822,703	$ 5,156,175
Liabilities			
Current liabilities			
Accounts payable	$ 419	$ 1,460	$ 1,879
Contracts payable	173,384	-	173,384
Salaries and benefits payable	2,411	630	3,041
Amount due within one year	12,092	5,966	18,058
Total current liabilities	188,306	8,056	196,362
Noncurrent liabilities			
Compensated absences	42,327	18,628	60,955
Net pension liability	126,370	62,275	188,645
Less amount due within one year	(12,092)	(5,966)	(18,058)
Total noncurrent liabilities	156,605	74,937	231,542
Total liabilities	344,911	82,993	427,904
Deferred Inflows of Resouces			
Deferred inflows of resources related to pensions	1,821	897	2,718
Net Position			
Net investment in capital assets	853,761	1,285,337	2,139,098
Unrestricted	2,132,979	453,476	2,586,455
Total net position	2,986,740	1,738,813	4,725,553
Total liabilities, deferred inflows of resources, and net position	$ 3,333,472	$ 1,822,703	$ 5,156,175

See notes to basic financial statements.

City of Falcon Heights
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended December 31, 2022

	Sanitary Sewer	Storm Drainage	Total
Operating revenues			
Charges for services	$ 1,038,379	$ 191,637	$ 1,230,016
Operating expenses			
Wages, salaries, and compensation	193,087	93,012	286,099
Materials and supplies	437	5,878	6,315
Professional services	7,678	757	8,435
Maintenance	103,904	20,654	124,558
Repairs	11,830	2,848	14,678
Depreciation	18,577	43,829	62,406
Travel	958	-	958
Metro sewer charges	484,674	-	484,674
Sac charges	287	-	287
Billing fees	18,876	809	19,685
Insurance and bonds	5,371	1,488	6,859
Miscellaneous	6,337	1,990	8,327
Total operating expenses	852,016	171,265	1,023,281
Operating income	186,363	20,372	206,735
Nonoperating revenues			
Investment income	(5,442)	(1,037)	(6,479)
Income before transfers and capital contributions	180,921	19,335	200,256
Net position			
Beginning of year	2,805,819	1,719,478	4,525,297
End of year	$ 2,986,740	$ 1,738,813	$ 4,725,553

See notes to basic financial statements.

City of Falcon Heights
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2022

	Sanitary Sewer	Storm Drainage	Total
Cash Flows - Operating Activities			
Receipts from customers and users	$ 1,140,247	$ 190,848	$ 1,331,095
Payments to suppliers	(799,073)	(48,554)	(847,627)
Payments to employees	(173,457)	(88,885)	(262,342)
Net cash flows - operating activities	167,717	53,409	221,126
Cash Flows - Capital and Related Financing Activities			
Acquisition of capital assets	(173,384)	-	(173,384)
Net Cash Flows - Capital and Related Financing Activities	(173,384)	-	(173,384)
Cash Flows - Investing Activities			
Investment Income	(4,286)	(1,037)	(5,323)
Net change in cash and cash equivalents	(9,953)	52,372	42,419
Cash and Cash Equivalents			
Beginning of year	2,002,534	431,893	2,434,427
End of year	$ 1,992,581	$ 484,265	$ 2,476,846
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities			
Operating income	$ 186,363	$ 20,372	$ 206,735
Adjustments to reconcile operating income (loss) to net cash flows - operating activities			
Depreciation expense	18,577	43,829	62,406
Accounts receivable	101,868	(789)	101,079
Prepaid items	(58,333)	(2,000)	(60,333)
Pension expense	10,199	3,245	13,444
Accounts payable	(273,772)	(12,130)	(285,902)
Contracts payable	173,384	-	173,384
Salaries payable	1,997	379	2,376
Compensated absences payable	7,434	503	7,937
Total adjustments	(18,646)	33,037	14,391
Net cash flows - operating activities	$ 167,717	$ 53,409	$ 221,126

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Falcon Heights is a statutory city governed by an elected mayor and four council members. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

B. Government-Wide and Fund Financial Statements

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

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 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) 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. Internally dedicated revenues are reported as general revenues rather than program 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.

C. Measurement Focus, Basis of Accounting, and Financial Statement 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 financial 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.

Governmental 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 liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current 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 and claims and judgments, are recorded only when payment is due.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)
Property taxes, franchise fees, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current 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.

Description of Funds:

Major Governmental Funds:

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

Amber Union Fund – This fund accounts for costs associated with the Amber Union Project.

Future Improvements Capital Projects Fund – This fund accounts for costs associated with replacement of the City's utility and road systems.

Parks/PW and Facilities Capital Improvements Capital Projects Fund - This fund accounts for capital outlay within the departments stated in its name.

Major Proprietary Funds:

Sanitary Sewer Enterprise Fund – This fund accounts for the operations of the City's sanitary sewer utility.

Storm Drainage Enterprise Fund – This fund accounts for the activities of the City's storm drainage operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sanitary Sewer and the Storm Drainage Enterprise Funds are charges to customers for sales and services. 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 nonoperating revenues and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. Further, the City applies unrestricted funds in this order if various levels of unrestricted fund balances exist: committed, assigned, and unassigned.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1. Deposits and Investments

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

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.

Minnesota Statutes authorizes the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers′ acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

Certain investments for the City are reported at fair value as disclosed in Note 3. 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.

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14 day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

2. Receivables and Payables

All trade and property tax receivables are shown at a gross amount since both are assessable to the property taxes and are collectible upon the sale of the property.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

2. Receivables and Payables (Continued)

The City levies its property tax for the subsequent year during the month of December. December 28 is the last day the City can certify a tax levy to the County Auditor for collection the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Ramsey County is the collecting agency for the levy and remits the collections to the City three times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

The County Auditor prepares the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City.

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent tax receivable.

3. Prepaid Items and Inventory

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

Inventory is valued at cost using the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 assets lives are not capitalized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

4. Capital Assets (Continued)

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

Assets	Years
Buildings	40
Park Buildings	30
Building Improvements	15
Furniture and Equipment	5
Light Vehicles	5
Machinery and Equipment	5-7
Fire Trucks	20
Utility Distribution System	50

The City uses the modified approach in accounting for its street and alley infrastructure assets. Under this method, depreciation expense is not recognized. A pavement condition policy has been established and all costs of maintaining the assets at this level are expensed.

5. 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 represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City presents deferred outflows of resources on the Statements of Net Position for deferred outflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The City presents deferred inflows of resources on the Governmental Fund Balance Sheet as unavailable revenue. The governmental funds report unavailable revenues 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 City presents deferred inflows of resources on the Statements of Net Position for deferred inflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

6. Compensated Absences

City employees earn vacation time based on years of City service with a maximum at twice their annual vacation leave. At least one week of vacation must be used per calendar year. Upon termination, employees will receive compensation for unused vacation time. Sick leave is accumulated for all regular full-time employees at the rate of one day per calendar month to a maximum of 120 days. The City compensates employees who leave municipal service at the rate of 50% of unused sick leave. Vacation and sick leave benefits are recorded as expenditures in governmental funds when paid. Compensated absences payable are reported in governmental funds only if they have matured as a result of employee resignations and retirements. Vacation and sick benefits are recorded as expenses in proprietary funds when earned.

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 are deferred and amortized over the life of the bonds using the straight-line method.

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

8. 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.

9. Fund Equity

a. Classification

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

9. Fund Equity (Continued)

a. Classification (Continued)

- Nonspendable Fund Balance – These are amounts that cannot be spent because they are not in spendable form.

- Restricted Fund Balance – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or b) imposed by law through enabling legislation.

- Committed Fund Balance – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision making authority) through resolution.

- Assigned Fund Balance – These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Based on authorization provided by the City's fund balance policy, assignments are made by the City Administrator based on the City Council's direction.

- Unassigned Fund Balance – These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

b. Minimum Fund Balance

The City will strive to maintain a minimum unassigned fund balance in the General Fund of 45% of the subsequent year's budgeted expenditures.

10. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in the government-wide 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 in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

F. Budgetary Information

1. In August of each year, City staff submits to the City Council, a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution after obtaining taxpayer comments.
4. Budgets for the General, Special Revenue, Capital Projects, Debt Service, and Enterprise Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Expenditures may not legally exceed budgeted appropriations at the fund level. No fund's budget can be increased without City Council approval. The City Council may authorize transfer of budgeted amounts between departments within any fund. Management may amend budgets within a department level, so long as the total department budget is not changed.
6. Annual appropriated budgets are adopted during the year for the General, Special Revenue, Capital Projects, Debt Service, and Enterprise Funds, with the exception of the following funds: Charitable Gambling Special Revenue Fund, Amber Union Capital Project Fund and the G.O. Improvement Bonds, Series 2021A Debt Service Fund.
7. Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original amounts budgeted. Budgeted expenditure appropriations lapse at year-end.

NOTE 2 – DEPOSITS AND INVESTMENTS

Cash balances of the City's funds are combined (pooled) and invested to the extent available in various investments authorized by *Minnesota Statutes*. Each fund's portion of this pool (or pools) is displayed in the financial statements as "cash and cash equivalents" or "investments". For purposes of identifying risk of investing public funds, the balances and related restrictions are summarized as follows.

A. Deposits

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the City′s deposits may not be returned to it. The City has a policy that requires the District′s deposits be collateralized as required by *Minnesota Statutes* for an amount exceeding FDIC, SAIF, BIF, or FCUA coverage. As of December 31, 2022, the City′s bank balance of $0 was not exposed to custodial credit risk because it was fully insured through the FDIC.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

The book balance as of December 31, 2022, was $0 for deposits.

As of December 31, 2022, the City had petty cash as follows:

Petty cash	$ 250

B. Investments

		Investment Maturity				
Investment Type	Fair Value	Less than 1 Year	1 to 3 Years	3 - 5 Years	Over 5 Years	Rating
Brokered Certificates of Deposit	$ 3,447,208	$ 2,700,984	$ 746,224	$ -	$ -	NR
4M Term Series	1,500,000	1,500,000	-	-	-	NR
4M Fund and 4M Fund Plus	6,117,992	-				NR
Brokered Money Markets	236,586	-				NR
Total investments	$ 11,301,786					

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The City's investment policy states the City shall set the goal that no one issuer represents 5% or more of total investments with the exception of U.S. Treasuries and U.S. government agencies that are either implicitly or explicitly guaranteed by the federal government.

Interest Rate Risk: This is the risk that fair values of securities in a portfolio would decrease due to changes in market interest rates. The City's investment policy states the City will invest in approximately 10% to 25% of its available funds in liquid instruments, such as commercial paper and money market accounts. This is to ensure the City's funds could be available should unexpected large bills be presented for payment. The policy goes on to state once the liquidity needs have been met, the remaining investments shall be placed with institutions offering the highest rate of return consistent with the maturities determined by the City.

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to be in the top two ratings issued by nationally recognized statistical rating obligations. The policy lists the authorized investments to comply with the requirements of *Minnesota Statutes* 118A.04, 118A.05, and 118A.06, examples include commercial paper rated as A-1, P-1 and F-1 with maturities of 270 days or less, U.S. government obligations, obligations of the State of Minnesota, irrevocable letter of credit and interest bearing deposits.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy states investments are to be fully insured or collateralized and/or registered in the name of the City with safekeeping for the security provided by the City's broker/financial institution or trust department. The financial institution is also required to be a member of the Securities Investor Protection Corporation (SIPC) to protect the securities in the City's account. All certificates of deposit up to $250,000 principal and interest will be protected by the FDIC. In the event the City purchases a certificate of deposit from a broker/financial institution that does not provide safekeeping, the City may provide safekeeping in a secured location at the City.

The City has the following recurring fair value measurements as of December 31, 2022:

- $3,447,208 of investments (all brokered certificates of deposit) are significant other observable inputs (Level 2 inputs) using closing market prices.

Summary of cash deposits and investments as of December 31, 2022, were as follows:

Deposits	$ -
Petty cash	250
Investments (Note 3.B.)	11,301,786
Total deposits and investments	$ 11,302,036

Cash and Investments

Deposits and investments are presented in the December 31, 2022, basic financial statements as follows:

Statement of Net Position	
Cash and investments - governmental activities	$ 8,825,190
Cash and investments - business-type activities	2,476,846
Total	$ 11,302,036

NOTE 3 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 419,707	$ -	$ -	$ 419,707
Infrastructure	5,749,783	-	-	5,749,783
Total capital assets not being depreciated	6,169,490	-	-	6,169,490
Capital assets being depreciated				
Buildings	1,360,310	-	-	1,360,310
Improvements other than buildings	971,893	22,923	-	994,816
Machinery and equipment	958,430	61,716	196,539	823,607
Total capital assets being depreciated	3,290,633	84,639	196,539	3,178,733
Less accumulated depreciation for				
Buildings	1,203,193	27,818	-	1,231,011
Improvements other than buildings	469,667	56,868	-	526,535
Machinery and equipment	734,185	58,645	196,539	596,291
Total accumulated depreciation	2,407,045	143,331	196,539	2,353,837
Total capital assets being depreciated, net	883,588	(58,692)	-	824,896
Governmental activities capital assets, net	$ 7,053,078	$ (58,692)	$ -	$ 6,994,386

NOTE 3 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets being depreciated				
Buildings and system	$ 3,979,827	$ 173,384	$ -	$ 4,153,211
Machinery and equipment	175,674	-	-	175,674
Total capital assets being depreciated	4,155,501	173,384	-	4,328,885
Less accumulated depreciation for				
Buildings and system	1,779,360	61,369	-	1,840,729
Machinery and equipment	174,637	1,037	-	175,674
Total accumulated depreciation	1,953,997	62,406	-	2,016,403
Total capital assets being depreciated, net	2,201,504	110,978	-	2,312,482
Business-type activities capital assets, net	$ 2,201,504	$ 110,978	$ -	$ 2,312,482

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

Governmental activities	
General government	$ 70,252
Public safety	20,610
Public works	36,066
Culture and recreation	16,403
Total depreciation expense - governmental activities	$ 143,331
Business-type activities	
Sanitary sewer	$ 18,577
Storm drainage	43,829
Total depreciation expense - business-type activities	$ 62,406

NOTE 4 – INTERFUND TRANSFERS

Transfers during the year ended December 31, 2022, were as follows:

	Transfers Out		
Transfers In	General Fund	Future Improvements	Total
Parks/PW and facilities	$ 500,000	$ -	$ 500,000
Other non-major	140,000	80,000	220,000
Total	$ 640,000	$ 80,000	$ 720,000

The transfer from the General Fund to the Other Governmental Funds were to assist with park programs and community inclusion. All other transfers were to provide resources for capital expenditures.

NOTE 5 – LONG-TERM DEBT

A. G.O. Debt

The City issues G.O. bonds to provide for financing of street improvements. Debt service is funded by special assessments against benefited properties with any shortfalls being paid from general taxes.

G.O. bonds are direct obligations and pledge the full faith and credit of the City.

	Original Issue	Interest Rates	Principal Outstanding
Long-term liabilities			
Governmental activities			
G.O. Improvement Bonds, Series 2017A	$ 845,000	3.00%	$ 380,000
G.O. Improvement Bonds, Series 2021A	665,000	2.00%	665,000

NOTE 5 – LONG-TERM DEBT (CONTINUED)

A. G.O. Debt

Annual debt service requirements to maturity for G.O. bonds are as follows:

Year Ending December 31,	G.O. Improvement Bonds Principal	G.O. Improvement Bonds Interest
2023	$ 255,000	$ 21,525
2024	255,000	15,175
2025	265,000	8,700
2026	135,000	4,050
2027	135,000	1,350
Total	$ 1,045,000	$ 50,800

B. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
G.O. Improvement Bonds	$ 1,165,000	$ -	$ 120,000	$ 1,045,000	$ 255,000
Unamortized Bond Premium	46,484	-	12,527	33,957	-
Compensated absences	143,325	33,375	93,828	82,872	27,685
Total governmental activities	1,354,809	33,375	226,355	1,161,829	282,685
Business-type activities					
Compensated absences	53,017	23,455	15,517	60,955	18,058
Total long-term liabilities	$ 1,407,826	$ 56,830	$ 241,872	$ 1,222,784	$ 300,743

The General Fund typically liquidates the liability related to compensated absences, as well as pensions.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

C. Conduit Debt

Conduit debt is certain limited-obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued revenue bonds to provide funding to private-sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City has no obligation for such debt beyond the resources provided by related leases or loans. Accordingly, the bonds are not reported as liabilities in the financial statements of the City.

As of December 31, 2022, the following issues were outstanding:

Name	Date of Issue	Original Amount of Issue	Balance Outstanding as of 12/31/22
Pines of Hutchinson, LLC	2013	$ 4,400,000	$ 3,059,197
Mounds Park Academy	2014	7,707,444	5,583,881
St Paul Academy & Summit School Project Series	2017	7,375,000	6,365,608
Senior Housing and Health Care Revenue Note 2018A	2018	3,000,000	2,797,509
Senior Housing and Health Care Revenue Refunding 2018B	2018	1,523,889	1,088,280
New Harmoney Project - Senior Housing and Healthcare Revnue Note	2021	7,000,000	7,000,000
Amber Union Project - 2021 Multifamily Housing Revenue Refunding	2021	26,976,188	26,948,601
Total		$ 57,982,521	$ 52,843,076

NOTE 6 – FUND BALANCE DETAIL

At December 31, 2022, fund balance was comprised of the following components:

	General	Amber Union	Future Improvements	Parks/PW and Facilities Capital	Other Governmental Fund	Total
Nonspendable						
Prepaid items	$ 35,967	$ -	$ -	$ -	$ -	$ 35,967
Restricted						
Tax increment capital projects	-	-	-	-	83,282	83,282
Debt service	-	-	-	-	576,359	576,359
Grants	-	-	-	-	37,766	37,766
Park dedication	-	-	-	33,575	-	33,575
Charitable gambling	-	-	-	-	1,679	1,679
Committed						
Recreation costs	-	-	-	-	57,716	57,716
Hydrant and fire truck costs	-	-	-	-	255,810	255,810
Recycling and environmental activities	-	-	-	-	101,043	101,043
Activities promoting economic development	-	-	-	-	20,327	20,327
Lighting costs	-	-	-	-	62,262	62,262
Garden costs	-	-	-	-	4,939	4,939
Assigned						
Capital projects	-	58,637	1,848,314	1,467,798	478,259	3,853,008
Unassigned	3,118,111	-	-	-	-	3,118,111
Total	$ 3,154,078	$ 58,637	$ 1,848,314	$ 1,501,373	$ 1,679,442	$ 8,241,844

The City purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT) with other cities in the state which is a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

NOTE 7 – RISK MANAGEMENT

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2022 was estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2022, there were no other claims liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 8 – PENSION PLANS

The City participates in various pension plans, total pension expense for the year ended December 31, 2022, was $99,478. The components of pension expense are noted in the following plan summaries.

The General Fund typically liquidates the liability related to the pensions.

Public Employees' Retirement Association

A. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by 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.

General Employees Retirement Plan

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

B. 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.

General Employees Plan Benefits

General Employees Plan benefits are based on a member′s highest average salary for any 5 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 a Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% 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.

NOTE 8 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2022 and the City was required to contribute 7.5% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2022, were $52,097. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2022, the City reported a liability of $696,962 for its proportionate share of the General Employees Fund′s net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. 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 $20,528. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City′s proportionate share 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA′s participating employers. The City′s proportionate share was 0.0088% at the end of the measurement period and 0.0087% for the beginning of the period.

NOTE 8 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

City's proportionate share of the net pension liability	$	696,962
State of Minnesota's proportionate share of the net pension liability associated with the City		20,528
Total	$	717,490

For the year ended December 31, 2022, the City recognized pension expense of $99,478 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized $3,067 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, 2022, the City reported its proportionate share of General Employee Plan'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	$ 5,822	$ 7,337
Changes in actuarial assumptions	155,996	2,706
Net collective difference between projected and actual investment earnings	13,877	-
Changes in proportion	19,108	-
Contributions paid to PERA subsequent to the measurement date	26,049	-
Total	$ 220,852	$ 10,043

NOTE 8 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

The $26,049 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, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2023	$ 73,070
2024	68,796
2025	(20,136)
2026	63,030
Total	$ 184,760

E. Actuarial Assumptions

Long-Term Expected Return on Investment
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:

Asset Class	Target Allocation	Long-Term
Domestic equity	33.5 %	5.10 %
International equity	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
Total	100.0 %	

NOTE 8 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service and 6.0% per year thereafter.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit PERA's experience.

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

The following changes in actuarial assumptions and plan provisions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the previous valuation.

G. Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net positions of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

H. 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:

	1% Decrease in Discount Rate (5.5%)	Current Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
City's proportionate share of the General Employees Fund net pension liability	$ 1,100,889	$ 696,962	$ 365,681

I. Pension Plan Fiduciary Net Position

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

NOTE 9 – TAX INCREMENT FINANCING

The City has entered into one Tax Increment Financing agreement which meet the criteria for disclosure under *Governmental Accounting Standards Board Statement No. 77 Tax Abatement Disclosures.* The City's authority to enter into these agreements comes from *Minnesota Statute* 469. The City entered into these agreements for the purpose of economic development.

Under the agreement, the City and developer agree on an amount of development costs to be reimbursed to the developer by the City though tax revenues from the additional taxable value of the property generated by the development (tax increment). A "pay-as-you-go" note is established for this amount, on which the City makes payments for a fixed period of time with available tax increment revenue after deducting for certain administrative costs.

During the year ended December 31, 2022, the City generated $337,376 in tax increment revenue and made $326,609 in payments to developers.

NOTE 10 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* establishes that a Subscription-Based Information Technology Arrangement (SBITA) results in a right-to-use subscription asset and a corresponding liability. Under this statement, a governmental entity generally should recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. This statement will be effective for the year ending December 31, 2023.

NOTE 11 – SUBSEQUENT EVENTS

On February 22, 2023, the City Council approved the acquisition of Real Property from the University of Minnesota for a community park at the price of $1,107,127. Additionally, the City will pay all closing costs associated with the sale.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Falcon Heights
Schedule of City's Proportionate Share
of Net Pension Liability
General Employees Retirement Fund
Last Ten Years

For Fiscal Year Ended June 30,	City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liablility and the State's Proportionate Share of the Net Pension Liablility Associated with the City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.0088%	$ 696,962	$ 20,528	$ 717,490	$ 660,880	105.46%	76.67%
2021	0.0087%	371,529	11,389	382,918	625,853	59.36%	87.00%
2020	0.0084%	503,618	15,603	519,221	600,693	83.84%	79.06%
2019	0.0079%	436,773	13,666	450,439	561,133	77.84%	80.23%
2018	0.0086%	477,093	15,681	492,774	580,440	82.20%	79.53%
2017	0.0088%	561,786	7,039	568,825	564,907	99.45%	75.90%
2016	0.0084%	682,038	9,002	691,040	524,187	130.11%	68.91%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

City of Falcon Heights
Schedule of City Contributions
General Employees Retirement Fund
Last Ten Years

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	$ 52,097	$ 52,097	$ -	$ 694,627	7.50%
2021	46,939	46,939	-	625,853	7.50%
2020	45,483	45,483	-	606,440	7.50%
2019	44,191	44,191	-	589,213	7.50%
2018	43,247	43,247	-	576,627	7.50%
2017	43,937	43,937	-	585,827	7.50%
2016	40,580	40,580	-	541,067	7.50%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

See notes to required supplementary information.

City of Falcon Heights
Required Supplementary Information and
Notes to Required Supplementary Information

INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

	2018	2019	2020	2021	2022
Streets and alleys					
Estimated	$ 238,500	$ 37,000	$ -	$ 997,000	$ 60,000
Actual	186,338	-	-	1,819,330	38,524
Difference	$ 52,162	$ 37,000	$ -	$ (822,330)	$ 21,476

CONDITION RATING OF THE CITY'S STREET SYSTEMS

	2016	2019	2022
Streets and alleys	77	71	69

The City implemented a pavement management program in 2001 to assist in maintaining and monitoring the performance of the paved street network. This is one of the City's largest investments and would have a significant dollar value if it were to be replaced today. The software program MircoPAVER, developed by the Army Corps of Engineers, was used by the City in 2001 and 2004. For 2007, 2010, 2013, 2016, 2019, and 2022 the City used the software program ICON, which was developed and supported by Goodpointe Technology, as a tool for pavement management. While the software is different, the methodology is the same. Both systems use field surveys to identify distresses and rate the current condition of the streets. Both systems use the segment and distress information to determine the current Pavement Condition Index (PCI) for each segment. However, ICON provides the City with the ability to determine future needs based on current and past maintenance strategies and prioritize the appropriate rehabilitation at optimum times. Also, ICON has a geographic information system interface to enable easy development of maps showing the results of the analysis.

ICON used the information gathered in the field to calculate a PCI rating for each pavement segment. A PCI rating of 100 would be indicative of a newly constructed street with no distress, while a rating of 0 would show a completely failed street. Segments then can be grouped into like categories of PCI ratings to help determine a schedule of maintenance, rehabilitation, and reconstruction. The PCI groups set up for the City are as follows: 100 to 66 – Adequate; 65 to 36 – Marginal; 35 to 0 – Poor. The City's minimum desired PCI rating is 70. For the year 2022, the City's PCI rating was 69. This was the seventh analysis of the City's streets and alleys. The next rating will be completed in 2025.

General Employees Fund

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changes as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retires electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023, and 0.0% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

General Employees Fund (Continued)

2019 Changes

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.

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

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% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, 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% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals $16,000,000 in 2017 and 2018, and $6,000,000 thereafter.
- 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.

General Employees Fund (Continued)

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, the inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

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.

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 $6.0 million, which meets the special funding situation definition, was due September 2015.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

City of Falcon Heights
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2022

	Special Revenue			
	Park Programs	Water	Solid Waste	Community Development
Assets				
Cash and investments	$ 57,716	$ 250,056	$ 94,913	$ 20,327
Special assessment receivable deferred	-	-	-	-
Accounts receivable	-	5,754	13,632	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Total assets	$ 57,716	$ 255,810	$ 108,545	$ 20,327
Liabilities				
Accounts payable	$ -	$ -	$ 7,459	$ -
Contracts payable	-	-	-	-
Salaries and benefits payable	-	-	43	-
Total liabilities	-	-	7,502	-
Deferred inflows of resources				
Unavailable revenue - special assessments	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances				
Restricted	-	-	-	-
Committed	57,716	255,810	101,043	20,327
Assigned	-	-	-	-
Total fund balances	57,716	255,810	101,043	20,327
Total liabilities, deferred inflows of resources, and fund balances	$ 57,716	$ 255,810	$ 108,545	$ 20,327

Special Revenue				
Street Lighting	Community Garden	Community Inclusion	Charitable Gambling	Total
$ 60,752	$ 4,939	$ 38,757	$ 1,679	$ 529,139
-	-	-	-	-
5,335	-	-	-	24,721
-	-	-	-	-
-	-	-	-	-
$ 66,087	$ 4,939	$ 38,757	$ 1,679	$ 553,860
$ 3,825	$ -	$ 991	$ -	$ 12,275
-	-	-	-	-
-	-	-	-	43
3,825	-	991	-	12,318
-	-	-	-	-
-	-			-
-	-	37,766	1,679	39,445
62,262	4,939	-	-	502,097
-	-	-	-	-
62,262	4,939	37,766	1,679	541,542
$ 66,087	$ 4,939	$ 38,757	$ 1,679	$ 553,860

City of Falcon Heights
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2022

	Debt Service			Capital Projects
	G.O. Improvement Bonds, Series 2017A	G.O. Improvement Bonds, Series 2021A	Total	General Capital Improvements
Assets				
Cash and investments	$ 457,380	$ 118,117	$ 575,497	$ 420,324
Special assessment receivable deferred	8,992	123,527	132,519	-
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	(46)	908	862	2,800
Total assets	$ 466,326	$ 242,552	$ 708,878	$ 423,124
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Contracts payable	-	-	-	-
Salaries and benefits payable	-	-	-	-
Total liabilities	-	-	-	-
Deferred inflows of resources				
Unavailable revenue - special assessments	8,992	123,527	132,519	-
Total deferred inflows of resources	8,992	123,527	132,519	-
Fund Balances				
Restricted	457,334	119,025	576,359	-
Committed	-	-	-	-
Assigned	-	-	-	423,124
Total fund balances	457,334	119,025	576,359	423,124
Total liabilities, deferred inflows of resources, and fund balances	$ 466,326	$ 242,552	$ 708,878	$ 423,124

Capital Projects						
2023 Street Project	2021 Street Project	Tax Increment No. 1-3	Public Safety Capital Improvements	Total	Total Other Governmental Funds
$ 16,851	$ 64,545	$ 83,546	$ 32,427	$ 617,693	$ 1,722,329
-	-	-	-	-	132,519
-	-	-	-	-	24,721
-	-	-	-	-	-
-	-	767	-	3,567	4,429
$ 16,851	$ 64,545	$ 84,313	$ 32,427	$ 621,260	$ 1,883,998
$ 8,281	$ 813	$ 1,031	$ -	$ 10,125	$ 22,400
-	49,594	-	-	49,594	49,594
-	-	-	-	-	43
8,281	50,407	1,031	-	59,719	72,037
-	-	-	-	-	132,519
-	-	-	-	-	132,519
-	-	83,282	-	83,282	699,086
-	-	-	-	-	502,097
8,570	14,138	-	32,427	478,259	478,259
8,570	14,138	83,282	32,427	561,541	1,679,442
$ 16,851	$ 64,545	$ 84,313	$ 32,427	$ 621,260	$ 1,883,998

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

	Special Revenue			
	Park Programs	Water	Solid Waste	Community Development
Revenues				
Property taxes	$ -	$ -	$ -	$ -
Tax increments	-	-	-	-
Special assessments	-	-	-	-
Intergovernmental	-	-	15,742	-
Charges for services	10,269	40,888	83,577	-
Miscellaneous				
Investment income	(61)	(536)	(208)	(34)
Other	-	-	-	-
Total revenues	10,208	40,352	99,111	(34)
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	13,153	105,211	-
Park and recreation	30,594	-	-	-
Community development	-	-	-	758
Miscellaneous	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay				
General government	-	-	-	-
Public works	-	-	-	-
Total expenditures	30,594	13,153	105,211	758
Excess of revenues over (under) expenditures	(20,386)	27,199	(6,100)	(792)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	26,000	-	-	-
Total other financing sources (uses)	26,000	-	-	-
Net change in fund balances	5,614	27,199	(6,100)	(792)
Fund Balances				
Beginning of year	52,102	228,611	107,143	21,119
End of year	$ 57,716	$ 255,810	$ 101,043	$ 20,327

Special Revenue				
Street Lighting	Community Garden	Community Inclusion	Charitable Gambling	Total
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	15,742
41,815	975	-	-	177,524
				-
(136)	(8)	(18)	(3)	(1,004)
-	-	-	-	-
41,679	967	(18)	(3)	192,262
-	-	-	-	-
-	-	6,853	-	6,853
38,035	-	-	-	156,399
-	51	-	-	30,645
-	-	-	-	758
-	-	-	-	-
				-
-	-	-	-	-
-	-	-	-	-
				-
-	-	-	-	-
-	-	-	-	-
38,035	51	6,853	-	194,655
3,644	916	(6,871)	(3)	(2,393)
-	-	-	-	-
-	-	-	-	26,000
-	-	-	-	26,000
3,644	916	(6,871)	(3)	23,607
58,618	4,023	44,637	1,682	517,935
$ 62,262	$ 4,939	$ 37,766	$ 1,679	$ 541,542

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

	Debt Service			Capital Projects
	G.O. Improvement Bonds, Series 2017A	G.O. Improvement Bonds, Series 2021A	Total	General Capital Improvements
Revenues				
Property taxes	$ 115,070	$ 78,440	$ 193,510	$ -
Tax increments	-	-	-	-
Special assessments	5,928	47,657	53,585	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous			-	
Investment income	(1,410)	(877)	(2,287)	(803)
Other	-	-	-	15,469
Total revenues	119,588	125,220	244,808	14,666
Expenditures				
Current				
General government	-	-	-	757
Public safety	-	-	-	-
Public works	759	-	759	-
Park and recreation	-	-	-	-
Community development	-	-	-	-
Miscellaneous	-	758	758	-
Debt service			-	
Principal	120,000	-	120,000	-
Interest and other charges	17,459	18,963	36,422	-
Capital outlay			-	
General government	-	-	-	6,387
Public works	-	-	-	-
Total expenditures	138,218	19,721	157,939	7,144
Excess of revenues over (under) expenditures	(18,630)	105,499	86,869	7,522
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	114,000
Total other financing sources (uses)	-	-	-	114,000
Net change in fund balances	(18,630)	105,499	86,869	121,522
Fund Balances				
Beginning of year	475,964	13,526	489,490	301,602
End of year	$ 457,334	$ 119,025	$ 576,359	$ 423,124

Capital Projects					
2023 Street Project	2021 Street Project	Tax Increment No. 1-3	Public Safety Capital Improvements	Total	Total Other Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ 193,510
-	-	337,376	-	337,376	337,376
-	-	-	-	-	53,585
14,626	5,286	-	-	19,912	35,654
-	-	-	-	-	177,524
(48)	86	(141)	(77)	(983)	(4,274)
-	-	-	-	15,469	15,469
14,578	5,372	337,235	(77)	371,774	808,844
-	-	-	-	757	757
-	-	-	758	758	7,611
66,008	6,282	758	-	73,048	230,206
-	-	-	-	-	30,645
-	-	-	-	-	758
-	-	-	-	-	758
-	-	-	-	-	120,000
-	-	-	-	-	36,422
-	-	-	-	6,387	6,387
-	38,524	333,738	-	372,262	372,262
66,008	44,806	334,496	758	453,212	805,806
(51,430)	(39,434)	2,739	(835)	(81,438)	3,038
-	-	-	25,500	25,500	25,500
60,000	20,000	-	-	194,000	220,000
60,000	20,000	-	25,500	219,500	245,500
8,570	(19,434)	2,739	24,665	138,062	248,538
-	33,572	80,543	7,762	423,479	1,430,904
$ 8,570	$ 14,138	$ 83,282	$ 32,427	$ 561,541	$ 1,679,442

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund - Detailed
Year Ended December 31, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Property taxes	$ 2,166,934	$ 2,174,122	$ 7,188
Tax increments	-	34,431	34,431
Licenses and permits	82,750	156,521	73,771
Intergovernmental revenue			
Local government aid	603,532	603,532	-
Cable television franchise fees	30,000	33,725	3,725
Police aid	-	15,033	15,033
Total intergovernmental revenue	633,532	652,290	18,758
Charges for services			
Plan check fees	10,000	5,517	(4,483)
Other	10,600	13,402	2,802
Snow removal	-	12,150	12,150
Total charges for services	20,600	31,069	10,469
Fines and forfeitures	15,000	18,385	3,385
Miscellaneous revenue			
Investment income	15,000	(3,511)	(18,511)
Refunds and reimbursements	3,000	28,507	25,507
Other	700	1,125	425
Total miscellaneous revenue	18,700	26,121	7,421
Total revenues	2,937,516	3,092,939	155,423
Expenditures			
General government			
Legislative			
Wages, salaries, and compensation	22,315	22,054	(261)
Materials and supplies	1,800	756	(1,044)
Other	23,456	21,228	(2,228)
Administration			
Wages, salaries, and compensation	235,860	251,379	15,519
Materials and supplies	9,900	8,341	(1,559)
Other	43,000	30,133	(12,867)

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund - Detailed
Year Ended December 31, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Expenditures (Continued)			
General government (continued)			
Finance			
Wages, salaries, and compensation	$ 143,100	$ 148,282	$ 5,182
Materials and supplies	300	343	43
Other	21,590	22,007	417
Legal	21,000	7,760	(13,240)
Elections			
Materials and supplies	1,000	822	(178)
Other	24,760	25,030	270
Communications			
Wages, salaries, and compensation	61,860	30,789	(31,071)
Materials and supplies	6,000	9,626	3,626
Other	73,920	68,780	(5,140)
Planning and inspections			
Wages, salaries, and compensation	105,630	74,631	(30,999)
Materials and supplies	50	-	(50)
Other	80,980	86,217	5,237
Total general government	876,521	808,178	(68,343)
Public safety			
Emergency preparedness			
Wages, salaries, and compensation	8,170	3,115	(5,055)
Materials and supplies	1,000	-	(1,000)
Other	80	552	472
Police services	1,186,400	1,180,805	(5,595)
Legal	31,000	30,385	(615)
Fire fighting			
Other	169,950	168,713	(1,237)
Total public safety	1,396,600	1,383,570	(13,030)
Public works			
Buildings and grounds			
Wages, salaries, and compensation	31,115	29,957	(1,158)
Materials and supplies	11,000	9,873	(1,127)
Other	56,100	67,485	11,385

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City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund - Detailed
Year Ended December 31, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Expenditures (Continued)			
Public works (Continued)			
Streets			
Wages, salaries, and compensation	$ 83,710	$ 92,768	$ 9,058
Materials and supplies	20,100	22,322	2,222
Other	45,100	25,515	(19,585)
Engineering	15,000	4,874	(10,126)
Tree program			
Materials and supplies	50	-	(50)
Tree maintenance	67,000	20,590	(46,410)
Total public works	329,175	273,384	(55,791)
Park and recreation			
Park maintenance			
Wages, salaries, and compensation	63,620	58,830	(4,790)
Materials and supplies	6,000	2,331	(3,669)
Other	25,600	17,866	(7,734)
Total parks and recreation	95,220	79,027	(16,193)
Total expenditures	2,697,516	2,544,159	(153,357)
Excess of revenues over expenditures	240,000	548,780	308,780
Other Financing Uses			
Transfers out	(240,000)	(640,000)	(400,000)
Net change in fund balance	$ -	(91,220)	$ (91,220)
Fund Balance			
Beginning of year		3,245,298	
End of year		$ 3,154,078	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Park Programs Fund - Special Revenue Fund
Year Ended December 31, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Charges for services	$ 3,000	$ 10,269	$ 7,269
Miscellaneous revenues			
Investment income	300	(61)	(361)
Total revenues	3,300	10,208	6,908
Expenditures			
Park and recreation			
Current			
Wages, salaries, and compensation	30,840	23,904	(6,936)
Materials and supplies	1,650	-	(1,650)
Other	6,500	6,690	190
Total expenditures	38,990	30,594	(8,396)
Excess of revenues over (under) expenditures	(35,690)	(20,386)	15,304
Other Financing Sources			
Transfers in	26,000	26,000	-
Net change in fund balance	$ (9,690)	5,614	$ 15,304
Fund Balance			
Beginning of year		52,102	
End of year		$ 57,716	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Water Fund - Special Revenue Fund
Year Ended December 31, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget- Over (Under)
Revenues			
Charges for services	$ 35,000	$ 40,888	$ 5,888
Miscellaneous revenues			
Investment income	1,500	(536)	(2,036)
Total revenues	36,500	40,352	3,852
Expenditures			
Public works			
Wages, salaries, and compensation	11,732	11,126	(606)
Other	6,170	2,027	(4,143)
Total expenditures	17,902	13,153	(4,749)
Excess of revenues over expenditures	$ 18,598	27,199	$ 8,601
Fund Balance			
Beginning of year		228,611	
End of year		$ 255,810	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Solid Waste Fund - Special Revenue Fund
Year Ended December 31, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Revenues			
Recycling grant	$ 15,500	$ 15,742	$ 242
Charges for services	78,000	83,577	5,577
Miscellaneous revenues			
Investment income	800	(208)	(1,008)
Total revenues	94,300	99,111	4,811
Expenditures			
Public works			
Wages, salaries, and compensation	21,040	13,517	(7,523)
Materials and supplies	1,100	124	(976)
Recycling contract	80,000	89,505	9,505
Other	3,550	2,065	(1,485)
Total expenditures	105,690	105,211	(479)
Excess of revenues over (under) expenditures	$ (11,390)	(6,100)	$ 5,290
Fund Balance			
Beginning of year		107,143	
End of year		$ 101,043	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Community Development Fund - Special Revenue Fund
Year Ended December 31, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Miscellaneous revenues			
Investment income	$ 150	$ (34)	$ (184)
Other	1,895	-	(1,895)
Total revenues	2,045	(34)	(2,079)
Expenditures			
Community development			
Other	9,100	758	(8,342)
Excess of revenues over (under) expenditures	$ (7,055)	(792)	$ 6,263
Fund Balance			
Beginning of year		21,119	
End of year		$ 20,327	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Street Lighting Fund - Special Revenue Fund
Year Ended December 31, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget- Over (Under)
Revenues			
Charges for services	$ 41,000	$ 41,815	$ 815
Miscellaneous revenues			
Investment income	200	(136)	(336)
Total revenues	41,200	41,679	479
Expenditures			
Public works			
Other	39,900	38,035	(1,865)
Excess of revenues over expenditures	$ 1,300	3,644	$ 2,344
Fund Balance			
Beginning of year		58,618	
End of year		$ 62,262	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Community Garden Fund - Special Revenue Fund
Year Ended December 31, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Charges for services			
Park and recreation	$ 950	$ 975	$ 25
Miscellaneous revenues			
Investment income	40	(8)	(48)
Total revenues	990	967	(23)
Expenditures			
Park and recreation			
Other	2,000	51	(1,949)
Excess of revenues (under) expenditures	$ (1,010)	916	$ 1,926
Fund Balance			
Beginning of year		4,023	
End of year		$ 4,939	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Community Inclusion Fund - Special Revenue Fund
Year Ended December 31, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Miscellaneous revenues			
Investment income	$ 200	$ (18)	$ (218)
Contributions and donations	50	-	(50)
Total miscellaneous revenues	250	(18)	(268)
Expenditures			
Public Safety			
Wages, salaries and compensation	35,000	6,853	(28,147)
Excess of revenues under (under) expenditures	$ (34,750)	(6,871)	$ 27,879
Fund Balance			
Beginning of year		44,637	
End of year		$ 37,766	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
G.O. Improvement Bonds, Series 2017A - Debt Service Fund
Year Ended December 31, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Property Taxes	$ 115,070	$ 115,070	$ -
Special assessments	4,500	5,928	1,428
Miscellaneous revenues			
Investment income	1,200	(1,410)	(2,610)
Total revenues	120,770	119,588	(1,182)
Expenditures			
Public works			
Wages, salaries and compensation	800	759	(41)
Debt service			
Principal	120,000	120,000	-
Interest and other charges	18,200	17,459	(741)
Total expenditures	139,000	138,218	(782)
Excess of revenues over (under) expenditures	$ (18,230)	(18,630)	$ (400)
Fund Balance			
Beginning of year		475,964	
End of year		$ 457,334	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
General Capital Improvements - Capital Projects Fund
Year Ended December 31, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Miscellaneous revenues			
Investment income	$ 1,200	$ (803)	$ (2,003)
Other	4,000	15,469	11,469
Total revenues	5,200	14,666	9,466
Expenditures			
General government			
Current			
Other	800	757	(43)
Capital outlay	6,500	6,387	(113)
Total expenditures	7,300	7,144	(156)
Excess of revenues over (under) expenditures	(2,100)	7,522	9,622
Other Financing Sources			
Transfers in	114,000	114,000	-
Net Change in Fund Balance	$ 111,900	121,522	$ 9,622
Fund Balance			
Beginning of year		301,602	
End of year		$ 423,124	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
2023 Street Project - Capital Projects Fund
Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Intergovernmental revenue:				
Other Grants and Aids	$ 35,000	$ 35,000	$ 14,626	$ (20,374)
Total intergovernmental revenue	35,000	35,000	14,626	(20,374)
Miscellaneous revenues				
Investment income	-	-	(48)	(48)
Total revenues	35,000	35,000	14,578	(20,422)
Expenditures				
Public works:				
Wages, salaries and compensation	52,800	52,800	66,008	13,208
Total public works	52,800	52,800	66,008	13,208
Total expenditures	52,800	52,800	66,008	13,208
Excess of revenues over (under) expenditures	$ (17,800)	$ (17,800)	(51,430)	$ (33,630)
Fund Balance				
Beginning of year			-	
End of year			$ 8,570	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
2021 Street Project - Capital Projects Fund
Year Ended December 31, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Other grants and aids	$ -	$ 5,286	$ 5,286
Total intergovernmental revenue	-	5,286	5,286
Miscellaneous revenues			
Investment income	1,000	86	(914)
Total miscellaneous	1,000	86	(914)
Total revenues	1,000	5,372	4,372
Expenditures			
Public works			
Current			
Other	5,800	6,282	482
Capital outlay	60,000	38,524	(21,476)
Total expenditures	65,800	44,806	(20,994)
Excess of revenues over (under) expenditures	$ (64,800)	(39,434)	$ 25,366
Other Financing Sources			
Transfers in	20,000	20,000	-
Net change in fund balance	$ (44,800)	(19,434)	$ 25,366
Fund Balance			
Beginning of year		33,572	
End of year		$ 14,138	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Tax Increment No. 1-3 - Capital Projects Fund
Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Tax increments	$ 280,000	$ 330,000	$ 337,376	$ 7,376
Miscellaneous revenue				
Investment income	500	500	(141)	(641)
Total revenues	280,500	330,500	337,235	6,735
Expenditures				
Public works				
Current				
Other	800	800	758	(42)
Capital outlay	289,000	339,000	333,738	(5,262)
Total expenditures	289,800	339,800	334,496	(5,304)
Excess of revenues over (under) expenditures	$ (9,300)	$ (9,300)	2,739	$ 12,039
Fund Balance				
Beginning of year			80,543	
End of year			$ 83,282	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Public Safety Capital Improvements - Capital Projects Fund
Year Ended December 31, 2022

	Budgeted Amounts Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Miscellaneous revenues			
Investment income	$ 20	$ (77)	$ (97)
Expenditures			
Public safety			
Current			
Other	800	758	(42)
Excess of revenues under expenditures	(780)	(835)	(55)
Other Financing Sources			
Proceeds from sale of capital assets	-	25,500	25,500
Net Change in Fund Balance	$ (780)	24,665	$ 25,445
Fund Balance			
Beginning of year		7,762	
End of year		$ 32,427	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
Future Improvements - Capital Projects Fund
Year Ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues				
Special assessments	$ -	$ -	$ 3,648	$ 3,648
Licenses and permits	135,000	135,000	136,421	1,421
Intergovernmental				
Other grants and aids	167,000	167,000	1,201,549	1,034,549
Miscellaneous revenues				
Investment income	10,000	10,000	(4,470)	(14,470)
Other	-	-	342	342
Total revenues	312,000	312,000	1,337,490	1,025,490
Expenditures				
Public works				
Current				
Other	2,800	2,800	1,520	(1,280)
Capital outlay	6,500	24,500	1,053,404	1,028,904
Total expenditures	9,300	27,300	1,054,924	1,027,624
Excess of revenues over (under) expenditures	302,700	284,700	282,566	(2,134)
Other Financing Sources				
Transfers out	-	(80,000)	(80,000)	-
Net change in fund balance	$ 302,700	$ 204,700	202,566	$ (2,134)
Fund Balance				
Beginning of year			1,645,748	
End of year			$ 1,848,314	

City of Falcon Heights
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual - Parks/PW
and Facilities Capital Improvements - Capital Projects Fund
Year Ended December 31, 2022

	Original Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Miscellaneous revenues			
Investment income	$ 800	$ (5,495)	$ (5,495)
Contributions and Donations	-	500	500
Total Miscellaneous	800	(4,995)	(4,995)
Expenditures			
Parks and recreation			
Current			
Other	800	6,758	6,758
Capital outlay	1,681,100	102,541	102,541
Total expenditures	1,681,900	109,299	109,299
Excess of revenues under expenditures	(1,681,100)	(114,294)	(114,294)
Other Financing Sources			
Proceeds from sale of capital assets	-	9,976	9,976
Bond issuance	800,000	-	-
Transfers in	100,000	500,000	500,000
Total other financing sources	900,000	509,976	509,976
	$ (781,100)	395,682	$ 395,682
Fund Balance			
Beginning of year		1,105,691	
End of year		$ 1,501,373	

STATISTICAL SECTION

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City of Falcon Heights
Statistical Section

This part of the City'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's overall financial health.

CONTENTS

Financial Trends
The tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. Tables 1-5

Revenue Capacity
These tables contain information to help the reader assess the City's most significant local revenue source, the property tax. Tables 6-10

Debt Capacity
These tables 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. Tables 11-15

Demographic and Economic Information
These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. Tables 16-17

Operating Information
These tables 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. Tables 18-20

City of Falcon Heights
Net Position by Component
Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Governmental Activities				
Net investment in capital assets	$ 7,637,289	$ 7,257,327	$ 7,205,699	$ 7,139,185
Restricted	474,487	610,535	477,094	484,867
Unrestricted	2,493,059	2,545,364	2,302,829	2,421,877
Total governmental activities	$ 10,604,835	$ 10,413,226	$ 9,985,622	$ 10,045,929
Business-Type Activities				
Net investment in capital assets	$ 828,552	$ 1,223,115	$ 1,535,176	$ 1,487,989
Unrestricted	2,670,746	2,656,683	2,398,677	2,524,097
Total business-type activities	$ 3,499,298	$ 3,879,798	$ 3,933,853	$ 4,012,086
Primary Government				
Net investment in capital assets	$ 8,465,841	$ 8,480,442	$ 8,740,875	$ 8,627,174
Restricted	474,487	610,535	477,094	484,867
Unrestricted	5,163,805	5,202,047	4,701,506	4,945,974
Total primary government net position	$ 14,104,133	$ 14,293,024	$ 13,919,475	$ 14,058,015

Source: City of Falcon Heights financial records

Table 1

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 7,073,360	$ 7,136,755	$ 7,256,270	$ 7,390,580	$ 7,006,594	$ 7,114,386
613,084	528,460	913,108	866,475	778,435	1,503,171
2,534,275	2,754,612	3,135,756	4,380,322	5,695,480	5,837,757
$ 10,220,719	$ 10,419,827	$ 11,305,134	$ 12,637,377	$ 13,480,509	$ 14,455,314
$ 1,675,687	$ 1,620,358	$ 1,727,018	$ 1,939,341	$ 2,201,504	$ 2,312,482
2,139,335	2,252,575	2,389,482	2,232,118	2,323,793	2,413,071
$ 3,815,022	$ 3,872,933	$ 4,116,500	$ 4,171,459	$ 4,525,297	$ 4,725,553
$ 8,749,047	$ 8,757,113	$ 8,983,288	$ 9,329,921	$ 9,208,098	$ 9,426,868
613,084	528,460	913,108	866,475	778,435	1,503,171
4,673,610	5,007,187	5,525,238	6,612,440	8,019,273	8,250,828
$ 14,035,741	$ 14,292,760	$ 15,421,634	$ 16,808,836	$ 18,005,806	$ 19,180,867

City of Falcon Heights
Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental activities				
General government	$ 649,412	$ 665,388	$ 634,328	$ 696,194
Public safety	870,860	956,694	1,009,561	1,073,268
Public works	1,473,421	643,323	1,068,292	648,892
Park and recreation	215,654	253,333	300,800	162,958
Community development	7,551	2,187	10,967	1,789
Interest on long-term debt	55352	-	19,695	18,363
Total governmental activities expenses	3,272,250	2,520,925	3,043,643	2,601,464
Business-type activities				
Sanitary sewer	704,897	629,452	613,868	760,415
Storm sewer	136,662	116,201	136,551	122,303
Total business-type activities expenses	841,559	745,653	750,419	882,718
Total primary government expenses	$ 4,113,809	$ 3,266,578	$ 3,794,062	$ 3,484,182
Program Revenues				
Governmental activities				
Charges for services				
General government	$ 155,006	$ 132,811	$ 158,077	$ 167,214
Public safety	129,220	137,377	145,952	125,161
Public works	149,158	147,014	149,152	152,128
Park and recreation	184,510	43,209	25,232	15,170
Community development	1,717	1,716	1,716	1,716
Operating grants and contributions	218,919	193,236	473,143	151,536
Capital grants and contributions	664,846	13,967	196,337	11,490
Total governmental activities program revenues	1,503,376	669,330	1,149,609	624,415
Business-type activities				
Charges for services				
Sanitary sewer	807,031	780,844	756,539	829,339
Storm sewer	156,632	155,116	154,984	157,067
Operating grants and contributions	-	-	-	701
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	963,663	935,960	911,523	987,107
Total primary government program revenues	$ 2,467,039	$ 1,605,290	$ 2,061,132	$ 1,611,522

Table 2

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 752,640	$ 743,238	$ 777,949	$ 765,683	$ 834,064	$ 821,349
1,072,905	1,473,021	1,528,097	1,604,140	1,596,239	1,374,452
1,775,574	897,796	614,411	680,429	2,006,502	2,978,204
174,392	139,967	145,442	131,580	114,604	243,927
3,726	33,944	8,080	747	723	758
28,612	35,301	32,222	25,644	48,811	18,916
3,807,849	3,323,267	3,106,201	3,208,223	4,600,943	5,437,606
723,236	708,321	901,784	867,393	960,715	852,016
142,494	156,170	155,634	145,903	158,873	171,265
865,730	864,491	1,057,418	1,013,296	1,119,588	1,023,281
$ 4,673,579	$ 4,187,758	$ 4,163,619	$ 4,221,519	$ 5,720,531	$ 6,460,887
$ 145,060	$ 118,265	$ 188,726	$ 129,162	$ 235,187	$ 109,321
127,160	107,026	155,035	76,079	190,431	147,861
151,229	160,774	146,301	154,959	164,379	178,430
11,476	11,047	8,986	1,500	6,374	11,244
1,895	-	3,790	-	3,790	-
154,211	226,881	381,001	807,921	730,258	1,344,686
953,653	35,938	10,163	55,253	388,902	1,140,158
1,544,684	659,931	894,002	1,224,874	1,719,321	2,931,700
879,391	945,893	1,070,459	852,185	1,153,186	1,038,379
169,957	169,172	174,608	179,662	188,125	191,637
-	-	-	-	129,239	-
-	-	-	-	-	-
1,049,348	1,115,065	1,245,067	1,031,847	1,470,550	1,230,016
$ 2,594,032	$ 1,774,996	$ 2,139,069	$ 2,256,721	$ 3,189,871	$ 4,161,716

City of Falcon Heights
Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Net (Expense)/Revenue				
Governmental activities	$ (1,768,874)	$ (1,851,595)	$ (1,894,034)	$ (1,977,049)
Business-type activities	122,104	190,307	161,104	104,389
Total primary government net (expense)/revenue	$ (1,646,770)	$ (1,661,288)	$ (1,732,930)	$ (1,872,660)
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes	$ 1,080,588	$ 1,043,863	$ 1,081,384	$ 1,181,336
Franchise fees	-	-	-	-
Tax increments	374,385	202,372	156,606	251,476
Unrestricted state aids	312,593	505,414	533,015	542,320
Other general revenue	66,520	38,602	15,000	-
Unrestricted investment income	118	26,324	14,783	22,163
Gain on sale of assets	8,637	34,060	270	61
Transfers	80,000	(167,106)	-	40,000
Total governmental activities	1,922,841	1,683,529	1,801,058	2,037,356
Business-type activities				
Other general revenue	-			-
Unrestricted investment income	2,616	23,087	13,091	13,844
Proceeds sale of assets	-	-	-	-
Transfers	(80,000)	167,106	-	(40,000)
Total business-type activities	(77,384)	190,193	13,091	(26,156)
Total primary government	$ 1,845,457	$ 1,873,722	$ 1,814,149	$ 2,011,200
Changes in Net Position				
Governmental activities	$ 153,967	$ (168,066)	$ (92,976)	$ 60,307
Business-type activities	44,720	380,500	174,195	78,233
Total primary government	$ 198,687	$ 212,434	$ 81,219	$ 138,540

*Governmental Accounting Standards Board Statement NO. 68 required implementation for fiscal year 2015.

Source: City of Falcon Heights financial records

Table 2 (Cont)

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ (2,263,165)	$ (2,663,336)	$ (2,212,199)	$ (1,983,349)	$ (2,881,622)	$ (2,505,906)
183,618	250,574	187,649	18,551	350,962	206,735
$ (2,079,547)	$ (2,412,762)	$ (2,024,550)	$ (1,964,798)	$ (2,530,660)	$ (2,299,171)
$ 1,271,602	$ 1,600,552	$ 1,997,743	$ 2,159,635	$ 2,251,745	$ 2,353,403
-	22,179	131,659	138,243	132,896	136,421
172,018	294,506	229,181	271,247	333,729	371,807
546,524	604,943	605,967	604,477	892,919	611,055
18,437	31,975	11,333	52,308	103,564	25,877
29,149	78,289	121,623	89,682	9,901	(17,852)
225	-	-	-	-	-
400,000	230,000	-	-	-	-
2,437,955	2,862,444	3,097,506	3,315,592	3,724,754	3,480,711
-					
19,318	37,337	55,918	36,408	2,876	(6,479)
-	-	-	-	-	-
(400,000)	(230,000)	-	-	-	-
(380,682)	(192,663)	55,918	36,408	2,876	(6,479)
$ 2,057,273	$ 2,669,781	$ 3,153,424	3,352,000	3,727,630	3,474,232
$ 174,790	$ 199,108	$ 885,307	$ 1,332,243	$ 843,132	$ 974,805
(197,064)	57,911	243,567	54,959	353,838	200,256
$ (22,274)	$ 257,019	$ 1,128,874	$ 1,387,202	$ 1,196,970	$ 1,175,061

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City of Falcon Heights
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years

Table 3

Fiscal Year	Property Tax	Tax Increment	Franchise Tax	Total
2013	$ 1,080,588	$ 374,385	$ -	$ 1,454,973
2014	1,043,863	202,372	-	1,246,235
2015	1,081,384	156,606	-	1,237,990
2016	1,181,336	251,476	-	1,432,812
2017	1,271,602	172,018	-	1,443,620
2018	1,600,552	294,506	22,179	1,917,237
2019	1,997,743	229,181	131,659	2,358,583
2020	2,159,635	271,247	138,243	2,569,125
2021	2,251,745	333,729	132,896	2,718,370
2022	2,353,403	371,807	136,421	2,861,631

Source: City of Falcon Heights financial records

City of Falcon Heights
Fund Balances of Governmental Funds
Last 10 Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
General Fund				
Nonspendable	$ 70,602	$ 89,222	$ 85,535	$ 71,138
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	1,275,982	1,326,645	1,334,716	1,504,383
Total General Fund	$ 1,346,584	$ 1,415,867	$ 1,420,251	$ 1,575,521
All Other Governmental Funds				
Nonspendable	$ -	$ -	$ -	$ -
Restricted	951,032	411,590	318,141	337,506
Committed	285,035	251,368	263,384	308,915
Assigned	851,073	919,832	803,442	799,450
Unassigned	-	-	-	(43,120)
Total All Other Governmental Funds	$ 2,087,140	$ 1,582,790	$ 1,384,967	$ 1,402,751

Source: City of Falcon Heights financial records

Table 4

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 37,201	$ 40,800	$ 17,737	$ 53,084	$ -	$ 35,967
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,676,621	1,828,155	2,007,462	2,515,136	3,245,298	3,118,111
$ 1,713,822	$ 1,868,955	$ 2,025,199	$ 2,568,220	$ 3,245,298	$ 3,154,078
$ -	$ -	$ -	$ -	$ -	$ -
498,308	450,561	868,901	857,959	649,927	732,661
321,089	333,318	377,003	426,849	471,616	502,097
1,642,422	1,659,242	1,404,348	1,775,983	3,109,890	3,853,008
-	-	-	-		-
$ 2,461,819	$ 2,443,121	$ 2,650,252	$ 3,060,791	$ 4,231,433	$ 5,087,766

City of Falcon Heights
Changes in Fund Balances of Governmental Funds
Last 10 Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Taxes	$ 1,453,211	$ 1,254,073	$ 1,229,405	$ 1,435,717
Special assessments	130,256	62,977	76,673	54,579
Licenses and permits	75,077	68,253	80,864	73,339
Intergovernmental	761,796	755,281	1,142,257	792,070
Charges for services	393,542	253,357	238,876	225,347
Fines and forfeitures	68,208	67,638	80,415	73,901
Investment income	118	26,324	14,783	22,163
Miscellaneous	204,418	54,850	50,185	35,435
Total revenues	3,086,626	2,542,753	2,913,458	2,712,551
Expenditures				
General government	$ 580,783	$ 593,735	$ 580,026	$ 593,485
Public safety	807,412	867,779	885,969	939,029
Public works	408,555	363,027	351,541	322,322
Park and recreation	179,299	180,126	218,807	110,393
Community development	7,551	2,187	10,967	1,789
Miscellaneous	-	-	-	-
Capital outlay	1,614,042	1,097,652	796,133	364,916
Debt service				
Principal	65,000	70,000	125,000	140,000
Interest and other charges	52,336	19,966	20,248	18,813
Total expenditures	3,714,978	3,194,472	2,988,691	2,490,747
Excess of revenues under expenditures	(628,352)	(651,719)	(75,233)	221,804

Table 5

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 1,443,823	$ 1,897,392	$ 2,223,631	$ 2,435,870	$ 2,576,318	$ 2,739,439
210,956	51,510	45,029	45,900	184,268	57,233
93,344	94,519	290,690	214,568	385,304	292,942
1,478,994	843,652	1,025,523	1,485,632	1,267,770	2,953,789
235,928	237,908	265,620	215,778	345,082	208,593
45,806	35,719	28,191	15,109	19,511	18,385
29,149	78,289	121,623	89,682	9,901	(17,852)
46,047	95,207	24,274	80,280	51,209	56,351
3,584,047	3,334,196	4,024,581	4,582,819	4,839,363	6,308,880
$ 662,544	$ 661,557	$ 672,880	$ 672,321	$ 748,953	$ 808,935
957,329	1,321,072	1,432,158	1,509,034	1,541,474	1,391,181
351,470	380,343	366,734	393,428	638,436	1,570,165
124,396	112,641	111,737	89,144	96,937	116,430
3,726	33,944	8,080	747	723	758
-	-	-	1,414	592	758
1,477,627	693,758	437,505	497,043	1,369,067	1,534,594
150,000	150,000	265,000	265,000	445,000	120,000
20,980	46,673	38,746	35,249	56,875	36,422
3,748,072	3,399,988	3,332,840	3,463,380	4,898,057	5,579,243
(164,025)	(65,792)	691,741	1,119,439	(58,694)	729,637

City of Falcon Heights
Changes in Fund Balances of Governmental Funds
Last 10 Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Other Financing Sources (Uses)				
Transfers in	$ 170,418	$ 241,685	$ 24,716	$ 62,000
Transfers out	(90,418)	(101,685)	(24,716)	(22,000)
Proceeds sale of capital assets	8,637	34,060	270	61
Bonds issued	1,160,000	-	-	-
Bond premium	-	-	-	-
Total other financing sources (uses)	1,248,637	174,060	270	40,061
Net change in fund balances	$ 620,285	$ (477,659)	$ (74,963)	$ 261,865
Debt service as a percentage of noncapital expenditures	3.37%	3.10%	5.98%	9.33%

Source: City of Falcon Heights financial records

Table 5 (Cont.)

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 442,000	$ 291,770	$ 479,912	$ 158,000	$ 650,120	$ 720,000
(42,000)	(61,770)	(479,912)	(158,000)	(650,120)	(720,000)
225	-	-	-	537,349	35,476
845,000	-	-	-	665,000	-
-	52,345	-	-	30,512	-
1,245,225	230,000	-	-	1,232,861	35,476
$ 1,081,200	$ 164,208	$ 691,741	$ 1,119,439	$ 1,174,167	$ 765,113
4.68%	5.83%	9.25%	8.94%	10.63%	2.85%

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City of Falcon Heights
General Governmental Tax Revenues by Source
Last 10 Fiscal Years

Table 6

Fiscal Year	Property Tax	Tax Increment	Franchise Tax	Total
2013	$ 1,078,855	$ 374,356	$ -	$ 1,453,211
2014	1,051,636	202,437	-	1,254,073
2015	1,072,799	156,606	-	1,229,405
2016	1,184,241	251,476	-	1,435,717
2017	1,271,805	172,018	-	1,443,823
2018	1,602,886	294,506	22,179	1,919,571
2019	1,994,450	229,181	131,659	2,355,290
2020	2,164,623	271,247	138,243	2,574,113
2021	2,242,589	333,729	132,896	2,709,214
2022	2,367,632	371,807	136,421	2,875,860

Source: City of Falcon Heights financial records

City of Falcon Heights
Assessed Value and Estimated Actual Value of Taxable Property
Last 10 Fiscal Years

Year Ended December 31,	Real Property (1)		Personal Property (1)		Less Tax Exempt Real Property (1)
	Residential Property	Commercial Property	Motor Vehicles	Other	
2013	$ 3,697,530	NA	NA	$ 59,508	NA
2014	3,776,860	NA	NA	59,934	NA
2015	4,111,429	NA	NA	61,664	NA
2016	4,100,084	NA	NA	64,788	NA
2017	4,327,797	NA	NA	68,082	NA
2018	4,602,900	NA	NA	72,140	NA
2019	4,821,090	NA	NA	68,604	NA
2020	5,290,593	NA	NA	70,696	NA
2021	5,596,770	NA	NA	78,544	NA
2022	5,519,656	NA	NA	31,868	NA

(1) Assessed values replaced by Gross Tax Capacity (GTC) by state statutes. Assessed values of commercial property, motor vehicles and tax exempt properties are not provided by Ramsey County.

Source: Ramsey County property tax and records

Table 7

Total Taxable Assessed Value (1)	Total Direct Tax Rate	Estimated Actual Taxable Market Value	Assesed (Tax Capacity) Value[(1)] as a Percentage of Taxable Market Value
$ 3,757,038	27.884	$ 362,697,600	1.04%
3,836,794	24.819	369,585,000	1.04%
4,173,093	23.470	385,888,200	1.08%
4,164,872	25.855	384,679,900	1.08%
4,395,879	26.342	403,438,700	1.09%
4,675,040	31.780	426,967,700	1.09%
4,889,694	37.356	464,013,600	1.05%
5,361,289	36.635	502,720,300	1.07%
5,675,314	36.348	527,577,000	1.08%
5,551,524	38.783	520,933,700	1.07%

Source: Ramsey County property tax and records

City of Falcon Heights
Property Tax Rates
Direct and Overlapping (1) Governments
Last 10 Fiscal Years

Table 8

	Net Tax Capacity Rates (2)							
	City of Falcon Heights			Overlapping Rates				
Fiscal Year	Operating Rate (3)	Debt Service Rate	Total City Rate	Technical College Rate	Ramsey County Rate	School District No. 623 Rate	Special Districts Rate	Total Direct and Overlapping Rates
2013	27.884	0.000	27.884	0.000	65.240	15.464	9.305	117.893
2014	24.819	0.000	24.819	0.000	63.735	16.251	9.037	113.842
2015	23.470	0.000	23.470	0.000	58.922	17.18	8.647	108.219
2016	25.855	0.000	25.855	0.000	58.885	20.958	9.052	114.750
2017	26.342	0.000	26.342	0.000	55.850	18.894	8.669	109.755
2018	31.780	0.000	31.780	0.000	53.962	34.396	9.086	129.223
2019	37.356	0.000	37.356	0.000	52.879	31.687	8.891	130.903
2020	35.635	0.000	35.635	0.000	52.302	30.668	9.270	127.875
2021	36.348	0.000	36.348	0.000	47.760	31.25	8.588	123.947
2022	38.783	0.000	38.783	0.000	48.034	26.776	10.924	124.517

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Falcon Heights. Not all overlapping rates apply to all City of Falcon Heights property owners (e.g., the rates for special districts apply only to the the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

(2) Tax capacity rates are used by state statute instead of millage rates.

(3) Does not include tax increments.

Source: Ramsey County property tax and records

City of Falcon Heights
Principal Property Taxpayers
December 31, 2022

Table 9

Taxpayer	2022 Taxable Assessed Value (1)	2022 Rank	2022 Percentage of Total Taxable Assessed Value	2013 Taxable Assessed Value	2013 Rank	2013 Percentage of Total Taxable Assessed Value
Falcon Heights Town Square Apartments, LP	$ 348,502	1	6.28 %	$ 136,880	2	3.64 %
Sidal Realty Co. Limited Partnership	282,994	2	5.10 %	98,360	3	2.62 %
Spire Federal Credit Union	268,638	3	4.84 %	170,646	1	4.54 %
Town Square Senior Apartments, LLC	163,506	4	2.95 %	65,009	4	1.73 %
1750 Larpenteur LLC - Henrickson	153,540	5	2.77 %	-	-	-
Falcon Crossing, LLC	115,032	6	2.07 %	50,245	8	1.34 %
Warner Properties of MN, LLP	99,367	7	1.79 %	38,862	10	1.03 %
Anna Spiegler	95,564	8	1.72 %	36,579	6	0.97 %
Xerxes Ave LLC	75,060	9	1.35 %	-	-	- %
JAK Rental Properties LLC	43,296	10	0.78 %	27,230	9	0.72 %
Total	$ 1,645,499		29.64 %	$ 623,811		16.60 %

(1) Assessed values replaced by Gross Tax Capacities (GTC) by state statute.

Source: Ramsey County property tax and records

City of Falcon Heights
Property Tax Levies and Collections [1]
Last 10 Fiscal Years

Table 10

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Pecentage of Levy		Amount	Pecentage of Levy
2013	$ 1,084,007	$ 1,078,855	99.5%	$ 4,411	$ 1,083,266	99.93%
2014	1,083,850	1,044,751	96.4%	3,873	1,048,624	96.75%
2015	1,083,850	1,072,033	98.9%	11,280	1,083,313	99.95%
2016	1,173,447	1,171,208	99.8%	2,239	1,173,447	100.00%
2017	1,278,231	1,271,805	99.5%	4,459	1,276,264	99.85%
2018	1,487,059	1,480,385	99.6%	4,085	1,487,059	100.00%
2019	1,980,918	1,975,542	99.7%	7,965	1,980,918	100.00%
2020	2,137,524	2,131,339	99.7%	4,387	2,131,339	99.71%
2021	2,249,275	2,242,589	99.7%	716	2,242,589	99.70%
2022	2,360,444	2,360,226	99.9%		2,360,226	99.99%

Source: City of Falcon Heights financial records

City of Falcon Heights
Ratios of Outstanding Debt by Type
Last 10 Fiscal Years

Table 11

Fiscal Year	Governmental Activities G.O. Bonds	Total Primary Government	Percentage of Personal Income[1]	Per Capita[1]
2013	$ 1,265,000	$ 1,265,000	0.78%	$ 236
2014	1,195,000	1,195,000	0.72%	218
2015	1,070,000	1,070,000	0.65%	196
2016	930,000	930,000	0.54%	170
2017	1,625,000	1,625,000	0.95%	298
2018	1,475,000	1,475,000	0.75%	271
2019	1,210,000	1,210,000	0.61%	220
2020	973,499	973,499	0.50%	174
2021	1,211,484	1,211,484	0.59%	216
2022	1,078,957	1,078,957	0.48%	200

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

[1] See the Schedule of Demographic and Economic Statistics (Table 16) for personal income and population data.

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City of Falcon Heights
Ratios of General Bonded Debt Outstanding
Last 10 Fiscal Years

Table 12

Fiscal Year	G.O. Bonds	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value[(1)] of Property	Per Capita[(2)]
2013	$ 1,265,000	$ 44,007	$ 1,220,993	0.34%	$ 227
2014	1,195,000	260,990	934,010	0.25%	170
2015	1,070,000	234,341	835,659	0.22%	153
2016	930,000	247,198	682,802	0.18%	125
2017	1,070,000	404,754	665,246	0.16%	122
2018	1,475,000	351,141	1,123,859	0.26%	206
2019	1,210,000	729,333	480,667	0.10%	87
2020	973,499	704,542	268,957	0.05%	48
2021	1,211,484	486,550	724,934	0.14%	129
2022	1,078,957	576,359	502,598	0.10%	93

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

[(1)] See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property (Table 7) for property value data.
[(2)] Population data can be found in the Schedule of Demographic and Economic Statistics (Table 16)

Source: City of Falcon Heights financial records

City of Falcon Heights
Direct and Overlapping Governmental Activities Debt
December 31, 2022

Table 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable[(1)]	Estimated Share of Overlapping Debt
Debt repaid with property taxes: county	$ 2,235,309,925	0.6%	$ 14,006,463
Subtotal, overlapping debt			14,006,463
City of Falcon Heights direct debt			1,045,000
Unamoritzed bond premium direct debt			33,957
Subtotal direct debt			1,078,957
Total direct and overlapping debt			$ 15,051,463

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. 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 is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's total taxable assessed value.

Sources: Assessed value data used to estimate applicable percentages provided by the County, Board of Education, and Assessment. Debt outstanding data provided by the County.

City of Falcon Heights
Direct and Overlapping Governmental Activities Debt
December 31, 2022

Table 13 (Cont.)

Governmental Unit	Gross Debt [1]	Sinking Funds	Net Debt	City's Share Percent	City's Share Amount
Direct					
City of Falcon Heights	$ 1,078,957	$ 576,359	$ 502,598	100.00 %	$ 502,598
Overlapping					
School Districts					
ISD No. 623	144,105,000	1,514,555	142,590,445	7.17	10,217,825
ISD No. 916	73,470,000	-	73,470,000	0.01	458,698
Ramsey County					
Ramsey County	184,577,000	105,122,226	79,454,774	0.86	687,039
County Library	23,110,000	2,729,464	20,380,536	1.73	352,429
Metro Watershed	12,540,000	-	12,540,000	1.96	245,207
Metropolitan Agencies					
Metro Council	1,796,428,968	187,511,005	1,608,917,963	0.13	2,045,265
Metro airports	-	-	-		-
Commission	-	-	-		-
Total					
Overlapping					
Debt	2,234,230,968	296,877,250	1,937,353,718		14,006,463
Total direct and overlapping debt	$ 2,235,309,925	$ 297,453,609	$ 1,937,856,316		$ 14,509,061

[1] Gross debt totals include bonds which are financed by ad valorem tax levy, G.O. revenue financing and special assessments.

Note: All overlapping debt presented is from the prior year. Information disseminated by the county was not available in time to include in this year's presentation.

Source: Department of Property Records and Revenue – Ramsey County

City of Falcon Heights
Legal Debt Margin Information
Last 10 Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Debt limit	$ 6,838,406	$ 6,991,052	$ 7,717,764	$ 7,693,598
Total net debt applicable to limit	-	-	-	-
Legal debt margin	$ 6,838,406	$ 6,991,052	$ 7,717,764	$ 7,693,598
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Note: Under state finance law, the City's G.O. debt should not exceed 2% of total assessed tax capacity. By law, the G.O. debt subject to the limitation may be offset by amounts set aside for repaying G.O. bonds.

Table 14

Fiscal Year						
2017	2018	2019	2020	2021	2022	
$ 8,068,774	$ 8,539,354	$ 9,280,272	$ 10,054,406	$ 10,551,540	$ 10,418,674	
-	-	-	-	-	-	
$ 8,068,774	$ 8,539,354	$ 9,280,272	$ 10,054,406	$ 10,551,540	$ 10,418,674	
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	

	Legal Debt Margin Calculation for Fiscal Year 2022
Assessed value	$ 520,933,700
Add back exempt real property	-
Total assessed value	520,933,700
Debt limit (2% of total assessed value)	10,418,674
Debt applicable to limit	
G.O. Bonds	-
Less amount set aside for repayment of G.O. debt	-
Total net debt applicable to limit	-
Legal debt margin	$ 10,418,674

City of Falcon Heights
Pledge-Revenue Coverage
Last Ten Fiscal Years

Table 15

Fiscal Year	Special Assessment Bonds			
	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
2013	$ 31,483	$ -	$ -	0.0%
2014	58,007	-	6,701	865.6%
2015	50,145	60,000	6,870	75.0%
2016	45,371	60,000	6,345	68.4%
2017	39,328	65,000	5,606	55.7%
2018	43,579	65,000	30,772	45.5%
2019	41,048	180,000	27,151	19.8%
2020	41,393	180,000	22,418	20.4%
2021	8,847	180,000	21,110	4.4%
2022	53,585	120,000	30,674	35.6%

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

Source: City of Falcon Heights financial records

City of Falcon Heights
Demographic and Economic Statistics
Last 10 Fiscal Years

Table 16

Fiscal Year	Population[1]	Total Personal Income	Per Capita Personal Income[2]	Median Age[3]	Education Level in Years of Formal Schooling[3]	School Enrollment[4]	Unemployment Rate[5]
2013	5,370	$ 161,631,630	$ 30,099	NA	14.8	7,471	4.3
2014	5,490	165,117,240	30,076	NA	14.8	7,436	3.2
2015	5,450	165,314,850	30,333	NA	14.8	7,507	3.1
2016	5,460	170,657,760	31,256	NA	14.8	7,590	4.1
2017	5,450	170,345,200	36,156	NA	14.8	7,592	3.2
2018	5,450	197,535,250	36,245	NA	14.8	7,519	2.9
2019	5,500	199,347,500	36,245	NA	14.8	7,329	3.2
2020	5,600	196,072,800	35,013	NA	14.8	7,294	4.7
2021	5,600	204,948,800	36,598	NA	14.8	7,192	2.7
2022	5,400	226,249,200	41,898	NA	14.8	7,379	2.6

Data sources

[1] Bureau of the Census/Metropolitan Council

[2] State of Minnesota Demography Department - Ramsey County data and US Census data

[3] Census Data for 2020

[4] School District

[5] State Department of Labor

* Revenue Information for Ramsey County not available

Note: Population, median age and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

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City of Falcon Heights
Principal Employers
Current Year and Nine Years Ago

Table 17

	2022			2013		
Taxpayer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
University of Minnesota (1)	2,400	1	66.67 %	2,655	1	78.09 %
Spire Federal Credit Union	380	2	10.56 %	94	3	2.76 %
Minnesota State Fair (2)	80	4	2.22 %	74	4	2.18 %
Twin Cities Laboratories	65	3	1.81 %	125	2	3.68 %
Falcon Heights Elementary	60	5	1.67 %			
Estimated Total City Employees All Businesses:	3,600		82.92 %	3,400		86.71 %

(1) The University of Minnesota Saint Paul Campus employs an additional 1100 part time people during the year.
(2) During the Minnesota State Fair held each fall, there are an additional 2,500 people contingently employed.

Source: City of Falcon Heights administrative office

City of Falcon Heights
Full-Time Equivalent City Government Employees by Function
Last 10 Fiscal Years

Table 18

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government	4.16	4.51	4.26	4.26	4.61	5.21	5.21	5.21	5.18	5.41
Public Safety										
Police (1)										
Officers	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Fire										
Firefighters and officers	2.27	3.02	3.02	3.02	2.77	2.77	2.77	2.77	0.35	0
Highways and Streets										
Engineering (2)										
Maintenance	1.13	1.13	1.13	1.13	1.10	1.11	1.11	1.11	1.11	1.13
Park and Recreation	2.49	2.49	2.49	2.49	2.44	2.49	2.49	2.49	1.64	2.49
Sewer	2.19	2.19	2.19	2.19	2.32	2.32	2.32	2.32	2.33	2.19
Total	12.24	13.34	13.09	13.09	13.24	13.90	13.90	13.90	10.61	11.22

(1) The City contracts with Ramsey County for police services.
(2) The City contracts with outside entities for engineering services.

Source: City of Falcon Heights administrative office

City of Falcon Heights
Operating Indicators by Function
Last 10 Fiscal Years

Table 19

Function	Fiscal Year 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Physical arrests	649	620	700	539	311	59	37	30	67	30
Parking violations	336	427	313	303	155	304	410	88	135	274
Traffic violations	1,608	1,496	1,987	1,344	1,653	270	299	73	207	288
Fire										
Number of calls answered	94	117	108	120	119	143	200	106	171	190
Inspections	61	86	67	77	105	146	99	70	2	98
Highways and Streets										
Streets resurfacing (miles)	1	-	-	-	-	1	-	-	3	-
Potholes repaired	70	185	80	70	68	29	55	100	20	30
Sanitation										
Refuse collected (tons/day) (1)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Recyclables collected (tons/day) (2)	9.3	9.6	8.9	9.0	8.9	8.6	8.0	9.3	9.3	8.4
Park and Recreation										
Athletic field permits issued	3	3	3	3	83	87	93	0	0	0
Community centers admissions (3)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Water										
New connections	-	-	-	-	3	2	-	-	-	-
Water mains breaks	6	1	-	-	1	1	1	7	3	2
Average daily consumption (thousands of gallons)	1054	707	728	716	723	769	742	574	708	820
Wastewater										
Average daily sewage treatment (thousands of gallons per day)	553	562	561	574	538	629	638	500	572	602

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

(1) Individual property owners contract privately with refuse collectors to provide this service.
(2) The City of Falcon Heights contracts with a recycling collector to collect recyclables. Starting 2011, recyclables were picked up every week during the year instead of twice a month.
(3) The City of Falcon Heights has no community center, but does have park buildings to use when parks are rented.

Source: Various government departments

City of Falcon Heights
Capital Asset Statistics by Function
Last 10 Fiscal Years

Table 20

Function	Fiscal Year 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Police (1)										
Stations	-	-	-	-	-	-	-	-	-	-
Patrol units	-	-	-	-	-	-	-	-	-	-
Fire stations (2)	1	1	1	1	1	1	1	1	1	-
Highways and Streets										
Streets (miles)	24.3	24.3	24.3	24.3	24.3	24.3	24.3	24.3	24.3	24.3
Streetlights	210	210	210	210	210	210	210	210	210	210
Traffic signals	9	9	9	9	9	9	9	9	9	9
Park and Recreation										
Parks acreage	18.07	18.07	18.07	18.07	18.07	18.07	18.07	18.07	18.07	18.07
Parks	3	3	3	3	3	3	3	3	3	3
Tennis courts	2	2	2	2	2	2	2	2	2	2
Water										
Water mains (miles)	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5
Fire hydrants	146	146	146	146	146	146	146	146	146	146
Maximum daily capacity (thousands of gallons)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Sewer										
Sanitary sewers (miles)	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7
Storm sewers (miles)	4	4	4	4	4	4	4	4	4	4
Maximum daily treatment capacity (2) (thousands of gallons)	339,000	339,000	339,000	339,000	339,000	339,000	339,000	339,000	339,000	339,000

Note: No capital asset indicators are available for the general government function.

(1) Falcon Heights contracts with the Ramsay County Sherriff's Department for 24 hour police coverage
(2) The fire service was disbanded in January 2021. Contract for fire services with City of St Paul. This number represents total system daily plant capacity authorized by
(3) Falcon Heights is part of the Metropolitan Council Environmental Services metro area wide treatment facility.

Source: Various city departments, St Paul Water Utility, Metropolitan Council Environmental Services