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<b>Meeting Date</b>	May 10, 2023
<b>Agenda Item</b>	Presentation D2
<b>Attachment</b>	Audit Materials
<b>Submitted By</b>	Jack Linehan, City Administrator

<b>Item</b>	Year-End 2022 Annual Audit Report
<b>Description</b>	<p>Matt Mayer of BerganKDV will present the Annual Comprehensive Financial Report for the Year Ended December 31, 2022. The Financial Report is a complex document that includes evaluation and analysis of the financial stability of the City as it relates to the General Fund, Special Revenue Funds, Debt Service funds, Capital Funds, and Proprietary Funds.</p> <p>Mr. Mayer will provide a high-level overview of the financial stability of the City for year-end 2022.</p>
<b>Budget Impact</b>	N/A
<b>Attachment(s)</b>	<ul style="list-style-type: none"> <li>• Communications Letter</li> <li>• Legal Compliance Report</li> <li>• Annual Comprehensive Financial Report (2022)</li> </ul>
<b>Action(s) Requested</b>	Motion to accept and approve the Year End 2022 Annual Audit Report.

**City of Falcon Heights  
Ramsey County, Minnesota**

**Communications Letter**

**December 31, 2022**

**City of Falcon Heights  
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**Report on Matters Identified as a Result of  
the Audit of the Basic Financial Statements**

Honorable Mayor, Members  
of the City Council and Management  
Sack Thongvanh, City Administrator  
Roland Olson, Finance Director  
City of Falcon Heights  
Falcon Heights, Minnesota

In planning and performing our audit of the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Falcon Heights, Minnesota, as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error, or fraud may occur and not be detected by such controls.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the City's basic financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The significant deficiency identified is stated within this letter.

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated April 26, 2023, on such statements.

This communication, which is an integral part of our audit, is intended solely for the information and use of management, the City Council, and others within the City and state oversight agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

*Bergan KDV Ltd.*

Minneapolis, Minnesota  
April 26, 2023

## **City of Falcon Heights Significant Deficiency**

### **Lack of Segregation of Accounting Duties**

The City continued to evaluate and improve the segregation of accounting duties among City staff during 2022. Because of a limited number of office personnel, some areas of internal control still remain without proper segregation of accounting duties; however, we can report on the following processes. The lack of adequate segregation of accounting duties could adversely affect the City's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

#### **Revenue Cycle**

The four areas of segregation in the revenue cycle include mailroom custody, treasurer custody, accounts receivable, and accounting.

We noted some overlap in the mailroom and treasurer custody, with one employee having job responsibilities in both areas.

We also noted overlapping duties between accounts receivable and accounting, in that the person responsible for accounts receivable also is responsible for bank reconciliations.

#### **Purchasing Cycle**

The five areas of segregation in the purchasing cycle include purchasing authorization, receiving authorization, accounts payable, treasurer responsibilities, and accounting.

We noted proper segregation between the responsibility of purchasing goods and services, the individual responsible for preparing the purchase order, and the person responsible for approving the purchase order. However, we noted overlapping duties with the approval of purchase orders, input of invoices, and preparing of disbursements being performed by one individual.

#### **Payroll Cycle**

The five areas of segregation in the payroll cycle include human resources authorization, immediate supervisor authorization, payroll recording, paymaster custody, and accounting.

In addition to having responsibilities in payroll recording, paymaster custody, and accounting cycles noted above, the Finance Director has full general ledger access and the ability to write and post journal entries. While we believe this access is necessary to efficiently perform the financial duties required, this access has the ability to override many of the controls and segregation listed above.

#### **Journal Entries**

The three areas of segregation in journal entries include an employee to write the journal entry, another to post the entry, and finally another employee to review the entry.

We noted some journal entries were not approved by someone other than the person writing the entry.

We recommend a second review/approval to ensure accuracy.



**City of Falcon Heights  
Significant Deficiency**

**Lack of Segregation of Accounting Duties (Continued)**

**Bank Reconciliation Process**

The two areas of segregation include an employee to prepare the cash reconciliation and another employee to review the reconciliation; ideally, the individual preparing the reconciliation has limited involvement in the revenue and purchasing cycles.

We noted the Finance Director has primary responsibility for bank reconciliations. These are generally delegated to other staff, however, still completed by the Finance Director to ensure accuracy.

We recommend each reconciliation be reviewed to help ensure accuracy.

## **City of Falcon Heights Required Communication**

We have audited the basic financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2022. Professional standards require that we advise you of the following matters related to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express opinions about whether the basic financial statements prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the basic financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the basic financial statements are free of material misstatement. An audit of the basic financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Generally accepted accounting principles provide for certain Required Supplementary Information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI, which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Our responsibility for the supplementary information accompanying the basic financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the basic financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

## **City of Falcon Heights Required Communication**

### **Significant Risks Identified**

We have identified the following significant risks of material misstatement:

- Improper Revenue Recognition.
- Misappropriation of Assets.

### **Qualitative Aspects of the City's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in the notes to basic financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's current judgements. Those judgements are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgements. The most sensitive estimates affecting the basic financial statements relate to:

Depreciation – The City is currently depreciating its capital assets over their estimated useful lives, as determined by management, using the straight-line method.

Expense Allocation – Certain expenses are allocated to programs based on an estimate of the benefit to that particular program. Examples are salaries, benefits, and supplies.

Net Pension Liability, Deferred Outflows of Resources Related to Pensions and Deferred Inflows of Resources Related to Pensions – These balances are based on an allocation by the pension plans using estimates based on contributions.

We evaluated the key factors and assumptions used to develop the accounting estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

#### *Financial Statement Disclosures*

Certain basic financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The basic financial statement disclosures are neutral, consistent, and clear.

## **City of Falcon Heights Required Communication**

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For the purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effects of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the basic financial statements taken as a whole and each applicable opinion unit.

Management did not identify, and we did not notify them of any uncorrected financial statement misstatements.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's basic financial statements or the auditor's report. No such disagreements arose during the course of our audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the City, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditor.

### **Other Information Included in Annual Reports**

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the City's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

## **City of Falcon Heights Required Communication**

### **Other Information Included in Annual Reports (Continued)**

We applied certain limited procedures to the RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

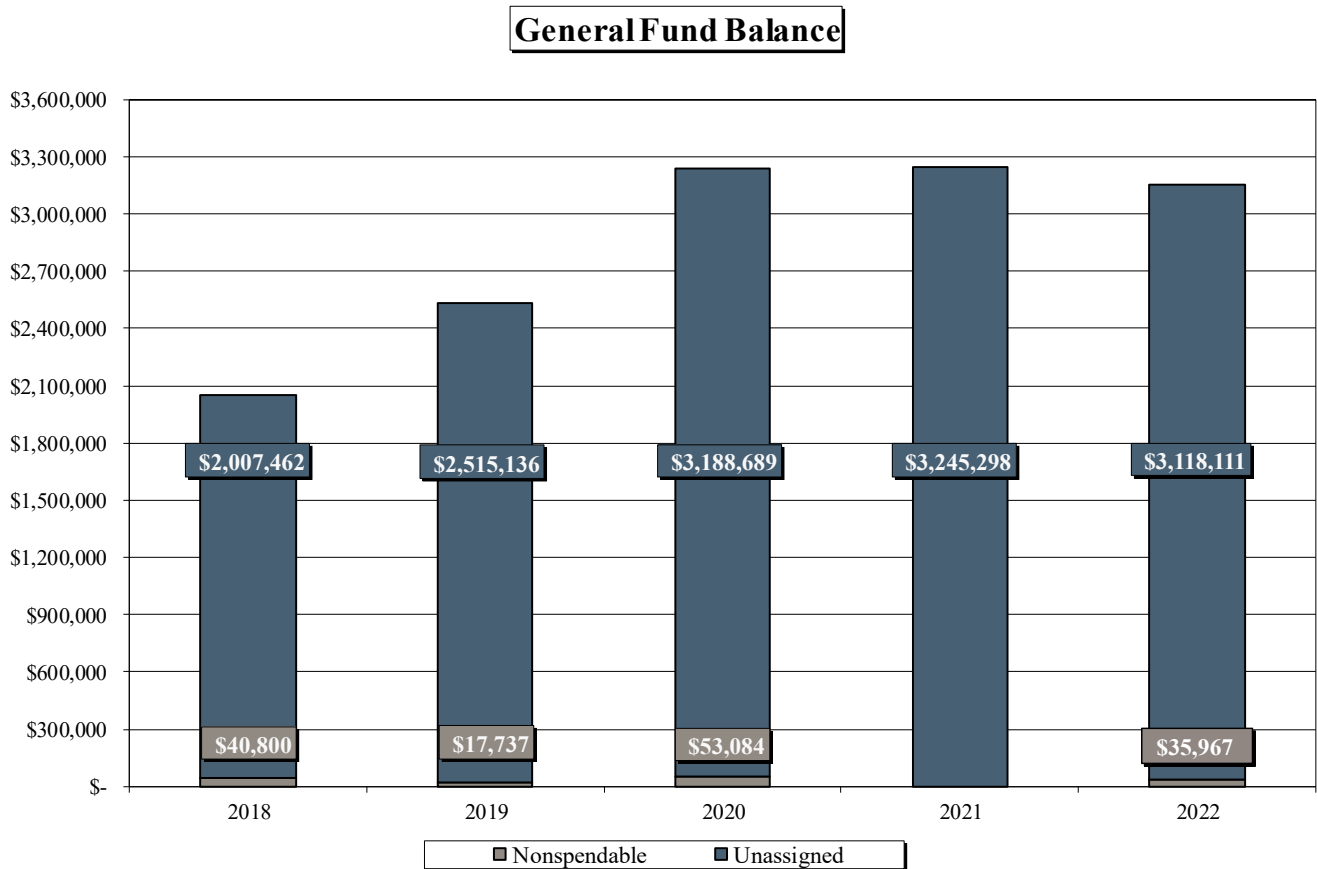
With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United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

## City of Falcon Heights Financial Analysis

The following pages provide graphic representation of select data pertaining to the financial position and operations of the City for the past five years. Our analysis of each graph is presented to provide a basis of discussion of past performance and how implementing certain changes may enhance future performance.

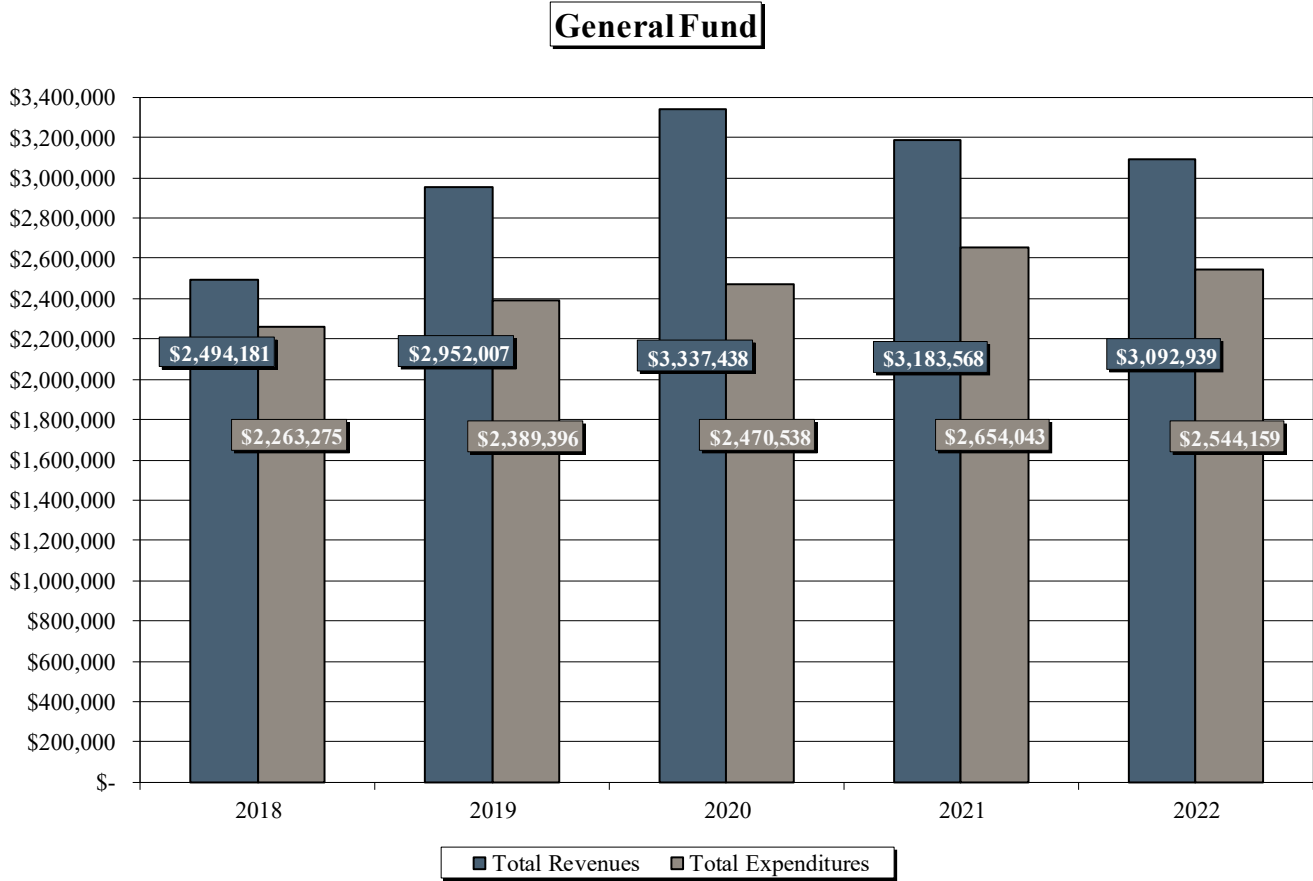
### General Fund Balance

At December 31, 2022, the General Fund balance was \$3,154,078 which is a decrease of \$91,220 from 2021. Based on current expenditure levels, the fund balance represents over a year of expenditures.



## City of Falcon Heights Financial Analysis

### General Fund

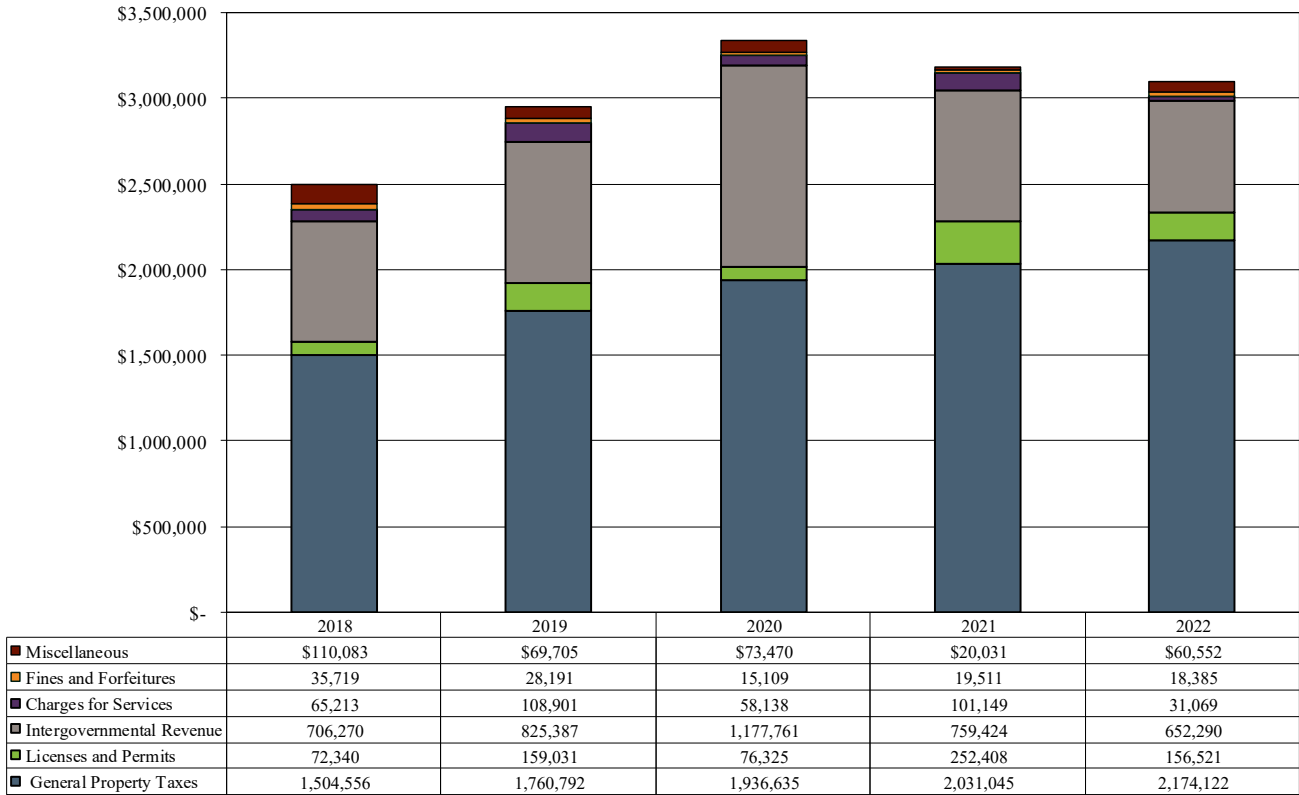


General Fund revenues decreased by \$90,629, or 2.9%, in 2022. Expenditures in the General Fund decreased by \$109,884, or 4.1%, and resulted in total revenues exceeding expenditures by \$548,780. Further detailed explanations regarding variances will follow in subsequent charts.

## City of Falcon Heights Financial Analysis

### General Fund Revenues

**General Fund Revenues**



Property tax revenue increased \$143,077 due to an increase in levy. Intergovernmental revenues decreased \$95,887 as a result of not receiving the fire aid in 2022 as well as a decrease in police aid. Licenses and permit revenues decreased \$95,887 due to a decrease in building permits. Charges for services decreased \$70,080 as a result of less plan check fees with not having a similar project as Amber Union in the current year. Miscellaneous revenues increased \$40,521 from the prior year, due to receiving tax increment excess in 2022.

The other remaining General Fund revenues in 2022 stayed relatively consistent with the prior year.

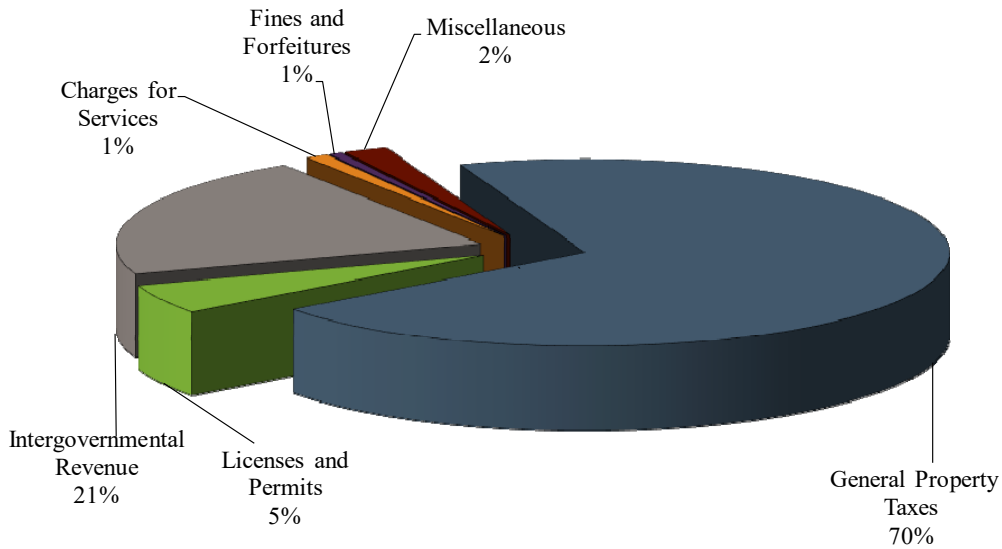


## City of Falcon Heights Financial Analysis

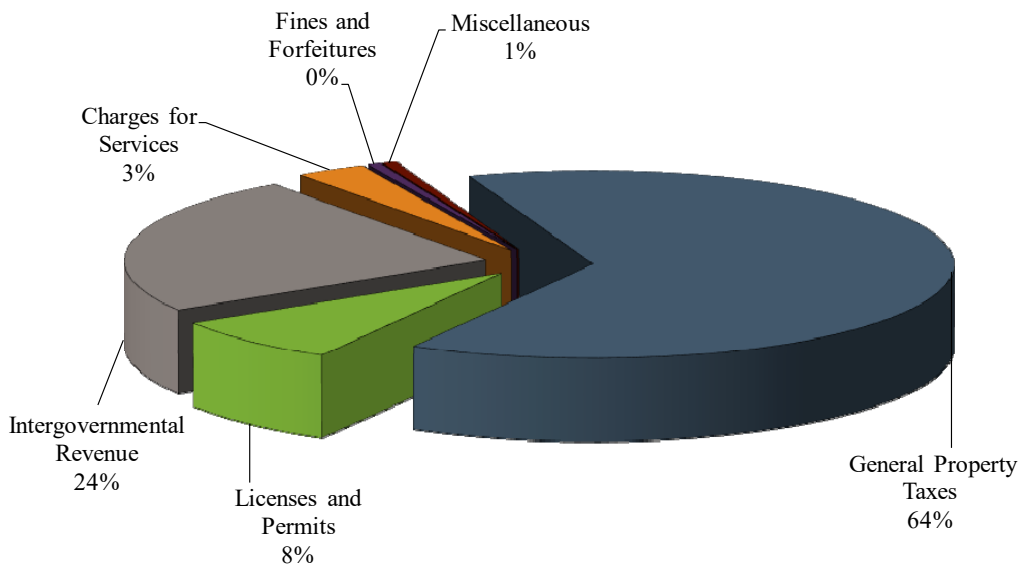
### General Fund Revenues (Continued)

The following charts depict the components of the General Fund revenues by percentages.

**General Fund Revenues 2022**



**General Fund Revenues 2021**

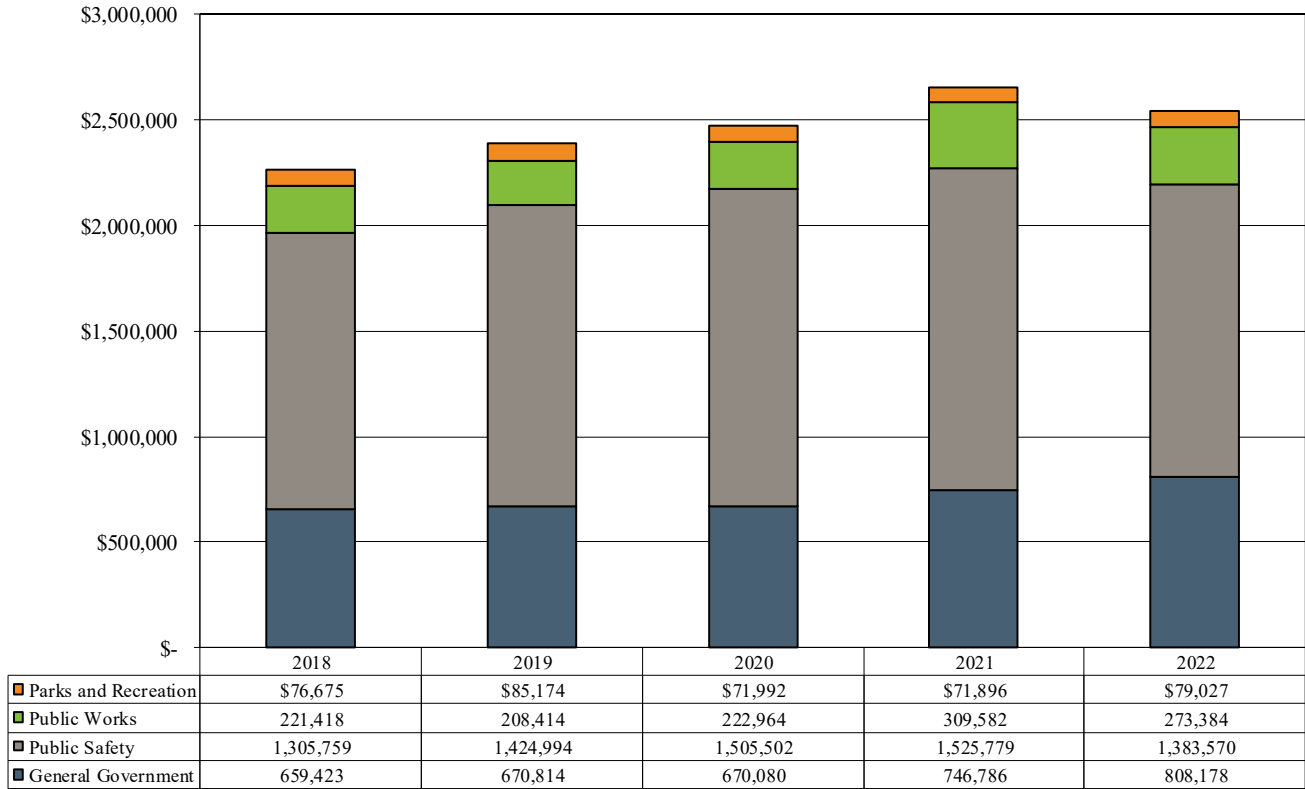


General Fund sources of revenue remained consistent in 2022 compared to 2021.

## City of Falcon Heights Financial Analysis

### General Fund Expenditures

**General Fund Expenditures**



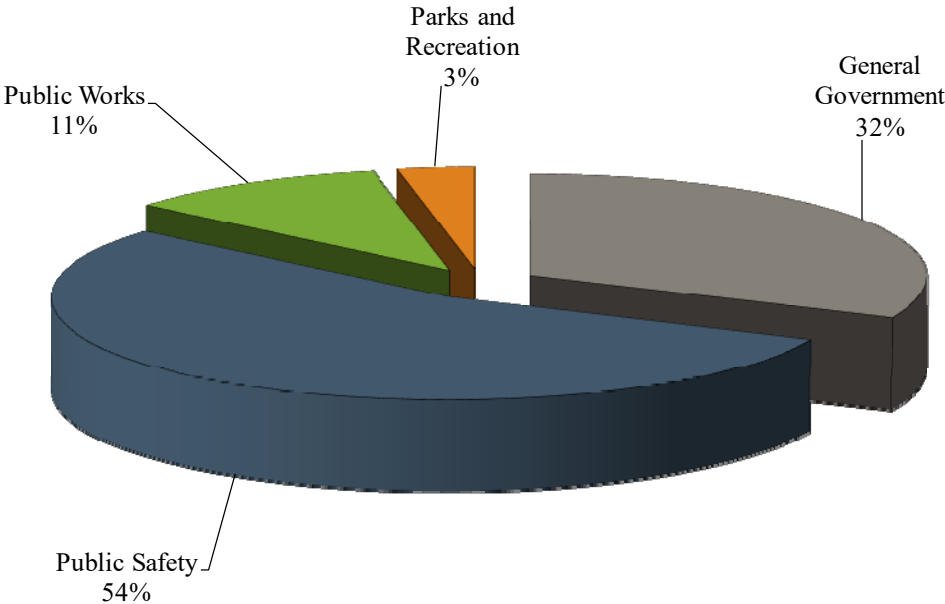
In 2022, expenditures decreased \$109,884, or 4.1%, from 2021. Public safety expenditures decreased \$142,209, or 9.3% in 2022. This was related to less police services during the year as well as the fire relief dissolving in 2021. General government expenditures increased \$61,392 as a result of adding a part-time accountant position. Public works decreased \$36,198 due to less tree maintenance in 2022.

Other expenditures stayed relatively consistent with the prior year.

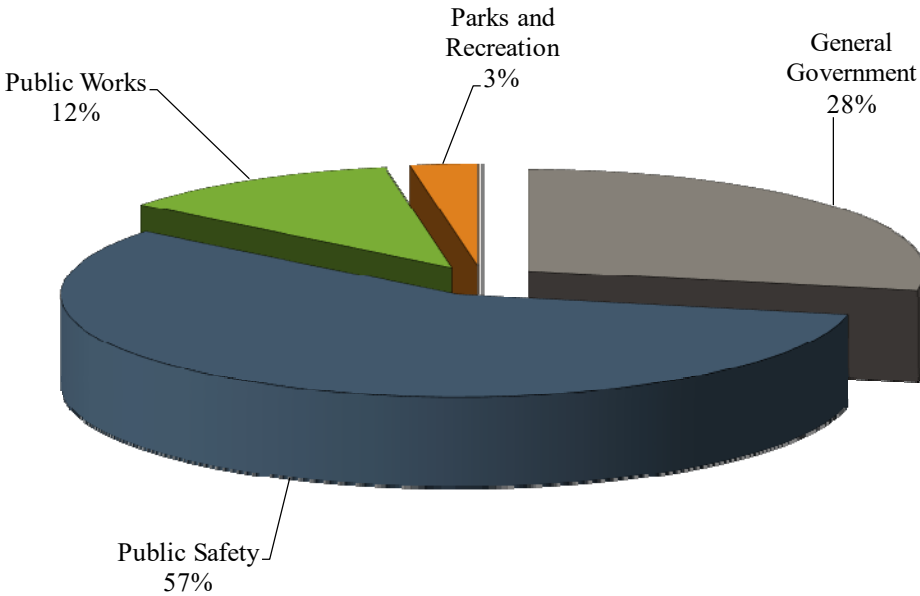
**City of Falcon Heights  
Financial Analysis**

**General Fund Expenditures (Continued)**

**General Fund Expenditures 2022**



**General Fund Expenditures 2021**



**City of Falcon Heights  
Financial Analysis**

**General Fund Budget**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
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	18,700	26,121	7,421
Total revenues	<u>2,937,516</u>	<u>3,092,939</u>	<u>155,423</u>
<b>Expenditures</b>			
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)
Parks and recreation	95,220	79,027	(16,193)
Total expenditures	<u>2,697,516</u>	<u>2,544,159</u>	<u>(153,357)</u>
Excess of receipts over disbursements	240,000	548,780	308,780
<b>Other Financing Uses</b>			
Transfers out	(240,000)	(640,000)	(400,000)
Net change in fund balance	<u>\$ -</u>	<u>\$ (91,220)</u>	<u>\$ (91,220)</u>

Overall, General Fund revenues were over budget by 4.1%, or \$155,423. The largest budget variance was in licenses and permit revenue, which exceeded budget amounts by \$73,771. This variance is a result of more building permits than anticipated. Other categories were relatively on budget.

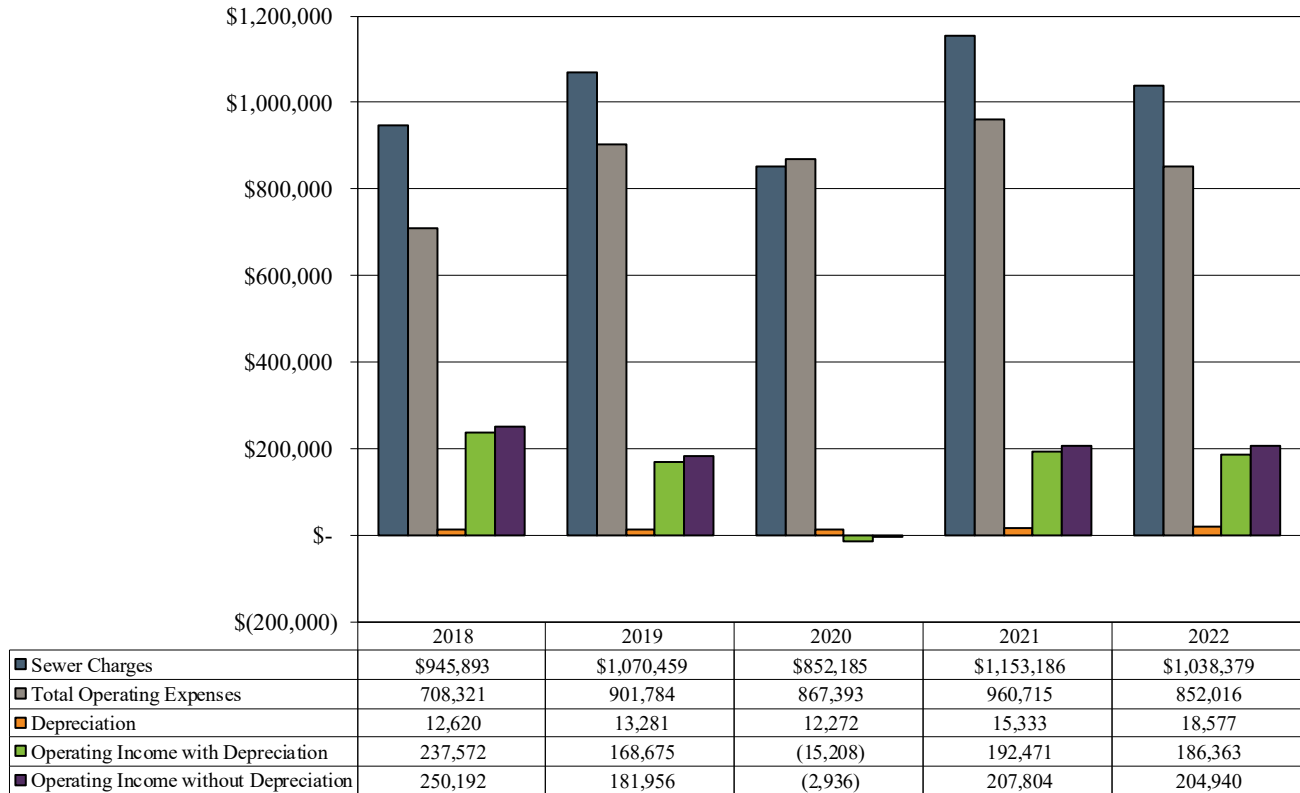
Expenditures were under budget by \$153,357, or 5.7%. The largest variance was in general government, which was \$68,343 under budget. This variance was due to a position being open for part of the year. Public works was under budget \$55,791 as a result of less tree maintenance than anticipated. Other categories were relatively on budget.

## City of Falcon Heights Financial Analysis

### Sanitary Sewer Fund

The graphs below and on the next page illustrate the current operations of the Sanitary Sewer and the Storm Drainage Funds.

**Sanitary Sewer Fund**



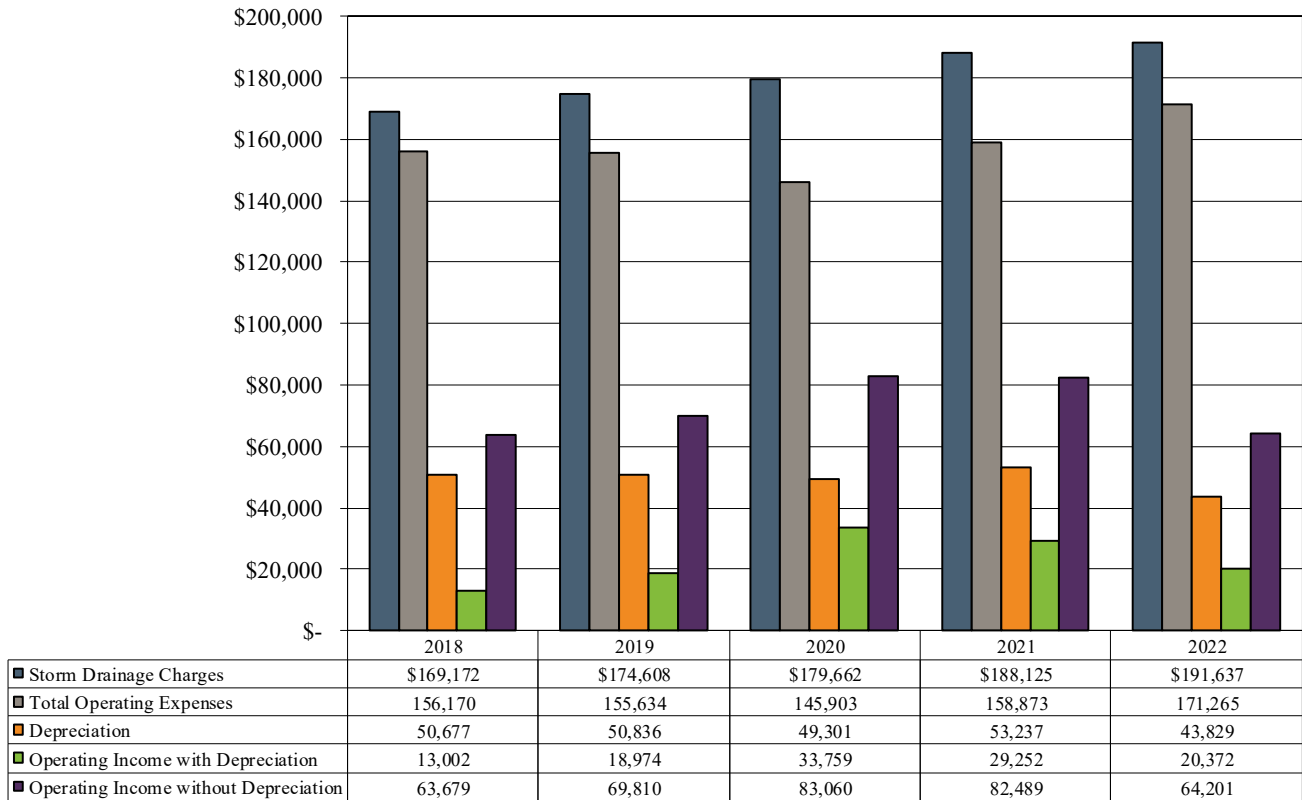
The Sanitary Sewer Fund realized operating income of \$186,363 during 2022. Sewer charges in 2022 decreased by \$114,807 from 2021. This decrease was primarily the result of less SAC fees during the year.

With an operating income of \$186,363, \$(5,442) in nonoperating revenue, the change in the Sanitary Sewer Fund net position was an increase of \$180,921. Total net position increased to \$2,986,740 in 2022.

**City of Falcon Heights  
Financial Analysis**

**Storm Drainage Fund**

**Storm Drainage Fund**



Storm sewer charges for services stayed relatively consistent with the prior year, increasing \$3,512. Operating expenses increased in 2022 by \$12,392. The Storm Drainage Fund had operating income of \$20,372 in 2022.

With \$(1,037) in investment income, the Storm Drainage Fund had a total increase in net position of \$19,335. Ending net position at December 31, 2022, was \$1,738,813.

## **City of Falcon Heights Emerging Issues**

### **Executive Summary**

The following is an executive summary of financial related updates to assist you in staying current on emerging issues in accounting and finance. This summary will give you a preview of the new standards that have been recently issued and what is on the horizon for the near future. The most recent and significant updates include:

- **Accounting Standard Update – GASB Statement No. 96 – Subscription-Based Information Technology Arrangements**  
GASB has issued GASB Statement No. 96 relating to accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement will improve financial reporting by establishing a definition for subscription-based information technology arrangements and providing uniform guidance for accounting and financial reporting for transactions that meet that definition.
- **Accounting Standard Update – GASB Statement No. 100 – Accounting Changes and Error Corrections**  
GASB has issued GASB Statement No. 100 relating to accounting and financial reporting for accounting changes and error corrections. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability.
- **Accounting Standard Update – GASB Statement No. 101 – Compensated Absences**  
GASB has issued GASB Statement No. 101 relating to accounting and financial reporting for compensated absences. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The following are extensive summaries of the current updates. As your continued business partner, we are committed to keeping you informed of new and emerging issues. We are happy to discuss these issues with you further and its applicability to your City.

### **Accounting Standard Update – GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements***

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

## City of Falcon Heights Emerging Issues

### **Accounting Standard Update – GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements (Continued)***

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, – which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.
- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.



**City of Falcon Heights  
Emerging Issues**

**Accounting Standard Update – GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements (Continued)***

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

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

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

GASB Statement No. 96 is effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged.

Information provided above was obtained from [www.gasb.org](http://www.gasb.org).

**Accounting Standard Update – GASB Statement No. 100 – *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62***

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting – understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement.

## **City of Falcon Heights Emerging Issues**

### **Accounting Standard Update – GASB Statement No. 100 – *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62 (Continued)***

This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

GASB Statement No. 100 is effective for reporting periods beginning after June 15, 2023. Earlier application is encouraged.

Information provided above was obtained from [www.gasb.org](http://www.gasb.org).

### **Accounting Standard Update – GASB Statement No. 101 – *Compensated Absences***

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

**City of Falcon Heights**  
**Emerging Issues**

**Accounting Standard Update – GASB Statement No. 101 – *Compensated Absences* (Continued)**

This Statement requires that a liability for certain types of compensated absences – including parental leave, military leave, and jury duty leave – not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

GASB Statement No. 101 is effective for reporting periods beginning after December 15, 2023. Earlier application is encouraged.

Information provided above was obtained from [www.gasb.org](http://www.gasb.org).

**City of Falcon Heights  
Ramsey County, Minnesota**

**Independent Auditor's Report  
on Legal Compliance**

**December 31, 2022**

**Report on Legal Compliance**

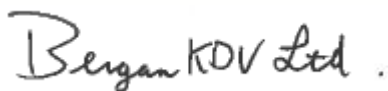
**Independent Auditor's Report**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Falcon Heights, Minnesota as of and for the year ended December 31, 2022, and the related notes to financial statements, and have issued our report thereon dated April 26, 2023.

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

This report is intended solely for the information and use of those charged with governance and management of the City and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.



Minneapolis, Minnesota  
April 26, 2023

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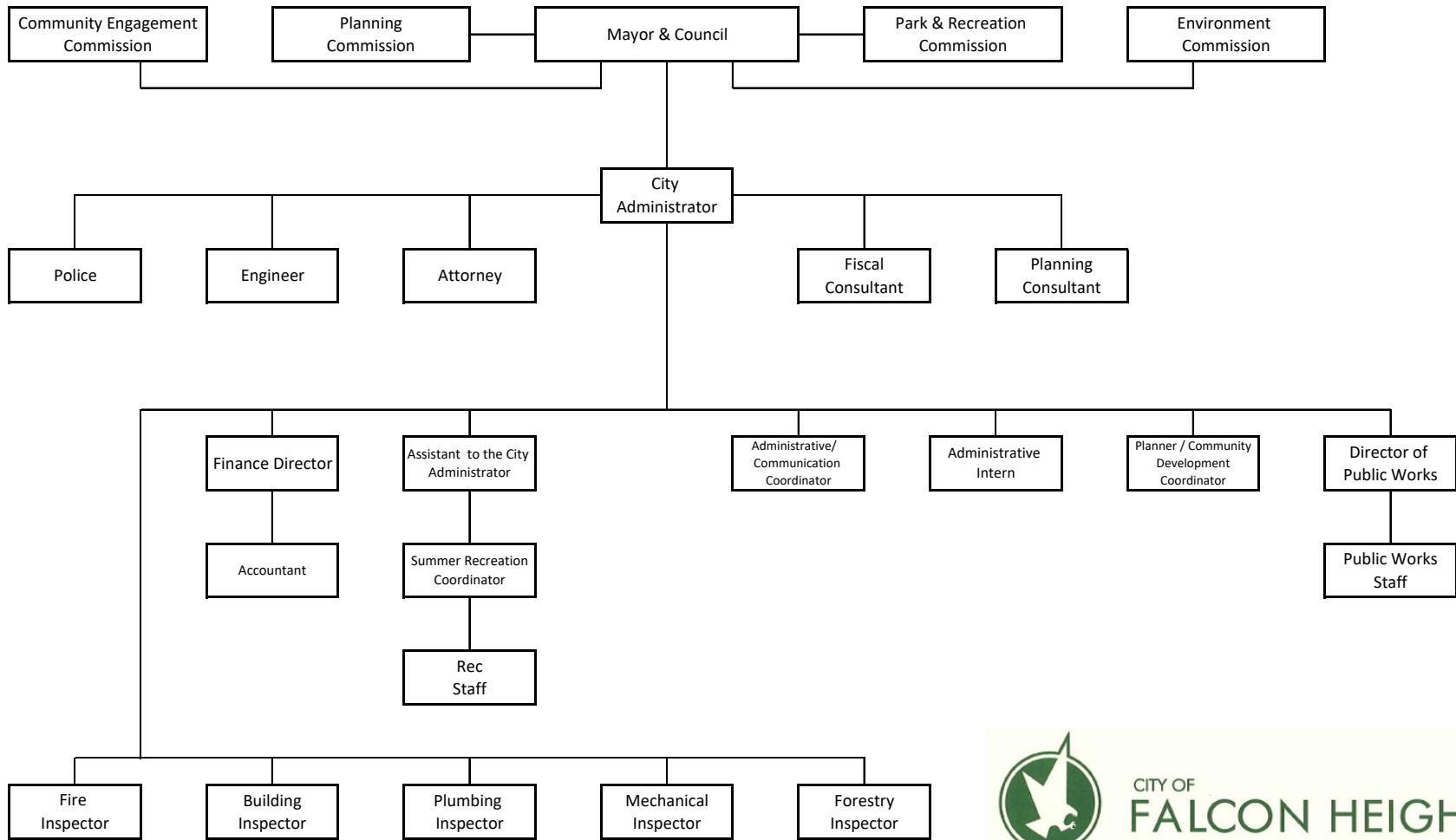
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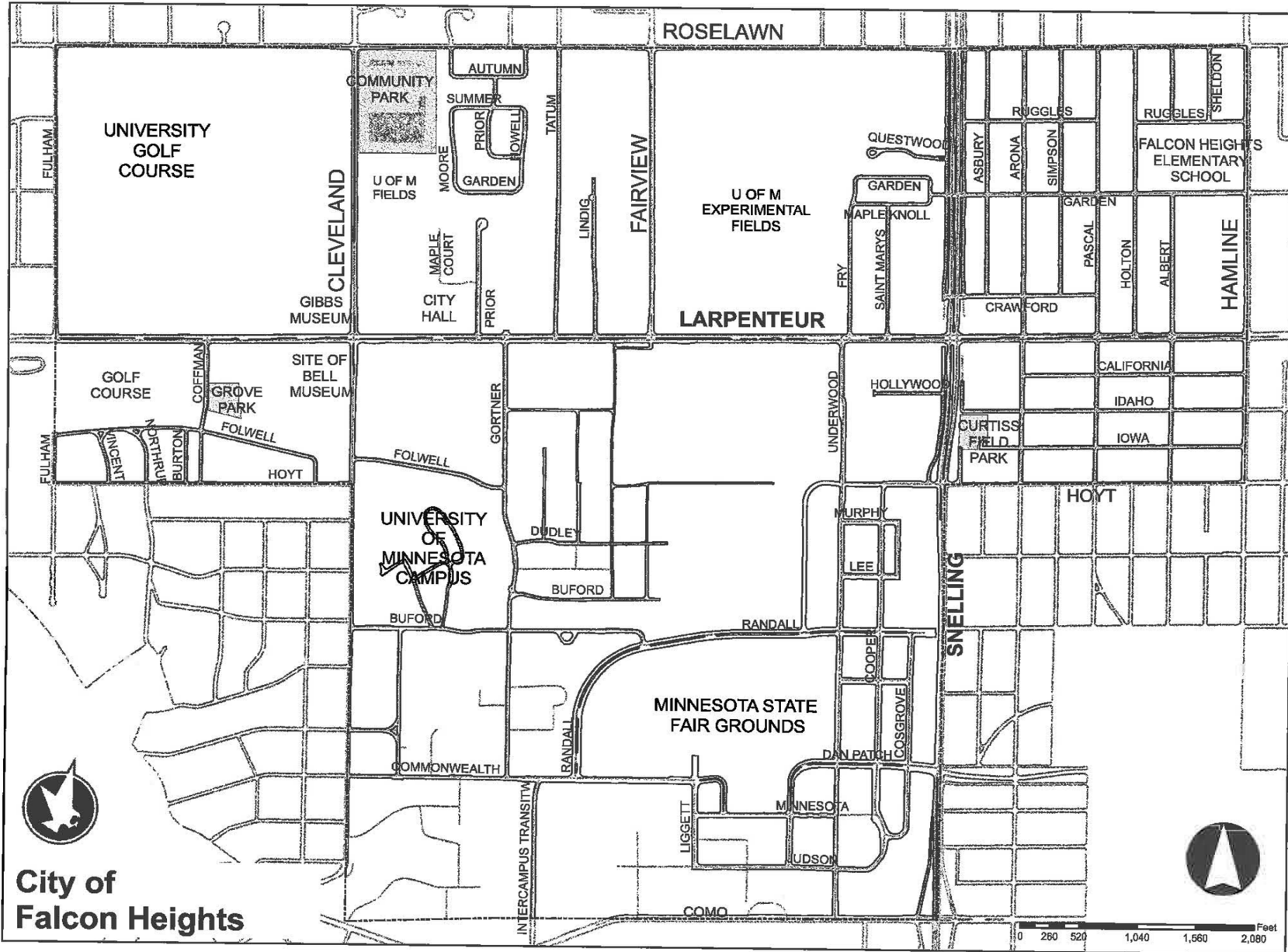
**City of Falcon Heights  
Elected Officials and Administration  
December 31, 2022**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
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
<u>Administration</u>		
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 Map  
December 31, 2022**



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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**

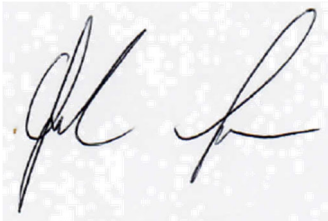
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Falcon Heights for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2021. This was the 32nd consecutive year that the City 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.

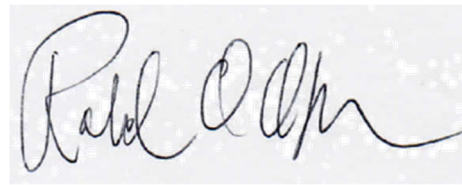
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department, as well as the auditing personnel of BerganKDV, Ltd. We would like to express our appreciation to all members of the department who 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. Merrill*

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.

*Bergan KDV Ltd.*

Minneapolis, Minnesota  
April 26, 2023

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## **City of Falcon Heights Management's Discussion and Analysis**

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.



# **City of Falcon Heights Management's Discussion and Analysis**

## **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.

**City of Falcon Heights  
Management's Discussion and Analysis**

**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.

**City of Falcon Heights  
Management's Discussion and Analysis**

**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
<b>Assets</b>						
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
<b>Liabilities</b>						
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
<b>Net Position</b>						
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

**City of Falcon Heights  
Management's Discussion and Analysis**

**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
<b>Revenues</b>						
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	<u>6,412,411</u>	<u>5,444,075</u>	<u>1,223,537</u>	<u>1,473,426</u>	<u>7,635,948</u>	<u>6,917,501</u>
<b>Expenses</b>						
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	<u>5,437,606</u>	<u>4,600,943</u>	<u>1,023,281</u>	<u>1,119,588</u>	<u>6,460,887</u>	<u>5,720,531</u>
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	<u>974,805</u>	<u>843,132</u>	<u>200,256</u>	<u>353,838</u>	<u>1,175,061</u>	<u>1,196,970</u>
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	<u>\$ 14,455,314</u>	<u>\$ 13,480,509</u>	<u>\$ 4,725,553</u>	<u>\$ 4,525,297</u>	<u>\$ 19,180,867</u>	<u>\$ 18,005,806</u>

## City of Falcon Heights Management's Discussion and Analysis

### GOVERNMENTAL ACTIVITIES

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

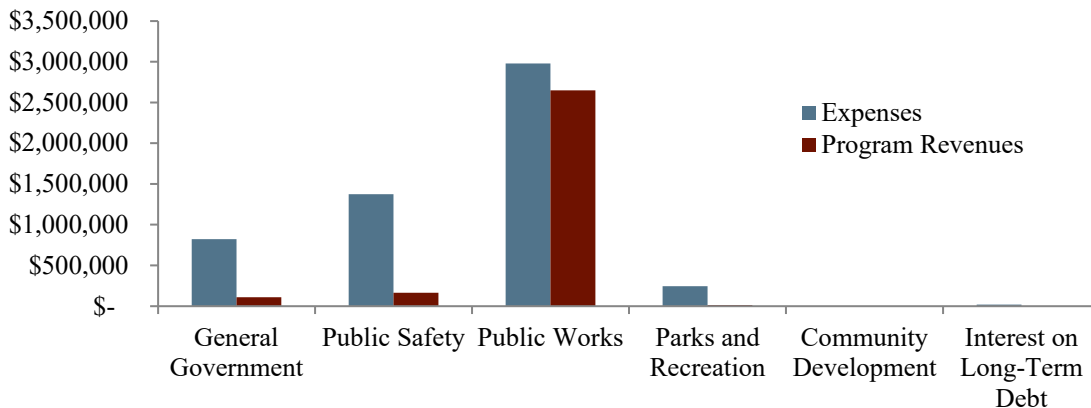
For 2022, the City Council increased the tax levy by 4.9%. In 2021, the City Council increased the tax levy by 4.9%. In 2020, the City increased the tax levy by 7.9%. In both 2019 and 2018, the City increased the tax levy by 24%. In 2017, the City increased the tax levy by 8.9%. In 2016, the City increased 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.

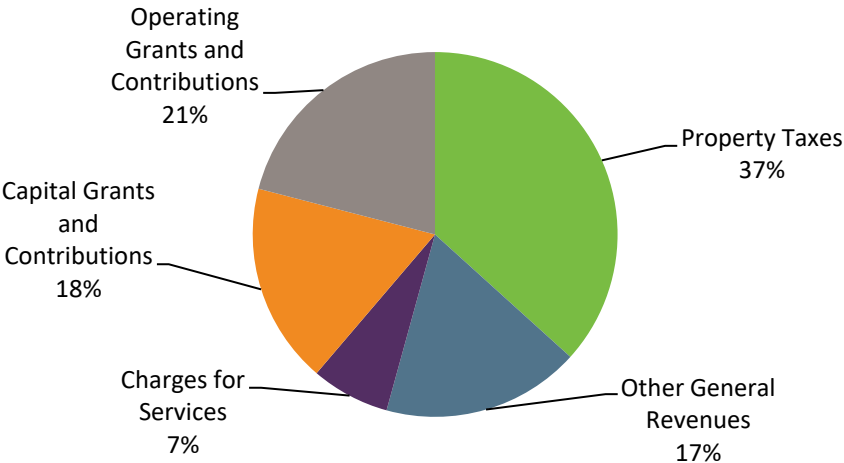
**Expenses and Program Revenue – Governmental Activities**



**City of Falcon Heights  
Management's Discussion and Analysis**

**GOVERNMENTAL ACTIVITIES (CONTINUED)**

**Revenues by Source – Governmental Activities**



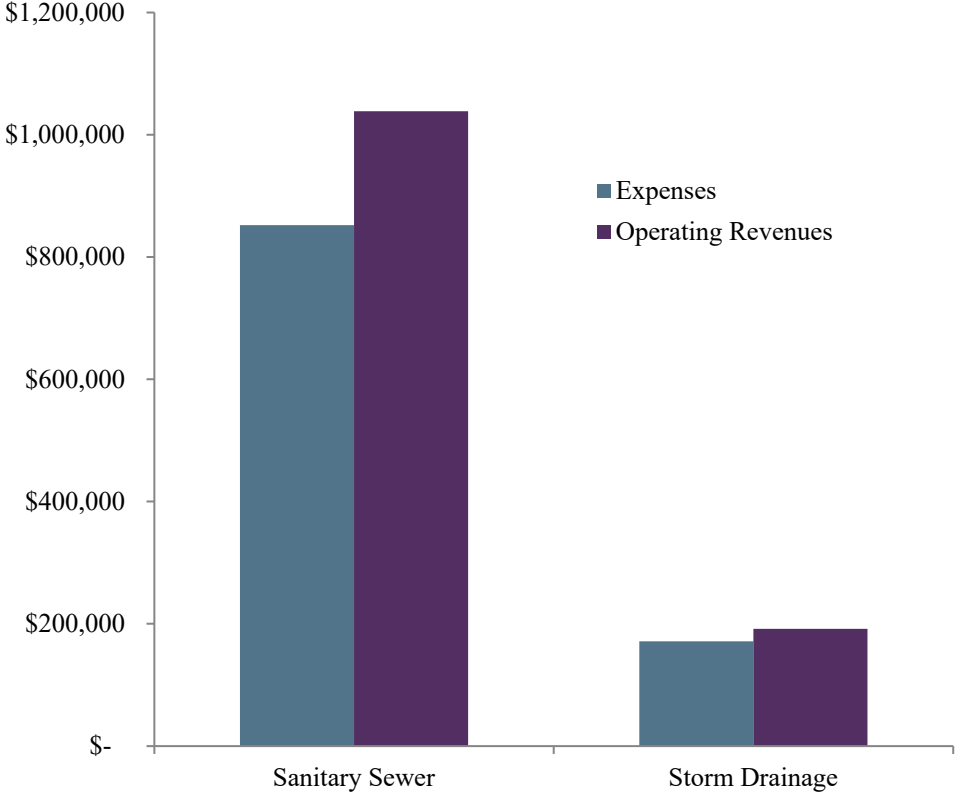
**BUSINESS-TYPE ACTIVITIES**

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.

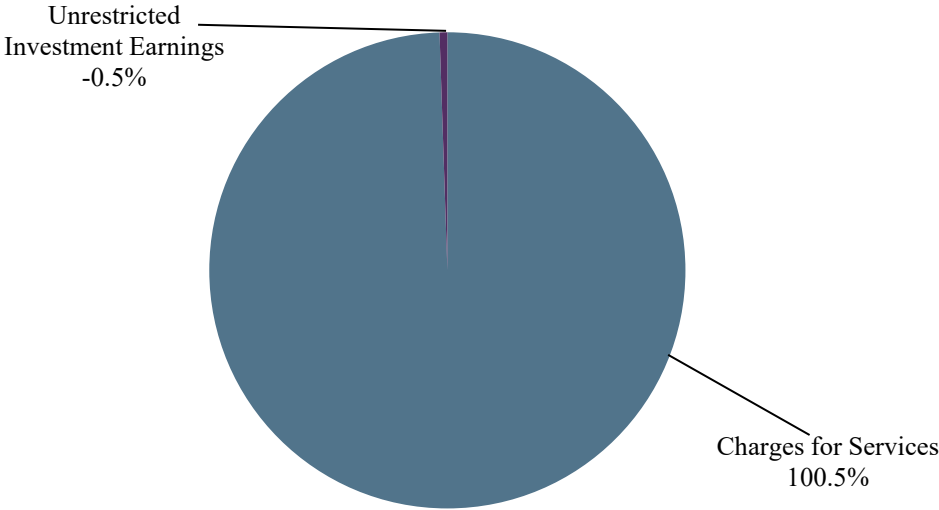
**City of Falcon Heights  
Management's Discussion and Analysis**

**BUSINESS-TYPE ACTIVITIES (CONTINUED)**

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



**Revenues by Source – Business-Type Activities**



## City of Falcon Heights Management's Discussion and Analysis

### 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.



**City of Falcon Heights  
Management's Discussion and Analysis**

**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.

**City of Falcon Heights  
Management's Discussion and Analysis**

**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.

## **City of Falcon Heights Management's Discussion and Analysis**

### **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.

**City of Falcon Heights  
Management's Discussion and Analysis**

**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
<b>Total</b>	<b>\$ 6,994,386</b>	<b>\$ 7,053,078</b>	<b>\$ 2,312,482</b>	<b>\$ 2,201,504</b>	<b>\$ 9,306,868</b>	<b>\$ 9,254,582</b>

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	<b>\$ 1,045,000</b>	<b>\$ 1,165,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,045,000</b>	<b>\$ 1,165,000</b>

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.

**City of Falcon Heights  
Management's Discussion and Analysis**

**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
<b>Assets</b>			
Cash and investments (including cash equivalents)	\$ 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
	<u>18,802,484</u>	<u>5,096,397</u>	<u>23,898,881</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources related to pensions	161,074	59,778	220,852
	<u>161,074</u>	<u>59,778</u>	<u>220,852</u>
Total assets and deferred outflows of resources	<u>\$ 18,963,558</u>	<u>\$ 5,156,175</u>	<u>\$ 24,119,733</u>
<b>Liabilities</b>			
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	<u>4,500,919</u>	<u>427,904</u>	<u>4,928,823</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources related to pensions	7,325	2,718	10,043
	<u>7,325</u>	<u>2,718</u>	<u>10,043</u>
<b>Net Position</b>			
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	<u>14,455,314</u>	<u>4,725,553</u>	<u>19,180,867</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 18,963,558</u>	<u>\$ 5,156,175</u>	<u>\$ 24,119,733</u>

See notes to basic financial statements.

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 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	<u>5,437,606</u>	<u>446,856</u>	<u>1,344,686</u>	<u>1,140,158</u>	<u>(2,505,906)</u>	<u>-</u>	<u>(2,505,906)</u>
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	<u>1,023,281</u>	<u>1,230,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>206,735</u>	<u>206,735</u>
Total governmental and business-type activities	<u>\$ 6,460,887</u>	<u>\$ 1,676,872</u>	<u>\$ 1,344,686</u>	<u>\$ 1,140,158</u>	(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					<u>3,480,711</u>	<u>(6,479)</u>	<u>3,474,232</u>
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					<u>\$ 14,455,314</u>	<u>\$ 4,725,553</u>	<u>\$ 19,180,867</u>

See notes to basic financial statements.



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

	Capital Projects		
	General	Amber Union	Future Improvements
<b>Assets</b>			
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	-	-
	<u>\$ 3,810,699</u>	<u>\$ 1,122,933</u>	<u>\$ 3,489,095</u>
<b>Liabilities</b>			
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	<u>647,551</u>	<u>1,064,296</u>	<u>1,036,597</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - state shared taxes	-	-	604,184
Unavailable revenue - property tax	9,070	-	-
Unavailable revenue - special assessments	-	-	-
Total deferred inflows of resources	<u>9,070</u>	<u>-</u>	<u>604,184</u>
<b>Fund Balances</b>			
Nonspendable	35,967	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	58,637	1,848,314
Unassigned	3,118,111	-	-
Total fund balances	<u>3,154,078</u>	<u>58,637</u>	<u>1,848,314</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,810,699</u>	<u>\$ 1,122,933</u>	<u>\$ 3,489,095</u>

<u>Capital Projects</u>		
<u>Parks/PW and Facilities Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 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
<u>\$ 1,501,373</u>	<u>\$ 1,883,998</u>	<u>\$ 11,808,098</u>
\$ -	\$ 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
<u>1,501,373</u>	<u>1,679,442</u>	<u>8,241,844</u>
<u>\$ 1,501,373</u>	<u>\$ 1,883,998</u>	<u>\$ 11,808,098</u>

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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's expenditures 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	<u>\$ 14,455,314</u>

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

	<u>Capital Projects</u>		
	<u>General</u>	<u>Amber Union</u>	<u>Future Improvements</u>
<b>Revenues</b>			
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	<u>3,092,939</u>	<u>1,074,602</u>	<u>1,337,490</u>
<b>Expenditures</b>			
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	<u>2,544,159</u>	<u>1,065,055</u>	<u>1,054,924</u>
Excess of revenues over (under) expenditures	548,780	9,547	282,566
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	(640,000)	-	(80,000)
Total other financing sources (uses)	<u>(640,000)</u>	<u>-</u>	<u>(80,000)</u>
Net change in fund balances	(91,220)	9,547	202,566
<b>Fund Balances</b>			
Beginning of year	<u>3,245,298</u>	<u>49,090</u>	<u>1,645,748</u>
End of year	<u>\$ 3,154,078</u>	<u>\$ 58,637</u>	<u>\$ 1,848,314</u>

See notes to basic financial statements.

<u>Capital Projects</u>		
<u>Parks/PW and</u>		
<u>Facilities</u>	<u>Other</u>	<u>Total</u>
<u>Capital</u>	<u>Governmental</u>	<u>Governmental</u>
<u>Improvements</u>	<u>Funds</u>	<u>Funds</u>
\$ -	\$ 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
<u>(4,995)</u>	<u>808,844</u>	<u>6,308,880</u>
-	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
<u>109,299</u>	<u>805,806</u>	<u>5,579,243</u>
(114,294)	3,038	729,637
9,976	25,500	35,476
500,000	220,000	720,000
-	-	(720,000)
<u>509,976</u>	<u>245,500</u>	<u>35,476</u>
395,682	248,538	765,113
<u>1,105,691</u>	<u>1,430,904</u>	<u>7,476,731</u>
<u>\$ 1,501,373</u>	<u>\$ 1,679,442</u>	<u>\$ 8,241,844</u>

**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
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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

**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)
<b>Revenues</b>			
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	<u>2,937,516</u>	<u>3,092,939</u>	<u>155,423</u>
<b>Expenditures</b>			
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	<u>2,697,516</u>	<u>2,544,159</u>	<u>(153,357)</u>
Excess of revenues over expenditures	240,000	548,780	308,780
<b>Other Financing Uses</b>			
Transfers out	<u>(240,000)</u>	<u>(640,000)</u>	<u>(400,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(91,220)</u>	<u>\$ (91,220)</u>
<b>Fund Balance</b>			
Beginning of year		<u>3,245,298</u>	
End of year		<u>\$ 3,154,078</u>	



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

	Sanitary Sewer	Storm Drainage	Total
<b>Assets</b>			
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
<b>Deferred Outflows of Resources</b>			
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
<b>Liabilities</b>			
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
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources related to pensions	1,821	897	2,718
<b>Net Position</b>			
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**

	<u>Sanitary Sewer</u>	<u>Storm Drainage</u>	<u>Total</u>
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	<u>852,016</u>	<u>171,265</u>	<u>1,023,281</u>
Operating income	186,363	20,372	206,735
Nonoperating revenues			
Investment income	<u>(5,442)</u>	<u>(1,037)</u>	<u>(6,479)</u>
Income before transfers and capital contributions	180,921	19,335	200,256
Net position			
Beginning of year	<u>2,805,819</u>	<u>1,719,478</u>	<u>4,525,297</u>
End of year	<u>\$ 2,986,740</u>	<u>\$ 1,738,813</u>	<u>\$ 4,725,553</u>

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
<b>Cash Flows - Operating Activities</b>			
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
<b>Cash Flows - Capital and Related Financing Activities</b>			
Acquisition of capital assets	(173,384)	-	(173,384)
Net Cash Flows - Capital and Related Financing Activities	(173,384)	-	(173,384)
<b>Cash Flows - Investing Activities</b>			
Investment Income	(4,286)	(1,037)	(5,323)
Net change in cash and cash equivalents	(9,953)	52,372	42,419
<b>Cash and Cash Equivalents</b>			
Beginning of year	2,002,534	431,893	2,434,427
End of year	\$ 1,992,581	\$ 484,265	\$ 2,476,846
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities</b>			
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.

**City of Falcon Heights**  
**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.

**City of Falcon Heights**  
**Notes to Basic Financial Statements**

**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.

**City of Falcon Heights**  
**Notes to Basic Financial Statements**

**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.

**City of Falcon Heights**  
**Notes to Basic Financial Statements**

**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.

**City of Falcon Heights**  
**Notes to Basic Financial Statements**

**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:

<u>Assets</u>	<u>Years</u>
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.



**City of Falcon Heights**  
**Notes to Basic Financial Statements**

**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.

**City of Falcon Heights**  
**Notes to Basic Financial Statements**

**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.

**City of Falcon Heights**  
**Notes to Basic Financial Statements**

**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.

**City of Falcon Heights**  
**Notes to Basic Financial Statements**

**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
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**B. Investments**

Investment Type	Fair Value	Investment Maturity				Rating
		Less than 1 Year	1 to 3 Years	3 - 5 Years	Over 5 Years	
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	<u>\$ 11,301,786</u>					

**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.

**City of Falcon Heights**  
**Notes to Basic Financial Statements**

**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.)	<u>11,301,786</u>
Total deposits and investments	<u><u>\$ 11,302,036</u></u>

**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	<u>2,476,846</u>
Total	<u><u>\$ 11,302,036</u></u>

**City of Falcon Heights**  
**Notes to Basic Financial Statements**

**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	<u>6,169,490</u>	<u>-</u>	<u>-</u>	<u>6,169,490</u>
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	<u>3,290,633</u>	<u>84,639</u>	<u>196,539</u>	<u>3,178,733</u>
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	<u>2,407,045</u>	<u>143,331</u>	<u>196,539</u>	<u>2,353,837</u>
Total capital assets being depreciated, net	<u>883,588</u>	<u>(58,692)</u>	<u>-</u>	<u>824,896</u>
Governmental activities capital assets, net	<u>\$ 7,053,078</u>	<u>\$ (58,692)</u>	<u>\$ -</u>	<u>\$ 6,994,386</u>

**City of Falcon Heights**  
**Notes to Basic Financial Statements**

**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	<u>4,155,501</u>	<u>173,384</u>	<u>-</u>	<u>4,328,885</u>
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	<u>1,953,997</u>	<u>62,406</u>	<u>-</u>	<u>2,016,403</u>
Total capital assets being depreciated, net	<u>2,201,504</u>	<u>110,978</u>	<u>-</u>	<u>2,312,482</u>
Business-type activities capital assets, net	<u>\$ 2,201,504</u>	<u>\$ 110,978</u>	<u>\$ -</u>	<u>\$ 2,312,482</u>

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	<u>16,403</u>
Total depreciation expense - governmental activities	<u>\$ 143,331</u>
Business-type activities	
Sanitary sewer	\$ 18,577
Storm drainage	<u>43,829</u>
Total depreciation expense - business-type activities	<u>\$ 62,406</u>

**City of Falcon Heights**  
**Notes to Basic Financial Statements**

**NOTE 4 – INTERFUND TRANSFERS**

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

Transfers In	Transfers Out		
	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



**City of Falcon Heights**  
**Notes to Basic Financial Statements**

**NOTE 5 – LONG-TERM DEBT (CONTINUED)**

**A. G.O. Debt**

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

<u>Year Ending December 31,</u>	<u>G.O. Improvement Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
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	<u>\$ 1,045,000</u>	<u>\$ 50,800</u>

**B. Changes in Long-Term Liabilities**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
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	<u>1,354,809</u>	<u>33,375</u>	<u>226,355</u>	<u>1,161,829</u>	<u>282,685</u>
Business-type activities					
Compensated absences	53,017	23,455	15,517	60,955	18,058
Total long-term liabilities	<u>\$ 1,407,826</u>	<u>\$ 56,830</u>	<u>\$ 241,872</u>	<u>\$ 1,222,784</u>	<u>\$ 300,743</u>

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

**City of Falcon Heights**  
**Notes to Basic Financial Statements**

**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 Harmony Project - Senior Housing and Healthcare Revenue Note	2021	7,000,000	7,000,000
Amber Union Project - 2021 Multifamily Housing Revenue Refunding	2021	26,976,188	26,948,601
Total		<u>\$ 57,982,521</u>	<u>\$ 52,843,076</u>

**City of Falcon Heights**  
**Notes to Basic Financial Statements**

**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
<b>Total</b>	<u>\$ 3,154,078</u>	<u>\$ 58,637</u>	<u>\$ 1,848,314</u>	<u>\$ 1,501,373</u>	<u>\$ 1,679,442</u>	<u>\$ 8,241,844</u>

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.

**City of Falcon Heights**  
**Notes to Basic Financial Statements**

**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.

**City of Falcon Heights**  
**Notes to Basic Financial Statements**

**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.

**City of Falcon Heights**  
**Notes to Basic Financial Statements**

**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

**City of Falcon Heights**  
**Notes to Basic Financial Statements**

**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 %	

**City of Falcon Heights**  
**Notes to Basic Financial Statements**

**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.



**City of Falcon Heights**  
**Notes to Basic Financial Statements**

**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](http://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 through 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.

**City of Falcon Heights**  
**Notes to Basic Financial Statements**

**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 Liability and the State's Proportionate Share of the Net Pension Liability 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.

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

**INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH**

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

**CONDITION RATING OF THE CITY'S STREET SYSTEMS**

	<u>2016</u>	<u>2019</u>	<u>2022</u>
Streets and alleys	<u>77</u>	<u>71</u>	<u>69</u>

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.

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

**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 changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 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 retirees 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.

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

**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.



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

**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
<b>Assets</b>				
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	-	-	-	-
	<u>\$ 57,716</u>	<u>\$ 255,810</u>	<u>\$ 108,545</u>	<u>\$ 20,327</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 7,459	\$ -
Contracts payable	-	-	-	-
Salaries and benefits payable	-	-	43	-
Total liabilities	<u>-</u>	<u>-</u>	<u>7,502</u>	<u>-</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue - special assessments	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>				
Restricted	-	-	-	-
Committed	57,716	255,810	101,043	20,327
Assigned	-	-	-	-
Total fund balances	<u>57,716</u>	<u>255,810</u>	<u>101,043</u>	<u>20,327</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 57,716</u>	<u>\$ 255,810</u>	<u>\$ 108,545</u>	<u>\$ 20,327</u>

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
-	-	-	-	-
-	-	-	-	-
<u>\$ 66,087</u>	<u>\$ 4,939</u>	<u>\$ 38,757</u>	<u>\$ 1,679</u>	<u>\$ 553,860</u>
\$ 3,825	\$ -	\$ 991	\$ -	\$ 12,275
-	-	-	-	-
-	-	-	-	43
<u>3,825</u>	<u>-</u>	<u>991</u>	<u>-</u>	<u>12,318</u>
-	-	-	-	-
-	-	-	-	-
-	-	37,766	1,679	39,445
62,262	4,939	-	-	502,097
-	-	-	-	-
<u>62,262</u>	<u>4,939</u>	<u>37,766</u>	<u>1,679</u>	<u>541,542</u>
<u>\$ 66,087</u>	<u>\$ 4,939</u>	<u>\$ 38,757</u>	<u>\$ 1,679</u>	<u>\$ 553,860</u>

**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
<b>Assets</b>				
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
<b>Total assets</b>	<u>\$ 466,326</u>	<u>\$ 242,552</u>	<u>\$ 708,878</u>	<u>\$ 423,124</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Contracts payable	-	-	-	-
Salaries and benefits payable	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue - special assessments	8,992	123,527	132,519	-
<b>Total deferred inflows of resources</b>	<u>8,992</u>	<u>123,527</u>	<u>132,519</u>	<u>-</u>
<b>Fund Balances</b>				
Restricted	457,334	119,025	576,359	-
Committed	-	-	-	-
Assigned	-	-	-	423,124
<b>Total fund balances</b>	<u>457,334</u>	<u>119,025</u>	<u>576,359</u>	<u>423,124</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 466,326</u>	<u>\$ 242,552</u>	<u>\$ 708,878</u>	<u>\$ 423,124</u>

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
<u>\$ 16,851</u>	<u>\$ 64,545</u>	<u>\$ 84,313</u>	<u>\$ 32,427</u>	<u>\$ 621,260</u>	<u>\$ 1,883,998</u>
\$ 8,281	\$ 813	\$ 1,031	\$ -	\$ 10,125	\$ 22,400
-	49,594	-	-	49,594	49,594
-	-	-	-	-	43
<u>8,281</u>	<u>50,407</u>	<u>1,031</u>	<u>-</u>	<u>59,719</u>	<u>72,037</u>
-	-	-	-	-	132,519
-	-	-	-	-	132,519
-	-	83,282	-	83,282	699,086
-	-	-	-	-	502,097
8,570	14,138	-	32,427	478,259	478,259
<u>8,570</u>	<u>14,138</u>	<u>83,282</u>	<u>32,427</u>	<u>561,541</u>	<u>1,679,442</u>
<u>\$ 16,851</u>	<u>\$ 64,545</u>	<u>\$ 84,313</u>	<u>\$ 32,427</u>	<u>\$ 621,260</u>	<u>\$ 1,883,998</u>

**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
<b>Revenues</b>				
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	<u>10,208</u>	<u>40,352</u>	<u>99,111</u>	<u>(34)</u>
<b>Expenditures</b>				
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	<u>30,594</u>	<u>13,153</u>	<u>105,211</u>	<u>758</u>
Excess of revenues over (under) expenditures	(20,386)	27,199	(6,100)	(792)
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	26,000	-	-	-
Total other financing sources (uses)	<u>26,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	5,614	27,199	(6,100)	(792)
<b>Fund Balances</b>				
Beginning of year	<u>52,102</u>	<u>228,611</u>	<u>107,143</u>	<u>21,119</u>
End of year	<u>\$ 57,716</u>	<u>\$ 255,810</u>	<u>\$ 101,043</u>	<u>\$ 20,327</u>

Special Revenue

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



**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.	G.O.	Total	General Capital
	Improvement Bonds, Series 2017A	Improvement Bonds, Series 2021A		
<b>Revenues</b>				
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	<u>119,588</u>	<u>125,220</u>	<u>244,808</u>	<u>14,666</u>
<b>Expenditures</b>				
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	<u>138,218</u>	<u>19,721</u>	<u>157,939</u>	<u>7,144</u>
Excess of revenues over (under) expenditures	(18,630)	105,499	86,869	7,522
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	114,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,000</u>
Net change in fund balances	(18,630)	105,499	86,869	121,522
<b>Fund Balances</b>				
Beginning of year	<u>475,964</u>	<u>13,526</u>	<u>489,490</u>	<u>301,602</u>
End of year	<u>\$ 457,334</u>	<u>\$ 119,025</u>	<u>\$ 576,359</u>	<u>\$ 423,124</u>

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
<u>14,578</u>	<u>5,372</u>	<u>337,235</u>	<u>(77)</u>	<u>371,774</u>	<u>808,844</u>
-	-	-	-	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
<u>66,008</u>	<u>44,806</u>	<u>334,496</u>	<u>758</u>	<u>453,212</u>	<u>805,806</u>
(51,430)	(39,434)	2,739	(835)	(81,438)	3,038
-	-	-	25,500	25,500	25,500
<u>60,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>194,000</u>	<u>220,000</u>
<u>60,000</u>	<u>20,000</u>	<u>-</u>	<u>25,500</u>	<u>219,500</u>	<u>245,500</u>
8,570	(19,434)	2,739	24,665	138,062	248,538
-	33,572	80,543	7,762	423,479	1,430,904
<u>\$ 8,570</u>	<u>\$ 14,138</u>	<u>\$ 83,282</u>	<u>\$ 32,427</u>	<u>\$ 561,541</u>	<u>\$ 1,679,442</u>

**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)
<b>Revenues</b>			
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	<u>633,532</u>	<u>652,290</u>	<u>18,758</u>
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	<u>20,600</u>	<u>31,069</u>	<u>10,469</u>
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	<u>18,700</u>	<u>26,121</u>	<u>7,421</u>
Total revenues	<u>2,937,516</u>	<u>3,092,939</u>	<u>155,423</u>
<b>Expenditures</b>			
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**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>Expenditures (Continued)</b>			
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	<u>876,521</u>	<u>808,178</u>	<u>(68,343)</u>
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	<u>1,396,600</u>	<u>1,383,570</u>	<u>(13,030)</u>
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)
<b>Expenditures (Continued)</b>			
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
 <b>Other Financing Uses</b>			
Transfers out	(240,000)	(640,000)	(400,000)
 Net change in fund balance	\$ -	(91,220)	\$ (91,220)
 <b>Fund Balance</b>			
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)
<b>Revenues</b>			
Charges for services	\$ 3,000	\$ 10,269	\$ 7,269
Miscellaneous revenues			
Investment income	300	(61)	(361)
Total revenues	3,300	10,208	6,908
<b>Expenditures</b>			
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
<b>Other Financing Sources</b>			
Transfers in	26,000	26,000	-
Net change in fund balance	\$ (9,690)	5,614	\$ 15,304
<b>Fund Balance</b>			
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)
<b>Revenues</b>			
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
<b>Expenditures</b>			
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
<b>Fund Balance</b>			
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)
<b>Revenues</b>			
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	<u>94,300</u>	<u>99,111</u>	<u>4,811</u>
<b>Expenditures</b>			
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	<u>105,690</u>	<u>105,211</u>	<u>(479)</u>
Excess of revenues over (under) expenditures	<u>\$ (11,390)</u>	<u>(6,100)</u>	<u>\$ 5,290</u>
<b>Fund Balance</b>			
Beginning of year		<u>107,143</u>	
End of year		<u>\$ 101,043</u>	

**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)
<b>Revenues</b>			
Miscellaneous revenues			
Investment income	\$ 150	\$ (34)	\$ (184)
Other	1,895	-	(1,895)
Total revenues	2,045	(34)	(2,079)
<b>Expenditures</b>			
Community development			
Other	9,100	758	(8,342)
Excess of revenues over (under) expenditures	\$ (7,055)	(792)	\$ 6,263
<b>Fund Balance</b>			
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)
<b>Revenues</b>			
Charges for services	\$ 41,000	\$ 41,815	\$ 815
Miscellaneous revenues			
Investment income	200	(136)	(336)
Total revenues	41,200	41,679	479
<b>Expenditures</b>			
Public works			
Other	39,900	38,035	(1,865)
Excess of revenues over expenditures	\$ 1,300	3,644	\$ 2,344
<b>Fund Balance</b>			
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)
<b>Revenues</b>			
Charges for services			
Park and recreation	\$ 950	\$ 975	\$ 25
Miscellaneous revenues			
Investment income	40	(8)	(48)
Total revenues	990	967	(23)
<b>Expenditures</b>			
Park and recreation			
Other	2,000	51	(1,949)
Excess of revenues (under) expenditures	\$ (1,010)	916	\$ 1,926
<b>Fund Balance</b>			
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)
<b>Revenues</b>			
Miscellaneous revenues			
Investment income	\$ 200	\$ (18)	\$ (218)
Contributions and donations	50	-	(50)
Total miscellaneous revenues	250	(18)	(268)
<b>Expenditures</b>			
Public Safety			
Wages, salaries and compensation	35,000	6,853	(28,147)
Excess of revenues under (under) expenditures	\$ (34,750)	(6,871)	\$ 27,879
<b>Fund Balance</b>			
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)
<b>Revenues</b>			
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)
<b>Expenditures</b>			
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)
<b>Fund Balance</b>			
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)
<b>Revenues</b>			
Miscellaneous revenues			
Investment income	\$ 1,200	\$ (803)	\$ (2,003)
Other	4,000	15,469	11,469
Total revenues	5,200	14,666	9,466
<b>Expenditures</b>			
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
<b>Other Financing Sources</b>			
Transfers in	114,000	114,000	-
Net Change in Fund Balance	\$ 111,900	121,522	\$ 9,622
<b>Fund Balance</b>			
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**

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



**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)
<b>Revenues</b>			
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
<b>Expenditures</b>			
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
<b>Other Financing Sources</b>			
Transfers in	20,000	20,000	-
Net change in fund balance	\$ (44,800)	(19,434)	\$ 25,366
<b>Fund Balance</b>			
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**

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

**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		Actual Amounts		Variance with Final Budget - Over (Under)
	Original and Final Budget				
<b>Revenues</b>					
Miscellaneous revenues					
Investment income	\$ 20		\$ (77)		\$ (97)
<b>Expenditures</b>					
Public safety					
Current					
Other	800		758		(42)
Excess of revenues under expenditures	(780)		(835)		(55)
<b>Other Financing Sources</b>					
Proceeds from sale of capital assets	-		25,500		25,500
Net Change in Fund Balance	\$ (780)		24,665		\$ 25,445
<b>Fund Balance</b>					
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)
<b>Revenues</b>				
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
<b>Expenditures</b>				
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)
<b>Other Financing Sources</b>				
Transfers out	-	(80,000)	(80,000)	-
Net change in fund balance	\$ 302,700	\$ 204,700	202,566	\$ (2,134)
<b>Fund Balance</b>				
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)
<b>Revenues</b>			
Miscellaneous revenues			
Investment income	\$ 800	\$ (5,495)	\$ (5,495)
Contributions and Donations	-	500	500
Total Miscellaneous	800	(4,995)	(4,995)
<b>Expenditures</b>			
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)
<b>Other Financing Sources</b>			
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
<b>Fund Balance</b>			
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
<b>Governmental Activities</b>				
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	<u>2,493,059</u>	<u>2,545,364</u>	<u>2,302,829</u>	<u>2,421,877</u>
Total governmental activities	<u>\$ 10,604,835</u>	<u>\$ 10,413,226</u>	<u>\$ 9,985,622</u>	<u>\$ 10,045,929</u>
<b>Business-Type Activities</b>				
Net investment in capital assets	\$ 828,552	\$ 1,223,115	\$ 1,535,176	\$ 1,487,989
Unrestricted	<u>2,670,746</u>	<u>2,656,683</u>	<u>2,398,677</u>	<u>2,524,097</u>
Total business-type activities	<u>\$ 3,499,298</u>	<u>\$ 3,879,798</u>	<u>\$ 3,933,853</u>	<u>\$ 4,012,086</u>
<b>Primary Government</b>				
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	<u>5,163,805</u>	<u>5,202,047</u>	<u>4,701,506</u>	<u>4,945,974</u>
Total primary government net position	<u>\$ 14,104,133</u>	<u>\$ 14,293,024</u>	<u>\$ 13,919,475</u>	<u>\$ 14,058,015</u>

**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
<u>2,534,275</u>	<u>2,754,612</u>	<u>3,135,756</u>	<u>4,380,322</u>	<u>5,695,480</u>	<u>5,837,757</u>
<u>\$ 10,220,719</u>	<u>\$ 10,419,827</u>	<u>\$ 11,305,134</u>	<u>\$ 12,637,377</u>	<u>\$ 13,480,509</u>	<u>\$ 14,455,314</u>
\$ 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
<u>\$ 3,815,022</u>	<u>\$ 3,872,933</u>	<u>\$ 4,116,500</u>	<u>\$ 4,171,459</u>	<u>\$ 4,525,297</u>	<u>\$ 4,725,553</u>
\$ 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
<u>4,673,610</u>	<u>5,007,187</u>	<u>5,525,238</u>	<u>6,612,440</u>	<u>8,019,273</u>	<u>8,250,828</u>
<u>\$ 14,035,741</u>	<u>\$ 14,292,760</u>	<u>\$ 15,421,634</u>	<u>\$ 16,808,836</u>	<u>\$ 18,005,806</u>	<u>\$ 19,180,867</u>

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

	Fiscal Year			
	2013	2014	2015	2016
<b>Expenses</b>				
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	<u>3,272,250</u>	<u>2,520,925</u>	<u>3,043,643</u>	<u>2,601,464</u>
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	<u>841,559</u>	<u>745,653</u>	<u>750,419</u>	<u>882,718</u>
 Total primary government expenses	 <u>\$ 4,113,809</u>	 <u>\$ 3,266,578</u>	 <u>\$ 3,794,062</u>	 <u>\$ 3,484,182</u>
<b>Program Revenues</b>				
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	<u>1,503,376</u>	<u>669,330</u>	<u>1,149,609</u>	<u>624,415</u>
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	<u>963,663</u>	<u>935,960</u>	<u>911,523</u>	<u>987,107</u>
 Total primary government program revenues	 <u>\$ 2,467,039</u>	 <u>\$ 1,605,290</u>	 <u>\$ 2,061,132</u>	 <u>\$ 1,611,522</u>

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
<u>3,807,849</u>	<u>3,323,267</u>	<u>3,106,201</u>	<u>3,208,223</u>	<u>4,600,943</u>	<u>5,437,606</u>
723,236	708,321	901,784	867,393	960,715	852,016
142,494	156,170	155,634	145,903	158,873	171,265
<u>865,730</u>	<u>864,491</u>	<u>1,057,418</u>	<u>1,013,296</u>	<u>1,119,588</u>	<u>1,023,281</u>
<u>\$ 4,673,579</u>	<u>\$ 4,187,758</u>	<u>\$ 4,163,619</u>	<u>\$ 4,221,519</u>	<u>\$ 5,720,531</u>	<u>\$ 6,460,887</u>
\$ 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
<u>1,544,684</u>	<u>659,931</u>	<u>894,002</u>	<u>1,224,874</u>	<u>1,719,321</u>	<u>2,931,700</u>
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	-
-	-	-	-	-	-
<u>1,049,348</u>	<u>1,115,065</u>	<u>1,245,067</u>	<u>1,031,847</u>	<u>1,470,550</u>	<u>1,230,016</u>
<u>\$ 2,594,032</u>	<u>\$ 1,774,996</u>	<u>\$ 2,139,069</u>	<u>\$ 2,256,721</u>	<u>\$ 3,189,871</u>	<u>\$ 4,161,716</u>

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

	Fiscal Year			
	2013	2014	2015	2016
<b>Net (Expense)/Revenue</b>				
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	 <u>\$ (1,646,770)</u>	 <u>\$ (1,661,288)</u>	 <u>\$ (1,732,930)</u>	 <u>\$ (1,872,660)</u>
 <b>General Revenues and Other Changes in Net Position</b>				
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	<u>1,922,841</u>	<u>1,683,529</u>	<u>1,801,058</u>	<u>2,037,356</u>
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	<u>(77,384)</u>	<u>190,193</u>	<u>13,091</u>	<u>(26,156)</u>
 Total primary government	 <u>\$ 1,845,457</u>	 <u>\$ 1,873,722</u>	 <u>\$ 1,814,149</u>	 <u>\$ 2,011,200</u>
 <b>Changes in Net Position</b>				
Governmental activities	\$ 153,967	\$ (168,066)	\$ (92,976)	\$ 60,307
Business-type activities	44,720	380,500	174,195	78,233
 Total primary government	 <u>\$ 198,687</u>	 <u>\$ 212,434</u>	 <u>\$ 81,219</u>	 <u>\$ 138,540</u>

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

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
<u>\$ (2,079,547)</u>	<u>\$ (2,412,762)</u>	<u>\$ (2,024,550)</u>	<u>\$ (1,964,798)</u>	<u>\$ (2,530,660)</u>	<u>\$ (2,299,171)</u>
\$ 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	-	-	-	-
<u>2,437,955</u>	<u>2,862,444</u>	<u>3,097,506</u>	<u>3,315,592</u>	<u>3,724,754</u>	<u>3,480,711</u>
-	-	-	-	-	-
19,318	37,337	55,918	36,408	2,876	(6,479)
-	-	-	-	-	-
<u>(400,000)</u>	<u>(230,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(380,682)</u>	<u>(192,663)</u>	<u>55,918</u>	<u>36,408</u>	<u>2,876</u>	<u>(6,479)</u>
<u>\$ 2,057,273</u>	<u>\$ 2,669,781</u>	<u>\$ 3,153,424</u>	<u>3,352,000</u>	<u>3,727,630</u>	<u>3,474,232</u>
\$ 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
<u>\$ (22,274)</u>	<u>\$ 257,019</u>	<u>\$ 1,128,874</u>	<u>\$ 1,387,202</u>	<u>\$ 1,196,970</u>	<u>\$ 1,175,061</u>

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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



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

	Fiscal Year			
	2013	2014	2015	2016
<b>General Fund</b>				
Nonspendable	\$ 70,602	\$ 89,222	\$ 85,535	\$ 71,138
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u>1,275,982</u>	<u>1,326,645</u>	<u>1,334,716</u>	<u>1,504,383</u>
Total General Fund	<u>\$ 1,346,584</u>	<u>\$ 1,415,867</u>	<u>\$ 1,420,251</u>	<u>\$ 1,575,521</u>
<b>All Other Governmental Funds</b>				
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43,120)</u>
Total All Other Governmental Funds	<u>\$ 2,087,140</u>	<u>\$ 1,582,790</u>	<u>\$ 1,384,967</u>	<u>\$ 1,402,751</u>

**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
<u>\$ 1,713,822</u>	<u>\$ 1,868,955</u>	<u>\$ 2,025,199</u>	<u>\$ 2,568,220</u>	<u>\$ 3,245,298</u>	<u>\$ 3,154,078</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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
-	-	-	-	-	-
<u>\$ 2,461,819</u>	<u>\$ 2,443,121</u>	<u>\$ 2,650,252</u>	<u>\$ 3,060,791</u>	<u>\$ 4,231,433</u>	<u>\$ 5,087,766</u>

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

	Fiscal Year			
	2013	2014	2015	2016
<b>Revenues</b>				
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	<u>3,086,626</u>	<u>2,542,753</u>	<u>2,913,458</u>	<u>2,712,551</u>
<b>Expenditures</b>				
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	<u>3,714,978</u>	<u>3,194,472</u>	<u>2,988,691</u>	<u>2,490,747</u>
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
	<u>3,584,047</u>	<u>3,334,196</u>	<u>4,024,581</u>	<u>4,582,819</u>	<u>4,839,363</u>	<u>6,308,880</u>
\$	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
	<u>3,748,072</u>	<u>3,399,988</u>	<u>3,332,840</u>	<u>3,463,380</u>	<u>4,898,057</u>	<u>5,579,243</u>
	(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
<b>Other Financing Sources (Uses)</b>				
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)	<u>1,248,637</u>	<u>174,060</u>	<u>270</u>	<u>40,061</u>
Net change in fund balances	<u>\$ 620,285</u>	<u>\$ (477,659)</u>	<u>\$ (74,963)</u>	<u>\$ 261,865</u>
Debt service as a percentage of noncapital expenditures	3.37%	3.10%	5.98%	9.33%

**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		-
	<u>1,245,225</u>		<u>230,000</u>		<u>-</u>		<u>-</u>		<u>1,232,861</u>		<u>35,476</u>
<u>\$</u>	<u>1,081,200</u>	<u>\$</u>	<u>164,208</u>	<u>\$</u>	<u>691,741</u>	<u>\$</u>	<u>1,119,439</u>	<u>\$</u>	<u>1,174,167</u>	<u>\$</u>	<u>765,113</u>
	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



**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.

**Table 7**

Total Taxable Assessed Value (1)	Total Direct Tax Rate	Estimated Actual Taxable Market Value	Assesed (Tax Capacity) Value <sup>(1)</sup> 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)								
Fiscal Year	City of Falcon Heights			Overlapping Rates				Total Direct and Overlapping Rates
	Operating Rate (3)	Debt Service Rate	Total City Rate	Technical College Rate	Ramsey County Rate	School District No. 623 Rate	Special Districts Rate	
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

<sup>(1)</sup> 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 proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

<sup>(2)</sup> Tax capacity rates are used by state statute instead of millage rates.

<sup>(3)</sup> Does not include tax increments.

**City of Falcon Heights**  
**Principal Property Taxpayers**  
December 31, 2022

**Table 9**

Taxpayer	2022			2013		
	Taxable Assessed Value (1)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	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 %
<b>Total</b>	<b>\$ 1,645,499</b>		<b>29.64 %</b>	<b>\$ 623,811</b>		<b>16.60 %</b>

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

**City of Falcon Heights  
Property Tax Levies and Collections <sup>(1)</sup>  
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	Percentage of Levy		Amount	Percentage 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%

**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 <sup>(1)</sup>	Per Capita <sup>(1)</sup>
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.

<sup>(1)</sup> 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 <sup>(1)</sup> of Property	Per Capita <sup>(2)</sup>
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.

<sup>(1)</sup> See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property (Table 7) for property value data.

<sup>(2)</sup> Population data can be found in the Schedule of Demographic and Economic Statistics (Table 16)



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

**Table 13**

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

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.

<sup>(1)</sup>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 <sup>(1)</sup>	Sinking Funds	Net Debt	City's Share	
				Percent	Amount
<b>Direct</b>					
City of Falcon Heights	\$ 1,078,957	\$ 576,359	\$ 502,598	100.00 %	\$ 502,598
<b>Overlapping</b>					
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
<b>Metropolitan Agencies</b>					
Metro Council	1,796,428,968	187,511,005	1,608,917,963	0.13	2,045,265
Metro airports	-	-	-		-
Commission	-	-	-		-
Total	-	-	-		-
Overlapping Debt	<u>2,234,230,968</u>	<u>296,877,250</u>	<u>1,937,353,718</u>		<u>14,006,463</u>
Total direct and overlapping debt	<u>\$ 2,235,309,925</u>	<u>\$ 297,453,609</u>	<u>\$ 1,937,856,316</u>		<u>\$ 14,509,061</u>

<sup>(1)</sup> 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.

**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	<u>\$ 6,838,406</u>	<u>\$ 6,991,052</u>	<u>\$ 7,717,764</u>	<u>\$ 7,693,598</u>
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
		-	-	-	-	-	-
	\$	<u>8,068,774</u>	<u>\$ 8,539,354</u>	<u>\$ 9,280,272</u>	<u>\$ 10,054,406</u>	<u>\$ 10,551,540</u>	<u>\$ 10,418,674</u>
		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
							Legal Debt Margin Calculation for Fiscal Year 2022
							<hr/>
Assessed value	\$						520,933,700
Add back exempt real property							-
Total assessed value							<hr/> 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							<hr/> -
Legal debt margin	\$						<u>10,418,674</u>

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

**Table 15**

Fiscal Year	Special Assessment Bonds				Coverage
	Special Assessment Collections	Debt Service			
		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.

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

**Table 16**

Fiscal Year	Population <sup>(1)</sup>	Total Personal Income	Per Capita Personal Income <sup>(2)</sup>	Median Age <sup>(3)</sup>	Education Level in Years of Formal Schooling <sup>(3)</sup>	School Enrollment <sup>(4)</sup>	Unemployment Rate <sup>(5)</sup>
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

<sup>(1)</sup> Bureau of the Census/Metropolitan Council

<sup>(2)</sup> State of Minnesota Demography Department - Ramsey County data and US Census data

<sup>(3)</sup> Census Data for 2020

<sup>(4)</sup> School District

<sup>(5)</sup> 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**

Taxpayer	2022			2013		
	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:	<u>3,600</u>		<u>82.92 %</u>	<u>3,400</u>		<u>86.71 %</u>

- (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.



**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
<b>General Government</b>	4.16	4.51	4.26	4.26	4.61	5.21	5.21	5.21	5.18	5.41
<b>Public Safety</b>										
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
<b>Highways and Streets</b>										
Engineering (2)										
Maintenance	1.13	1.13	1.13	1.13	1.10	1.11	1.11	1.11	1.11	1.13
<b>Park and Recreation</b>	2.49	2.49	2.49	2.49	2.44	2.49	2.49	2.49	1.64	2.49
<b>Sewer</b>	2.19	2.19	2.19	2.19	2.32	2.32	2.32	2.32	2.33	2.19
<b>Total</b>	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.

**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
<b>Police</b>										
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
<b>Fire</b>										
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
<b>Highways and Streets</b>										
Streets resurfacing (miles)	1	-	-	-	-	1	-	-	3	-
Potholes repaired	70	185	80	70	68	29	55	100	20	30
<b>Sanitation</b>										
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
<b>Park and Recreation</b>										
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
<b>Water</b>										
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
<b>Wastewater</b>										
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.

**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
<b>Public Safety</b>										
Police (1)										
Stations	-	-	-	-	-	-	-	-	-	-
Patrol units	-	-	-	-	-	-	-	-	-	-
Fire stations (2)	1	1	1	1	1	1	1	1	1	-
<b>Highways and Streets</b>										
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
<b>Park and Recreation</b>										
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
<b>Water</b>										
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
<b>Sewer</b>										
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.

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<b>Meeting Date</b>	May 10, 2023
<b>Agenda Item</b>	Presentation D3
<b>Attachment</b>	See below.
<b>Submitted By</b>	Hannah Lynch, Community Development Coordinator

<b>Item</b>	Partners in Energy Program, Xcel Energy
<b>Description</b>	<p>With Resolution 23-04, Declaring a Climate Crisis and the Commitment of Falcon Heights to Take Action, the Environment Commission is looking toward preparing a Climate Action Plan and believe the Partners in Energy Program through Xcel Energy could assist with this process.</p> <p>The Partners in Energy Program is a program from Xcel Energy that supports communities by helping them develop energy action plans, identify the barriers to implementation, and work to implement those goals. They assist with forming teams within the community to play a role in developing the Energy Action Plan by establishing energy objectives and strategies to help achieve community goals.</p>
<b>Budget Impact</b>	None.
<b>Attachment(s)</b>	<ul style="list-style-type: none"> <li>- Information sheet from Partners in Energy</li> <li>- Presentation from Partners in Energy</li> <li>- Draft Application for Partners in Energy</li> </ul>
<b>Action(s) Requested</b>	Staff and the Environment Commission request City Council allow staff to submit the necessary documents to apply for the Partners in Energy Program.

# PARTNERS IN ENERGY

HELPING COMMUNITIES BUILD AN ENERGY FUTURE



**PARTNERS IN ENERGY**  
An Xcel Energy Community Collaboration

Partners in Energy provides the tools and resources to support communities in achieving their energy goals. The program offerings include support to develop an energy action plan or electric vehicle plan, tools to help implement your plan and deliver results, and resources designed to help the communities we serve stay informed and achieve their energy goals.



**56**  
COMMUNITIES  
SERVED SINCE 2014



### AVERAGE SAVINGS PER COMMUNITY IN 2019

**Electricity** 5.2 Million kWh

**Greenhouse Gas** Equivalent to removing 502 cars off the road



### TOTAL PARTICIPANTS IN 2019

**Energy Efficiency Programs**  
43,500

**Renewable Energy Programs**  
24,500

## Planning support



## Implementation support



## Additional resources to boost results

In addition to our team, tools and resources, we provide opportunities for you to interact and network with other communities participating in Partners in Energy.



### COMMUNITY SUMMITS

Attend in-person events with other communities to share best practices. We provide educational opportunities that feature experts on current energy topics and opportunities to learn from each other.



### OFFICE HOURS

Attend monthly webinars that cover trending topics, plus access to and examples of initiatives and activities happening in Partners in Energy communities. Ask questions and share experiences.

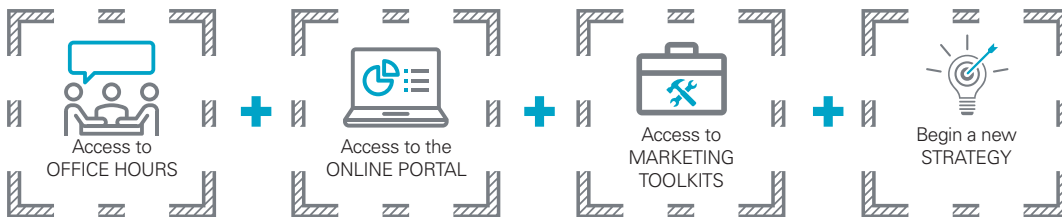


### ONLINE PORTAL

Get access to documents related to your community's work, and examples of other community goals, strategies, and collateral. It connects you to a variety of community program materials, a collateral library, toolkits for outreach and education, as well as collaboration forums.

## Keeping graduates energized

We invite communities that have participated to stay engaged. Since you've developed a blueprint for your energy future, we have resources to keep your momentum going and keep you up to date with what's new at Xcel Energy.



## Join us

Apply in January or July. Applications available at [xcelenergy.com/PartnersInEnergy](https://xcelenergy.com/PartnersInEnergy).

Questions: [PartnersinEnergy@xcelenergy.com](mailto:PartnersinEnergy@xcelenergy.com) or 800.369.4362.



**PARTNERS IN ENERGY**  
An Xcel Energy Community Collaboration

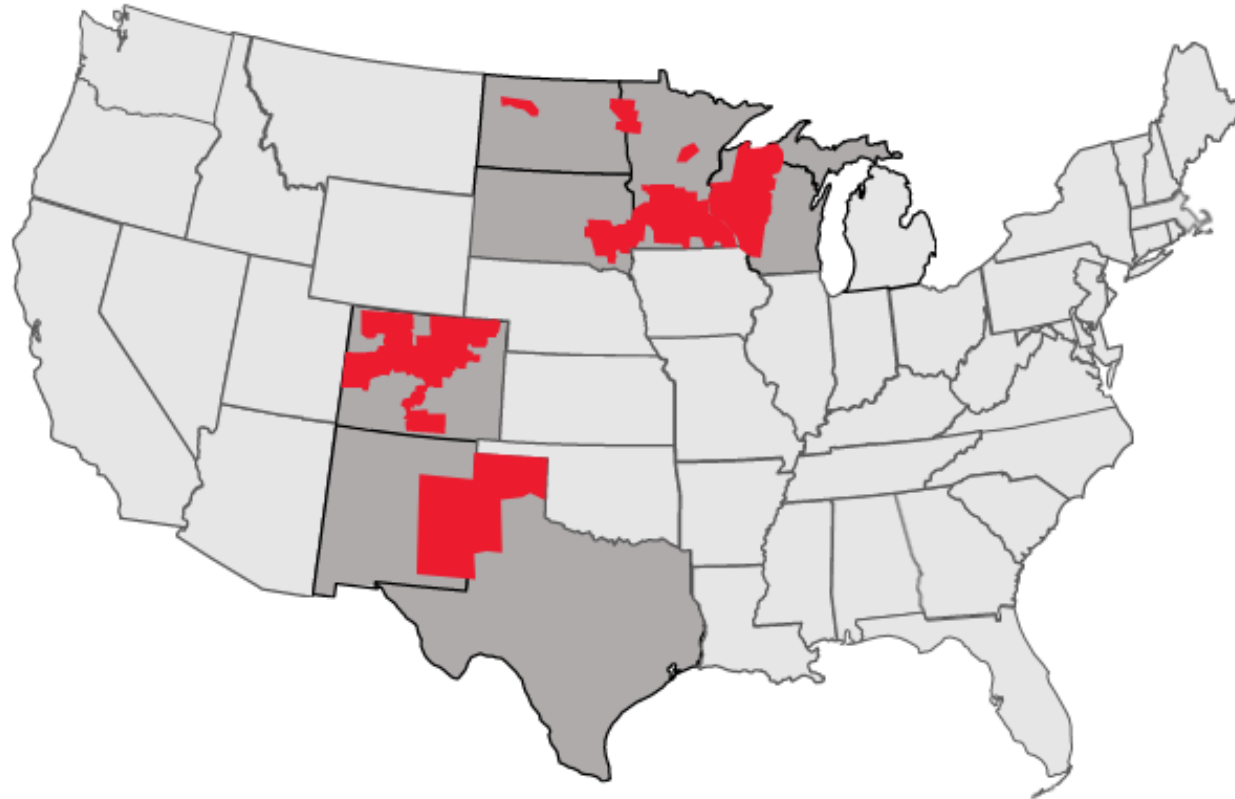


# PARTNERS IN ENERGY INTRODUCTION FALCON HEIGHTS, MN

MAY 10, 2023



# Xcel Energy



## Serving eight states

**3.7** million electricity customers

**2.1** million natural gas customers

## Nationally recognized leader:

- Wind energy
- Energy efficiency
- Carbon emissions reductions
- Innovative technology
- Storm restoration

Data based on 2021 Sustainability Report. To view full report: [xcelenergy.com/sustainability](https://xcelenergy.com/sustainability).

# Powering Minnesota



**1.3 million  
Electric  
Customers**



**477,000  
Natural Gas  
Customers**



**99.9%  
Electric  
Reliability**

Data based on 2021 Sustainability Report. To view full report: [xcelenergy.com/sustainability](https://xcelenergy.com/sustainability).

# Xcel Energy Priorities

## Lead the Clean Energy Transition

- 100% carbon-free electricity by 2050
- Reduce carbon 80% by 2030
- Zero-carbon transportation by 2030
- Net-zero natural gas by 2050

## Enhance the Customer Experience

- Know our customers' needs and interests
- Make it easy to do business with us
- Deliver meaningful products, services and experiences

## Keep Bills Low

- Bills below national average
- Low-cost renewables
- Extensive customer efficiency programs

## WHAT IS PARTNERS IN ENERGY?

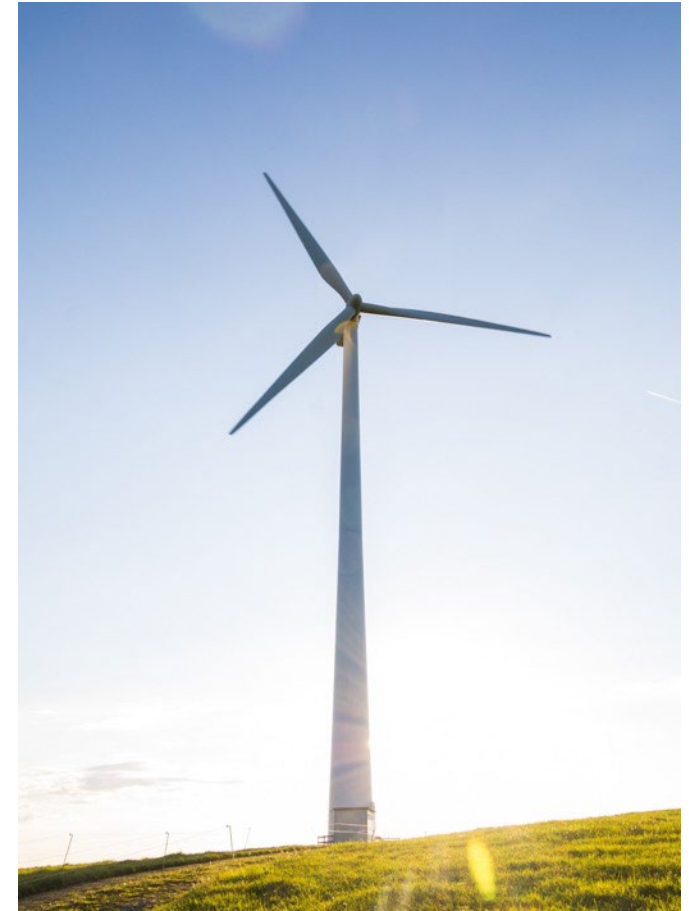
- Partners in Energy is a **two-year** collaboration with Xcel Energy to develop and implement your individual community energy plan goals.
- Opportunity to engage stakeholders, create goals and strategies, and develop a work plan to be successful.

### *Traditional Planning Process*



**PARTNERS IN ENERGY**  
An Xcel Energy Community Collaboration

- Develop a **better understanding of the energy needs** of communities we serve
- Better **align the services and programs we offer** with customer needs to save energy and advance clean energy goals
- **Strengthen relationships with the community** and support the Xcel Energy philosophy of community engagement



*White wind turbine in grass field, May 20, 2017.  
(Pexels/Pixabay)*





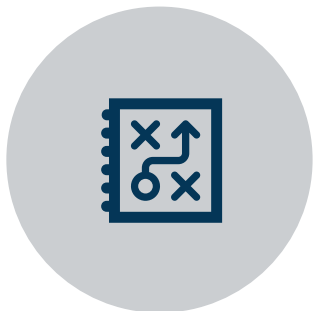
## Energy Action Planning

- Efficiency, renewables, and EVs
- Action planning
- Leverage existing plans/goals



## Electric Vehicle Planning

- Infrastructure, fleet, policy, outreach
- Connection to utility programs



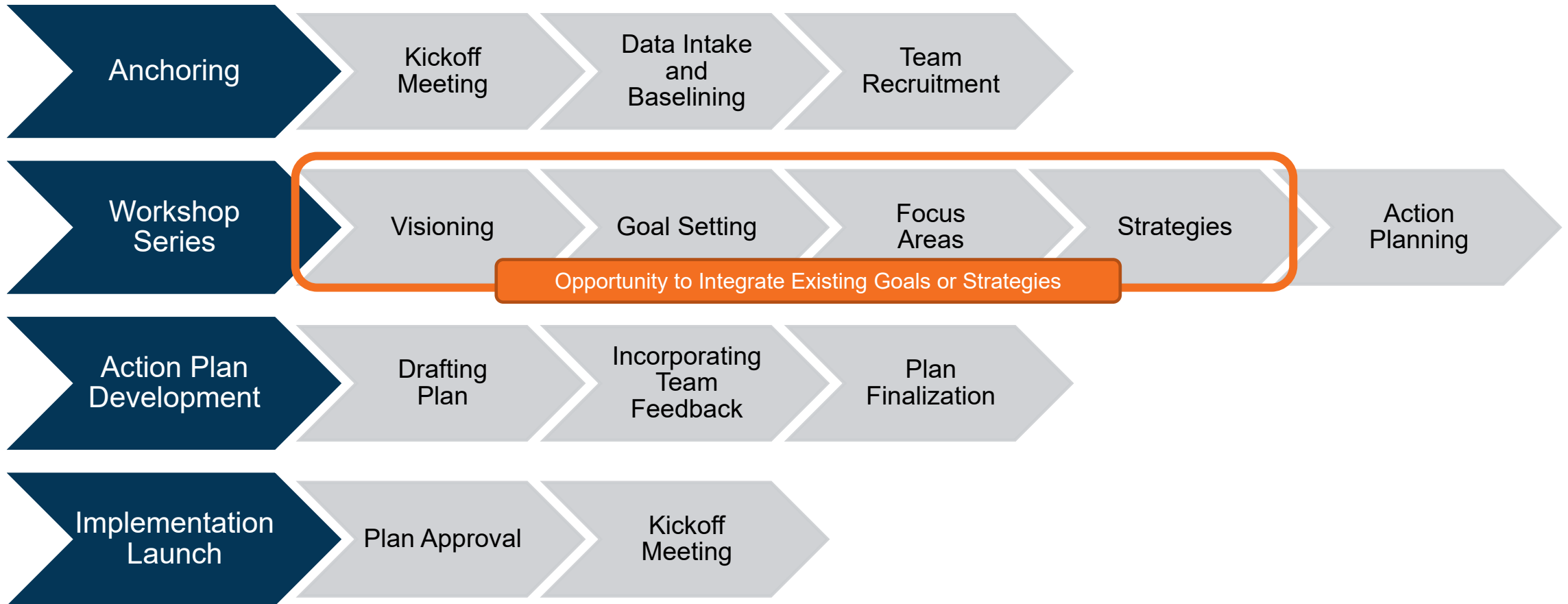
## Implementation Support

- Project management
- Marketing and outreach support
- Developing new ideas



## Data Analysis

- Measure progress to goals
- Quantitative and qualitative impact of implementation





- Ultimate planning phase outcome
- Plan for pursuing the Community's Energy Vision
- Guides implementation

**Hastings Energy Action Plan**  
Proud Past. Exciting Future.

**City of Minnetonka, Minnesota**  
**ENERGY ACTION PLAN**  
June 2020

**Xcel Energy**  
**PARTNERS IN ENERGY**  
An Xcel Energy Community Collaboration

**Focus Areas**  
Three focus areas will help us accomplish our goals, and each one has exciting programs to bring our vision to life:

**A. Residential Energy Efficiency**  
We'll encourage Hastings homeowners to:

- Complete a home energy audit
- Properly insulate and air seal their homes
- Recycle inefficient refrigerators and freezers
- Install high efficiency lighting

**B. Business Energy Efficiency**  
We'll bring the advantages of energy efficiency to Hastings businesses with:

- "Business Blitz" visits to share great ideas
- Financing options to help with the upfront costs of energy improvements
- Help applying for equipment rebates

**C. Electric Vehicles**  
We'll make it easy for residents and business owners to:

- Learn about rates and incentives to charge your electric vehicle
- Attend an electric vehicle showcase
- Attend a fleet electrification workshop

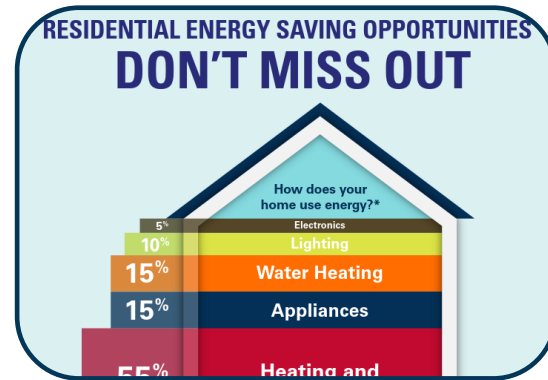
**FREE ENERGY ASSESSMENTS FOR BUSINESSES IN NORTHFIELD**

**Save Energy, Save Money & Boost Your Bottom Line**

On March 19, the City of Northfield and community volunteers will sign up businesses for free energy assessments from Minnesota Chamber of Commerce's Energy Smart.

**Don't Want to Miss Out?**  
To be sure an energy outreach team will visit your business on March 19, contact Beth Kallestad at [Beth.Kallestad@ci.northfield.mn.us](mailto:Beth.Kallestad@ci.northfield.mn.us) or 507-645-3074.

Downtown Business Blitz  
Northfield, MN



Residential Efficiency Campaign  
Fridley, MN

**Become a Property Management Champion. For free.**

The Multi-Family Building Efficiency program helps property managers reduce maintenance time and operating expenses, and increase tenant comfort.

**Why Sign Up?**

- Find energy-saving opportunities throughout common and residential areas.
- Consultant support to make certain you get any rebates you are eligible for.
- No cost to participate. The only costs would be for upgrades you may choose to make.

**Eligibility:**

- Electric service Xcel Energy
- Natural gas service from Xcel Energy or CenterPoint Energy
- Common entrance and common areas
- Five or more units.

Rental Property Owner Engagement  
Faribault, MN

City Services Your Government Our Community Doing Business How Do I...

**Energy**

Our goal is to connect all community members to resources that help save energy and money. View the information below, including our new Energy Action Plan, to learn how to start taking action today in your home or business!

**Get IGH Environmental E-News**

Sign up for [IGH Environmental E-News](#) to receive timely updates on local environmental news, events, tips and more.

Homeowners & Renters Business Owners & Renters Multi-Family Property Owners & Managers Schools, Nonprofits & Places of Worship

**Homeowners and Renters**

From adjusting your behavior to replacing old equipment, you can decrease your energy usage and costs, and your environmental impact.

**Featured Event | Home Energy Squad Visit Giveaway at Winter Clothing Swap!**

The City is partnering with Xcel Energy to offer FREE Home Energy Squad visits to the FIRST 50 PARTICIPANTS of our Winter Clothing Swap on October 26! Home Energy Squad® energy experts can help find ways to lower your bill and increase your home's year-round comfort. [Find Event Information here.](#)

**Sign Up for a Home Energy Audit**

Increasing your home's energy efficiency can decrease your energy usage, lower energy costs, and improve your home's comfort. Schedule a home energy audit to help discover what low-cost energy-saving opportunities are available for your home. Free visits are available to income-qualified residents in Inver Grove Heights. Contact Home Energy Squad (651-728-6722) to schedule your visit today or to request more information.

Energy Resource Website  
Inver Grove Heights, MN

- Applications due January 15, April 15, July 15 and October 15 of each calendar year
- Applications are reviewed and community participates in kickoff meeting to determine objectives and planning process approach
- Xcel Energy team available to meet with city staff and present to Commissions or City Council ahead of application

Contact Tami Gunderzik, Program Manager

[PartnersinEnergy@xcelenergy.com](mailto:PartnersinEnergy@xcelenergy.com)



**PARTNERS IN ENERGY**  
An Xcel Energy Community Collaboration

## Partners in Energy

More communities are realizing energy planning plays a critical role in helping them reach their energy goals. The benefits of wise energy choices are diverse. Through collaborative work with citizens, businesses, and governments, a community can shave dollars off utility bills, promote renewable energy, drive resource conservation, and contribute to greenhouse gas reduction goals. Since 2014, Partners in Energy has been helping communities gather these stakeholders to develop and implement energy action plans that address the challenges of local energy priorities with actionable strategies and resources. In addition to offering support for community-based energy action plan development and implementation, Partners in Energy is evolving to include a broader spectrum of community engagement that includes supporting returning Partners in Energy communities as they define new goals and strategies, working with communities that have existing energy goals and strategies but need help implementing them, supporting smaller communities or geographic areas (i.e., districts or neighborhoods) that may benefit from a more tailored approach, or even convening collaborations that don't fit the traditional definition of a community but are focused on increased efficiency and renewable energy opportunities in unusual settings.

Partners in Energy continues to offer tools, data, and expertise to help communities analyze their energy trends, establish energy goals, identify energy strategies, and implement their energy priorities. Through the Partners in Energy process, Xcel Energy supports communities in convening stakeholders to develop custom roadmaps to achieve their energy goals. Xcel Energy also helps communities implement their energy strategies. The planning and implementation process is tailored to the unique needs and priorities of each community. Accepted communities will participate in a scoping meeting to determine the pathway that best aligns with your community's interests and capabilities.

Partners in Energy is offered at no cost to participating communities in Colorado and Minnesota, with the expectation that both Xcel Energy and the community will invest in the process. This investment includes staff and financial resources from Xcel Energy during both the planning and implementation phases. It also includes community staff time during both the planning and implementation phases and your community's plan may require financial support to implement strategies.

Xcel Energy wants to work with motivated, engaged, and action-oriented communities and champions who are willing to commit to the process and the outcomes. This application will help us better determine good community alignment for our limited, but valuable, resources. While completing the application does not guarantee acceptance as a participant, your application will be evaluated against other applicants using criteria that include, but may not be limited to, community size and structure, planning experience, stakeholder capacity, available resources (staff and otherwise), and willingness to share results publicly.

If you have questions about the application or the opportunity, please visit [xcelenergy.com/PartnersInEnergy](http://xcelenergy.com/PartnersInEnergy), email us at [PartnersInEnergy@xcelenergy.com](mailto:PartnersInEnergy@xcelenergy.com) or call 800.369.4362.

Submit completed application via email to: [PartnersInEnergy@xcelenergy.com](mailto:PartnersInEnergy@xcelenergy.com). Return this application by **5:00 p.m. CST on January 15, 2020**.

### Qualifying customers

Communities in Colorado and Minnesota with retail energy services from Xcel Energy qualify to participate in Partners in Energy.

### Community customer information

Company name \_\_\_\_\_

Community jurisdiction (e.g., city, association, partnerships, county): \_\_\_\_\_

Contact name \_\_\_\_\_

Title \_\_\_\_\_ Phone \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ Email \_\_\_\_\_

### Community profile

Approximate business count \_\_\_\_\_ Approximate household count \_\_\_\_\_

Approximate population \_\_\_\_\_

Approximate area in square miles \_\_\_\_\_

Would you be able to provide a GIS shapefile of your community that would define the geographic boundaries of the area?

Yes  No

Current community energy-related utility providers (e.g. gas service providers)

1) Name of company \_\_\_\_\_

Fuel type \_\_\_\_\_ Area served \_\_\_\_\_

2) Name of company \_\_\_\_\_

Fuel type \_\_\_\_\_ Area served \_\_\_\_\_

3) Name of company \_\_\_\_\_

Fuel type \_\_\_\_\_ Area served \_\_\_\_\_

**Interest in Partners in Energy**

Describe your interest in Partners in Energy and how you think Partners in Energy could provide value.

What is/are the most pressing energy-related issue(s) facing your community today?

If you're accepted as a participant in Partners in Energy, what additional approvals within your community would you need to obtain prior to starting? (examples: City Council, City Manager, Sustainability Commission, etc.)

**Planning and energy management experience**

Does your community currently have any sustainability or energy plans, policies, codes, regulations or initiatives? If yes, please identify them and indicate the date(s) they were last revised. (Describe your interest in Partners in Energy and how you think Partners in Energy could provide value.)

Describe any energy programs or energy management activities your community has participated in over the past two years. Please include goals/targets and results if applicable. This can include initiatives to track energy use in any part of your community (e.g., public buildings), a neighborhood energy challenge, etc. If you have participated in Partners in Energy before, what strategies would you like to pursue with additional support from Partners in Energy, and why? Additionally, please explain if your community is already engaged with Xcel Energy in other ways.

**Community resources and commitment**

Please indicate who in your community would be the point person (or people) to manage your Partners in Energy participation and describe his/her/their applicable experience and background relative to planning, energy and /or sustainability. Describe his/her/their availability to support this initiative through both strategy development and implementation (include multiple people as applicable for each stage). Describe whether they are paid staff or volunteers and the extent to which managing and/or implementing energy or sustainability initiatives is a component of their job duties.

While Partners in Energy is offered to communities at no cost, communities are responsible for expenses associated with implementation. Does your community have staff, volunteer, budget or other funding resources to implement the energy initiatives that will be identified in the Partners in Energy process?

Yes  No If yes, please describe.

### Community involvement

One of the keys of Partners in Energy is engaging representatives from your community to participate in developing and implementing strategies to meet your community goals. These representatives should be varied and willing to commit their time to the process. They may include city or town staff members, business association representatives, large local business representatives, local nonprofit staff members, school district staff members, county government officials, etc. Please describe who from the community you would anticipate engaging in developing your energy strategies. (Please list six to eight possible representatives.)

Partners in Energy is designed to promote communities learning from each other and sharing best practices. Are you willing to share your community work through Partners in Energy with community members and other participating communities? Will you allow your final work products to be shared publicly?

Yes  No If no, please explain.



Is there anything else you would like us to consider when evaluating your application?

[Empty text box for additional comments]

**Customer declaration**

I certify that the information in this application is accurate and complete and I am authorized to make this application on behalf of my community. Your signature confirms your community is interested in participating in Partners in Energy and is willing to enter into a Memorandum of Understanding with Xcel Energy that will define responsibilities and expectations of both parties.

Community name \_\_\_\_\_

Contact name \_\_\_\_\_

Title \_\_\_\_\_

By checking the box and indicating my name below, I am signing this application in declaration of its accuracy.

Name \_\_\_\_\_ Title \_\_\_\_\_

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**CITY OF FALCON HEIGHTS**  
Regular Meeting of the City Council  
City Hall  
2077 West Larpenteur Avenue  
**MINUTES**  
April 26, 2023

A. CALL TO ORDER: 7:00 PM

B. ROLL CALL: GUSTAFSON\_X\_\_ LEEHY\_X\_\_ MEYER \_\_\_

WASSENBERG\_X\_\_ WEHYEE\_X\_\_

STAFF PRESENT: LINEHAN\_X\_\_ SMITH\_X\_\_

C. APPROVAL OF AGENDA

Councilmember Wehyee motions  
to approve the agenda;  
approved 4-0

D. PRESENTATION

E. APPROVAL OF MINUTES:

1. April 5, 2023 Workshop Meeting Minutes
2. April 12, 2023 Regular Meeting Minutes

Councilmember Leehy motions  
to approve the minutes;  
approved 4-0

F. PUBLIC HEARINGS:

1. Code Amendments to Chapter 22 to allow for “No Mow May”

Mayor Gustafson asks City Administrator Linehan to provide an overview of the amendment to the City Code.

City Administrator Linehan thanks the Mayor and Council and states that last year, the City participated in the initiative through a resolution. Following this, the Environment Commission expressed interest in making this a permanent change in the City Code. During the City Council workshop on April 5, 2023, City Staff proposed an amendment to code. City Administrator Linehan thanks Councilmember Wassenberg for working with Community Development Coordinator Hannah Lynch on writing and developing the ordinance. He notes, in the final draft, it's specified as turf grass and residents are encouraged to grow native grasses and other grasses not impacted. He also clarifies it's only for residential properties, excluding commercial, government and non-profit properties. Finally, Administrator Linehan stresses this initiative is voluntarily for residents to participate in and it officially ends on June 1<sup>st</sup>. Staff will exercise discretion to start

enforcement as June 1<sup>st</sup> is on a Thursday. We want to provide residents the flexibility of mowing over the weekend. On June 5<sup>th</sup>, City Staff will begin enforcement.

Mayor Gustafson opens the Public Hearing.

After making a second call for the public to speak, Mayor Gustafson then asks City Administrator Linehan if there were any written comments received.

City Administrator Linehan answers no, only one Facebook comment on the original post. Someone expressed there is research out there that doesn't show the benefit of participating in No Mow May.

Councilmember Wehyee asks City Administrator Linehan to repeat the Facebook Comment.

Linehan repeats that there is some research out there that shows that not mowing doesn't benefit pollinators. However, Facebook comments are not official as we cannot verify if they are Falcon Heights residents.

Mayor Gustafson makes a final motion for the public to speak.

Councilmember Wassenberg motions to close the Public Hearing.

Mayor Gustafson closes the public hearing by consent and opens the floor to discussion by City Council members.

Councilmember Leehy appreciates Councilmember Wassenberg and Community Development Coordinator Hannah for their work on this; it answers and clarifies things that were discussed in the workshop.

Councilmember Wehyee echoes those comments and adds that codifying No Mow May is the right thing to do as the community showed a lot of enthusiasm last year and he was excited to not have to mow.

Councilmember Wassenberg states it will be good long-term, so it doesn't have to be addressed each year. And, he feels the City will see a lot of positive benefits for their grass and not just for the pollinators.

Councilmember Leehy and Mayor Gustafson state that residents still need to take care of noxious weeds.

Councilmember Wassenberg wonders if this qualifies as an additional action towards our GreenStep City and if we can get credit for that as well.

Councilmember Wehyee motions  
to approve the code amendment;  
approved 4-0

G. CONSENT AGENDA:

1. General Disbursements through 4/18/23: \$207,738.44

Payroll through 4/15/23: \$42,262.17  
Wire Payments through 4/15/23: \$37,127.60

2. City License(s)
3. Amber Union TBRA Modification Amendment – Exhibit 5
4. Accept Donation from AARP Tax-Aide
5. Appointment of Jacob Brooks to the Planning Commission

Councilmember Wassenberg motions  
to approve the consent agenda;  
approved 4-0

Gustafson states Jacob Brooks joined the Planning Commission at their meeting on April 25<sup>th</sup> and says he will be a great addition to the commission. He then asks Linehan for clarification on item 3, Amber Union TBRA Modification Amendment – Exhibit 5.

Linehan explains that at the last meeting Council approved Exhibit 6 and at this meeting, we're looking to approve Exhibit 5. These exhibits are paperwork needed for Amber Union to close on the property. The exhibits require updated signatures as they currently list the previous City Administrator. In order to update the signatures, the exhibits needed amendment.

Linehan also clarifies that the AARP donation will be dedicated to the City Hall Council Chamber.

Linehan also wants to note that the payroll amount was double compared to normal payroll, because a part of it is a retirement cash out of vacation and sick time for former Public Works Director Tim Pittman.

Wassenberg states that about two thirds of expenditures were for policing and sewer; standard expenditures.

Linehan echoes that these expenditures are more normal compared to previous months. The top monthly expense is police contract and the second largest is Met Council sewer charges.

Wassenberg asks Linehan if, apart from the signature and name updates to Amber Union TBRA Modification Amendment – Exhibit 5, if there were any other notable changes.

Linehan says that there were no other notable changes; only names.

H: POLICY ITEMS:

1. Ruggles Pathway

Mayor Gustafson asks Administrator Linehan to explain the alternative bids received and the process regarding the pathway and its impact on the next policy item.

Linehan thanks Mayor Gustafson and the Council and points out that the two policy items coincide. Council is familiar with the policy item. A Public Hearing was hosted on March 22, 2023, considering vacation of the Right of Way. There as a lot of discussion and resident

feedback and the policy item was tabled to explore further options. As part of the 2023 PMP bid, contractors were asked for pricing on various options.

- Option 1: Install 5 ft. concrete sidewalk through the path. Traditional sidewalk.
- Option 2: Install 5 ft. Permeable Paver that allows water to transfer through.
- Option 3: Contractor to suggest alternative paving solution.

City Administrator Linehan says that as a result of the Public Hearing, City Council asked Linehan to determine other legal options. According to the City Attorney, because the pathway is an easement and the underlayment are owned by the four adjacent property owners, the only way to change designation of the pathway is if the City took control of it, by making an offer to the property owners to purchase it, or to condemn it, which according to the City Attorney, is not a feasible option.

The City obtained a second legal opinion. To summarize, it is the City's duty to maintain the pathway and if do not pave it, we face the risk of ADA violations. The legal memo provides an option to pass a resolution qualifying discretionary immunity. City Administrator Linehan advises the City Council to look at the full legal exposure detailed in the memo, as it would not remove the City's liability.

City Staff is recommending to select one out of the four options presented tonight.

- Option 1 would be to accept the proposal for the 2023 PMP low bidder, Northwest Asphalt, Inc. for Alternate Bid #2 – a 5' concrete walk for a total cost of \$36,730.96.
- Option 2 is to accept the proposal from the same contractor for Alternate Bid #3 – a 5' permeable paver walk for a total cost of \$61,585.65.
- Option 3 would be to reject the alternate bids and rebid the project separately to allow for more customizable options. City Administrator Linehan states there are other contractors available. Roseville has a contractor they recommend. This could allow for more customization. This would be a costlier option.
- Option 4 is to reject all of the bids and direct staff to further explore options for passing a resolution qualifying discretionary immunity.

Councilmember Wassenberg thanks City Administrator Linehan for the thorough research on this policy item. He states he is averse to legal exposure and therefore is not comfortable selecting option 4. He leans more towards option 1 or 2 and would like to know what the benefits of the permeable pavers would be, as this option is costlier.

Councilmember Leehy asks Councilmember Wassenberg to repeat his comment regarding the permeable pavers and the impact on the adjacent residents.

Councilmember Wassenberg repeats that the placing of the concrete sidewalk might cause drainage issues, which could potentially lead to flooding of the adjacent properties. He adds that avoiding this with permeable pavers is more beneficial for the adjacent homeowners.

Councilmember Leehy agrees and says she also leans towards option 1 and option 2. However, she adds, permeable pavers might require more upkeep and could be more challenging with snow removal. She also wonders what the longevity is of permeable pavers versus a concrete sidewalk and thus leans towards option 1.

Interim City Engineer Smith explains what maintenance would be required for permeable pavers. Roughly \$150 - \$200 per year would be needed for upkeep. Additionally, every 5 years a more thorough cleaning would be needed, which would cost \$3,000 to \$4,000. This type of upkeep would not be required for concrete sidewalk.

City Administrator Linehan adds that tree roots could cause issues to concrete sidewalks, but apart from that, it would last 10 - 15 years.

Councilmember Wassenberg asks about the longevity of either option.

Interim City Engineer Smith answers, if one concrete panel cracks, the whole panel needs to be replaced. Whereas, pavers allow for smaller sections to be replaced if needed. However, pavers won't last as long as concrete.

Councilmember Wassenberg then asks about snow removal and if permeable pavers cause more challenges.

City Administrator Linehan says that he could foresee the regular sidewalk machine used for snow removal could affect the pavers more than concrete sidewalk, but he is not entirely sure.

Mayor Gustafson asks about implications of closing the path during winter/snow months and if this is allowed to be done. Currently, the path is maintained by the community during the winter months, but if the City maintained the path and the city is liable, would it be in our right to close it down in the winter.

City Administrator Linehan says that putting up signs to close the path during a certain time is possible, and if someone decides to ignore the signs, they would do so at their own risk.

Councilmember Wehyee wants clarification as to whether the City would still be liable then.

City Administrator Linehan answers that it would help mitigate liability risk but, he adds if the City takes over maintenance, there is liability. We avoid salt for snow removal on sidewalks, which should help the condition of the pavers.

Interim City Engineer Smith adds that there is a similar permeable paver surface at the City Hall in Roseville that is maintained in winter with different equipment as it is a parking lot.

Councilmember Leehy finds the initial cost and maintenance of the pavers expensive.

Mayor Gustafson adds that we would need to budget for the maintenance.

Councilmember Wehyee thinks the permeable pavers best align with what the community wants, as well as being ADA compliant; the cost would be worth it.

Councilmember Wassenberg echoes these comments. He then asks City Administrator Linehan for more details about the kind of pavers.

City Administrator Linehan answers that as part of the bid, we select the design of the pavers. He then adds, that a simple design is cheaper and easier to maintain than a more intricate design. There would be the opportunity to rebid the project with a contractor who specializes in this area. The design chosen looks like a brick house.

Interim City Engineer Smith explains they would be 4" x 8" bricks and the material in between would look like grout, but the material is soft and sandy.

Councilmember Leehy asks if weeds would be an issue and if that would need to be treated.

Interim City Engineer Smith answers that weeds have not been an issue in previous applications.

City Councilmembers question if the four adjacent property owners pay taxes for the pathway property.

City Administrator Linehan clarifies, that staff checked plot surveys and the property owners are currently not paying taxes for the pathway property. It's an untaxed parcel currently. If it would have been vacated, then the owners would have been responsible for the taxes.

Councilmember Wassenberg has one additional question regarding the expectation for the lifetime of permeable pavement.

City Administrator Linehan answers that it would be similar as to what the City has been doing with replacing concrete sidewalks. The City currently replaces stretches of sidewalks as needed. For the permeable pavers, he states the City would have to buy spare pavers, store them with Public Works and replace pavers as needed for maintenance.

Interim City Engineer Smith adds that the cost of purchasing extra pavers is included in the quote.

Councilmember Wassenberg states that this helps him understand that the replacement time of the pavers in total would possibly be less frequent.

City Administrator Linehan asks Interim City Engineer Smith to provide more detail regarding storm drainage included in the design.

Interim City Engineer Smith explains that for the concrete sidewalk option, a storm pickup catch basin was included in the design, in the middle of the length of the pathway, with the two sides draining towards the basin, allowing for the water to drain towards the middle rather than towards the adjacent properties. It will then run off to a catch basin in the street.

Mayor Gustafson then asks if the drainage component is included with the permeable pavers as well.

Interim City Engineer Smith answers yes, it is. She explains that under the pavers there will be clear rock with gaps in between and those gaps are great for holding water. It was also



proposed to have a perforated pipe following the entire length of the pathway, set at a small slope to allow for the water to run off to the catch basin in the street.

Mayor Gustafson states that the path will be a nice amenity for the community but wonders if the permeable pavers will be worth the extra upfront cost.

Councilmember Wassenberg comments that the upfront cost made him question the lifetime of the pavers. However, compared to replacing significant pieces of sidewalk, the upkeep of the pavers might be less.

Councilmember Leehy adds that City Staff will have to perform special maintenance every 5 years.

Councilmember Wassenberg agrees, but says this might be counterbalanced by the fact that you would need to replace significant sections of concrete sidewalk more frequently than you would need to make significant improvement to the pavers.

City Administrator Linehan feels confident there is room in the budget for either option as the bids for the 2023 Pavement Management Project came in substantially lower than expected.

Mayor Gustafson asks City Council if they, after this discussion, can provide City Staff with direction on how to proceed with Ruggles Pathway. He then explains that as part of Policy item H2, City Council will have to choose between option 1 – the concrete sidewalk or option 2 – the permeable pavers.

Councilmember Wehyee comments that after the discussion, he stands firm with option 2 as this option serves the purpose of making it ADA compliant, while also aligning with the community’s vision of the path.

Councilmember Leehy asks Councilmember Wehyee if he is in favor of the Mayor’s idea of blocking the path in the wintertime.

Councilmember Wassenberg stands with Councilmember Wehyee on option 2, but he has to give blocking it off in the winter more thought. He expresses his concern for accessibility year-round, but this could be considered later down the road.

Mayor Gustafson adds that the city will have to determine how the brick pathway will have to be maintained.

City Administrator Linehan mentions he can check with the City attorney on what the City’s liability would be if the path was closed in the winter.

Councilmember Leehy adds it would be helpful to mention this part, even though it would not be part of the decision tonight.

ROLL CALL TO APPROVE option 2:  
GUSTAFSON\_X\_\_ LEEHY\_X\_ MEYER \_\_  
WASSENBERG \_\_X\_ WEHYEE\_X\_\_

2. 2023 Pavement Management Project (PMP) – Award Contract

Mayor Gustafson asks Interim City Engineer Smith to provide more detail.

Interim City Engineer Smith says that the City opened bids on April 20, 2023 and received 5 qualifying bids; the bid summary and full abstract is included in the packet. The lowest qualified bidder was Northwest Asphalt, Inc. Additionally, bidders were asked to provide bids for the following add alternates:

- Alternate 1: Garden Avenue Roadway Striping
- Alternate 2: Concrete Ruggles Pathway
- Alternate 3: Permeable Paver Ruggles Pathway
- Alternate 4: Contractor-Determined Surface Ruggles Pathway

City Staff is recommending to award the base bid, alternate 1, and after discussion of the City Council, alternate 3 as well. Alternate 1 will restore the striping on Garden Avenue, which designates the centerline (offset due to the parking on one side), and will visually narrow the driving lane. Interim City Engineer Smith clarifies that Alternate 4 was a Contractor-Determined Surface. Northwest Asphalt, Inc., chose to use concrete, thereby making Alternate 4 the same as Alternate 2. As far as budget impacts, the low bid came in significantly lower than the engineer's estimate. The project will be funded through assessments levied according to the City's assessment policy and those are anticipated to be lower than proposed. Additionally, use of municipality state aid and street infrastructure funds will be used to pay the City's portion of the project. Expenditure of utility funds will be used to pay for sanitary, sewer and stormwater improvements.

Councilmember Wassenberg asks Interim City Engineer Smith about the striping of Garden Avenue as residents have expressed concerns. Question 1: Will the parking area be divided by a white stripe? Question 2: Would the same white striping extend from Hamline to Holton or from Hamline to the access road at Snelling?

Interim City Engineer Smith answers that it will be a solid white line at the parking area and the centerline will be double solid yellow lines to not allow for passing.

City Administrator Linehan answers question 2 and says that would depend on where parking is available. He adds, the center striping will go down the whole street. He stresses Garden Ave is currently striped but the striping is worn down due to wear and tear. He also mentions that the striping of Garden Ave is an alternate bid and can be removed if City Council chooses so. Lastly, he notes City Staff strongly recommends striping Garden Avenue because it is currently not an obvious lane configuration, and left unstriped, could pose danger to pedestrians. Data shows that striping is a safety measure and would not make people drive faster, but rather contains them in their lane.

Mayor Gustafson comments it was beneficial to wait on deciding regarding Ruggles Pathway until the bids came in.

Councilmember Wehyee adds that he is pleased to hear that the residents' assessments will be lower than anticipated, as this was a huge concern for the residents and some of the councilmembers.

Interim City Engineer Smith adds that the only funding area that came in slightly higher than expected was the stormwater funding due to the bump outs on Garden Ave. These required reconfigurations of the stormwater at the intersection as some of the new catch basins have to be moved to the new curb line location.

City Administrator Linehan explains the bump outs will create a shorter crossover for pedestrians and it also would not affect Public Works when they have to plow the streets. Storm water drainage will also be modernized. He also adds what the timeline of the construction would be. The plan is to start construction as soon as school is out and contractors are required to be done before the State Fair begins. Because there is not a lot of utility replacement needed, the project should wrap up fairly quickly as utility replacement is what often slows down construction. He feels confident in the timeline.

Councilmember Leehy motions to  
award the contract for the  
2023 Pavement Management Project  
to Northwest Asphalt, Inc. for  
the Base Bid, Alternate 1 and 3  
Approved; 4-0

#### I. INFORMATION/ANNOUNCEMENTS:

Councilmember Wassenberg has no announcements.

Councilmember Leehy has no announcements.

Councilmember Wehyee has no announcements.

Mayor Gustafson mentions the Planning Commission had a great discussion at their last meeting on April 25, 2023 regarding the 2040 Comprehensive Plan on how things were moving along. And, part of that is undertaking a study of the Larpenteur corridor; work on collaborating more with the University of Minnesota. He notes there is 1 vacancy with the Planning Commission. The Mayor also states that the shooting incident that happened recently at Amber Union is currently under investigation. The Sherriff's office also is working on scheduling a crime prevention meeting with the residents of Amber Union. Lastly, he would like to note that May 20, 2023 is the Spring Together Event at Curtiss Field from 4:00 PM to 6:00 PM.

City Administrator Linehan announces that Wednesday May 3, 2023 a Special Council Meeting will be hosted at 6:30 PM with a hard stop at 7:30 PM, to review the findings of the Planning Commission regarding the Caribou proposal at Amber Union. The City Council Workshop will start at 7:30 PM and City consultant Bostrom will teleconference with councilmembers to have a discussion regarding the law enforcement contracts for 2024. During the workshop, City Administrator Linehan will also have a brief ARPA update. Then, regarding the Community Park purchase, there is an official closing date for May 4,

2023. Another thing he wants to mention is the Administrative and Communications Coordinator Elke van der Werff, is up and running. For communications, the City wants to work on more transparency regarding City Council meetings on social media and continue with more community engagement.

Public Works updates include street sweeping west of Snelling has been completed and they were moving East of Snelling before the weather turned poor and the sweeper machine got damaged. Once repaired, Public Works will continue street sweeping. American Environmental was also in town doing sewer line cleaning. He also notes that he appreciates the patience of residents regarding the Ramsey County construction of Cleveland Ave.

Interim City Engineer Smith has no announcements but would like to note that newsletters will be sent out once construction schedules are known to the affected properties.

J. COMMUNITY FORUM:

*Please limit comments to 3 minutes per person. Items brought before the Council will be referred for consideration. Council may ask questions for clarification, but no council action or discussion will be held on these items.*

K. ADJOURNMENT: 8:31 PM

Councilmember Leehy motions to  
adjourn the meeting  
Approved; 4-0

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PACKET: 02787 MAY 4 PAYABLES/U OF M PAR

VENDOR SET: 01 City of Falcon Heights

SEQUENCE : ALPHABETIC

DUE TO/FROM ACCOUNTS SUPPRESSED

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5/04/2023	APBNK	DUE: 5/04/2023 DISC: 5/04/2023		1099: N		
		PURCH COM PK FROM U OF M		403 4403-91500-000	COMMUNITY PARK LAND/BUIL	1,099,738.99
=== VENDOR TOTALS ===			1,099,738.99			
=== PACKET TOTALS ===			1,099,738.99			

PACKET: 02784 MAY 3 PAYABLES

VENDOR SET: 01 City of Falcon Heights

SEQUENCE : ALPHABETIC

DUE TO/FROM ACCOUNTS SUPPRESSED

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01-00028 ALLSTREAM

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		EMERGENCY LAND LINE CITY HALL		101 4116-85010-000	TELEPHONE	65.79
=== VENDOR TOTALS ===			65.79			

01-00875 BHE COMMUNITY SOLAR, LLC

I-1778756		SOLAR GARDEN MARCH	934.71			
5/03/2023	APBNK	DUE: 5/03/2023 DISC: 5/03/2023		1099: N		
		SOLAR GARDEN MARCH		101 4137-85025-000	SOLAR ELECTRIC	934.71
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01-05422 BP

I-202305038493		FUEL	1,483.33			
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		FUEL		101 4132-74000-000	MOTOR FUEL & LUBRICANTS	1,132.05
		FUEL		602 4602-74000-000	FUEL & LUBRICANTS	351.28
=== VENDOR TOTALS ===			1,483.33			

01-03025 COLIN CALLAHAN

I-202305038496		REIB; WASTEWATER TREATMT CONF	390.00			
5/03/2023	APBNK	DUE: 5/03/2023 DISC: 5/03/2023		1099: N		
		REIB; WASTEWATER TREATMT CONF		601 4601-86100-000	TRAINING AND OSHA TNG	390.00
=== VENDOR TOTALS ===			390.00			

01-05119 GFOA

I-RCASH;644252001;20		MEMBERSHIP NATL GFOA	170.00			
5/03/2023	APBNK	DUE: 5/03/2023 DISC: 5/03/2023		1099: N		
		MEMBERSHIP NATL GFOA		101 4113-86110-000	MEMBERSHIPS	170.00
=== VENDOR TOTALS ===			170.00			

01-05115 GOPHER STATE ONE CALL

I-3040390		LOCATES	82.35			
5/03/2023	APBNK	DUE: 5/03/2023 DISC: 5/03/2023		1099: N		
		LOCATES		601 4601-88030-000	LOCATES	82.35
=== VENDOR TOTALS ===			82.35			

PACKET: 02784 MAY 3 PAYABLES

VENDOR SET: 01 City of Falcon Heights

SEQUENCE : ALPHABETIC

DUE TO/FROM ACCOUNTS SUPPRESSED

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I-117896		JANITORIAL SVC MAY	464.00			
5/03/2023	APBNK	DUE: 5/03/2023 DISC: 5/03/2023		1099: N		
		JANITORIAL SVC MAY		101 4131-87010-000	CITY HALL MAINTENANCE	464.00
		=== VENDOR TOTALS ===	464.00			
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01-05908	METRO-INET					
I-1220		METRO INET MAY SVC	3,528.00			
5/03/2023	APBNK	DUE: 5/03/2023 DISC: 5/03/2023		1099: N		
		METRO INET MAY SVC		101 4116-85070-000	TECHNICAL SUPPORT	3,528.00
		=== VENDOR TOTALS ===	3,528.00			
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01-06030	OLSON,ROLAND					
I-202305038494		ADDTL MILEAGE REIMB;CAFR/AUDI	86.98			
5/03/2023	APBNK	DUE: 5/03/2023 DISC: 5/03/2023		1099: N		
		ADDTL MILEAGE REIMB;CAFR/AUDIT		101 4113-86010-000	MILEAGE	86.98
		=== VENDOR TOTALS ===	86.98			
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01-06185	RAMSEY COUNTY					
I-FLEET 000806		REPAIR TAIL GATE ON DUMP TRK	261.61			
5/03/2023	APBNK	DUE: 5/03/2023 DISC: 5/03/2023		1099: N		
		REPAIR TAIL GATE ON DUMP TRK		101 4132-87000-000	REPAIR EQUIPMENT	261.61
		=== VENDOR TOTALS ===	261.61			
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01-05402	RDO EQUIPMENT CO					
I-W6417601		BROOM REPAIR JOHN DEERE	2,939.78			
5/03/2023	APBNK	DUE: 5/03/2023 DISC: 5/03/2023		1099: N		
		BROOM REPAIR JOHN DEERE		101 4132-87000-000	REPAIR EQUIPMENT	2,939.78
		=== VENDOR TOTALS ===	2,939.78			
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01-05812	SORENSEN CONSULTING					
I-COFH.1.23		SELECTION ASSESSMENTS	475.00			
5/03/2023	APBNK	DUE: 5/03/2023 DISC: 5/03/2023		1099: N		
		SELECTION ASSESSMENTS		101 4112-80330-000	CONSULTANT	475.00
		=== VENDOR TOTALS ===	475.00			



PACKET: 02784 MAY 3 PAYABLES

VENDOR SET: 01 City of Falcon Heights

SEQUENCE : ALPHABETIC

DUE TO/FROM ACCOUNTS SUPPRESSED

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I-3578345		RECYCLING APR		8,453.25			
5/03/2023	APBNK	DUE: 5/03/2023 DISC: 5/03/2023			1099: N		
		RECYCLING APR			206 4206-82030-000	RECYCLING CONTRACTS	8,453.25
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I-3578346		RECYCLING SWMT & CEC		66.50			
5/03/2023	APBNK	DUE: 5/03/2023 DISC: 5/03/2023			1099: N		
		RECYCLING SWMT & CEC			101 4131-87010-000	CITY HALL MAINTENANCE	66.50
		=== VENDOR TOTALS ===		8,519.75			
		=== PACKET TOTALS ===		19,401.30			

PACKET: 02782 APRIL 28 PAYABLES

VENDOR SET: 01 City of Falcon Heights

SEQUENCE : ALPHABETIC

DUE TO/FROM ACCOUNTS SUPPRESSED

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DATE	BANK CODE	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
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01-03025	COLIN CALLAHAN				

I-202304288485		MILEAGE-SEWER TNG CLASSES	149.67		
4/28/2023	APBNK	DUE: 4/28/2023 DISC: 4/28/2023		1099: N	
		MILEAGE-SEWER TNG CLASSES		601 4601-86101-000	MILEAGE 149.67
		=== VENDOR TOTALS ===	149.67		

01-04000 EHLERS AND ASSOCIATES

I-93794		GASB 77 INFO TO CTY/CITY	210.00		
4/28/2023	APBNK	DUE: 4/28/2023 DISC: 4/28/2023		1099: N	
		GASB 77 INFO TO CTY/CITY		414 4414-81900-000	OTHER PROFESSIONAL SERVI 210.00
		=== VENDOR TOTALS ===	210.00		

01-03421 GENERAL REPAIR SERVICE

I-7179804943		LIFT STATION REPAIRS/COFFMAN	909.50		
4/28/2023	APBNK	DUE: 4/28/2023 DISC: 4/28/2023		1099: N	
		LIFT STATION REPAIRS/COFFMAN		601 4601-87000-000	REPAIR EQUIPMENT 909.50
		=== VENDOR TOTALS ===	909.50		

01-05153 HOME DEPOT CRC/GECF

I-202304288488		QUICKRETE/TRASH CANS/TOOLS	259.66		
4/28/2023	APBNK	DUE: 4/28/2023 DISC: 4/28/2023		1099: N	
		QUICKRETE		101 4132-70120-000	SUPPLIES 15.88
		2 TRASH CANS		101 4141-70100-000	SUPPLIES 81.94
		TOOLS/ TRASH CANS		101 4131-70110-000	SUPPLIES 161.84
		=== VENDOR TOTALS ===	259.66		

01-05856 LINEHAN, JACK

I-202304288492		MILEAGE; MCMA CONF/MMA/RSCO M	271.82		
4/28/2023	APBNK	DUE: 4/28/2023 DISC: 4/28/2023		1099: N	
		MILEAGE; MCMA CONF/MMA/RSCO ME		101 4112-86100-000	CONFERENCES/EDUCATION/AS 208.55
		GENERAL MILEAGE REIMB		101 4112-86010-000	MILEAGE & PARKING 63.27
		=== VENDOR TOTALS ===	271.82		

PACKET: 02782 APRIL 28 PAYABLES

VENDOR SET: 01 City of Falcon Heights

SEQUENCE : ALPHABETIC

DUE TO/FROM ACCOUNTS SUPPRESSED

-----ID-----			GROSS	P.O. #		
DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
01-05582	MENARDS					
I-202304288489		WALL CLOCK	26.47			
4/28/2023	APBNK	DUE: 4/28/2023 DISC: 4/28/2023		1099: N		
		WALL CLOCK		101 4131-70110-000	SUPPLIES	26.47
		=== VENDOR TOTALS ===	26.47			
=====						
01-05731	MN DEPARTMENT OF LABOR INDUSTR					
I-MARCH1230162023		MN DEPARTMENT OF LABOR INDUST	607.40			
4/28/2023	APBNK	DUE: 4/28/2023 DISC: 4/28/2023		1099: N		
		MN DEPARTMENT OF LABOR INDUSTR		101 20801-000	DUE TO OTHER GOVERNMENTS	607.40
		=== VENDOR TOTALS ===	607.40			
=====						
01-06030	OLSON, ROLAND					
I-202304288491		MILEAGE REIMB APR	36.29			
4/28/2023	APBNK	DUE: 4/28/2023 DISC: 4/28/2023		1099: N		
		MILEAGE REIMB APR		101 4113-86010-000	MILEAGE	36.29
		=== VENDOR TOTALS ===	36.29			
=====						
01-06115	TIMOTHY PITMAN					
I-202304288490		MILEAGE REIMB MARCH/APR SNOWS	125.76			
4/28/2023	APBNK	DUE: 4/28/2023 DISC: 4/28/2023		1099: N		
		MILEAGE REIMB MARCH/APR SNOWS		101 4132-86101-000	MILEAGE	125.76
		=== VENDOR TOTALS ===	125.76			
=====						
01-06185	RAMSEY COUNTY					
I-RISK 002231		MAY INS/ HR FEE/DENTAL/LIFE	851.58			
4/28/2023	APBNK	DUE: 4/28/2023 DISC: 4/28/2023		1099: N		
		MAY INS/ HR FEE/DENTAL/LIFE		101 4112-89000-000	MISCELLANEOUS	851.58
		=== VENDOR TOTALS ===	851.58			
=====						
01-00935	ST PAUL REGIONAL WATER SERVICE					
I-202304288487		H2O AND SS	142.92			
4/28/2023	APBNK	DUE: 4/28/2023 DISC: 4/28/2023		1099: N		
		COMM PARK H2O		101 4141-85040-000	WATER	35.63
		COMM PARK SS		101 4141-85070-000	SEWER	12.33
		CITY HALL H2O		101 4131-85040-000	WATER	72.92
		CITY HALL SS		101 4131-85070-000	SEWER	22.04
		=== VENDOR TOTALS ===	142.92			
		=== PACKET TOTALS ===	3,591.07			

PACKET: 02780 April 24 Payables  
 VENDOR SET: 01 City of Falcon Heights  
 SEQUENCE : ALPHABETIC  
 DUE TO/FROM ACCOUNTS SUPPRESSED

-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
01-3		CANON FINANCIAL SERVICES				
I-30329804		Copier Contract Charges April	122.39			
4/24/2023	APBNK	DUE: 4/24/2023 DISC: 4/24/2023		1099: N		
		Copier Contract Charges April		101 4131-87010-000	CITY HALL MAINTENANCE	122.39
=== VENDOR TOTALS ===			122.39			
01-05909		CARUSO, DIANE				
I-202304248483		Refund Fence Permit	41.18			
4/24/2023	APBNK	DUE: 4/24/2023 DISC: 4/24/2023		1099: N		
		Refund Fence Permit		101 32216-000	DRIVEWAYS/FENCES	41.18
=== VENDOR TOTALS ===			41.18			
01-03111		CENTER FOR ENERGY AND ENVIRONM				
I-22504		Home Energy Squad Planner Vis	250.00			
4/24/2023	APBNK	DUE: 4/24/2023 DISC: 4/24/2023		1099: N		
		Home Energy Squad Planner Vis		101 4117-89070-000	ENERGY AUDIT INCENTIVE	250.00
=== VENDOR TOTALS ===			250.00			
01-03123		CINTAS CORPORATION				
I-4152905890		Floor Mats Svc 4/19	57.45			
4/24/2023	APBNK	DUE: 4/24/2023 DISC: 4/24/2023		1099: N		
		Floor Mats Svc 4/19		101 4131-87010-000	CITY HALL MAINTENANCE	57.45
=== VENDOR TOTALS ===			57.45			
01-05058		JOSH JORDAN				
I-304248484		TKD Instructor 3/28-5/4	824.00			
4/24/2023	APBNK	DUE: 4/24/2023 DISC: 4/24/2023		1099: Y		
		TKD Instructor 3/28-5/4		201 4201-87700-000	INSTRUCTOR-SPECIALTY CLA	824.00
=== VENDOR TOTALS ===			824.00			
01-05995		LANDFORM				
I-34287		Community Park Split/Alta Sur	2,598.00			
4/24/2023	APBNK	DUE: 4/24/2023 DISC: 4/24/2023		1099: N		
		Community Park Split/Alta Surv		403 4403-91500-000	COMMUNITY PARK LAND/BUIL	2,598.00
=== VENDOR TOTALS ===			2,598.00			

-----ID-----			GROSS	P.O. #		
DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
01-0003		MN NCPERS LIFE INSURANCE				
=====						
I-458800052023		2023 Life Insurance May	80.00			
4/24/2023	APBNK	DUE: 4/24/2023 DISC: 4/24/2023		1099: N		
		2023 Life Insurance May		101 21709-000	OTHER PAYABLE	44.32
		2023 Life Insurance May		204 21709-000	OTHER PAYABLE	1.60
		2023 Life Insurance May		601 21709-000	OTHER PAYABLE	23.36
		2023 Life Insurance May		602 21709-000	OTHER PAYABLE	10.72
		=== VENDOR TOTALS ===	80.00			
=====						
01-06024		ON SITE SANITATION				
=====						
I-1515331		Portable Toilets/Sanitizers	260.00			
4/24/2023	APBNK	DUE: 4/24/2023 DISC: 4/24/2023		1099: N		
		Portable Toilets/Sanitizers		601 4601-85080-000	PORTABLE TOILET PARKS	260.00
=====						
I-1515332		Portable Toilets/Sanitizers	87.00			
4/24/2023	APBNK	DUE: 4/24/2023 DISC: 4/24/2023		1099: N		
		Portable Toilets/Sanitizers		601 4601-85080-000	PORTABLE TOILET PARKS	87.00
		=== VENDOR TOTALS ===	347.00			
=====						
01-06185		RAMSEY COUNTY				
=====						
I-PUBW-020236		Bulk Road Salt Jan-Apr	9,650.00			
4/24/2023	APBNK	DUE: 4/24/2023 DISC: 4/24/2023		1099: N		
		Bulk Road Salt Jan-Apr		101 4132-83030-000	SNOW REMOVAL	9,650.00
		=== VENDOR TOTALS ===	9,650.00			
=====						
01-05110		SRF CONSULTING GROUP INC				
=====						
60.00-1		Consultant for Traffic Study	4,960.77			
4/24/2023	APBNK	DUE: 4/24/2023 DISC: 4/24/2023		1099: N		
		Consultant for Traffic Study		208 4208-81900-000	OTHER PROFESSIONAL SERVI	4,960.77
		=== VENDOR TOTALS ===	4,960.77			
		=== PACKET TOTALS ===	18,930.79			

EMP #	NAME	AMOUNT
01-0022	RANDALL C GUSTAFSON	293.07
01-0023	MELANIE M LEEHY	262.05
01-0025	YAKASAH WEHYEE	262.05
01-0027	ERIC G MEYER	262.05
01-1006	JACK LINEHAN	3,112.18
01-1027	KELLY A NELSON	2,101.40
01-1029	ELKE VAN DER WERFF	1,630.47
01-1136	ROLAND O OLSON	3,421.42
01-1028	HANNAH B LYNCH	2,581.40
01-1033	DAVE TRETSVEN	1,946.63
01-1143	COLIN B CALLAHAN	2,527.83

TOTAL PRINTED: 11 18,400.55

4-24-2023 6:20 AM PAYROLL CHECK REGISTER  
PAYROLL NO: 01 City of Falcon Heights

EMP NO	EMPLOYEE NAME	TYPE	CHECK DATE	CHECK AMOUNT	CHECK NO.
0020	WASSENBERG, JAMES J	R	4/24/2023	262.05	092179
1162	LANDBERG, ALYSSA	R	4/24/2023	924.01	092180
1184	NEIS, ADRIAN J	R	4/24/2023	319.25	092181

4-24-2023 6:20 AM PAYROLL CHECK REGISTER  
PAYROLL NO: 01 City of Falcon Heights

\*\*\* REGISTER TOTALS \*\*\*

REGULAR CHECKS:	3	1,505.31
DIRECT DEPOSIT REGULAR CHECKS:	11	18,400.55
MANUAL CHECKS:		
PRINTED MANUAL CHECKS:		
DIRECT DEPOSIT MANUAL CHECKS:		
VOIDED CHECKS:		
NON CHECKS:		
TOTAL CHECKS:	14	19,905.86

\*\*\* NO ERRORS FOUND \*\*\*

April 30 payroll

Fed With	6,554.51
St With	1,192.15
Pera	3,879.51
ICMA	200.00
Child support	<u>-</u>
	11,826.17

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<b>Meeting Date</b>	May 10, 2023
<b>Agenda Item</b>	Consent G2
<b>Attachment</b>	Resolution 23-35
<b>Submitted By</b>	Jack Linehan, City Administrator

<b>Item</b>	ARPA Funding Plan
<b>Description</b>	<p>Under the American Rescue Plan Act (ARPA), federal funds were allocated to municipalities and counties to help aid the recovery of the nation at the local level. The City of Falcon Heights received \$302,056.11 in the fall of 2021 as the first allocation of funds, and received the same sum in 2022 for a total of \$604,112.20.</p> <p>Funds are intended to cover eligible costs incurred in the time period that begins on March 3, 2021 and ends on December 31, 2024, as long as the obligations for funds are incurred by the end date are expended by December 31, 2026.</p> <p>In Resolution 22-08, the City Council authorized staff to report that the City would be taking the Standard Allowance Election of Revenue Loss as defined in the Compliance and Reporting Guidance – State and Local Fiscal Recovery Funds (SLFRF) version 3.0. This allows municipalities to estimate revenue losses up to \$10 million rather than calculate their losses. This was intended to help communities under 50,000 population, such as Falcon Heights.</p> <p>Under the final rule, municipalities can spend their ARPA allocations on a broad range of uses under the “general government provisions” category. For example, a City could allocate their funds towards a specific project or towards personnel salaries. The only expenses that cannot be qualified are items such as pension obligations, debt payments, legal settlements or any action that undermines the Federal government’s response to COVID-19.</p> <p>Following the April 5<sup>th</sup>, 2023 City Council Workshop, staff worked on a plan that would spend the ARPA funds in the 2023 year in accordance with the SLFRF final rule requirements for revenue loss. In further discussions with the City auditor, BerganKDV, it was recommended that the ARPA funds be allocated to non-procurement expenditures to avoid the complications of reporting under federal procurement standards. As such, staff identified the City’s sanitary sewage treatment payments to the Metropolitan Council as qualifying expenditures.</p>

<b>Proposed ARPA Funds Allocation Plan</b>		
<b><u>Project Name</u></b>	<b><u>Project Allocation</u></b>	<b><u>Project Description</u></b>
Sanitary Sewer – Metropolitan Council Sewer Charges	\$604,112.20	Proper sanitary sewage disposal and treatment is a critical component of combatting COVID-19. Due to major changes in activity in consumer behavior, the sanitary sewer fund experienced major revenue losses and compounding costs associated with the COVID-19 pandemic.
<b>Total</b>	<b>\$604,112.20</b>	
<p>Allocating the ARPA funding towards a major sanitary sewer expense is in the spirit of the act and has been approved by our auditors. The total Metropolitan Council sewer charges for 2023 are \$669,996. ARPA funds would cover the majority of this expense for 2023, creating needed relief in the fund.</p>		
<b>Budget Impact</b>	The City has \$604,112.20 of unrecognized revenue from SLFRF. Staff did not budget the expenditure of these funds.	
<b>Attachment(s)</b>	<ul style="list-style-type: none"> <li>• Resolution 23-35</li> </ul>	
<b>Action(s) Requested</b>	Staff recommends the City Council approve the spending authorization of the ARPA / SLFRF funds in accordance with the federal standards as outlined in the final rule.	

**CITY OF FALCON HEIGHTS  
COUNCIL RESOLUTION**

May 10, 2023

No. 23-35

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**A RESOLUTION TO AUTHORIZE EXPENDITURE OF CORONAVIRUS LOCAL  
FISCAL RECOVERY FUNDS ESTABLISHED UNDER THE AMERICAN RESCUE  
PLAN ACT**

**WHEREAS**, since the first case of coronavirus disease 2019 (COVID-19) was discovered in the United States in January 2020, the disease has infected over 32 million and killed over 575,000 Americans (“Pandemic”). The disease has impacted every part of life: as social distancing became a necessity, businesses closed, schools transitioned to remote education, travel was sharply reduced, and millions of Americans lost their jobs;

**WHEREAS**, as a result of the Pandemic, cities have been called on to respond to the needs of their communities through the prevention, treatment, and vaccination of COVID-19; and

**WHEREAS**, city revenues, businesses and nonprofits in the city have faced economic impacts due to the Pandemic; and

**WHEREAS**, Congress adopted the American Rescue Plan Act in March 2021 (“ARPA”) which included \$65 billion in recovery funds for cities across the country; and

**WHEREAS**, ARPA funds are intended to provide support to state, local, and tribal governments in responding to the impact of COVID-19 and in their efforts to contain COVID-19 in their communities, residents, and businesses; and

**WHEREAS**, \$604,112.20 has been allocated to the City of Falcon Heights of which the initial distribution of \$302,056.11 has already been received pursuant to the ARPA (“Allocation”); and

**WHEREAS**, the United States Department of Treasury has adopted guidance regarding the use of ARPA funds; and

**WHEREAS**, the City, in response to the Pandemic, has had expenditures and anticipates future expenditures consistent with the Department of Treasury’s ARPA guidance; and

**WHEREAS**, the State of Minnesota distributed ARPA funds to the City because its population is less than 50,000; and

**WHEREAS**, In May of 2021, the US department of Treasury (“Treasury”) published the Interim Final Rule describing eligible and ineligible uses of funds as well as other program provisions, sought feedback from the public on these program rules, and began to distribute funds; and

**WHEREAS**, On January 6, 2022, Treasury issued the final rule. The final rule delivers broader flexibility and greater simplicity in the program, responsive to feedback in the comment process; and

**WHEREAS**, the final rule offers a standard allowance for revenue loss of up to \$10 million, allowing recipients to select between a standard amount of revenue loss or complete a full revenue loss calculation; and

**WHEREAS**, recipients that select the standard allowance may use that amount, in many cases their full award, for governmental services, with streamlined reporting requirements; and

**WHEREAS**, the City Council has discussed the expenditures of the funds under the guidance of our attorneys and city auditors; and

**WHEREAS**, the City Council has determined that the funds are best used in our Sanitary Sewer Fund 601, which experienced significant revenue losses during and after the pandemic. The funds are to be used on our Metropolitan Council sanitary sewage treatment costs.

**NOW THEREFORE, BE IT RESOLVED**, by the City Council of the City of Falcon Heights, Minnesota:

1. The City elects under the standard allowance available under the revenue loss provision of the American Rescue Plan Act in the amount of \$604,112.20 to be used for the replacement of revenue lost.
2. The City intends to utilize the funds towards our Metropolitan Council sanitary sewer charges in 2023.
3. City staff, together with the Mayor and the City Attorney are hereby authorized to take any actions necessary to allocate the City's share of ARPA funds from the State of Minnesota for expenses incurred because of the Pandemic.

Adopted by the City Council of City of Falcon Heights, Minnesota this ninth day of March 2022.

Moved by:

Approved by: \_\_\_\_\_

Randy Gustafson  
Mayor

GUSTAFSON        \_\_\_\_\_    In Favor  
LEEHY  
MEYER             \_\_\_\_\_    Against  
WASSENBERG  
WEHYEE

Attested by: \_\_\_\_\_

Jack Linehan  
City Administrator

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<b>Meeting Date</b>	May 10, 2023
<b>Agenda Item</b>	Consent G3
<b>Attachment</b>	State of Minnesota Pay Equity Compliance Report
<b>Submitted By</b>	Jack Linehan, City Administrator

<b>Item</b>	Approve State of Minnesota Pay Equity Report Correction for Noncompliance Notice #1
<b>Description</b>	<p>In 1984, the Minnesota Legislature passed the Local Government Pay Equity Act. This act created a three-year cycle whereby each unit of local government is required to provide a report on levels of pay for each class of employee, with the goal of achieving equity among male and female classes. The City of Falcon Heights was required to submit a report by January 31, 2023 based on salary levels as of December 31, 2022. The City submitted a report on January 26<sup>th</sup>, following council approval.</p> <p>The City received a letter in March from the State of Minnesota Pay Equity Coordinator noting one area of noncompliance in our report. Under the “exceptional service - longevity” test, 66% of employees that the City claimed as receiving higher pay for years of service credit were male. Under the act, no more than 50% can be male. As a small organization of under 10 employees, this is difficult to achieve with the vast majority of our long-term employees male, and many of our recent hires female. This is due partially to our pay structure, as we reward employees at 6-months, 18-months, 5-years, 10-years and every five years after with pay increases. At the time of the reporting period (December 31, 2022), many of our new hires had not yet received their 6-month step increase and as such were at the base hiring pay.</p> <p>To fix the issue, staff worked with the MMB office to review our updated report. The issue was resolved by removing the “exceptional service - longevity” claim for all employees, as it was not necessary to achieve compliance. The State’s Pay Equity Coordinator reviewed our draft submission and signed off that this updated report would be compliant.</p> <p>There is no penalty for one order of noncompliance. If it is uncorrected by June 7, 2023, the City receives fines as outlined under the act.</p>
<b>Budget Impact</b>	N/A
<b>Attachment(s)</b>	<ul style="list-style-type: none"> <li>State of Minnesota Pay Equity Report</li> </ul>
<b>Action(s) Requested</b>	Staff recommends that the Council approve the attached State of Minnesota Pay Equity Report.



# Compliance Report

Jurisdiction: Falcon Heights  
2077 West Larpenteur Avenue

Report Year: 2023  
Case: 7 - 2022 Data - Noncompliance Updated Data (Shared (Jur and MMB))

Falcon Heights, -1 55113

Contact: Jack Linehan

Phone: (651) 792-7611

E-Mail: jack.linehan@falconheights.org

The statistical analysis, salary range and exceptional service pay test results are shown below. Part I is general information from your pay equity report data. Parts II, III and IV give you the test results.

For more detail on each test, refer to the Guide to Pay Equity Compliance and Computer Reports.

## I. GENERAL JOB CLASS INFORMATION

	Male Classes	Female Classes	Balanced Classes	All Job Classes
# Job Classes	4	4	0	8
# Employees	4	4	0	8
Avg. Max Monthly Pay per employee	8332.09	5512.43		6922.26

## II. STATISTICAL ANALYSIS TEST

### A. Underpayment Ratio = 100 \*

	Male Classes	Female Classes
a. # At or above Predicted Pay	3	3
b. # Below Predicted Pay	1	1
c. TOTAL	4	4
d. % Below Predicted Pay (b divided by c = d)	25.00	25.00

\*(Result is % of male classes below predicted pay divided by % of female classes below predicted pay.)

### B. T-test Results

Degrees of Freedom (DF) = 6	Value of T = -1.067
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a. Avg. diff. in pay from predicted pay for male jobs = 0

b. Avg. diff. in pay from predicted pay for female jobs = 1427

## III. SALARY RANGE TEST = 0.00 (Result is A divided by B)

A. Avg. # of years to max salary for male jobs = 0.00

B. Avg. # of years to max salary for female jobs = 0.00

## IV. EXCEPTIONAL SERVICE PAY TEST = 0.00 (Result is B divided by A)

A. % of male classes receiving ESP = 0.00 \*

B. % of female classes receiving ESP = 0.00

\*(If 20% or less, test result will be 0.00)



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<b>Meeting Date</b>	May 10, 2023
<b>Agenda Item</b>	Consent G5
<b>Attachment</b>	Resolution 23-36
<b>Submitted By</b>	Kelly Nelson, Assistant to the City Administrator

<b>Item</b>	Resignation of Andrea LaDouceur from the Community Engagement Commission
<b>Description</b>	Andrea LaDouceur was appointed in May 2020 and has been a great addition to the commission. Staff would like to thank Andrea for her commitment and time while wishing her well in future endeavors.
<b>Budget Impact</b>	N/A
<b>Attachment(s)</b>	<ul style="list-style-type: none"> <li>• Resolution 23-36 Resignation of Andrea LaDouceur from CEC</li> </ul>
<b>Action(s) Requested</b>	Staff recommend approval of attached resolution, accepting the resignation of Andrea LaDouceur from the Community Engagement Commission.

**CITY OF FALCON HEIGHTS  
COUNCIL RESOLUTION**

May 10, 2023

No. 23-36

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**RESOLUTION ACCEPTING THE RESIGNATION OF ANDREA LADOUCEUR FROM  
THE FALCON HEIGHTS COMMUNITY ENGAGEMENT COMMISSION**

**WHEREAS**, the City appointed Andrea LaDouceur as a member of the City of Falcon Heights Community Engagement Commission in 2020 and

**WHEREAS**, on April 9, 2023 Ms. LaDouceur communicated her intent to resign her duties from the Commission effective immediately;

**NOW THEREFORE BE IT RESOLVED** by the City Council of the City of Falcon Heights, Minnesota:

1. That the resignation is accepted by the City Council of the City of Falcon Heights.

-----  
Moved by:

Approved by: \_\_\_\_\_  
Randall C. Gustafson  
Mayor

GUSTAFSON        \_\_\_\_\_    In Favor  
MEYER  
LEEHY            \_\_\_\_\_    Against  
WEHYEE  
WASSENBERG

Attested by: \_\_\_\_\_  
Jack Linehan  
City Administrator

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<b>Meeting Date</b>	May 10, 2023
<b>Agenda Item</b>	Policy H1
<b>Attachment</b>	See below.
<b>Submitted By</b>	Hannah Lynch, Community Development Coordinator

<b>Item</b>	Planning Commission Recommendation - Buhl Proposal - Caribou Coffee
<b>Description</b>	<p>On March 28, 2023, the Planning Commission held a public hearing to review a proposed development next to the current Amber Union Apartment site. The proposal is for a Caribou Coffee, drive-through and walk-up only, coffee shop.</p> <p>The Falcon Heights City Council met at a special meeting on May 3, 2023 to consider this proposal. Hannah Lynch, Community Development Coordinator, presented an overview of the request and the applicant gave an updated presentation. The meeting had a hard stop at 7:30 PM.</p> <p>City Council discussed the proposal and asked questions about the requirements for drive-through only and discussed providing the applicant with direction should he want to continue to pursue this project. They also discussed revising some of the Findings of Fact due to the incorporation of findings relating to Comprehensive Plan goals that are not codified. Examples of this include the goal to eventually require applicants to complete a Health Impact Assessment and to not allow redevelopment until a study is done of the Larpenteur / Snelling corridor. These items are currently being discussed by the Planning Commission in a review of the Comprehensive Plan, but neither of those requirements have been put into place yet. Due to this and the need for more review by City Council, this was tabled to the May 10, 2023 regular City Council meeting.</p> <p>Currently the City Code does not allow drive-throughs for food establishments anywhere in the city. Should City Council choose to move forward with approval of this proposal, a number of amendments would need to be made to City Code.</p> <p><b><u>History of Amber Union &amp; Current Status</u></b></p> <p>The Amber Union PUD encompasses the 3.78 acres of the parcel located on the southwest corner of the intersection of Snelling and Larpenteur Avenues. The additional two parcels, located just to the west, have served as 214 parking</p>

stalls, some reserved for additional Amber Union parking, with approximately 167 of those utilized as overflow parking.

### **Proposed Use & Changes to Code**

In February 2023, an application was received for an amendment to City Code to rezone the additional two parcels to PUD, amend the Amber Union PUD to allow a drive-through eating establishment, and amend the definition of “drive-through facility” and supplemental regulations in City Code.

Historically, drive-through facilities for eating establishments have not been permitted in Falcon Heights. Currently the definition for “drive-through facility” in City Code Sec. 113-3 *Definitions* states, “*the use of land, buildings or structures, or parts thereof, to provide or dispense products or services, either wholly or in part, through an attendant or window or automated machine, to persons remaining in motorized vehicles that are in a designated stacking lane. A drive-through facility may be permitted only as an accessory use in combination with a bank of financial institution. A drive-through facility does not include a vehicle washing facility, a vacuum cleaning station accessory to a vehicle washing facility, or an automobile/gasoline service station.*”

This definition specifically prohibits drive-through facilities except as an accessory to banking or financial institutions. To allow this project to move forward, this definition would need to be amended, while keeping with the intent of protecting the City from drive-through facilities being permitted by right in any specific zoning district. The suggested amendment to this definition proposes allowing drive-through facilities for eating establishments only as part of a PUD, which would go through an extensive review and public hearing process.

In addition, the Amber Union PUD would be amended to allow drive-through eating establishments as a permitted use and updated with new drawings referenced.

Finally, there are supplemental regulations for drive-through facilities within City Code. Specifically, the section regarding operation time was requested by the applicant to be amended to state it may be operated starting at 6:00 a.m.

### **Public Hearing & Recommendation from the Planning Commission**

A number of residents appeared at the public hearing to speak on the proposal. There were many concerns centered around safety for pedestrians, emissions from idling vehicles, and consistency with the Comprehensive Plan.

	<p>According to City Code, no amendment to the chapter may be adopted unless it is found to be consistent with the city’s comprehensive plan. The term “drive-through” is not specifically stated anywhere in the 2040 Comprehensive Plan. Because of this, the general goals and policies of the plan should be assessed to determine if the addition of a drive-through facility for an eating establish is or is not consistent with the plan.</p> <p>After review by the Planning Commission, it was voted 4-0 to recommend denial of the project to City Council. A number of reasons were behind this, all of which are stated in the Findings of Fact and recommendation from the Planning Commission, available in the packet for the May 3, 2023 City Council meeting.</p>
<p><b>Budget Impact</b></p>	<p>None.</p>
<p><b>Attachment(s)</b></p>	<ul style="list-style-type: none"> <li>- Updated Findings of Fact and Decision from City Council</li> </ul> <hr/> <p><b>Available in 5/3/2023 City Council Packet:</b></p> <ul style="list-style-type: none"> <li>- Signed Findings of Fact and Recommendation from the Falcon Heights Planning Commission</li> <li>- Draft Minutes from March 28, 2023 Planning Commission meeting</li> <li>- Copy of Staff Presentation from March 28, 2023 Planning Commission meeting</li> <li>- Copy of Buhl Presentation from March 28, 2023 Planning Commission meeting</li> <li>- RCA Packet from March 28, 2023 Planning Commission meeting, including: <ul style="list-style-type: none"> <li>o Application for Amendment to Amber Union PUD</li> <li>o Narrative from Applicant</li> <li>o Proposed Plans from Applicant</li> <li>o Traffic Study from SRF</li> <li>o Stormwater Management Memorandum from Kimley-Horn</li> <li>o Posted Notice</li> <li>o Newspaper Notice</li> <li>o Newspaper Notice Affidavit</li> <li>o Notice to Property Owners</li> <li>o Notice to Residents</li> <li>o Comments from Fire Marshal, City Engineer</li> <li>o Section 113-35 from Falcon Heights City Code – Amendments to Zoning Code</li> <li>o An Ordinance Amending Chapter 113 of the Falcon Heights City Code Concerning Drive-Through Facilities and Amber Union PUD</li> </ul> </li> </ul>

<b>Action(s) Requested</b>	<p>The Planning Commission recommends City Council deny the application for the Caribou Coffee, including all proposed amendments to City Code that would be required, and adopt the Findings of Fact as proposed.</p> <p>Staff has drafted revised Findings of Fact for City Council to review as an alternative.</p>
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CITY OF FALCON HEIGHTS  
RAMSEY COUNTY, MINNESOTA

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IN RE:

Application of Buhl Larpenteur West LLC,  
5100 Eden Ave, Suite 317, Edina, MN 55436,  
for an amendment to City Code and the  
Amber Union PUD to allow drive-through  
facilities for eating establishments.

**FINDINGS OF FACT  
AND  
DECISION**

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On ~~May 3~~March 28, 2023, the Falcon Heights ~~Planning Commission~~City Council ~~met at~~  
~~its regularly scheduled~~held a special meeting to consider the application of Buhl Larpenteur  
West LLC, 5100 Eden Ave, Suite 317, Edina, MN 55436 for an amendment to City Code and the  
Amber Union PUD to allow drive-through facilities for eating establishments, and extend the  
Amber Union PUD to cover two additional parcels. This meeting was tabled to be continued at  
the May 10, 2023 regularly scheduled meeting. The Planning Commission previously conducted  
a public hearing at their March 28, 2023 meeting on the proposed amendment preceded by  
published and mailed notice. The applicant was present, and the Planning Commission heard  
testimony from all interested persons wishing to speak and now makes the following:

**FINDINGS OF FACT:**

1. The subject property is three adjacent parcels, Ramsey County Tax Parcel IDs  
212923110030, 212923110028, and 212923110029, located at the southwest corner of  
Larpenteur Avenue and Snelling Avenue in Falcon Heights, MN.

2. Tax Parcel ID 212923110030, 1667 Snelling Avenue, Falcon Heights, MN 55108, is currently zoned Planned Unit Development (PUD) and is otherwise known as the Amber Union PUD.
3. Tax Parcel IDs 212923110028, 1644 Larpenteur Avenue W, Falcon Heights, MN 55113, and 212923110029, 0 Larpenteur Avenue W, Falcon Heights, MN 55113, are currently zoned R5M, High Density Residential Mixed Use.
4. The subject properties are legally described as:

212923110030: The North Half of the Northeast Quarter of the Northeast Quarter of the Northeast Quarter, in section 21, township 29, range 23, Ramsey County, Minnesota, except that part taken for Snelling and Larpenteur Avenues.

212923110028: The West 150 feet of the East 160 feet of the North 283 feet of the Northwest quarter of the Northeast quarter of the Northeast quarter of Section 21, Township 29, Range 23, West of the Fourth Principal Meridian.

212923110029: The East 250 feet of the North 500 feet except the West 150 feet of the East 160 feet of the North 283 feet of the Northwest quarter of the Northeast quarter of the Northeast quarter of Section 21, Township 29, Range 23.

5. The current Amber Union PUD is to provide for the mixed uses of multi-family apartments and a retail space. Permitted uses and zoning regulations are as follows: The R5-M mixed use high density residential district regulations shall apply to the property subject to the following modifications:

(1) Permitted uses: One principal structure consisting of 111,640 square feet and 89 apartment units and one principal structure consisting of 59,195 square feet, 39 apartment units, and one retail space.

- (2) No conditional uses.
  - (3) No interim uses.
  - (4) Setbacks as depicted in the site plan dated September 23, 2019 prepared by  
Kimley Horn and Mohagen Hansen.
6. On March 6, 2023, an application was received from Pete Deanovic, Buhl Larpenteur West LLC, 5100 Eden Avenue Suite 317, Edina, MN 55436 for a rezoning and plan review of a proposed coffee shop with drive-through located on Tax Parcel ID 212923110029. This would require a text amendment to City Code and extending the boundary of the Amber Union PUD to cover two additional parcels, 212923110029 and 212923110028.
  7. The proposed PUD amendment is not in compliance with the City Code.
  8. In City Code, drive-through facilities are “defined as the use of land, buildings or structures, or parts thereof, to provide or dispense products or services, either wholly or in part, through an attendant or window or automated machine, to persons remaining in motorized vehicles that are in a designated stacking lane. A drive-through facility may be permitted only as an accessory use in combination with a bank of financial institution. A drive-through facility does not include a vehicle washing facility, a vacuum cleaning station accessory to a vehicle washing facility, or an automobile/gasoline service station.”
  9. As drive-through facilities for eating establishments are not permitted anywhere in the City of Falcon Heights, it was determined to accommodate this change, the definition of “drive-through facility,” the uses permitted in the Amber Union PUD, the boundaries of the Amber Union PUD, and the supplemental guidelines for “drive-through facilities” would need to be amended within City Code.

10. When an amendment to a PUD is requested after the PUD has been issued its Certificate of Occupancy, including but not limited to changes in land use, increases in development density or intensity or changes in the provisions for common open spaces shall require a PUD amendment. The amendment process for planned unit developments is the same as that for all other amendments of the Zoning chapter in City Code.
11. The City of Falcon Heights Planning Commission met at its regularly scheduled meeting on March 28, 2023 to conduct a public hearing and issue a recommendation on the requested amendment and rezoning request. The Planning Commission voted 4-0 to recommend denial of the amendment and rezoning request.
12. An amendment to a planned unit development or any other amendment of the Zoning chapter of City Code must conform to the process outlined in Section 113-35. It was determined all requirements from Section 113-35(a-d) were met. The applicant for the proposed amendment was the property owner, Buhl Larpenteur West LLC, and the application was received on an official application form. Required notice of the public notice was sent to all property owners within 350' of the subject properties, and published in the newspaper in the required timeframe. A public hearing was held by the Planning Commission with a recommendation voted on to be sent to City Council. Requirement 113-35(f) will be conformed with upon action by City Council.
13. Section 113-35(e) requires the following:
  - (e) *Consistency with comprehensive plan.* No amendment to this chapter shall be adopted which is in conflict with the city's comprehensive plan.
14. Upon review by ~~the Planning Commission~~City Council of the information provided by the applicant, staff, ~~and~~ comments from citizens, and the recommendation from the

[Planning Commission](#), the following has been found regarding consistency with the comprehensive plan:

- (a) The [Planning Commission](#)[Falcon Heights City Council](#) has found the proposed amendments and rezoning to not be consistent with the Comprehensive Plan in the following sections with additional commentary –

**General Land Use Goals (page 44) –**

**4. To encourage practices that conserve energy and lower the City’s over-all carbon emissions, making Falcon Heights a healthier, more sustainable community.**

**5. To encourage sustainability and resiliency practices that reduce energy consumption and carbon emissions, mitigate the effects severe weather and a changing climate.**

[The Planning Commission](#)[City Council](#) finds allowing a drive-through facility for an eating establishment does not contribute to lowering the City’s overall carbon emissions as it has been shown that idling vehicles increase carbon emissions.

**3. To enhance access and safety for pedestrians and non-motorized transportation.**

[The Planning Commission](#)[City Council](#) finds a drive-through eating establishment would not enhance access and safety for pedestrians and non-motorizes transportation as it encourages vehicle use. Despite the proposal including a walk-up window for pedestrians, there is still an issue of the safety for pedestrians traveling across the drive-through lane.

**General Land Use Policies (page 45) –**

~~1. Adopt and encourage “complete streets best practices” to promote public health and encourage an active lifestyle for residents. Require a health impact assessment for new development/redevelopment.~~

~~The Planning Commission finds no health impact assessment to have been completed.~~

~~Axis of Redevelopment—The Larpenteur Corridor (page 50)—~~

~~A comprehensive corridor study of both Snelling and Larpenteur, with ample opportunity for public participation, is recommended as part of the implementation of this plan, before any significant redevelopment is initiated along the Larpenteur Avenue corridor in Falcon Heights.~~

~~The Planning Commission finds a comprehensive corridor study has not yet been completed for the area of the proposed project. The Planning Commission also finds a comprehensive corridor study is needed before amending City Code to allow uses previously not allowed entirely.~~

~~Larpenteur Corridor Policies (page 51)—~~

~~6. Employ the health impact assessment and other tools to ensure that new development along Larpenteur Avenue is safe, attractive and walkable and enhances the quality of life for residents of the City.~~

~~The Planning Commission finds no health impact assessment to have been completed.~~

**8. Make sure all development follows the City’s sustainability and resiliency goals (page 52).**

~~The Planning Commission~~City Council finds developing a drive-through facility to be a contradiction to the City's sustainability and resiliency goals, as the practice increases the carbon emissions within the City.

~~Commercial / Business Policies (page 63) –~~

~~2. Require health impact assessments and environmental impact assessments for new development or redevelopment.~~

~~The Planning Commission finds no health impact assessment to have been completed.~~

**Environmental Protection Goals (page 143) –**

**2. To protect people and property from excessive noise, pollution and natural hazard.**

~~The Planning Commission~~City Council finds the development of a drive-through facility for an eating establishment to increase pollution due to the idling of vehicles.

**3. To improve the health of residents and those who work within the city.**

~~The Planning Commission~~City Council finds the development of a drive-through facility for an eating establishment that increases pollution due to the idling of vehicles to decrease the health of residents and those who work within the city.

**Environmental Protection Policies (page 143) –**

**8. Monitor air quality at Snelling/Larpenteur Avenues and maintain the intersection as necessary to assure that ambient pollution levels are not substantially increased.**

~~The Planning Commission~~City Council finds the increase of carbon emissions due to the development of a drive-through facility and additional idling vehicles will increase the ambient pollution levels of the intersection at Snelling and Larpenteur Avenues.

15. ~~The Planning Commission~~City Council finds the usage of a Planned Unit Development in the case of this proposal to be inconsistent with the goal of a PUD as outlined in City Code:

**ARTICLE V - PLANNED UNIT DEVELOPMENT (PUD)**

***Sec. 113-199 - Purpose***

**The planned unit development district is intended to permit flexibility of site design, the conservation of land and open space through clustering of buildings and activities, and an incentive to developers to plan creatively by providing density bonuses. This flexibility can be achieved by allowing deviations from standards including setbacks, heights and similar regulations. PUDs are characterized by central management, integrated planning and architecture, joint or common use of parking, open space and other facilities, and a harmonious selection and efficient distribution of uses.**

~~The Planning Commission~~City Council finds the cumulative outcome of the proposed amendments and rezoning does not conserve land or open space and does not increase density with an efficient distribution of uses. While ~~technically~~ there will be mixed uses within the Amber Union PUD as a whole, the additional building to be constructed for the coffee shop will be a singular use which is not the intent of a Planned Unit Development.



**RECOMMENDATION:**

The Falcon Heights ~~Planning Commission~~City Council hereby ~~recommends denial~~denies of the Applicant's request for an amendment to City Code and the Amber Union PUD and rezoning.

**ADOPTED** by the Falcon Heights ~~Planning Commission~~City Council on this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

**FALCON HEIGHTS ~~PLANNING~~**

**~~COMMISSION~~ City Council**

By: \_\_\_\_\_

~~Scott Wilson, Planning Commission~~

~~Chair~~Randy Gustafson, Mayor

GUSTAFSON \_\_\_\_\_ In favor

LEEHY

ATTEST: \_\_\_\_\_

MEYER \_\_\_\_\_ Against

~~Hannah B. Lynch~~Jack Linehan

WEHYEE

City Administrator

WASSENBERG

