

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF LAKE ELMO, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

Prepared By: Finance Department

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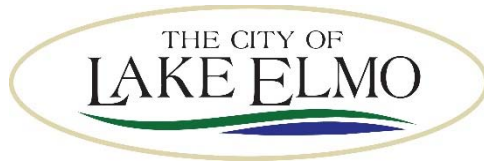
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INTRODUCTORY SECTION

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June 4, 2021

Honorable Mayor, Members of the City Council, and Citizens of the City of Lake Elmo:

Minnesota Statutes require all cities to issue an annual report on its financial position and activity prepared in accordance with generally accepted accounting principles (GAAP), under the guidance of the Governmental Accounting Standards Board (GASB), and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants or the Office of the State Auditor. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Lake Elmo, MN for the fiscal year ended December 31, 2020.

This report consists of management's representation concerning the finances of the City of Lake Elmo. Consequently, management assumes full responsibility for the completeness, accuracy and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, the management of the City of Lake Elmo has established a thorough internal control system designed to both protect the City's assets from loss, theft and misuse and to compile all necessary information for the preparation of the City of Lake Elmo's financial statements in conformity with GAAP and GASB. As a management team, we assert that the financial statements will be free from material misstatement and that the financial report is reliable in all material respects.

The City of Lake Elmo's financial statements have been audited by Redpath and Company, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Lake Elmo for the fiscal year ended December 31, 2020 are free from material misstatement. The independent audit involved examining, on an approved test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit that there was a reasonable basis for rendering an unmodified opinion that the City of Lake Elmo's financial statements for fiscal year ended December 31, 2020 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of the report.

A "Single Audit" designed to meet the special needs of a federal grantor agency was not performed for the year ended December 31, 2020 as the City's federal expenditures did not meet the single audit threshold for this additional independent audit.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is included to complement the MD&A and should be read in conjunction with it. The City of Lake Elmo's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City of Lake Elmo was incorporated in 1926 and is a statutory city in the State of Minnesota six miles east of St. Paul Minnesota. Located in Washington County, it covers 25 square miles and has an estimated 2019 population of 11,105 which represents 3,902 households.

Policy-making and legislative authority are vested in a governing council consisting of an elected Mayor and four council members. Per Minnesota State Statute, the governing council is responsible for passing ordinances, adopting an annual budget, appointing committees and hiring both the city's administrator and attorney. The City Administrator is responsible for carrying out the policies and ordinances of the governing council and overseeing the day-to-day operations of the city. The Council is elected on a non-partisan basis. The Mayor serves a four-year term and council members serve a four-year staggered term, with two of these positions elected every two years. The Mayor and the Council are elected at-large.

The City of Lake Elmo provides a full range of Services including fire protection services, construction and maintenance of streets and infrastructure; recreational facilities; and water, sanitary sewer and storm water utility services. The City contracts with the Washington County Sheriff's Department for police services.

The annual budget serves as the foundation for the City of Lake Elmo's financial management and fiscal stewardship. City departments and agencies of the City submit their requested budget to the City Administrator and the Finance Director in order to compile a preliminary budget for submission to the Finance Committee for their consideration. The Finance Committee then meets with the Department Heads to better understand their proposed budgets to later submit a budget to the City Council. The preliminary balanced budget is presented to the City Council in September each year so that the preliminary property tax levy can be submitted to Washington County by the annual due date. The preliminary property tax levy may be decreased but not increased. The 2020 Adopted Budget and final property tax levy was required to be adopted by and submitted to Washington County by December 28, 2019. Included in the City annual budget process is the compilation of a Capital Improvement Plan which allows for strategic planning of City infrastructure and equipment needs while maintaining a reasonable level of debt and a strong unassigned fund balance. Quarterly budget to actual comparison reports are provided to the Finance Committee and the City Council to keep them apprised of the financial performance of the City.

FACTORS AFFECTING FINANCIAL CONDITION

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 Lake Elmo operates.

LOCAL ECONOMY

Lake Elmo is home to numerous businesses that are leaders in their respective industries. New residential developments platted since 2014 numbering approximately 2,871 have been approved. In 2020, the city saw the construction of the first apartment development in the City with 300 units. Two additional senior living facilities also began construction in 2020. The City's highway infrastructure continues to make Lake Elmo a desirable residential location. Rapid growth is further reflected in 2019 population estimates of 11,105 or an increase of 38% since the 2010 census.

New housing starts in 2020 numbered 309 with a total value of \$98,294,609 and an average value of \$318,105. There were 34 new Commercial construction projects in 2020, and a number of remodels and expansions. All these new starts have been built in 2020 or will be finished in 2021, which will greatly strengthen the existing tax base of the City.

LONG TERM FINANCIAL PLANNING

Total unassigned General Fund balance as of December 31, 2020 was 86% of the next year's general fund expenditures and other financing uses. Although the State Auditor recommends maintaining a level of 35% - 50%, the City has consistently exceeded that rate, showing the City's financial strength.

The City's 5-year Capital Improvement Plan serves as the foundation for long-term financial planning. Funding needs for capital replacements are reflected in tax levies for the street renewal and general fund asset replacements. Funding needs for capital infrastructure in the enterprise funds are funded through user fees in those funds.

During 2017, Moody's Investors Service increased the City's long-term debt rating of AA+, and reaffirmed this rating in 2019 and 2020. In their assessment of the City, Moody's noted the following:

- Strong financial operations supported by healthy reserves and liquidity
- Healthy unassigned fund balance
- Affluent tax base favorably located in Twin Cities metropolitan area

Projections for the next 5 years indicate that property tax contributions, user fees and investment income will continue to grow based on planned development and expansion within the City.

RELEVANT FINANCIAL POLICIES

Trends of the past decade, changes in state tax law, and recent legislation indicate that the City will have a greater reliance on property taxes as a source of financing for city operations in the future and less reliance on the intergovernmental revenues (federal and state) and building permit fees. Changes in state tax law over the past decade have resulted in funding changes for both schools and local governments. The elimination of the homestead and agricultural credit aids program, and large cuts in both local government aid and the market value homestead credit programs resulted in revenue losses to the City. In addition, as the City continues toward full development, we anticipate future decreases in building permit revenues.

MAJOR INITIATIVES

2020 was again an extremely robust year for the City due to continuation of on-going infrastructure upgrades, projects, and oversight of on-going residential and commercial development activity.

Some of the 2020 infrastructure projects included the following:

- The Old Village Improvement project is well underway and preliminary survey work began on Phases V & VI of the project which are under construction starting in 2021. The projects cover full reconstruction of the streets as well as upgrading the existing water system and installation of a new sewer system and storm water drainage system.
- The City began work on seven expedited watermain projects to bring water to neighborhoods with PFAS contamination at no cost to the city or residents due to grants from the MPCA. These projects include watermain extensions, road construction and in some cases the extension of sewer. Sewer costs of the project will be assessed 100% to the benefiting property owners. Additionally, well 5 was under construction in 2020 and completed in 2021.
- A stoplight was installed at Inwood Ave and 5th Street to improve safety of the intersection as growth and development continue in the residential and commercial properties in the area.
- Use of Parkland dedication fees to continue to make improvements to existing and new parks.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City again for the fiscal year ending December 31, 2019. This certificate is a prestigious national award recognizing conformance with the highest standards for preparation for state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A certificate is valid for one year only.

The City of Lake Elmo is pleased to present its Comprehensive Annual Financial Report, which will be submitted to the Government Finance Officers Association (GFOA) for consideration of a Certificate of Achievement for Excellence in Financial Reporting for its financial reports for the fiscal year ended December 31, 2020. The preparation of this report would not have been possible without the efficient and dedicated services of the personnel of the City of Lake Elmo. Further, we would like to express our appreciation to all members of the organization who assisted in contributing to the preparation of the report. Credit must also be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of management of the City of Lake Elmo's finances.

Respectfully submitted,



Kristina Handt
City Administrator



Sam Magureanu
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lake Elmo
Minnesota**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morrill

Executive Director/CEO

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CITY OF LAKE ELMO, MINNESOTA

PRINCIPAL CITY OFFICIALS

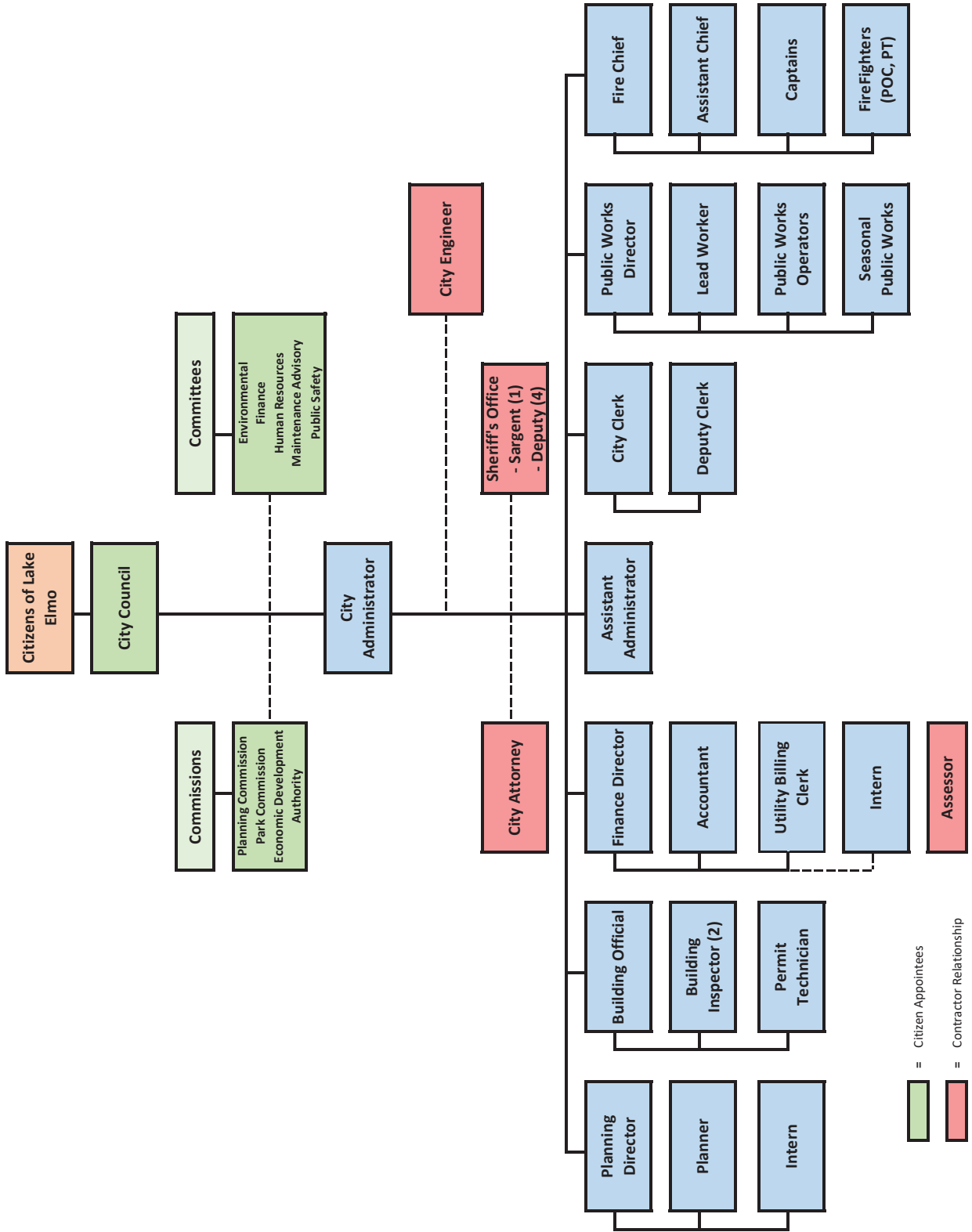
December 31, 2020



		<u>Term Expires</u>
Mayor:	Mike Pearson	December 31, 2020
Councilmembers:	Justin Bloyer	December 31, 2020
	Christine Nelson	December 31, 2020
	Dale Dorschner	December 31, 2022
	Lisa McGinn	December 31, 2022
Appointed Officials		
City Administrator:	Kristina Handt	Appointed
Finance Director:	Sam Magureanu	Appointed
City Clerk:	Julie Johnson	Appointed



ORGANIZATION CHART 2020



FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Lake Elmo, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lake Elmo, Minnesota as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Lake Elmo, Minnesota's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lake Elmo, Minnesota, as of December 31, 2020, 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.

Report on Summarized Comparative Information

We have previously audited the City of Lake Elmo, Minnesota's 2019 financial statements, and we expressed an unmodified audit opinion on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated June 26, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, and the schedules of OPEB and pension information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lake Elmo Minnesota's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2021 on our consideration of the City of Lake Elmo, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Lake Elmo, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lake Elmo, Minnesota's internal control over financial reporting and compliance.

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

June 4, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Lake Elmo, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$106,100,028 (net position). Of this amount, \$23,863,204 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.

The City's total net position increased by \$18,919,224.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,183,751, an increase of \$883,812. Of this amount, \$5,814,832 is restricted by external constraints established by creditors, grantors, contributors, or by state statutory provisions.

At the end of the current fiscal year, the General Fund balance was \$5,233,641. Unassigned fund balance for the General Fund was \$5,212,435, or 86% of the next year's total General Fund expenditures and other financing uses.

Total outstanding debt decreased by \$3,170,000 during 2020. There was no new debt issued in 2020.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise 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.

Management's Discussion and Analysis

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by 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, culture and recreation, and economic development. The business-type activities of the City include water, sewer and storm sewer utilities.

The government-wide financial statements are statements 1 and 2 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 of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on 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 financial 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 financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures and change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Management's Discussion and Analysis

The City maintains three individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the following major funds:

- General Fund
- Debt Service
- Vehicle Acquisition

Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with its budget.

The basic governmental fund financial statements are statements 3 through 6 of this report.

Proprietary funds. The City maintains three enterprise funds as a part of its proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer and storm sewer utilities.

The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer and storm sewer funds, which are considered to be major funds of the City. The basic proprietary fund financial statements are statements 7 through 9 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 following Statement 9.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements are presented as Statements 18 through 23.

Management's Discussion and Analysis

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$106,100,028 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$74,065,663, or 70%) reflects its net investment in capital assets (e.g. land, buildings, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's 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 liquidate these liabilities.

City of Lake Elmo's Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$18,815,135	\$18,130,671	\$20,448,133	\$18,043,809	\$39,263,268	\$36,174,480
Capital assets	45,484,720	42,520,593	64,643,579	54,588,238	110,128,299	97,108,831
Total assets	<u>64,299,855</u>	<u>60,651,264</u>	<u>85,091,712</u>	<u>72,632,047</u>	<u>149,391,567</u>	<u>133,283,311</u>
Deferred outflows of resources	389,102	629,643	41,513	19,191	430,615	648,834
Liabilities:						
Long-term liabilities outstanding	17,125,639	18,898,928	20,453,002	21,680,463	37,578,641	40,579,391
Other liabilities	3,996,027	4,047,165	1,717,425	1,366,492	5,713,452	5,413,657
Total liabilities	<u>21,121,666</u>	<u>22,946,093</u>	<u>22,170,427</u>	<u>23,046,955</u>	<u>43,292,093</u>	<u>45,993,048</u>
Deferred inflows of resources	417,445	735,627	12,616	22,666	430,061	758,293
Net position:						
Net investment in capital assets	29,694,288	24,771,065	44,371,375	33,052,649	74,065,663	57,823,714
Restricted	8,171,161	8,596,759	-	-	8,171,161	8,596,759
Unrestricted	5,284,397	4,231,363	18,578,807	16,528,968	23,863,204	20,760,331
Total net position	<u>\$43,149,846</u>	<u>\$37,599,187</u>	<u>\$62,950,182</u>	<u>\$49,581,617</u>	<u>\$106,100,028</u>	<u>\$87,180,804</u>

\$8,171,161 of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$23,863,204) may be used to meet ongoing obligations to citizens and creditors.

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

Management's Discussion and Analysis

Governmental Activities

Net position of governmental activities increased \$5,550,659 during the year. The primary reasons for the increase were developer contributed infrastructure in the amount of \$3,937,057, as well as increased revenues from services, operating grants and contributions, general property tax revenue and investment earnings.

Business-Type Activities

Net position of business-type activities increased \$13,368,565 during the year. The most significant reason for the increase was developer contributed infrastructure in the amount of \$6,946,150. The City also received \$3,572,097 of connection charge revenue, for which the offsetting expense is recognized in future years as depreciation expense.

Management's Discussion and Analysis

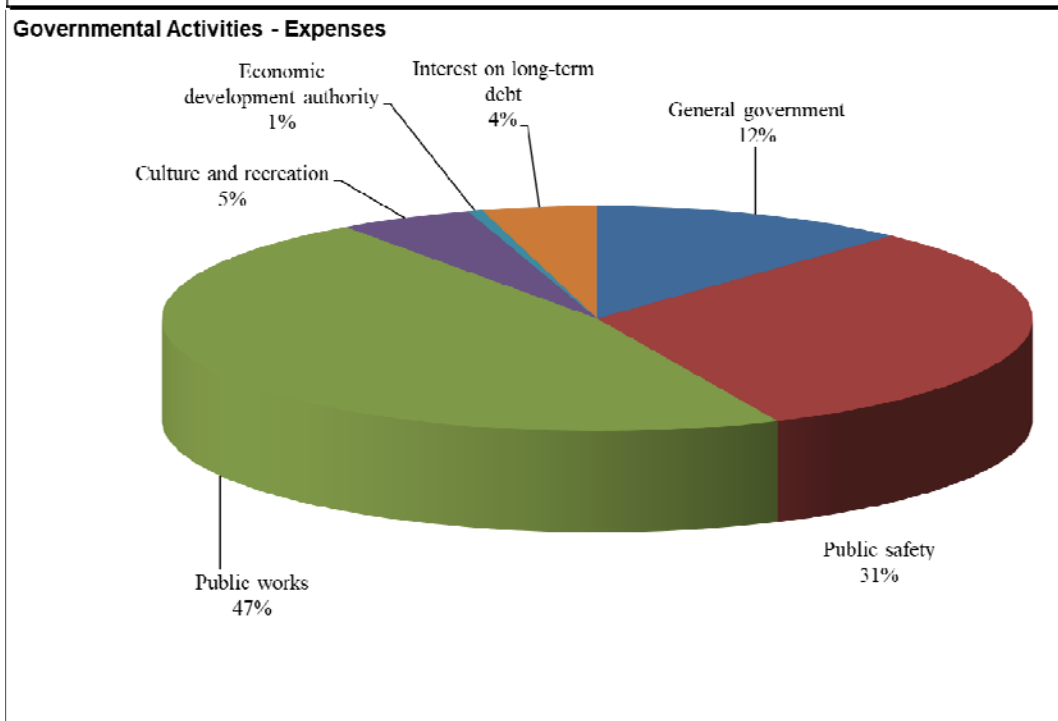
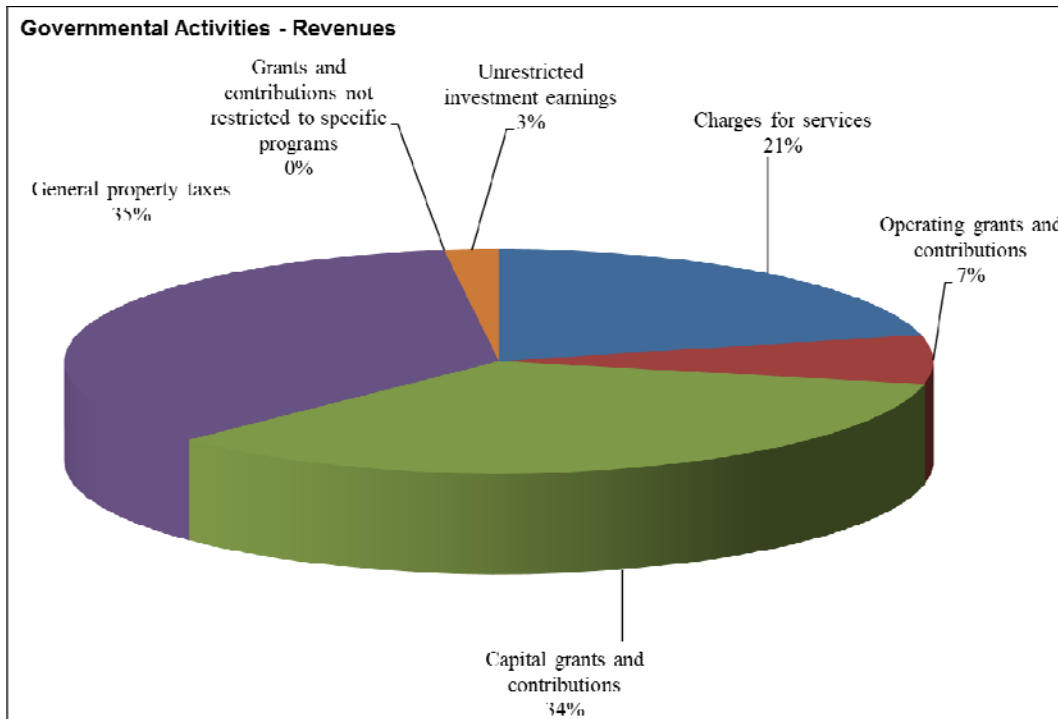
City of Lake Elmo's Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$2,901,761	\$2,356,070	\$2,041,676	\$1,648,689	\$4,943,437	\$4,004,759
Operating grants and contributions	1,039,823	795,483	21,893	122,350	1,061,716	917,833
Capital grants and contributions	4,823,628	11,076,353	15,636,661	14,114,787	20,460,289	25,191,140
General revenues:						
General property taxes	4,960,342	4,181,914	-	-	4,960,342	4,181,914
Grants and contributions not restricted to specific programs	4,337	4,956	-	-	4,337	4,956
Unrestricted investment earnings	348,766	331,010	286,350	411,206	635,116	742,216
Gain on disposal of assets	13,805	44,927	-	-	13,805	44,927
Extraordinary item	-	-	-	4,552,179	-	4,552,179
Total revenues	<u>14,092,462</u>	<u>18,790,713</u>	<u>17,986,580</u>	<u>20,849,211</u>	<u>32,079,042</u>	<u>39,639,924</u>
Expenses:						
General government	1,008,916	1,181,219	-	-	1,008,916	1,181,219
Public safety	2,681,784	2,058,419	-	-	2,681,784	2,058,419
Public works	4,012,661	3,728,247	-	-	4,012,661	3,728,247
Culture and recreation	428,083	361,730	-	-	428,083	361,730
Economic development authority	46,371	71,609	-	-	46,371	71,609
Interest on long-term debt	363,988	395,106	-	-	363,988	395,106
Water	-	-	2,383,252	1,940,148	2,383,252	1,940,148
Sewer	-	-	1,481,586	1,082,997	1,481,586	1,082,997
Storm sewer	-	-	753,177	469,765	753,177	469,765
Total expenses	<u>8,541,803</u>	<u>7,796,330</u>	<u>4,618,015</u>	<u>3,492,910</u>	<u>13,159,818</u>	<u>11,289,240</u>
Change in net position	5,550,659	10,994,383	13,368,565	17,356,301	18,919,224	28,350,684
Net position - January 1	<u>37,599,187</u>	<u>26,604,804</u>	<u>49,581,617</u>	<u>32,225,316</u>	<u>87,180,804</u>	<u>58,830,120</u>
Net position - December 31	<u>\$43,149,846</u>	<u>\$37,599,187</u>	<u>\$62,950,182</u>	<u>\$49,581,617</u>	<u>\$106,100,028</u>	<u>\$87,180,804</u>

Management's Discussion and Analysis

Governmental Activities

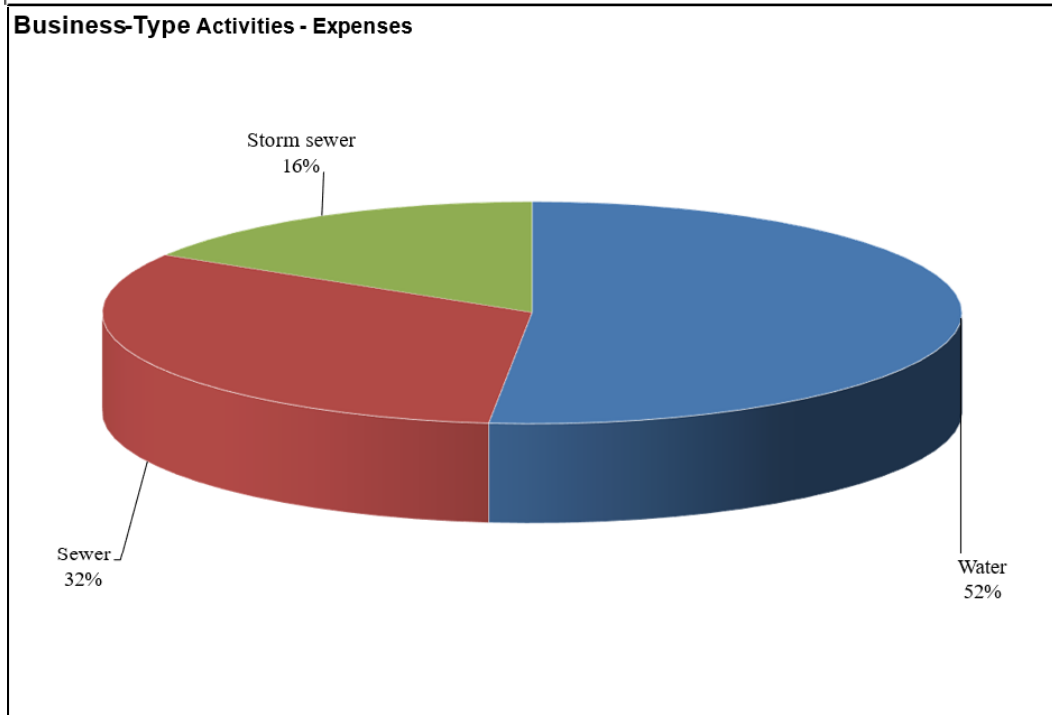
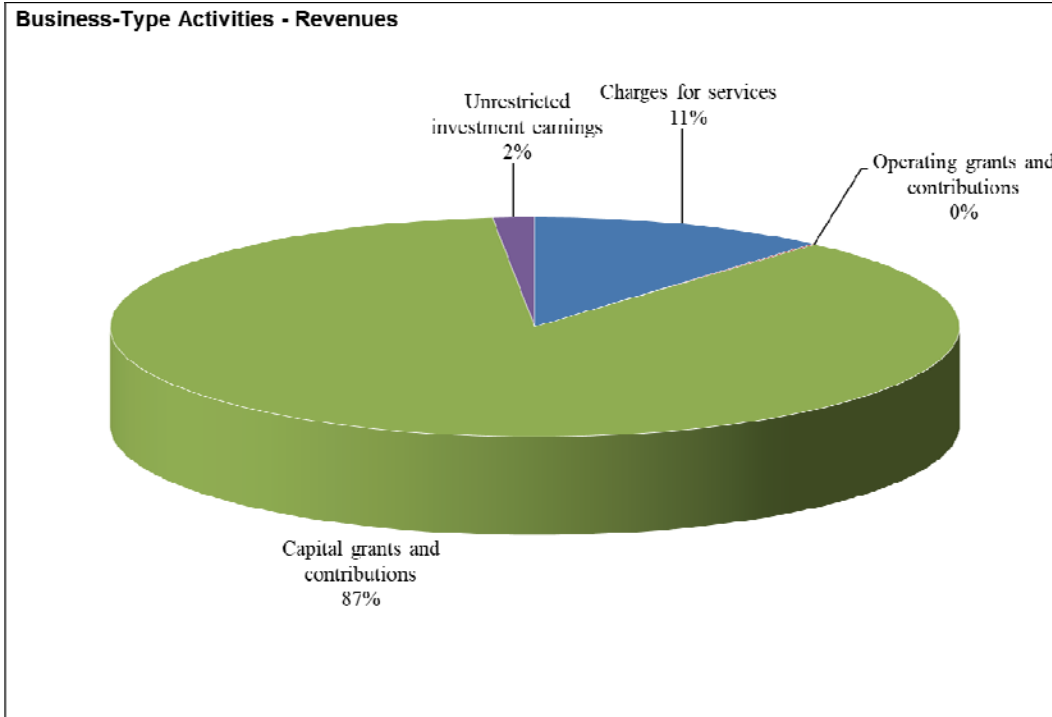
Below are specific graphs which provide comparisons of the governmental activities revenues and expenses:



Management's Discussion and Analysis

Business-Type Activities

Below are specific graphs which provide comparisons of the business-type activities revenues and expenses:



Financial Analysis of the Government's Funds

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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,183,751. Approximately 48% of this total amount (\$5,814,832) constitutes fund balance restricted by external constraints established by creditors, grantors, contributors, or by state statutory provisions. \$21,206 of fund balance is not in a spendable form, \$7,691 has been committed, \$2,653,503 has been assigned, and \$3,686,519 is unassigned.

The fund balance of the General Fund increased by \$919,457 in 2020, while the City anticipated no change in General Fund balance. The primary reason for the increase relates to transfers into the General Fund of \$765,079 out of fund 251 to pay for CARES related expenditures. Fund 251 was created by the city to record and keep track of the CARES revenues and expenditures during 2020. The remaining General Fund increase was caused by a net positive variance of revenues over expenditures of \$115,039 more than budgeted.

The Debt Service fund balance decreased by \$153,347, primarily relating to debt service payments that were higher than the collected revenues from property taxes and special assessments.

The Vehicle Acquisition fund balance increased by \$454,819. This increase was the result of budgeted transfers from the General Fund of \$1,003,847 to pay for budgeted capital outlay expenditures. During the year the City incurred a total of \$596,409 of capital outlay expenditures within the fund, \$297,090 for the purchase of SCBA equipment and vehicles for public safety and \$299,319 for the purchase of two plow truck vehicles for public works.

The combined fund balance of other governmental funds decreased \$337,117 during 2020. The primary reason for the decrease relates to capital outlay expenditures for public works of \$1,250,434. Some of the larger expenditures related to capital improvements that started in 2020 that will be financed with collections in 2021 from bonding and MSA funding.

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

The water fund has total net position at year-end of \$33,651,272, of which \$7,170,096 is unrestricted. The increase in net position of \$7,951,736 was primarily due to capital contributions of \$2,426,220, intergovernmental revenues of \$4,774,955 and \$1,732,800 of connection charges. The increase was partially offset by a net operating loss and interest and fees on long-term debt.

Management's Discussion and Analysis

The sewer fund has total net position at year-end of \$19,388,161, of which \$10,038,770 is unrestricted. The increase in net position of \$3,496,113 was primarily due to capital contributions of \$2,246,394 and connection charges of \$1,839,297. The increase was partially offset by a net operating loss and interest and fees on long-term debt.

The storm sewer fund has total net position at year-end of \$9,910,749, of which \$1,369,941 is unrestricted. The increase in net position of \$1,920,716 was almost entirely due to capital contributions of \$2,273,536. The increase was partially offset by a net operating loss and interest and fees on long-term debt.

Budgetary Highlights

General Fund

The General Fund budget was not amended during the year. The City budgeted for no change in fund balance, while the actual increase in fund balance was \$919,457.

Revenues were \$466,045 over budget for the year. This is mainly due to licenses and permits, which were over budget by \$374,320, and charges for services, which were over budget by \$247,339.

Expenditures came in over budget by \$351,006 due to building inspection charges for other services and charges \$718,136 over budget. This was a direct result of the city contracting for inspection services during 2020.

Management's Discussion and Analysis

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, 2020, amounted to \$110,128,299 (net of accumulated depreciation), an increase of \$13,019,468 from the prior year. This investment in capital assets includes land, construction in progress, buildings, other improvements, machinery and equipment, and infrastructure. A large portion of the increase, \$10,883,207, is due to 2020 capital contributions from private sources.

Further, the City substantially completed the Stonegate Street & Utility Improvements, Well #5 construction/Well #1 sealing projects and began work on the Hamlet on Sunfish Lake Sanitary Sewer project as well as Old Village Phases 5 and 6.

City of Lake Elmo's Capital Assets (Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$3,453,979	\$3,453,979	\$3,668,869	\$3,668,869	\$7,122,848	\$7,122,848
Construction in progress	637,739	618,039	5,843,234	236,301	6,480,973	854,340
Buildings	3,084,801	3,176,258	-	-	3,084,801	3,176,258
Other improvements	1,546,483	1,364,127	-	-	1,546,483	1,364,127
Machinery and equipment	2,811,392	2,375,168	168,092	89,981	2,979,484	2,465,149
Infrastructure	33,950,326	31,533,022	54,963,384	50,593,087	88,913,710	82,126,109
Total	<u>\$45,484,720</u>	<u>\$42,520,593</u>	<u>\$64,643,579</u>	<u>\$54,588,238</u>	<u>\$110,128,299</u>	<u>\$97,108,831</u>

Additional information on the City's capital assets can be found in Note 5 to the financial statements.

Management’s Discussion and Analysis

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$35,136,000, a decrease of \$3,170,000, which was the amount of principal retired during the year.

City of Lake Elmo’s Outstanding Debt

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
G.O. Improvement bonds	\$13,695,000	\$15,350,000	\$19,710,000	\$21,090,000	\$33,405,000	\$36,440,000
G.O. Equipment certificates	850,000	940,000	-	-	850,000	940,000
Taxable lease revenue bonds	881,000	926,000	-	-	881,000	926,000
Total	<u>\$15,426,000</u>	<u>\$17,216,000</u>	<u>\$19,710,000</u>	<u>\$21,090,000</u>	<u>\$35,136,000</u>	<u>\$38,306,000</u>

Additional information on the City’s long-term debt can be found in Note 6 to the financial statements.

Requests for information. This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Lake Elmo, 3880 Laverne Ave N, Suite 100, Lake Elmo, Minnesota, 55042.

BASIC FINANCIAL STATEMENTS

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CITY OF LAKE ELMO, MINNESOTA

STATEMENT OF NET POSITION

Statement 1

December 31, 2020

With Comparative Totals For December 31, 2019

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	
			2020	2019
Assets:				
Cash and investments	\$15,760,221	\$15,991,507	\$31,751,728	\$28,911,068
Accrued interest receivable	36,118	32,836	68,954	95,994
Due from other governmental units	3,305	787,363	790,668	609,828
Accounts receivable - net	131,664	617,950	749,614	667,123
Prepaid items	21,206	419,684	440,890	47,319
Property taxes receivable	99,649	-	99,649	55,894
Special assessments receivable	2,257,550	2,598,793	4,856,343	5,414,181
Net pension asset	505,422	-	505,422	373,073
Capital assets - nondepreciable	4,091,718	9,512,103	13,603,821	7,977,188
Capital assets - net of accumulated depreciation	41,393,002	55,131,476	96,524,478	89,131,643
Total assets	64,299,855	85,091,712	149,391,567	133,283,311
Deferred outflows of resources related to pensions	389,102	41,513	430,615	648,834
Liabilities:				
Accounts payable	258,815	329,758	588,573	211,390
Due to other governmental units	-	234,894	234,894	347,242
Salaries and benefits payable	52,307	6,867	59,174	102,250
Contracts and retainage payable	-	166,838	166,838	136,547
Deposits payable	3,232,294	-	3,232,294	3,168,417
Accrued interest payable	181,381	200,069	381,450	396,081
Unearned revenue	271,230	779,000	1,050,230	1,051,730
Compensated absences payable:				
Due within one year	82,027	20,785	102,812	63,383
Due in more than one year	27,342	6,929	34,271	21,128
Bonds payable:				
Due within one year	1,997,000	1,455,000	3,452,000	3,170,000
Due in more than one year	13,793,432	18,650,366	32,443,798	35,978,570
Other postemployment benefits:				
Due in more than one year	65,397	13,906	79,303	73,788
Net pension liability:				
Due in more than one year	1,160,441	306,015	1,466,456	1,272,522
Total liabilities	21,121,666	22,170,427	43,292,093	45,993,048
Deferred inflows of resources related to pensions	417,445	12,616	430,061	758,293
Net position:				
Net investment in capital assets	29,694,288	44,371,375	74,065,663	57,823,714
Restricted for:				
Debt service	6,532,176	-	6,532,176	7,057,638
Vehicle acquisition	-	-	-	447,848
Park improvements	1,193,853	-	1,193,853	734,100
Street improvements	84,619	-	84,619	84,619
Fire Relief Association pension plan	360,513	-	360,513	272,554
Unrestricted	5,284,397	18,578,807	23,863,204	20,760,331
Total net position	\$43,149,846	\$62,950,182	\$106,100,028	\$87,180,804

The accompanying notes are an integral part of these financial statements.

CITY OF LAKE ELMO, MINNESOTA

STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2020

With Comparative Totals For The Year Ended December 31, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>
		<u>Charges For Services</u>
Primary government:		
Governmental activities:		
General government	\$1,008,916	\$421,792
Public safety	2,681,784	2,146,319
Public works	4,012,661	243,060
Culture and recreation	428,083	2,812
Economic development authority	46,371	87,778
Interest and fees on long-term debt	363,988	-
Total governmental activities	<u>8,541,803</u>	<u>2,901,761</u>
Business-type activities:		
Water	2,383,252	1,239,404
Sewer	1,481,586	432,583
Storm sewer	753,177	369,689
Total business-type activities	<u>4,618,015</u>	<u>2,041,676</u>
Total primary government	<u>\$13,159,818</u>	<u>\$4,943,437</u>

The accompanying notes are an integral part of these financial statements.

Program Revenues		Net (Expense) Revenue and Changes in Net Position - Primary Government			
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
				2020	2019
\$56,348	\$ -	(\$530,776)	\$ -	(\$530,776)	(\$588,078)
797,084	-	261,619	-	261,619	(401,768)
173,566	4,109,070	513,035	-	513,035	8,018,853
12,825	714,558	302,112	-	302,112	(230,406)
-	-	41,407	-	41,407	28,081
-	-	(363,988)	-	(363,988)	(395,106)
<u>1,039,823</u>	<u>4,823,628</u>	<u>223,409</u>	<u>0</u>	<u>223,409</u>	<u>6,431,576</u>
21,893	8,945,013	-	7,823,058	7,823,058	4,975,362
-	4,402,788	-	3,353,785	3,353,785	3,718,199
-	2,288,860	-	1,905,372	1,905,372	3,699,355
<u>21,893</u>	<u>15,636,661</u>	<u>0</u>	<u>13,082,215</u>	<u>13,082,215</u>	<u>12,392,916</u>
<u>\$1,061,716</u>	<u>\$20,460,289</u>	<u>223,409</u>	<u>13,082,215</u>	<u>13,305,624</u>	<u>18,824,492</u>
General revenues:					
General property taxes		4,960,342	-	4,960,342	4,181,914
Grants and contributions not restricted to specific programs		4,337	-	4,337	4,956
Unrestricted investment earnings		348,766	286,350	635,116	742,216
Gain on disposal of capital assets		13,805	-	13,805	44,927
Extraordinary item		-	-	-	4,552,179
Total general revenues and extraordinary item		<u>5,327,250</u>	<u>286,350</u>	<u>5,613,600</u>	<u>9,526,192</u>
Change in net position		5,550,659	13,368,565	18,919,224	28,350,684
Net position - January 1		<u>37,599,187</u>	<u>49,581,617</u>	<u>87,180,804</u>	<u>58,830,120</u>
Net position - December 31		<u>\$43,149,846</u>	<u>\$62,950,182</u>	<u>\$106,100,028</u>	<u>\$87,180,804</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LAKE ELMO, MINNESOTA

BALANCE SHEET

Statement 3

GOVERNMENTAL FUNDS

December 31, 2020

With Comparative Totals For December 31, 2019

Assets	General Fund	Debt	Vehicle	Other	Total Governmental Funds	
	(101)	Service	Acquisition	Governmental	2020	2019
		(300s)	(410)	Funds		
Cash and investments	\$7,052,419	\$4,573,126	\$1,702,959	\$2,431,717	\$15,760,221	\$14,490,025
Accrued interest receivable	17,778	9,585	3,519	5,236	36,118	42,978
Due from other governmental units	3,305	-	-	-	3,305	551,456
Accounts receivable - net	21,424	-	9,805	100,435	131,664	29,255
Prepaid items	21,206	-	-	-	21,206	28,162
Due from other funds	1,481,225	-	-	16,059	1,497,284	1,185,555
Property taxes receivable:						
Due from county	33,620	11,208	-	-	44,828	14,282
Delinquent	54,821	-	-	-	54,821	41,612
Special assessments receivable:						
Due from county	-	1,055	-	-	1,055	1,247
Delinquent	295	1,597	-	-	1,892	2,963
Deferred	61,170	2,175,600	-	17,833	2,254,603	2,555,618
Total assets	\$8,747,263	\$6,772,171	\$1,716,283	\$2,571,280	\$19,806,997	\$18,943,153
Liabilities, Deferred Inflows of Resources, and Fund Balance						
Liabilities:						
Accounts payable	\$187,735	\$ -	\$ -	\$71,080	\$258,815	\$167,028
Due to other governmental units	-	-	-	-	-	41,925
Salaries and benefits payable	52,307	-	-	-	52,307	86,263
Contracts and retainage payable	-	-	-	-	-	121,103
Due to other funds	-	41,437	-	1,455,847	1,497,284	1,185,555
Deposits payable	3,157,294	-	-	75,000	3,232,294	3,168,417
Unearned revenue	-	-	-	271,230	271,230	272,730
Total liabilities	3,397,336	41,437	0	1,873,157	5,311,930	5,043,021
Deferred inflows of resources:						
Unavailable revenue	116,286	2,177,197	-	17,833	2,311,316	2,600,193
Fund balance:						
Nonspendable	21,206	-	-	-	21,206	28,162
Restricted	-	4,536,360	-	1,278,472	5,814,832	5,973,451
Committed	-	-	-	7,691	7,691	24,070
Assigned	-	17,177	1,716,283	920,043	2,653,503	1,746,202
Unassigned	5,212,435	-	-	(1,525,916)	3,686,519	3,528,054
Total fund balance	5,233,641	4,553,537	1,716,283	680,290	12,183,751	11,299,939
Total liabilities, deferred inflows of resources, and fund balance	\$8,747,263	\$6,772,171	\$1,716,283	\$2,571,280	\$19,806,997	\$18,943,153

The accompanying notes are an integral part of these financial statements.

CITY OF LAKE ELMO, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2020
With Comparative Totals For December 31, 2019

Statement 4

	2020	2019
Fund balance - total governmental funds (Statement 3)	\$12,183,751	\$11,299,939
<p>Net position reported for governmental activities in the Statement of Net Position is different because:</p>		
<p>Certain assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.</p>		
Capital assets	45,484,720	42,520,593
Net pension asset	505,422	373,073
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds:</p>		
Delinquent taxes receivable	54,821	41,612
Delinquent special assessments receivable	1,892	2,963
Deferred special assessments receivable	2,254,603	2,555,618
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:</p>		
Bonds payable	(15,426,000)	(17,216,000)
Unamortized bond premiums	(364,432)	(412,425)
Accrued interest payable	(181,381)	(189,699)
Compensated absences payable	(109,369)	(62,748)
Other postemployment benefits	(65,397)	(61,316)
Net pension liability	(1,160,441)	(1,146,439)
<p>Deferred outflows and inflows of resources related to pensions are associated with long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds. Balances at year end are:</p>		
Deferred outflows of resources	389,102	629,643
Deferred inflows of resources	(417,445)	(735,627)
Net position of governmental activities (Statement 1)	\$43,149,846	\$37,599,187

The accompanying notes are an integral part of these financial statements.

CITY OF LAKE ELMO, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2020
With Comparative Totals For The Year Ended December 31, 2019

Statement 5

	General Fund (101)	Debt Service (300s)	Vehicle Acquisition (410)	Other Governmental Funds	Total Governmental Funds	
					2020	2019
Revenues:						
General property taxes	\$3,534,627	\$1,412,506	\$ -	\$ -	\$4,947,133	\$4,182,327
Licenses and permits	1,425,695	-	-	-	1,425,695	1,055,038
Intergovernmental	273,194	-	-	749,999	1,023,193	2,819,961
Charges for services	1,022,028	-	-	251,213	1,273,241	1,079,342
Fines and forfeits	33,584	-	-	-	33,584	36,696
Special assessments	-	474,099	-	-	474,099	649,487
Park dedication fees	-	-	-	714,558	714,558	123,500
Investment income	164,236	82,990	33,576	67,964	348,766	331,010
Miscellaneous	183,711	-	-	-	183,711	201,494
Total revenues	6,637,075	1,969,595	33,576	1,783,734	10,423,980	10,478,855
Expenditures:						
Current:						
General government	1,005,254	-	-	-	1,005,254	1,136,908
Public safety	2,641,770	-	-	-	2,641,770	1,948,269
Public works	1,476,099	-	-	17,271	1,493,370	1,875,606
Culture and recreation	310,066	-	-	-	310,066	265,260
Economic development authority	-	-	-	46,371	46,371	71,609
Capital outlay:						
Public safety	-	-	297,090	-	297,090	880,832
Public works	-	-	299,319	1,250,434	1,549,753	3,267,970
Culture and recreation	-	-	-	-	-	205,841
Debt service:						
Principal	-	1,790,000	-	-	1,790,000	1,615,000
Interest and fiscal charges	-	418,599	-	1,700	420,299	454,814
Total expenditures	5,433,189	2,208,599	596,409	1,315,776	9,553,973	11,722,109
Revenues over (under) expenditures	1,203,886	(239,004)	(562,833)	467,958	870,007	(1,243,254)
Other financing sources (uses):						
Transfers in	765,079	85,657	1,003,847	45,661	1,900,244	1,181,173
Transfers out	(1,049,508)	-	-	(850,736)	(1,900,244)	(786,573)
Issuance of debt	-	-	-	-	-	2,860,000
Bond premium	-	-	-	-	-	168,168
Proceeds from sale of capital assets	-	-	13,805	-	13,805	44,927
Total other financing sources (uses)	(284,429)	85,657	1,017,652	(805,075)	13,805	3,467,695
Net change in fund balance	919,457	(153,347)	454,819	(337,117)	883,812	2,224,441
Fund balance - January 1	4,314,184	4,706,884	1,261,464	1,017,407	11,299,939	9,075,498
Fund balance - December 31	\$5,233,641	\$4,553,537	\$1,716,283	\$680,290	\$12,183,751	\$11,299,939

The accompanying notes are an integral part of these financial statements.

CITY OF LAKE ELMO, MINNESOTA

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2020
With Comparative Totals For The Year Ended December 31, 2019

Statement 6

	<u>2020</u>	<u>2019</u>
Net change in fund balance - total governmental funds (Statement 5)	\$883,812	\$2,224,441
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Depreciation	(2,294,552)	(1,481,392)
Capital outlay	1,846,843	4,354,643
Capital outlay not capitalized	(525,221)	(555,917)
Various other transactions involving capital assets increase (decrease) net position on the Statement of Activities, but are not reported in governmental funds because they do not provide (or use) current financial resources:		
Contributions of infrastructure from private sources	3,937,057	8,843,797
Contributions of infrastructure to business-type activities	-	(394,600)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Change in delinquent taxes receivable	13,209	(413)
Change in delinquent special assessments receivable	(1,071)	1,487
Change in deferred special assessments receivable	(301,015)	(582,736)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of bond premiums and discounts when the debt is first issued, whereas amounts are deferred and amortized over the life of the debt in the Statement of Activities.		
Bonds issued	-	(2,860,000)
Premium on bonds issued	-	(168,168)
Repayment of principal	1,790,000	1,615,000
Amortization of bond premiums	47,993	62,797
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Expenses reported in the Statement of Activities include the effects of the changes in these expense accruals as follows:		
Change in accrued interest payable	8,318	(3,089)
Change in compensated absences payable	(46,621)	7,912
Change other post employment benefits liability	(4,081)	(7,295)
Governmental funds report pension contributions as expenditures, however pension expense is reported in the Statement of Activities. This is the amount by which pension expense differed from pension contributions.		
	<u>195,988</u>	<u>(62,084)</u>
Change in net position of governmental activities (Statement 2)	<u>\$5,550,659</u>	<u>\$10,994,383</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LAKE ELMO, MINNESOTA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2020

With Comparative Totals For December 31, 2019

Statement 7

	Business-Type Activities - Enterprise Funds				
	Water (601)	Sewer (602)	Storm Sewer (603)	Total	
				2020	2019
Assets:					
Current assets:					
Cash and investments	\$7,062,772	\$7,836,634	\$1,092,101	\$15,991,507	\$14,421,043
Accrued interest receivable	14,695	16,005	2,136	32,836	53,016
Due from other governmental units	787,363	-	-	787,363	58,372
Accounts receivable - net	194,410	92,412	331,128	617,950	637,868
Prepaid items	-	419,684	-	419,684	19,157
Total current assets	<u>8,059,240</u>	<u>8,364,735</u>	<u>1,425,365</u>	<u>17,849,340</u>	<u>15,189,456</u>
Noncurrent assets:					
Special assessments receivable	297,870	2,268,524	32,399	2,598,793	2,854,353
Capital assets:					
Land	3,668,869	-	-	3,668,869	3,668,869
Construction in progress	5,342,278	500,956	-	5,843,234	236,301
Machinery and equipment	340,696	73,003	-	413,699	318,113
Infrastructure	36,454,657	17,621,908	12,523,379	66,599,944	59,646,533
Total capital assets	<u>45,806,500</u>	<u>18,195,867</u>	<u>12,523,379</u>	<u>76,525,746</u>	<u>63,869,816</u>
Less: Allowance for depreciation	(8,329,282)	(2,442,026)	(1,110,859)	(11,882,167)	(9,281,578)
Net capital assets	<u>37,477,218</u>	<u>15,753,841</u>	<u>11,412,520</u>	<u>64,643,579</u>	<u>54,588,238</u>
Total assets	<u>45,834,328</u>	<u>26,387,100</u>	<u>12,870,284</u>	<u>85,091,712</u>	<u>72,632,047</u>
Deferred outflows of resources related to pensions	22,020	12,062	7,431	41,513	19,191
Liabilities:					
Current liabilities:					
Accounts payable	140,708	185,745	3,305	329,758	44,362
Due to other governmental units	572	234,322	-	234,894	305,317
Salaries and benefits payable	4,736	1,554	577	6,867	15,987
Contracts and retainage payable	159,828	7,010	-	166,838	15,444
Accrued interest payable	93,248	80,131	26,690	200,069	206,382
Unearned revenue	779,000	-	-	779,000	779,000
Compensated absences payable - current portion	10,514	6,198	4,073	20,785	16,322
Bonds payable - current portion	790,000	465,000	200,000	1,455,000	1,380,000
Total current liabilities	<u>1,978,606</u>	<u>979,960</u>	<u>234,645</u>	<u>3,193,211</u>	<u>2,762,814</u>
Noncurrent liabilities:					
Compensated absences payable - noncurrent portion	3,505	2,066	1,358	6,929	5,441
Bonds payable - noncurrent portion	10,046,214	5,932,440	2,671,712	18,650,366	20,140,145
Other postemployment benefits	7,740	3,953	2,213	13,906	12,472
Net pension liability	162,319	88,916	54,780	306,015	126,083
Total noncurrent liabilities	<u>10,219,778</u>	<u>6,027,375</u>	<u>2,730,063</u>	<u>18,977,216</u>	<u>20,284,141</u>
Total liabilities	<u>12,198,384</u>	<u>7,007,335</u>	<u>2,964,708</u>	<u>22,170,427</u>	<u>23,046,955</u>
Deferred inflows of resources related to pensions	6,692	3,666	2,258	12,616	22,666
Net position:					
Net investment in capital assets	26,481,176	9,349,391	8,540,808	44,371,375	33,052,649
Unrestricted	7,170,096	10,038,770	1,369,941	18,578,807	16,528,968
Total net position	<u>\$33,651,272</u>	<u>\$19,388,161</u>	<u>\$9,910,749</u>	<u>\$62,950,182</u>	<u>\$49,581,617</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LAKE ELMO, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

Statement 8

For The Year Ended December 31, 2020

With Comparative Totals For The Year Ended December 31, 2019

	Business-Type Activities - Enterprise Funds				
	Water (601)	Sewer (602)	Storm	Total	
			Sewer (603)	2020	2019
Operating revenues:					
Charges for services	\$1,050,274	\$354,947	\$314,959	\$1,720,180	\$1,495,104
Water meter sales	155,675	-	-	155,675	97,342
Other operating revenue	33,455	77,636	54,730	165,821	56,243
Total operating revenues	<u>1,239,404</u>	<u>432,583</u>	<u>369,689</u>	<u>2,041,676</u>	<u>1,648,689</u>
Operating expenses:					
Personal services	347,372	179,315	103,739	630,426	351,493
Materials and supplies	185,341	20,716	7,833	213,890	139,611
Professional services	117,046	73,029	49,087	239,162	247,555
Repairs and maintenance	20,907	11,493	36,653	69,053	125,967
Utilities	86,655	244,776	-	331,431	264,924
Depreciation	1,340,250	762,451	497,888	2,600,589	1,823,049
Other	40,846	24,601	3,962	69,409	45,732
Total operating expenses	<u>2,138,417</u>	<u>1,316,381</u>	<u>699,162</u>	<u>4,153,960</u>	<u>2,998,331</u>
Operating income (loss)	<u>(899,013)</u>	<u>(883,798)</u>	<u>(329,473)</u>	<u>(2,112,284)</u>	<u>(1,349,642)</u>
Nonoperating revenues (expenses):					
Investment income	128,678	142,328	15,344	286,350	411,206
Intergovernmental revenue	21,893	-	-	21,893	122,350
Interest and fees on long-term debt	(244,835)	(165,205)	(54,015)	(464,055)	(488,301)
Gain (loss) on disposal of capital assets	-	-	-	-	(6,278)
Total nonoperating operating revenues (expenses)	<u>(94,264)</u>	<u>(22,877)</u>	<u>(38,671)</u>	<u>(155,812)</u>	<u>38,977</u>
Income (loss) before contributions and transfers	<u>(993,277)</u>	<u>(906,675)</u>	<u>(368,144)</u>	<u>(2,268,096)</u>	<u>(1,310,665)</u>
Contributions, transfers and extraordinary item:					
Capital contributions:					
Intergovernmental revenue	4,774,955	-	-	4,774,955	138,894
Special assessments	11,038	93,482	15,324	119,844	121,912
Refunds and reimbursements	-	223,615	-	223,615	-
Capital contributions from private sources	2,426,220	2,246,394	2,273,536	6,946,150	11,845,548
Capital contributions from governmental activities	-	-	-	-	394,600
Connection charges	1,732,800	1,839,297	-	3,572,097	2,008,433
Transfer out	-	-	-	-	(394,600)
Extraordinary item	-	-	-	-	4,552,179
Total contributions, transfers and extraordinary item	<u>8,945,013</u>	<u>4,402,788</u>	<u>2,288,860</u>	<u>15,636,661</u>	<u>18,666,966</u>
Change in net position	7,951,736	3,496,113	1,920,716	13,368,565	17,356,301
Net position - January 1	<u>25,699,536</u>	<u>15,892,048</u>	<u>7,990,033</u>	<u>49,581,617</u>	<u>32,225,316</u>
Net position - December 31	<u>\$33,651,272</u>	<u>\$19,388,161</u>	<u>\$9,910,749</u>	<u>\$62,950,182</u>	<u>\$49,581,617</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LAKE ELMO, MINNESOTA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For The Year Ended December 31, 2020

With Comparative Totals For The Year Ended December 31, 2019

Statement 9

	Business-Type Activities - Enterprise Funds				
	Water (601)	Sewer (602)	Storm	Total	
			Sewer (603)	2020	2019
Cash flows from operating activities:					
Receipts from customers and users	\$1,301,705	\$433,610	\$406,544	\$2,141,859	\$1,579,815
Payments to suppliers	(344,883)	(668,655)	(94,961)	(1,108,499)	(825,503)
Payments to employees	(298,468)	(121,365)	(64,768)	(484,601)	(330,899)
Net cash flows provided by (used in) operating activities	658,354	(356,410)	246,815	548,759	423,413
Cash flows from capital and related financing activities:					
Intergovernmental revenue	3,987,592	-	-	3,987,592	138,894
Special assessments	12,717	309,960	52,727	375,404	432,727
Refunds and reimbursements	-	223,615	-	223,615	-
Connection charges	1,782,800	1,839,297	-	3,622,097	2,083,433
Extraordinary item	-	-	-	-	1,132,179
Proceeds from issuance of bonds	-	-	-	-	1,237,879
Principal paid on long-term debt	(770,000)	(435,000)	(175,000)	(1,380,000)	(1,360,000)
Interest and fees paid on long-term debt	(266,888)	(179,651)	(58,612)	(505,151)	(530,797)
Acquisition of capital assets	(5,087,281)	(521,101)	-	(5,608,382)	(678,913)
Transfer out	-	-	-	-	(394,600)
Net cash flows provided by (used in) capital and related financing activities	(341,060)	1,237,120	(180,885)	715,175	2,060,802
Cash flows from investing activities:					
Investment earnings	137,471	150,912	18,147	306,530	388,469
Net increase (decrease) in cash and cash equivalents	454,765	1,031,622	84,077	1,570,464	2,872,684
Cash and cash equivalents - January 1	6,608,007	6,805,012	1,008,024	14,421,043	11,548,359
Cash and cash equivalents - December 31	\$7,062,772	\$7,836,634	\$1,092,101	\$15,991,507	\$14,421,043
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	(\$899,013)	(\$883,798)	(\$329,473)	(\$2,112,284)	(\$1,349,642)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Intergovernmental revenue	21,893	-	-	21,893	122,350
Depreciation	1,340,250	762,451	497,888	2,600,589	1,823,049
Changes in assets and liabilities:					
Decrease (increase) in receivables	40,408	1,027	36,855	78,290	(191,224)
Decrease (increase) in prepaid items	-	(400,527)	-	(400,527)	(5,044)
Decrease (increase) in deferred outflows of resources	(7,898)	(8,685)	(5,739)	(22,322)	17,489
Increase (decrease) in payables	105,912	106,487	2,574	214,973	3,330
Increase (decrease) in salaries and benefits payable	(5,329)	(2,534)	(1,257)	(9,120)	7,183
Increase (decrease) in compensated absences	1,752	2,373	1,826	5,951	1,917
Increase (decrease) in other post employment benefits	827	386	221	1,434	2,563
Increase (decrease) in net pension liability	69,539	66,732	43,661	179,932	882
Increase (decrease) in deferred inflows of resources	(9,987)	(322)	259	(10,050)	(9,440)
Total adjustments	1,557,367	527,388	576,288	2,661,043	1,773,055
Net cash provided by (used in) operating activities	\$658,354	(\$356,410)	\$246,815	\$548,759	\$423,413
Noncash investing, capital and financing activities:					
Capital asset contributions	\$2,426,220	\$2,246,394	\$2,273,536	\$6,946,150	\$12,240,148
Extraordinary item - value of land received	\$ -	\$ -	\$ -	\$ -	\$3,420,000
Loss on disposal of capital assets	\$ -	\$ -	\$ -	\$ -	(\$6,278)

The accompanying notes are an integral part of these financial statements.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Lake Elmo, Minnesota (the City) is a statutory City under Optional Plan A as defined in the State of Minnesota statutes. The City is governed by an elected Mayor and a four-member Council. The Council exercises legislative authority and determines all matters of policy. The Council appoints personnel responsible for the proper administration of all affairs relating to the City. The basic financial statements of the City have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units by the Governmental Accounting Standards Board (GASB). The following is a summary of significant accounting policies:

A. FINANCIAL REPORTING ENTITY

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City (the primary government) and its component units. Generally, component units are legally separate organizations for which the officials of the primary government are financially accountable.

COMPONENT UNITS

The City has one component unit, the Economic Development Authority (EDA). The financial statements of the EDA are included as a blended component unit because its governing body is substantively the same as the City Council, the City is in a relationship of financial burden with the EDA, and because management of the City have operational responsibilities for the EDA. Separate financial statements for the EDA are not prepared.

RELATED ORGANIZATION

The Lake Elmo Firefighters Relief Association (the Association) is organized as a nonprofit organization, legally separate from the City, by its members to provide pension and other benefits to such members in accordance with Minnesota Statutes. The Association's Board of Trustees is appointed by the membership of the Association and not by the City Council. All funding is conducted in accordance with Minnesota Statutes, whereby state aid flows to the Association, tax levies are determined by the Association and the Association pays benefits directly to its members. The Association may certify tax levies to Washington County directly if the City does not carry out this function. Because the Association is fiscally independent of the City, the financial statements of the Association have not been included within the City's reporting entity.

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 non-fiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or business-type activity. *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 business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items not included among program revenues are reported instead as *general revenues*.

The fund financial statements are provided for governmental and proprietary funds. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

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

Debt Service Fund is an accumulation of resources (primarily special assessments and property tax revenues) for the payments of principal and interest on long-term general obligation debt of governmental funds.

Vehicle Acquisition Fund accounts for the accumulation of resources for the purchase of vehicles to be used by various City departments.

The City reports the following major proprietary funds:

The *Water Fund* accounts for the activities of the City's water distribution operations.

The *Sewer Fund* accounts for revenues and costs associated with the City's sewer system.

The *Storm Sewer Fund* accounts for costs associated with the City's storm sewer system. These costs are financed by the storm sewer surcharge.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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 all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as

expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds 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 water, sewer and storm sewer 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.

D. BUDGETS

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted by Council resolution for the General Fund and enterprise funds.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is not employed by the City because it is at present not considered necessary to assure effective budgetary control or to facilitate effective cash management.

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

1. Budget requests are submitted by all department heads to the City Administrator and Finance Director in July of each year. The Finance Director's office compiles the budget request into an overall preliminary City budget, balancing budget requests with available revenue.
2. In July, the Finance Committee reviews the budget and recommends the budget to the City Council.
3. The preliminary budget is submitted to the City Council in September for its review and/or modification.
4. City administration presents the proposed budget to the City Council which in turn, when required, holds a truth-in-taxation public hearing on the proposed budget. The budget resolution adopted by the City Council sets forth the budget at the department level for the General Fund and the fund level for the enterprise funds.

5. All budgets appropriations lapse at the end of the fiscal year. The legal level of control (the level on which expenditures may not legally exceed appropriations) for each budget is at the department level. Administration cannot legally amend or transfer appropriations between departments without the approval of the City Council once the budget has been approved. Any over expenditures of appropriations or transfers of appropriated amounts must be approved by the City Council.
6. Budgeted amounts are originally adopted, or as amended by the City Council. The budget cannot be amended without approval by the City Council.

E. CASH AND INVESTMENTS

Cash and investment balances from all funds are pooled and invested to the extent available in authorized investments. Investment income is allocated to individual funds on the basis of the fund's equity in the cash and investment pool.

Investments are stated at fair value, except for investments in external investment pools that meet GASB 79 requirements, which are stated at amortized cost. Interest earnings are accrued at year-end.

For purposes of the Statement of Cash Flows, the Proprietary Funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All of the cash and investments allocated to the Proprietary Fund types have original maturities of 90 days or less. Therefore, the entire balance in such fund types is considered cash equivalents.

F. RECEIVABLES

The estimated portion of uncollectible property taxes and special assessments is not material and has not been reported. Because utility bills are considered liens on property, no estimated uncollectible amounts are established. Uncollectible amounts are not material for other receivables.

G. PROPERTY TAX REVENUE RECOGNITION

The City Council annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the City on or before July 15 and December 15 of the same year. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

Within the government-wide financial statements, the City recognizes property tax revenue in the period for which taxes were levied. Uncollectible property taxes are not material and have not been reported.

Within the governmental fund financial statements, the City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes and received by the City in July, December, and the following January are recognized as revenue for the current year. Taxes collected by the county by December 31 (remitted to the City the following January) are classified as due from county. Taxes not collected by the county by

December 31 are classified as delinquent taxes receivable. Delinquent taxes receivable are fully offset by deferred inflows of resources because they are not available to finance current expenditures.

H. SPECIAL ASSESSMENT REVENUE RECOGNITION

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with State Statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County Auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale and the first proceeds of that sale (after costs, penalties and expenses of sale) are remitted to the City in payment of delinquent special assessments. Generally, the City will collect the full amount of its special assessments not adjusted by City Council or court action. Pursuant to State Statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasonal recreational land in which event the property is subject to such sale after five years.

Within the government-wide financial statements, the City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. Uncollectible special assessments are not material and have not been reported.

Within the fund financial statements, the revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments are collected by the County and remitted by December 31 (remitted to the City the following January) and are also recognized as revenue for the current year. All remaining delinquent, deferred and special deferred assessments receivable in governmental funds are completely offset by deferred inflows of resources.

I. INVENTORY

The original cost of materials and supplies has been recorded as expenditures/expenses at the time of purchase. The City does not maintain material amounts of inventories of goods and supplies.

J. PREPAID ITEMS

Certain prepayments 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.

K. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks, street lights, 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 \$25,000 and an estimated useful life in excess of one year. 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	Useful Life in Years
Buildings	10-50
Other Improvements	10-20
Machinery and Equipment	5-20
Infrastructure	20-40

L. COMPENSATED ABSENCES

It is the City’s policy to permit employees to accumulate earned but unused PTO (Personal Time Off), extended leave and sick pay benefits. All vacation pay and PTO and the portion of sick pay allowable as severance is accrued in the government-wide and proprietary fund financial statements. The current portion is calculated based on historical trends.

M. 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 amortized over the life of the related debt.

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

N. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense) that time. The City has one item that qualifies for reporting in the category. It is the pension related deferred outflows of resources reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods, and therefore, will not be recognized as an inflow of resources (revenue) until that time. The City has pension related deferred inflows of resources reported in the government-wide Statement of Net Position and the proprietary funds Statements of Net Position. The City also has a type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from property taxes and special assessments not collected within 60 days from year-end.

O. FUND BALANCE CLASSIFICATIONS

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

Nonspendable - consists of amounts that are not in spendable form, such as prepaid items.

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

Committed - consists of internally imposed constraints. These constraints are established by a resolution approved by the City Council, and committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by resolution.

Assigned - consists of internally imposed constraints for the specific purpose of the City's intended use. These constraints are established by the City Council and/or management. The City Council has delegated the power to assign fund balances to the City's finance committee.

Unassigned - is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

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

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

P. NET POSITION

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus 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 statements when there are limitations on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Q. INTERFUND TRANSACTIONS

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

The City provides temporary advances to funds that have insufficient cash balances by means of an advance from another fund. Such advances are classified as “due to/from other funds.” Long-term interfund loans are classified as “interfund loan receivable/payable.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” All other interfund transactions are reported as transfers.

R. USE OF ESTIMATES

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

S. RECLASSIFICATIONS

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

T. COMPARATIVE TOTALS

The basic financial statements, required supplementary information, and combining and individual nonmajor fund financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City’s financial statements for the year ended December 31, 2019 from which the summarized information was derived.

U. PENSION PLANS

COST SHARING MULTIPLE - EMPLOYER PLANS

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from 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.

SINGLE EMPLOYER PLAN

For purposes of measuring the net pension liability (asset), deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Lake Elmo Firefighters Relief Association (the Association) and additions to/deductions from the Association's fiduciary net position have been determined on the same basis as they were reported by the Association. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

In accordance with Minnesota Statutes, the City maintains its deposits at depository banks authorized by the City Council. All such banks are members of the Federal Reserve System.

Minnesota Statutes require that all City deposits be protected by insurance, surety bonds or collateral. The market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. Securities pledged as collateral are required to be held in safekeeping by the City or in a financial institution other than that furnishing the collateral. Minnesota Statute 118A.03 identifies allowable forms of collateral.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has no additional deposit policies addressing custodial credit risk.

At December 31, 2020, the bank balance of the City's deposits with financial institutions was \$6,422,711 and the carrying amount was \$5,464,434. All deposits were covered by federal depository insurance or by collateral pledged and held in the City's name.

B. INVESTMENTS

Subject to rating, yield, maturity and issuer requirements as prescribed by statute, Minnesota Statutes 118A.04 and 118A.05 authorize the City to invest in United States securities, state and local securities, commercial paper, time deposits, high-risk mortgage-backed securities, temporary general obligation bonds, repurchase agreements, Minnesota joint powers investment trusts and guaranteed investment contracts.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

At December 31, 2020, the City had the following investments and maturities:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)		
			Less Than 1	1 - 5	6 - 10
Brokered certificates of deposit	Not rated	\$8,769,429	\$6,218,527	\$2,305,522	\$245,380
Federal Farm Credit Bank notes	Aaa	1,040,586	-	539,951	500,635
Federal Home Loan Bank notes	Aaa	1,260,254	-	1,260,254	-
Municipal bonds	(1)	3,908,451	575,400	1,460,643	1,872,408
External investment pool - 4M Fund	Not rated	8,466,655	8,466,655	-	-
Money market funds	Not rated	2,840,171	2,840,171	-	-
Total		<u>\$26,285,546</u>	<u>\$18,100,753</u>	<u>\$5,566,370</u>	<u>\$2,618,423</u>
			Total investments		\$26,285,546
			Deposits		5,464,434
			Petty cash		1,748
			Total cash and investments		<u>\$31,751,728</u>

(1) \$1,087,220 are rated AAA, \$172,324 are rated Aa1, \$307,735 are rated Aa2, \$631,693 are rated Aa3, \$362,445 are rated AA+, \$924,382 are rated AA, \$211,422 are rated AA+, and \$211,230 are rated A

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. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs that are based on quoted prices for similar assets or inputs that are observable, either directly or indirectly. Level 3 investments are valued using inputs that are unobservable.

The City has the following recurring fair value measurements at December 31, 2020:

Investment Type	12/31/2020	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Brokered certificates of deposit	\$8,769,429	\$ -	\$8,769,429	\$ -
Municipal bonds	3,908,451	172,324	3,736,127	-
Federal Farm Credit Bank notes	1,040,586	-	1,040,586	-
Federal Home Loan Bank notes	1,260,254	-	1,260,254	-
	<u>14,978,720</u>	<u>\$172,324</u>	<u>\$14,806,396</u>	<u>\$0</u>
Investments not categorized:				
External investment pool - 4M Fund	8,466,655			
Money market funds	2,840,171			
Total investments	<u>\$26,285,546</u>			

The 4M Fund is an external investment pool investment which is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. It is an unrated pool and the fair value of the position in the pool is the same as the value of pool shares. The pool is managed to maintain a portfolio weighted average maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) of \$1 per share. The pool measures its investments at amortized cost in accordance with GASB Statement No. 79. The 4M Plus Fund requires funds to be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period are subject to penalty equal to 7 days interest on the amount withdrawn.

C. INVESTMENT RISKS

Custodial Credit Risk – Investments – For investments in securities, custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, the City will not be able to recover the value of its investment securities that are in the possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk disclosures. The City’s investment policy requires its brokers be licensed with the appropriate federal and state agencies. A minimum capital requirement of \$10,000,000 and at least five years of operation is mandatory. Investments in securities are held by the City’s broker-dealers. The securities at each broker-dealer are insured \$500,000 through SIPC. Each broker-dealer has provided additional protection by providing additional insurance. This insurance is subject to aggregate limits applied to all of the broker-dealer’s accounts.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City’s investment policy states that extended maturities may be utilized to take advantage of higher yields; however no more than 25% of total investments should extend beyond five years and in no circumstance should any extend beyond ten years. The City’s investment portfolio is structured so that securities mature to meet cash requirements for ongoing operations.

Credit Risk – Credit risk is the risk than an issuer of an investment will not fulfill its obligation to the holder of the investment. The City’s policy to minimize credit risk includes limiting investing funds to those allowable under Minnesota Statute 118A, annually appointing all financial institutions where investments are held, and diversifying the investment portfolio. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government’s investment in a single issuer. The City places no limit on the amount it may invest in any one issuer. At December 31, 2020, the City did not have 5% or more of its investments in any one issuer.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 3 RECEIVABLES

Significant receivable balances not expected to be collected within one year of December 31, 2020 are as follows:

	Property Taxes <u>Receivable</u>	Special Assessments <u>Receivable</u>	<u>Total</u>
Major Funds:			
General Fund	\$26,759	\$150	\$26,909
Debt Service Fund	-	1,939,932	1,939,932
Water Fund	-	159,580	159,580
Sewer Fund	-	2,080,754	2,080,754
Storm Sewer Fund	-	830	830
Nonmajor Funds	-	17,833	17,833
 Total	 <u>\$26,759</u>	 <u>\$4,199,079</u>	 <u>\$4,225,838</u>

Note 4 UNAVAILABLE REVENUE

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds are as follows:

	Property Taxes <u>Receivable</u>	Special Assessments <u>Receivable</u>	<u>Total</u>
Major Funds:			
General Fund	\$54,821	\$61,465	\$116,286
Debt Service Fund	-	2,177,197	2,177,197
Nonmajor Funds	-	17,833	17,833
 Total	 <u>\$54,821</u>	 <u>\$2,256,495</u>	 <u>\$2,311,316</u>

CITY OF LAKE ELMO, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$3,453,979	\$ -	\$ -	\$3,453,979
Construction in progress	618,039	1,321,623	(1,301,923)	637,739
Total capital assets, not being depreciated	4,072,018	1,321,623	(1,301,923)	4,091,718
Capital assets, being depreciated:				
Buildings	4,330,670	-	-	4,330,670
Other improvements	2,504,674	275,674	-	2,780,348
Machinery and equipment	5,051,799	724,891	(298,180)	5,478,510
Infrastructure	37,392,240	4,238,414	-	41,630,654
Total capital assets, being depreciated	49,279,383	5,238,979	(298,180)	54,220,182
Less accumulated depreciation for:				
Buildings	1,154,412	91,458	-	1,245,870
Other improvements	1,140,547	93,318	-	1,233,865
Machinery and equipment	2,676,631	288,667	(298,180)	2,667,118
Infrastructure	5,859,218	1,821,109	-	7,680,327
Total accumulated depreciation	10,830,808	2,294,552	(298,180)	12,827,180
Total capital assets being depreciated - net	38,448,575	2,944,427	0	41,393,002
Governmental activities capital assets - net	\$42,520,593	\$4,266,050	(\$1,301,923)	\$45,484,720
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$3,668,869	\$ -	\$ -	\$3,668,869
Construction in progress	236,301	5,714,305	(107,372)	5,843,234
Total capital assets, not being depreciated	3,905,170	5,714,305	(107,372)	9,512,103
Capital assets, being depreciated:				
Machinery and equipment	318,113	95,586	-	413,699
Infrastructure	59,646,533	6,953,411	-	66,599,944
Total capital assets, being depreciated	59,964,646	7,048,997	0	67,013,643
Less accumulated depreciation for:				
Machinery and equipment	228,132	17,475	-	245,607
Infrastructure	9,053,446	2,583,114	-	11,636,560
Total accumulated depreciation	9,281,578	2,600,589	0	11,882,167
Total capital assets being depreciated - net	50,683,068	4,448,408	0	55,131,476
Business-type activities capital assets - net	\$54,588,238	\$10,162,713	(\$107,372)	\$64,643,579

CITY OF LAKE ELMO, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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

Governmental activities:	
General government	\$24,823
Public safety	128,682
Public works	2,013,312
Culture & recreation	<u>127,735</u>
Total depreciation expense - governmental activities	<u>\$2,294,552</u>
Business-type activities:	
Water	\$1,340,250
Sewer	762,451
Storm sewer	<u>497,888</u>
Total depreciation expense - business-type activities	<u>\$2,600,589</u>

CITY OF LAKE ELMO, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 6 LONG-TERM DEBT

The City issues general obligation bonds to provide funds for economic development and for the acquisition and construction of major capital assets including infrastructure. General obligation bonds have been issued for both governmental and business-type activities. Bonds issued to provide funds for business-type activities are reported in proprietary funds if they are expected to be repaid from proprietary revenues. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation improvement bonds are expected to be repaid, in part, from assessments to the benefited properties. A summary of long-term debt outstanding at December 31, 2020 is as follows:

	Issue Date	Interest Rates	Maturity Date	Payable 12/31/2020
<u>Governmental Activities:</u>				
General obligation improvement bonds:				
2010A Improvement bonds	11/15/10	2.35% - 2.80%	02/01/21	75,000
2010B CIP refunding bonds	11/15/10	2.05% - 3.20%	02/01/25	900,000
2011A Improvement bonds	10/01/11	1.25% - 2.30%	02/01/22	180,000
2012B Improvement bonds	08/16/12	1.25% - 1.90%	02/01/23	280,000
2013A Improvement bonds	10/01/13	2.00% - 3.75%	07/15/28	920,000
2014A Improvement bonds	07/15/14	2.00% - 3.5%	01/15/30	1,825,000
2015A Improvement bonds	08/13/15	2.00% - 3.00%	01/15/26	985,000
2016A Improvement bonds	06/01/16	2.00%	01/15/27	1,940,000
2017A Improvement bonds	06/08/17	2.50% - 3.00%	01/15/28	3,730,000
2019A Improvement bonds	10/24/19	2.00% - 3.00%	02/01/30	2,860,000
Total general obligation improvement bonds				<u>13,695,000</u>
General obligation equipment certificates:				
2018A Equipment certificates	10/16/18	2.70% - 2.70%	02/01/28	850,000
Taxable lease revenue bonds:				
2018A Taxable lease revenue bonds	06/28/18	4.50% - 4.50%	01/15/24	881,000
Unamortized bond premiums				364,432
Compensated absences payable				109,369
Total governmental activities				<u>\$15,899,801</u>
<u>Business-Type Activities:</u>				
General obligation revenue bonds:				
2012A Refunding bonds	08/13/12	2.00% - 2.50%	12/01/30	\$3,015,000
2013A Improvement bonds	10/01/13	2.00% - 4.00%	07/15/33	2,585,000
2014A Improvement bonds	07/15/14	2.00% - 3.50%	01/15/30	2,375,000
2015A Improvement bonds	08/13/15	2.00% - 3.00%	01/15/31	925,000
2016A Improvement bonds	06/01/16	2.00%	01/15/32	5,645,000
2017A Improvement bonds	06/01/16	2.50% - 3.00%	01/15/33	3,970,000
2019A Improvement bonds	10/24/19	2.00% - 3.00%	02/01/35	1,195,000
Total general obligation revenue bonds				<u>19,710,000</u>
Unamortized bond premiums				395,366
Compensated absences payable				27,714
Total business-type activities				<u>\$20,133,080</u>

CITY OF LAKE ELMO, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

CHANGES IN LONG-TERM DEBT

The following is a schedule of changes in City indebtedness for the year ended December 31, 2020:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<u>Governmental activities:</u>					
G.O. Improvement bonds	\$15,350,000	\$ -	\$1,655,000	\$13,695,000	\$1,855,000
G.O. Equipment certificates	940,000	-	90,000	850,000	95,000
Taxable lease revenue bonds	926,000	-	45,000	881,000	47,000
Unamortized bond premiums	412,425	-	47,993	364,432	-
Compensated absences payable	62,748	146,035	99,414	109,369	82,027
Total governmental activities	<u>\$17,691,173</u>	<u>\$146,035</u>	<u>\$1,937,407</u>	<u>\$15,899,801</u>	<u>\$2,079,027</u>
<u>Business-type activities:</u>					
G.O. Revenue bonds	\$21,090,000	\$ -	\$1,380,000	\$19,710,000	\$1,455,000
Unamortized bond premiums	430,145	-	34,779	395,366	-
Compensated absences payable	21,763	42,165	36,214	27,714	20,785
Total business-type activities	<u>\$21,541,908</u>	<u>\$42,165</u>	<u>\$1,450,993</u>	<u>\$20,133,080</u>	<u>\$1,475,785</u>

DEBT SERVICE REQUIREMENTS

Future principal and interest payments required to retire long-term debt are as follows:

Years Ending December 31	General Obligation Improvement Bonds		General Obligation Equipment Certificates		Taxable Lease Revenue Bonds		General Obligation Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$1,855,000	\$329,700	\$95,000	\$21,668	\$47,000	\$38,588	\$1,455,000	\$481,694
2022	1,835,000	285,961	100,000	19,036	49,000	36,428	1,560,000	449,804
2023	1,790,000	241,835	100,000	16,336	51,000	34,178	1,565,000	415,069
2024	1,715,000	196,714	105,000	13,568	53,000	31,838	1,585,000	377,784
2025	1,660,000	151,938	110,000	10,665	55,000	29,408	1,630,000	339,197
2026-2030	4,840,000	245,188	340,000	13,902	317,000	106,404	8,670,000	1,063,595
2031-2035	-	-	-	-	309,000	28,548	3,245,000	145,917
Total	<u>\$13,695,000</u>	<u>\$1,451,336</u>	<u>\$850,000</u>	<u>\$95,175</u>	<u>\$881,000</u>	<u>\$305,392</u>	<u>\$19,710,000</u>	<u>\$3,273,060</u>

It is not practicable to determine the specific year for payment of long-term compensated absences payable. For governmental activities, compensated absences are liquidated by the General Fund.

DEFERRED AD VALOREM TAX LEVIES – BONDED DEBT

General obligation bonds are backed by the full faith and credit of the City, including special assessment and revenue bond issues. General Obligation improvement bond issues are financed by ad valorem tax levies in addition to special assessments levied against the benefiting properties. When a bond issue to be financed partially or completely by ad valorem tax levies is sold, specific annual amounts of such tax levies are stated in the bond resolution and the County Auditor is notified and instructed to levy these taxes over the appropriate years. The future tax levies are subject to cancellation when and if the City has provided alternative sources of financing. The City Council is required to levy any additional taxes found necessary for full payment of principal and interest. The future scheduled tax levies are not shown as assets in the accompanying financial statements.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

REVENUE PLEDGED

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

Bond Issue	Use of Proceeds	Revenue Pledged		Remaining Principal and Interest	Current Year	
		Type	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
2009B G.O. Improvement	Infrastructure improvements	Ad valorem taxes, Special assessments	2010 - 2019	\$ -	\$60,915	\$5,284
2010A G.O. Improvement	Infrastructure improvements	Ad valorem taxes, Special assessments	2011 - 2020	\$76,050	\$78,150	\$65,421
2010B G.O. CIP Refunding	Infrastructure improvements	Ad valorem taxes	2011 - 2024	\$971,106	\$194,118	\$206,908
2011A G.O. Improvement	Infrastructure improvements	Ad valorem taxes, Special assessments	2012 - 2021	\$184,140	\$95,040	\$80,382
2012A G.O. Refunding	Water system improvements	Water usage charges	2012 - 2030	\$3,410,402	\$279,844	\$1,050,274
2012B G.O. Improvement	Infrastructure improvements	Ad valorem taxes, Special assessments	2013 - 2022	\$287,986	\$95,905	\$81,737
2013A G.O. Improvement	Infrastructure improvements	Special assessments, Water & Sewer charges	2014 - 2033	\$4,312,724	\$446,170	\$1,411,056
2014A G.O. Improvement	Infrastructure improvements	Ad valorem taxes, Special assessments, Water & sewer charges	2015 - 2029	\$4,831,558	\$551,778	\$1,682,519
2015A G.O. Improvement	Infrastructure improvements	Ad valorem taxes, Special assessments, Water & sewer charges	2016 - 2030	\$2,127,977	\$288,714	\$1,492,078
2016A G.O. Improvement	Infrastructure improvements	Ad valorem taxes, Special assmts, Water, Sewer, Storm charges	2017 - 2031	\$8,426,350	\$823,350	\$2,020,930
2017A G.O. Improvement	Infrastructure improvements	Ad valorem taxes, Special assmts, Water, Sewer, Storm charges	2018 - 2032	\$8,830,012	\$892,078	\$2,174,978
2018A G.O. Equipment Certificates	Purchase of fire truck, dump truck	Ad valorem taxes	2019 - 2027	\$945,175	\$114,165	\$128,996
2018A Taxable Lease Revenue	Purchase of city hall	Lease revenues	2018 - 2033	\$1,186,392	\$85,658	\$87,778
2019A G.O. Improvement	Infrastructure improvements, capital equipment	Ad valorem taxes, Special assmts, Water, Sewer, Storm charges	2020 - 2034	\$4,671,091	\$85,067	\$1,912,519

Note 7 DEFINED BENEFIT PENSION PLANS – PERA

A. PLAN DESCRIPTION

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

1. General Employees Retirement Fund (GERF)

All full-time (with the exception of employees covered by PEPFF) and certain part-time employees of the City are covered by the General Employees Retirement Fund (GERF). GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Public Employees Police and Fire Fund (PEPFF)

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

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.

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% of average salary for each of the first ten years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7% of average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

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

2. PEPFF Benefits

Benefits for the PEPFF members first hired after June 30, 2010 but before July 1, 2014 vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014 vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for

each year of service. For PEPFF members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. CONTRIBUTIONS

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

1. GERF Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.5% for Coordinated Plan members. The City's contributions to the GERF for the year ended December 31, 2020 were \$109,289. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Police and Fire member's contribution rates increased from 11.3% of pay to 11.8% and employer rates increased from 16.95% to 17.70% on January 1, 2020. The City's contributions to the PEPFF for the year ended December 31, 2020 were \$27,492. The City's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

1. GERF Pension Costs

At December 31, 2020, the City reported a liability of \$1,241,060 for its proportionate share of GERF'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 \$38,201. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0207% at the end of the measurement period and 0.0193% for the beginning of the period.

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City's proportionate share of the net pension liability	\$1,241,060
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>38,201</u>
Total	<u><u>\$1,279,261</u></u>

For the year ended December 31, 2020, the City recognized pension expense of \$136,691 for its proportionate share of the GERS's pension expense. In addition, the City recognized an additional \$3,325 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the GERS.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$11,331	\$4,695
Changes in actuarial assumptions	-	46,470
Net collective difference between projected and actual investment earnings	16,385	
Changes in proportion	85,648	-
Contributions paid to PERA subsequent to the measurement date	<u>54,998</u>	<u>-</u>
Total	<u><u>\$168,362</u></u>	<u><u>\$51,165</u></u>

The \$54,998 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense</u>
2021	(\$34,362)
2022	23,715
2023	42,861
2024	29,985
Thereafter	-

2. PEPFF Pension Costs

At December 31, 2020, the City reported a liability of \$225,396 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's 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, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0171% at the end of the measurement period and 0.0193% for the beginning of the period.

The State of Minnesota also contributed \$13.5 million to PEPFF during the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in fire state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state was paid on October 1, 2019. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in fire state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

As a result, the State of Minnesota is included as a non-employer contributing entity in the PEPFF Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. PEPFF employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the City recognized pension expense of \$41,159 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$1,633 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$4.5 million to the PEPFF.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in fire state aid. The City also recognized \$1,539 for the year ended December 31, 2020 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$9,810	\$10,876
Changes in actuarial assumptions	76,750	134,959
Net collective difference between projected and actual investment earnings	8,804	-
Changes in proportion	140,697	76,487
Contributions paid to PERA subsequent to the measurement date	14,528	-
Total	<u>\$250,589</u>	<u>\$222,322</u>

The \$14,528 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as outflows:

<u>Year Ending December 31,</u>	<u>Pension Expense</u>
2021	\$771
2022	(45,666)
2023	50,997
2024	11,346
2025	(3,709)
Thereafter	-

For governmental activities, the net pension liability for GERF and PEPFF will be liquidated by the General Fund.

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2020 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for GERF and 1.0% per year for PEPFF.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study for GERF was completed in 2019. The

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assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for PEPFF was completed in 2020.

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

General Employees Fund

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- As recommended in the June 30, 2019 experience study, assumed salary increase rates were decreased 0.25% and assumed rates of retirement were changed resulting in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination and disability were also changed.
- The base mortality tables were changed from RP-2014 tables to Pub-2010 tables, 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 & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & 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% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Police and Fire Fund

Changes in Actuarial Assumptions:

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

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 Expected Real Rate of Return
Domestic stocks	35.5%	5.10%
International stocks	17.5%	5.30%
Bonds (fixed income)	20%	0.75%
Alternative assets (private markets)	25%	5.90%
Cash	2%	0.00%
Total	100%	

F. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2020 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rate set in Minnesota statutes. Based on that assumption, the fiduciary net position of the GERF and the PEPFF 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

G. PENSION LIABILITY SENSITIVITY

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

	<u>1% Decrease in Discount Rate (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase in Discount Rate (8.5%)</u>
Proportionate share of the GERF net pension liability	\$1,988,988	\$1,241,060	\$624,079
Proportionate share of the PEPFF net pension liability	\$449,247	\$225,396	\$40,199

H. PENSION PLAN FIDUCIARY NET POSITION

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

I. PENSION EXPENSE

Pension expense recognized by the City for the year ended December 31, 2020 is as follows:

GERF	\$140,016
PEPFF	42,792
Fire Pension Plan (Note 8)	<u>(5,294)</u>
Total	<u>\$177,514</u>

Note 8 DEFINED BENEFIT PENSION PLAN – LAKE ELMO FIREFIGHTERS RELIEF ASSOCIATION

A. PLAN DESCRIPTION

The Lake Elmo Firefighters Relief Association (The Association) is the administrator of a single employer Public Employee Retirement System (PERS) established to provide benefits for members of the Lake Elmo Fire Department. The plan was established and is administered in accordance with Minnesota Statutes. As of December 31, 2020, Plan participants consisted of the following:

Retired members entitled to benefits, but have not received them	5
Current members:	
Fully vested (20 years or more)	2
Partially vested (10 years to 19 years)	7
Nonvested (less than 10 years)	<u>9</u>
Total	<u>23</u>

B. BENEFITS PROVIDED

Twenty Year Service Pension

Each member who is at least 50 years of age; has retired from the Lake Elmo Fire Department; has served at least twenty (20) years of active service with such department before retirement; and, has been a member of the Association in good standing at least 10 years prior to such retirement; shall be entitled to a pro-rated lump sum service pension in the amount of \$5,850 for each completed full year of service and pro-rated monthly for fractional years of service but not exceeding the maximum amount per year of service allowed by law for the minimum average amount of available financing per firefighter as prescribed by law. Members with 10 years of service receive partial vesting at 60% of the 20 year rate and 4% is added for every one year of service beyond ten years up to 20 years.

Death Benefits

Upon the death of an active or deferred member, the beneficiaries of deceased members shall be paid a death benefit depending on the number of years of service:

Up to 10 years	\$5,850
10 years to 30 years	That amount the deceased had earned as retirement benefit had she/he retired on the date of death and been fifty (50) years of age.

State Supplemental Benefits

Minnesota Statute 424A.10 provides for the payment of a supplemental benefit equal to ten percent of a regular lump sum distribution up to a maximum of \$1,000. The supplemental benefit is in lieu of a State income tax exclusion for lump sum distributions and will no longer be available if State tax law is

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modified to exclude lump sum distributions from State income tax. The Association qualifies for these benefits.

C. CONTRIBUTIONS

Minnesota Statute Chapter 424A.092 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from State Aid are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a ten-year period. The Association is comprised of volunteers; therefore, there are no payroll expenditures (i.e., there are no covered payroll percentage calculations). Contributions totaling \$76,608 were made by the State of Minnesota in accordance with State Statute requirements for the year ended December 31, 2020.

D. CHANGES IN THE NET PENSION ASSET

At December 31, 2020, the City reported a net pension asset of \$505,422. The net pension asset was measured as of December 31, 2020. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department.

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
	<u>(a)</u>	<u>(b)</u>	<u>(a-b)</u>
Beginning balance December 31, 2019	\$724,844	\$1,097,917	(\$373,073)
Changes for the year:			
Service cost	38,225	-	38,225
Interest cost	39,743	-	39,743
Assumption changes	-	-	-
Plan Changes	-	-	-
Projected investment earnings	-	-	-
Contributions - State of MN	-	76,608	(76,608)
Asset (gain) / loss	(21,722)	118,822	(140,544)
Benefit payments	-	-	-
Administrative expenses	(6,057)	(12,892)	6,835
Net changes	<u>50,189</u>	<u>182,538</u>	<u>(132,349)</u>
Balance end of year December 31, 2020	<u>\$775,033</u>	<u>\$1,280,455</u>	<u>(\$505,422)</u>

For the year ended December 31, 2020, the City recognized a reduction to pension expense in the amount of \$5,294.

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At December 31, 2020, the City reported deferred outflows and inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between projected and actual investment earnings	\$ -	\$60,830
Assumption changes	11,665	-
Liability gains	-	95,744
Total	<u>\$11,665</u>	<u>\$156,574</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense</u>
2021	(\$34,633)
2022	(15,352)
2023	(41,370)
2024	(26,043)
2025	(14,135)
Thereafter	(13,376)

E. ACTUARIAL ASSUMPTIONS

The total pension asset was determined by an actuarial valuation as of December 31, 2020 using the following actuarial assumptions, applied to all periods in the measurement:

Valuation date	1/1/2021
Measurement date (assets and funded status)	12/31/2020
Actuarial cost method	Entry age normal
Amortization method	Level dollar amount Closed 5 year period
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.25%
20-year municipal bond yield	N/A
Projected salary increases	2.50%
Includes inflation at	N/A
Cost-of-living adjustments	N/A
Age of service retirement	50
Post retirement benefit increase	N/A
Mortality	Due to a small sample size, assumed no pre-retirement mortality. Post-retirement mortality does not apply as the benefit structure and form of payment do not reflect lifetime benefits.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation. All results are then rounded to the nearest quarter percentage point.

The best-estimate of expected future real rates of return were developed by aggregating data from several published capital market assumption surveys and deriving a single best-estimate based on the average survey values. These capital market assumptions reflect both historical market experience as well as diverse views regarding anticipated future returns. The expected inflation assumptions was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

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Best estimates of geometric real and nominal rates of return for each major asset class included in the pension plan’s asset allocation as of the measurement date are summarized in the following table:

Asset Class	Portfolio Weight	Expected Class Return
Cash	15%	1.80%
Fixed income	22%	3.00%
Equities	62%	6.80%
Other	1%	7.00%
Total (weighted avg., rounded to 1/4%)	100%	5.25%

F. DISCOUNT RATE

The discount rate used to measure the total pension liability was 5.25%. The liability discount rate was developed using the alternative method described in paragraph 43 of GASB 67, which states that “if the evaluations required by paragraph 41 can be made with sufficient reliability without a separate projection of cash flows into and out of the pension plan, alternative methods may be applied in making the evaluations.” The determination of the discount rate assumed that the plan’s current overfunded status, combined with Minnesota statutory funding requirements, provide sufficient reliability that projected plan assets will be adequate to pay future retiree benefits. Therefore, the plan’s long-term expected return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. PENSION LIABILITY (ASSET) SENSITIVITY

The following presents the City’s net pension asset for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s net pension asset would be if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

	1% Decrease in Discount Rate (4.25%)	Discount Rate (5.25%)	1% Increase in Discount Rate (6.25%)
Net pension asset	(\$472,425)	(\$505,422)	(\$537,234)

H. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the Association plan’s fiduciary net position at December 31, 2020 is available in a separately-issued financial report that includes financial statements and required supplementary information. That report may be obtained by contacting the Finance Director for the City of Lake Elmo.

Note 9 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. PLAN DESCRIPTION

In addition to providing the pension benefits described in Note 7 and 8, the City provides post-employment health care benefits, as defined in paragraph B, through its group health insurance plan (the plan). The plan is a single-employer defined benefit OPEB plan administered by the City. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 Subd. 2a and 299A.465. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and collective bargaining agreements with employee groups. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. BENEFITS PROVIDED

RETIREEES

At retirement, employees of the City receiving a retirement or disability benefit, or eligible to receive a benefit, from a Minnesota public pension plan may continue to participate in the City's group insurance plan. Vesting requirements of three years if hired before July 1, 2010 or five years if hired on or after July 1, 2010 generally apply.

DISABLED POLICE AND FIREFIGHTERS

The City continues to pay the employer's contribution toward health coverage for firefighters disabled in the line of duty and deceased firefighter's dependents if the firefighter was killed in the line of duty, per Minnesota Statute 299A.465, until age 65. Dependent coverage is included, if the dependents were covered at the time of the disability. During 2020, no benefits were paid for firefighters disabled or killed in the line of duty.

All health care coverage is provided through the City's group health insurance plans. The retiree is required to pay 100% of their premium cost for the City-sponsored group health insurance plan in which they participate. The premium is a blended rate determined on the entire active and retiree population. Since the projected claims costs for retirees exceed the blended premium paid by retirees, the retirees are receiving an implicit rate subsidy (benefit). The coverage levels are the same as those afforded to active employees. Upon a retiree reaching age 65, Medicare becomes the primary insurer and the City's plan becomes secondary.

C. PARTICIPANTS

As of the December 31, 2019 actuarial valuation, participants of the plan consisted of:

Active employees	23
Inactive employees or beneficiaries	
currently receiving benefits	<u>0</u>
Total	<u><u>23</u></u>

D. TOTAL OPEB LIABILITY AND CHANGES IN TOTAL OPEB LIABILITY

The City's total OPEB liability of \$79,303 was measured as of December 31, 2019 and was determined by an actuarial valuation as of December 31, 2019. Changes in the total OPEB liability during 2020 were:

Balance - beginning of year	\$73,788
Changes for the year:	
Service cost	9,793
Interest	3,101
Changes of benefit terms	-
Differences between expected and actual experience	(14,291)
Changes in assumptions	6,912
Benefit payments	-
Net changes	<u>5,515</u>
Balance - end of year	<u>\$79,303</u>

For governmental activities, the OPEB liability is liquidated by the General Fund. The estimated amount due within one year is immaterial, and therefore, is not separately presented on the Statement of Net Position.

E. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

All costs and liabilities under the plan were determined in accordance with the Alternative Measurement Method prescribed by GASB Statement No. 75 for employers with under 100 plan participants. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.50%
Discount rate	2.75%
Investment rate of return	2.75%
Healthcare cost trend rates	6.20% for 2020; gradually decreasing over several decades to an ultimate rate of 4.00% for 2075 and later years

Since the plan is funded on a pay-as-you-go basis, both the discount rate and the investment rate of return was based on the Fidelity 20-year Municipal GO AA Index as of December 31, 2019.

40% of the employees currently electing coverage are assumed to elect coverage in the same plan and coverage level at retirement, continue coverage to age 65 and then waive coverage. Employees currently waiving coverage are assumed to waive coverage at retirement. Retirement age is assumed to be the latest of age 62, plan eligibility or current age.

For retirees, actual disability status was used. 100% of current and future retirees under age 65 are assumed to become Medicare eligible at the later of age 65 or retirement. Actual Medicare status was used for retired members.

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Changes in actuarial assumptions since the previous valuation include:

- The discount rate was changed from 3.71% to 2.75% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act’s Excise Tax on high-cost health insurance plans. In addition, the medical trend rate adjustments to reflect the projected effect of the Affordable Care Act’s Excise Tax on high-cost health insurance plans was removed because the tax was repealed.
- Medical per capita claims costs were updated to reflect recent experience.
- Salary increase rates were updated from the rates used in the July 1, 2017 PERA General Employees Plan valuation to the rates used in the July 1, 2019 valuation.
- Mortality rates were updated from the RP-2014 tables to the rates used in the July 1, 2019 PERA General Employees Plan actuarial valuation.
- The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

F. SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.75%) or 1% higher (3.75%) than the current discount rate:

	1% Decrease (1.75%)	Discount Rate (2.75%)	1% Increase (3.75%)
Total OPEB liability	\$85,399	\$79,303	\$73,695

G. SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.2% decreasing to 3.0%) or 1% higher (7.2% decreasing to 5.0%) than the current healthcare cost trend rates:

	1% Decrease (5.2% decreasing to 3.0%)	Healthcare Cost Trend Rates (6.2% decreasing to 4.0%)	1% Increase (7.2% decreasing to 5.0%)
Total OPEB liability	\$71,325	\$79,303	\$89,031

**H. OPEB EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES
 RELATED TO OPEB**

For the year ended December 31, 2020, the City recognized \$5,515 of OPEB expense.

In accordance with the Alternative Measurement Method, gains and losses due to experience and assumption changes are recognized immediately. In addition, there were no contributions between the measurement date and reporting date because the City has no retirees and no active employees who were expected to retire during 2020. Therefore, there are no deferred outflows or inflows of resources related to OPEB as of December 31, 2020.

Note 10 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. DEFICIT FUND BALANCES

The following funds reported a deficit fund balance at December 31, 2020:

	<u>Deficit Fund Balance</u>
Nonmajor Governmental Funds:	
Village Project	(\$378,736)
CSAH 15 / CSAH 14 Realignment	(9,547)
Manning Corridor and Safety Management	(3,086)
CSAH 19 / Hudson Blvd Interchange	(565,561)
2019 Street and Utility Project	(5,731)
CSAH 13 Phase 2	(10,635)
Inwood and 5th Street Stoplight	(107,630)
Old Village Phases 5 & 6	(251,199)
CSAH 15 Manning Avenue Phase 3	(3,070)
Heritage Farms Street & Utility Improvements	(163,866)
Tamarack Farm Estates Street Improvements	(14,278)
City Hall / Fire Station Bldg Project	(12,577)
2012B GO Improvement Bonds	(40,560)

The City intends to fund these deficits during 2021 with bond proceeds, MSA revenue, and transfers from the General Fund.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

B. EXPENDITURES IN EXCESS OF BUDGET

The following is a listing of departments within the General Fund that exceeded budget appropriations:

	Final Budget	Actual	Overage
General government:			
Elections	\$10,000	\$12,748	\$2,748
City facilities	21,496	28,326	6,830
Public safety:			
Building inspection	570,502	1,098,491	527,989
Animal control	11,000	13,066	2,066

Note 11 DUE FROM AND DUE TO OTHER FUNDS

Interfund payables and receivables are representative of lending/borrowing arrangements to cover deficit cash balances at year-end. All balances are expected to be eliminated within one year.

A summary of due from and due to balances at December 31, 2020 is as follows:

	Due From Other Funds	Due To Other Funds
Major Funds:		
General Fund	\$1,481,225	\$ -
Debt Service Fund	-	41,437
Nonmajor Funds:		
Infrastructure Reserve	16,059	-
Village Project	-	378,736
CSAH 15 / CSAH 14 Realignment	-	9,239
Manning Corridor and Safety Management	-	3,024
CSAH 19 / Hudson Blvd Interchange	-	565,561
2019 Street and Utility Project	-	5,731
CSAH 13 Phase 2	-	10,328
Inwood and 5th Street Stoplight	-	107,507
Old Village Phases 5 & 6	-	197,254
CSAH 15 Manning Avenue Phase 3	-	3,070
Heritage Farms Street & Utility Improvements	-	160,117
Tamarack Farm Estates Street Improvements	-	14,191
City Hall / Fire Station Project	-	1,089
	<u>\$1,497,284</u>	<u>\$1,497,284</u>

CITY OF LAKE ELMO, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 12 INTERFUND TRANSFERS

Individual fund transfers for fiscal year 2020 are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds:		
General Fund	\$765,079	\$1,049,508
Debt Service Fund	85,657	-
Vehicle Acquisition	1,003,847	-
Nonmajor funds:		
Economic Development Authority	30,000	85,657
CARES Fund		765,079
Infrastructure Reserve	<u>15,661</u>	<u>-</u>
Total	<u>\$1,900,244</u>	<u>\$1,900,244</u>

During 2020, transfers were made to provide financing for economic development, debt service and capital expenditures. These transfers are routine and consistent with past practices. A transfer was also made to move assets from the CARES fund to the general fund to reimburse the general fund for pandemic related expenditures.

CITY OF LAKE ELMO, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 13 FUND BALANCE

At December 31, 2020, a summary of the governmental fund balance classifications is as follows:

	General	Debt Service	Vehicle Acquisition	Other Governmental Funds	Total
Nonspendable:					
Prepaid items	\$21,206	\$ -	\$ -	\$ -	\$21,206
Restricted for:					
Debt service	-	4,536,360	-	-	4,536,360
Park improvements	-	-	-	1,193,853	1,193,853
Street improvements	-	-	-	84,619	84,619
Total restricted	<u>0</u>	<u>4,536,360</u>	<u>0</u>	<u>1,278,472</u>	<u>5,814,832</u>
Committed for:					
Lions Park	-	-	-	7,691	7,691
Assigned for:					
Economic development	-	-	-	61,340	61,340
Infrastructure improvements	-	-	-	639,599	639,599
City facilities	-	-	-	96,874	96,874
Old Village Phase 4	-	-	-	23,855	23,855
Manning & Hudson future stop light	-	-	-	11,788	11,788
Railroad crossing improvements	-	-	-	84,749	84,749
Manning and Highway 36 Interchange	-	-	-	1,838	1,838
Debt service	-	17,177	-	-	17,177
Vehicle acquisition	-	-	1,716,283	-	1,716,283
Total assigned	<u>0</u>	<u>17,177</u>	<u>1,716,283</u>	<u>920,043</u>	<u>2,653,503</u>
Unassigned	<u>5,212,435</u>	<u>-</u>	<u>-</u>	<u>(1,525,916)</u>	<u>3,686,519</u>
Total fund balance	<u>\$5,233,641</u>	<u>\$4,553,537</u>	<u>\$1,716,283</u>	<u>\$680,290</u>	<u>\$12,183,751</u>

The City Council has formally adopted a fund balance policy for the General Fund. The City's policy is to maintain unassigned fund balance in the General Fund with a target floor of 50-60% of the subsequent budgeted fiscal year expenditures. At December 31, 2020, actual unassigned fund balance of the General Fund was 86% of 2021 budgeted expenditures.

Note 14 COMMITMENTS AND CONTINGENCIES

A. LITIGATION

Existing and pending lawsuits, claims and other actions in which the City is a defendant are either covered by insurance, of an immaterial amount, or, in the judgment of the City's management, remotely recoverable by plaintiffs.

B. FEDERAL AND STATE FUNDS

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2020.

C. COMMITTED CONTRACTS

At December 31, 2020, the City had commitments of \$908,307 for uncompleted construction contracts. In addition, the City has entered into construction contracts totaling approximately \$9,610,000 during 2021 for the Heritage Farms Street and Utility Improvements and the Old Village Phase 5 & 6 projects.

Note 15 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters.

Workers compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. For workers compensation, the City is not subject to a deductible. The City's workers compensation coverage is retrospectively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

Property and casualty insurance is provided through a pooled self-insurance program through the LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts. The City retains risk for the deductible portion of the insurance policies and for any exclusions from the insurance policies. These amounts are considered immaterial to the financial statements.

The City continues to carry commercial insurance for all other risks of loss, including disability and employee health insurance.

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

Note 16 RECENTLY ISSUED ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) recently approved the following statements which were not implemented for these financial statements:

Statement No. 87 *Leases*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 91 *Conduit Debt Obligations*. The provisions of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92 *Omnibus 2020*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 93 *Replacement of Interbank Offered Rates*. The provisions of this Statement contain multiple effective dates, the first being for reporting periods beginning after June 15, 2020.

Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96 *Subscription – Based Information Technology Arrangements*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

The effect these standards may have on future financial statements is not determinable at this time, but it is expected that Statement No. 87 may have a material impact.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAKE ELMO, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2020
With Comparative Actual Amounts For The Year Ended December 31, 2019

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
Revenues:					
General property taxes	\$3,817,144	\$3,817,144	\$3,534,627	(\$282,517)	\$2,966,393
Licenses and permits:					
Business	46,175	46,175	60,816	14,641	14,090
Non-business	1,005,200	1,005,200	1,364,879	359,679	1,040,948
Total licenses and permits	1,051,375	1,051,375	1,425,695	374,320	1,055,038
Intergovernmental:					
MSA - maintenance	158,582	158,582	173,566	14,984	159,509
Fire state aid	64,000	64,000	76,608	12,608	68,975
Other state aid	4,820	4,820	23,020	18,200	17,673
County and local	21,000	21,000	-	(21,000)	23,750
Total intergovernmental	248,402	248,402	273,194	24,792	269,907
Charges for services	774,689	774,689	1,022,028	247,339	884,885
Fines and forfeits	50,000	50,000	33,584	(16,416)	36,696
Investment income	80,000	80,000	164,236	84,236	118,298
Miscellaneous	149,420	149,420	183,711	34,291	192,494
Total revenues	6,171,030	6,171,030	6,637,075	466,045	5,523,711

See accompanying notes to the required supplementary information.

CITY OF LAKE ELMO, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For The Year Ended December 31, 2020
 With Comparative Actual Amounts For The Year Ended December 31, 2019

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
	Expenditures:				
General government:					
Mayor and city council:					
Current:					
Personal services	\$27,786	\$27,786	\$27,792	(\$6)	\$27,781
Supplies	1,636	1,636	1,755	(119)	1,078
Other services and charges	23,140	23,140	19,994	3,146	22,613
Total mayor and city council	<u>52,562</u>	<u>52,562</u>	<u>49,541</u>	<u>3,021</u>	<u>51,472</u>
Finance and Administration:					
Current:					
Personal services	341,413	341,413	261,246	80,167	458,074
Supplies	6,150	6,150	2,128	4,022	85,167
Other services and charges	277,525	277,525	341,927	(64,402)	171,800
Total finance and administration	<u>625,088</u>	<u>625,088</u>	<u>605,301</u>	<u>19,787</u>	<u>715,041</u>
Elections:					
Current:					
Personal services	7,250	7,250	9,655	(2,405)	795
Other services and charges	2,750	2,750	3,093	(343)	1,844
Total elections	<u>10,000</u>	<u>10,000</u>	<u>12,748</u>	<u>(2,748)</u>	<u>2,639</u>
Communications:					
Current:					
Personal services	36,500	36,500	33,183	3,317	36,823
Other services and charges	10,635	10,635	9,721	914	11,904
Total communications	<u>47,135</u>	<u>47,135</u>	<u>42,904</u>	<u>4,231</u>	<u>48,727</u>
City Facilities:					
Current:					
Supplies	800	800	124	676	726
Other services and charges	20,696	20,696	28,202	(7,506)	30,263
Total city facilities	<u>21,496</u>	<u>21,496</u>	<u>28,326</u>	<u>(6,830)</u>	<u>30,989</u>
Engineering:					
Current:					
Other services and charges	40,000	40,000	30,000	10,000	38,482
Total engineering	<u>40,000</u>	<u>40,000</u>	<u>30,000</u>	<u>10,000</u>	<u>38,482</u>
Planning and Zoning:					
Current:					
Personal services	223,505	223,505	205,566	17,939	202,382
Supplies	200	200	110	90	567
Other services and charges	32,426	32,426	30,758	1,668	46,609
Total planning and zoning	<u>256,131</u>	<u>256,131</u>	<u>236,434</u>	<u>19,697</u>	<u>249,558</u>
Total general government	<u>1,052,412</u>	<u>1,052,412</u>	<u>1,005,254</u>	<u>47,158</u>	<u>1,136,908</u>

See accompanying notes to the required supplementary information.

CITY OF LAKE ELMO, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2020
With Comparative Actual Amounts For The Year Ended December 31, 2019

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
	Expenditures (continued):				
Public safety:					
Police:					
Current:					
Contracted services	\$773,255	\$773,255	\$761,969	\$11,286	\$702,403
Other services and charges	1,800	1,800	-	1,800	-
Total police	<u>775,055</u>	<u>775,055</u>	<u>761,969</u>	<u>13,086</u>	<u>702,403</u>
Fire protection:					
Current:					
Personal services	440,438	440,438	406,657	33,781	444,303
Fire state aid	64,000	64,000	76,608	(12,608)	68,975
Supplies	44,875	44,875	29,640	15,235	36,959
Other services and charges	181,121	181,121	206,047	(24,926)	182,753
Total fire protection	<u>730,434</u>	<u>730,434</u>	<u>718,952</u>	<u>11,482</u>	<u>732,990</u>
Building inspection:					
Current:					
Personal services	506,274	506,274	319,006	187,268	274,337
Supplies	5,700	5,700	2,821	2,879	4,014
Other services and charges	58,528	58,528	776,664	(718,136)	166,256
Capital outlay	-	-	-	-	24,000
Total building inspection	<u>570,502</u>	<u>570,502</u>	<u>1,098,491</u>	<u>(527,989)</u>	<u>468,607</u>
Animal control:					
Current:					
Other services and charges	11,000	11,000	13,066	(2,066)	19,902
Prosecution:					
Current:					
Other services and charges	49,000	49,000	48,392	608	46,434
Emergency communications:					
Current:					
Other services and charges	3,350	3,350	900	2,450	1,933
Total public safety	<u>2,139,341</u>	<u>2,139,341</u>	<u>2,641,770</u>	<u>(502,429)</u>	<u>1,972,269</u>

See accompanying notes to the required supplementary information.

CITY OF LAKE ELMO, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For The Year Ended December 31, 2020
 With Comparative Actual Amounts For The Year Ended December 31, 2019

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
	Expenditures (continued):				
Public works:					
Current:					
Personal services	\$489,695	\$489,695	\$538,411	(\$48,716)	\$572,353
Supplies	245,677	245,677	188,759	56,918	257,440
Other services and charges	775,110	775,110	748,929	26,181	1,039,289
Total public works	<u>1,510,482</u>	<u>1,510,482</u>	<u>1,476,099</u>	<u>34,383</u>	<u>1,869,082</u>
Culture and Recreation:					
Parks:					
Current:					
Personal services	220,434	220,434	148,001	72,433	117,755
Supplies	19,200	19,200	20,183	(983)	17,582
Other services and charges	140,314	140,314	141,882	(1,568)	128,642
Total culture and recreation	<u>379,948</u>	<u>379,948</u>	<u>310,066</u>	<u>69,882</u>	<u>263,979</u>
Total expenditures	<u>5,082,183</u>	<u>5,082,183</u>	<u>5,433,189</u>	<u>(351,006)</u>	<u>5,242,238</u>
Revenue over (under) expenditures	<u>1,088,847</u>	<u>1,088,847</u>	<u>1,203,886</u>	<u>(115,039)</u>	<u>281,473</u>
Other financing (uses):					
Transfers in	-	-	765,079	765,079	-
Transfers out	<u>(1,088,847)</u>	<u>(1,088,847)</u>	<u>(1,049,508)</u>	<u>39,339</u>	<u>(742,935)</u>
Total other financing (uses)	<u>(1,088,847)</u>	<u>(1,088,847)</u>	<u>(284,429)</u>	<u>804,418</u>	<u>(742,935)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>919,457</u>	<u>\$689,379</u>	<u>(461,462)</u>
Fund balance, January 1			<u>4,314,184</u>		<u>4,775,646</u>
Fund balance, December 31			<u>\$5,233,641</u>		<u>\$4,314,184</u>

See accompanying notes to the required supplementary information.

CITY OF LAKE ELMO, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
For The Last Ten Years

Statement 11

	2020	2019	2018
Total OPEB liability:			
Service cost	\$9,793	\$9,525	\$8,200
Interest	3,101	2,431	2,264
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(14,291)	-	-
Changes in assumptions	6,912	(2,098)	2,246
Benefit payments	-	-	-
Net change in total OPEB liability	5,515	9,858	12,710
Total OPEB liability - beginning	73,788	63,930	51,220
Total OPEB liability - ending	<u>\$79,303</u>	<u>\$73,788</u>	<u>\$63,930</u>
Covered-employee payroll	\$1,831,326	\$1,605,997	\$1,483,782
Total OPEB liability as a percentage of covered-employee payroll	4.3%	4.6%	4.3%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2018 and is intended to show a ten year trend. Additional years will be added as they become available.

See accompanying notes to the required supplementary information.

CITY OF LAKE ELMO, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -
 GENERAL EMPLOYEES RETIREMENT FUND
 For The Last Ten Years

Statement 12

Measurement Date	Fiscal Year Ending	City's Proportionate Share (Percentage) of the Net Pension Liability	City's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with City (b)	Total (a+b)	Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	2014	0.0191%	\$897,222	\$ -	\$897,222	\$979,703	91.6%	78.2%
2015	2015	0.0169%	875,846	-	875,846	975,250	89.8%	78.2%
2016	2016	0.0159%	1,291,001	16,853	1,307,854	1,041,540	125.6%	68.9%
2017	2017	0.0189%	1,206,564	15,173	1,221,737	1,209,466	101.0%	75.9%
2018	2018	0.0191%	1,059,590	34,710	1,094,300	1,283,088	85.3%	79.5%
2019	2019	0.0193%	1,067,054	33,165	1,100,219	1,364,625	80.6%	80.2%
2020	2020	0.0207%	1,241,060	38,201	1,279,261	1,476,621	86.6%	79.1%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2014 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF LAKE ELMO, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

Statement 13

SCHEDULE OF PENSION CONTRIBUTIONS - GENERAL EMPLOYEES RETIREMENT FUND

For The Last Ten Years

Fiscal Year Ending December 31,	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
2014	\$73,182	\$73,182	\$ -	\$1,009,407	7.25%
2015	70,582	70,582	-	941,092	7.5%
2016	85,649	85,649	-	1,141,987	7.5%
2017	95,794	95,794	-	1,276,944	7.5%
2018	96,960	96,960	-	1,294,100	7.5%
2019	108,779	108,779	-	1,450,387	7.5%
2020	109,289	109,289	-	1,457,195	7.5%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2014 and is intended to show a ten year trend. Additional years will be reported as they become available.

See accompanying notes to the required supplementary information.

CITY OF LAKE ELMO, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

Statement 14

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -

PUBLIC EMPLOYEES POLICE AND FIRE FUND

For The Last Ten Years

<u>Measurement Date</u> June 30,	<u>Fiscal Year Ending</u> December 31,	<u>Proportion (Percentage) of the Net Pension Liability</u>	<u>Proportionate Share (Amount) of the Net Pension Liability (a)</u>	<u>Covered Payroll (b)</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/b)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2014	2014	0.0090%	\$97,204	\$84,098	115.6%	87.1%
2015	2015	0.0090%	102,261	86,600	118.1%	86.6%
2016	2016	0.0090%	361,186	87,111	414.6%	63.9%
2017	2017	0.0100%	135,012	105,846	127.6%	85.4%
2018	2018	0.0163%	173,741	172,287	100.8%	88.8%
2019	2019	0.0193%	205,468	203,030	101.2%	89.3%
2020	2020	0.0171%	225,396	194,511	115.9%	87.2%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2014 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF LAKE ELMO, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

Statement 15

SCHEDULE OF PENSION CONTRIBUTIONS - PUBLIC EMPLOYEES POLICE AND FIRE FUND

For The Last Ten Years

<u>Fiscal Year Ending December 31,</u>	<u>Statutorily Required Contribution (a)</u>	<u>Contributions in Relation to the Statutorily Required Contribution (b)</u>	<u>Contribution Deficiency (Excess) (a-b)</u>	<u>Covered Payroll (c)</u>	<u>Contributions as a Percentage of Covered Payroll (b/c)</u>
2014	\$13,035	\$13,035	-	\$85,195	15.30%
2015	14,257	14,257	-	88,005	16.20%
2016	13,967	13,967	-	86,216	16.20%
2017	20,327	20,327	-	125,475	16.20%
2018	30,990	30,990	-	191,350	16.20%
2019	39,225	39,225	-	231,416	16.95%
2020	27,492	27,492	-	155,365	17.70%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2014 and is intended to show a ten year trend. Additional years will be reported as they become available.

See accompanying notes to the required supplementary information.

CITY OF LAKE ELMO, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

Statement 16

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS -

LAKE ELMO FIREFIGHTERS RELIEF ASSOCIATION

For The Last Ten Years

Fiscal year ending and measurement date	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Total pension liability:						
Service cost	\$38,225	\$37,293	\$28,420	\$27,727	\$27,579	\$28,520
Interest	39,743	42,177	36,119	35,544	36,976	37,130
Changes of assumptions	-	-	8,730	-	11,690	-
Plan changes	-	-	325,127	-	-	-
Gain or loss	(27,779)	-	(80,312)	-	(46,403)	-
Benefit payments	-	(253,525)	(100,987)	-	-	(191,582)
Net change in total pension liability	50,189	(174,055)	217,097	63,271	29,842	(125,932)
Total pension liability - beginning	724,844	898,899	681,802	618,531	588,689	714,621
Total pension liability - ending (a)	<u>\$775,033</u>	<u>\$724,844</u>	<u>\$898,899</u>	<u>\$681,802</u>	<u>\$618,531</u>	<u>\$588,689</u>
Plan fiduciary net position:						
Contributions - State of Minnesota	\$76,608	\$69,975	\$65,533	\$61,147	\$59,136	\$61,166
Net investment income	118,822	127,902	(61,227)	156,879	70,101	(48,240)
Benefit payments	-	(253,525)	(100,987)	-	-	(191,582)
Administrative expense	(12,892)	(15,741)	(13,392)	(14,093)	(17,419)	(13,314)
Net change in plan fiduciary net position	182,538	(71,389)	(110,073)	203,933	111,818	(191,970)
Plan fiduciary net position - beginning	1,097,917	1,169,306	1,279,379	1,075,446	963,628	1,155,598
Plan fiduciary net position - ending (b)	<u>\$1,280,455</u>	<u>\$1,097,917</u>	<u>\$1,169,306</u>	<u>\$1,279,379</u>	<u>\$1,075,446</u>	<u>\$963,628</u>
Net pension liability/(asset) - ending (a) - (b)	<u>(\$505,422)</u>	<u>(\$373,073)</u>	<u>(\$270,407)</u>	<u>(\$597,577)</u>	<u>(\$456,915)</u>	<u>(\$374,939)</u>
Plan fiduciary net position as a percentage of the total pension liability	165.2%	151.5%	130.1%	187.6%	173.9%	163.7%
Covered payroll*	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A

*The Relief Association is comprised of volunteers, therefore, there are no payroll expenditures. (i.e., there are no covered payroll amounts or percentage calculations.)

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF LAKE ELMO, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

Statement 17

SCHEDULE OF CONTRIBUTIONS - LAKE ELMO FIREFIGHTERS RELIEF ASSOCIATION

For The Last Ten Years

Fiscal Year Ending December 31,	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll*	Contributions as a Percentage of Covered* Payroll (b/c)
2015	\$ -	\$61,166	(\$61,166)	N/A	N/A
2016	-	59,136	(59,136)	N/A	N/A
2017	-	61,147	(61,147)	N/A	N/A
2018	-	65,533	(65,533)	N/A	N/A
2019	-	69,975	(69,975)	N/A	N/A
2020	-	76,608	(76,608)	N/A	N/A

*The Relief Association is comprised of volunteers, therefore, there are no payroll expenditures.
(i.e., there are no covered payroll amounts or percentage calculations.)

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF LAKE ELMO, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2020

Note A LEGAL COMPLIANCE – BUDGETS

The General Fund budget is legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the department level for the General Fund.

Note B OPEB INFORMATION

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

2020 Changes in Actuarial Assumptions:

- The discount rate was changed from 3.71% to 2.75% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act's Excise Tax on high-cost health insurance plans. In addition, the medical trend rate adjustments to reflect the projected effect of the Affordable Care Act's Excise Tax on high-cost health insurance plans was removed because the tax was repealed.
- Medical per capita claims costs were updated to reflect recent experience.
- Salary increase rates were updated from the rates used in the July 1, 2017 PERA General Employees Plan valuation to the rates used in the July 1, 2019 valuation.
- Mortality rates were updated from the RP-2014 tables to the rates used in the July 1, 2019 PERA General Employees Plan actuarial valuation.
- The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

2019 Changes in Actuarial Assumptions:

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

Note C PENSION INFORMATION

PERA – General Employees Retirement Fund

2020 Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- As recommended in the June 30, 2019 experience study, assumed salary increase rates were decreased 0.25% and assumed rates of retirement were changed resulting in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination and disability were also changed.
- The base mortality tables were changed from RP-2014 tables to Pub-2010 tables, 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 & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

CITY OF LAKE ELMO, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2020

2020 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% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes in Actuarial Assumptions:

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

2019 Changes in the Plan Provisions:

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

2018 Changes in Actuarial Assumptions:

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

2017 Changes in Actuarial Assumptions:

- The Combined Service Annuity (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, 15.0% for vested deferred member liability and 3.0% 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.

2016 Changes in Actuarial Assumptions:

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

PERA – Public Employees Police and Fire Fund

2020 Changes in Actuarial Assumptions:

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

2019 Changes in Actuarial Assumptions:

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

2018 Changes in Actuarial Assumptions:

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

2017 Changes in Actuarial Assumptions:

- The single discount rate was changed from 5.6% to 7.5%.
- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.

2016 Changes in Actuarial Assumptions:

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

CITY OF LAKE ELMO, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2020

Single Employer – Fire Division

2018 Changes

Changes in Benefit Terms:

- The benefit level increased from \$3,400 to \$5,850 for each year of service.

**COMBINING AND INDIVIDUAL NONMAJOR
FUND FINANCIAL STATEMENTS**

CITY OF LAKE ELMO, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2020
With Comparative Totals For December 31, 2019

Statement 18

Assets	Special	Capital	Total Nonmajor	
	Revenue	Project	Governmental Funds	
			2020	2019
Cash and investments	\$69,506	\$2,362,211	\$2,431,717	\$2,146,948
Accrued interest receivable	321	4,915	5,236	7,122
Accounts receivable	-	100,435	100,435	-
Due from other governmental units	-	-	-	67,578
Due from other funds	-	16,059	16,059	-
Special assessments receivable:				
Deferred	-	17,833	17,833	17,833
Total assets	\$69,827	\$2,501,453	\$2,571,280	\$2,239,481
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$796	\$70,284	\$71,080	\$53,560
Contracts and retainage payable	-	-	-	29,727
Due to other funds	-	1,455,847	1,455,847	521,122
Deposits payable	-	75,000	75,000	75,000
Unearned revenue	-	271,230	271,230	272,730
Total liabilities	796	1,872,361	1,873,157	952,139
Deferred inflows of resources:				
Unavailable revenue	-	17,833	17,833	17,833
Fund balance:				
Restricted	-	1,278,472	1,278,472	818,719
Committed	7,691	-	7,691	24,070
Assigned	61,340	858,703	920,043	932,586
Unassigned	-	(1,525,916)	(1,525,916)	(505,866)
Total fund balance	69,031	611,259	680,290	1,269,509
Total liabilities, deferred inflows of resources, and fund balance	\$69,827	\$2,501,453	\$2,571,280	\$2,239,481

CITY OF LAKE ELMO, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2020
With Comparative Totals For The Year Ended December 31, 2019

Statement 19

	Special Revenue	Capital Project	Total Nonmajor Governmental Funds	
			2020	2019
Revenues:				
Intergovernmental	\$749,999	\$ -	\$749,999	\$572,062
Charges for services	87,778	163,435	251,213	150,557
Park dedication fees	-	714,558	714,558	123,500
Investment income	22,638	45,326	67,964	57,206
Miscellaneous	-	-	-	9,000
Total revenues	860,415	923,319	1,783,734	912,325
Expenditures:				
Current:				
Public works	4,289	12,982	17,271	6,524
Culture and recreation	-	-	-	1,281
Economic development authority	46,371	-	46,371	71,609
Capital outlay:				
Public works	-	1,250,434	1,250,434	805,573
Culture and recreation	-	-	-	205,841
Debt service:				
Interest and fiscal charges	1,700	-	1,700	41,449
Total expenditures	52,360	1,263,416	1,315,776	1,132,277
Revenues over (under) expenditures	808,055	(340,097)	467,958	(219,952)
Other financing sources:				
Transfers in	30,000	15,661	45,661	424,600
Transfers out	(850,736)	-	(850,736)	(43,638)
Issuance of debt	-	-	-	2,156,864
Total other financing sources	(820,736)	15,661	(805,075)	2,537,826
Net change in fund balance	(12,681)	(324,436)	(337,117)	2,317,874
Fund balance - January 1	81,712	935,695	1,017,407	(1,048,365)
Fund balance - December 31	\$69,031	\$611,259	\$680,290	\$1,269,509
Reconciliation of beginning fund balance to prior year ending fund balance:				
Prior year ending fund balance reported above				1,269,509
Reclassification of the CSAH 19/Hudson Blvd Interchange fund balance, now presented as non-major				(252,102)
Fund balance - January 1, 2020 as reported on this statement				<u>\$1,017,407</u>

CITY OF LAKE ELMO, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2020
 With Comparative Totals For December 31, 2019

Statement 20

	Lions Park Sign Program (207)	Economic Development Authority (221)	Total Nonmajor Special Revenue Funds	
Assets			2020	2019
Cash and investments	\$7,675	\$61,831	\$69,506	\$85,131
Accrued interest receivable	16	305	321	303
Total assets	\$7,691	\$62,136	\$69,827	\$85,434
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ -	\$796	\$796	\$2,222
Unearned revenue	-	-	-	1,500
Total liabilities	0	796	796	3,722
Fund balance:				
Committed	7,691	-	7,691	24,070
Assigned	-	61,340	61,340	57,642
Total fund balance	7,691	61,340	69,031	81,712
Total liabilities and fund balance	\$7,691	\$62,136	\$69,827	\$85,434

CITY OF LAKE ELMO, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS

Statement 21

For The Year Ended December 31, 2020

With Comparative Totals For The Year Ended December 31, 2019

	Lions Park	CARES	Economic	Total Nonmajor	
	Sign Program	Fund	Development	Special Revenue Funds	
	(207)	(251)	Authority	2020	2019
			(221)		
Revenues:					
Intergovernmental	\$ -	\$749,999	\$ -	\$749,999	\$9,236
Charges for services	-	-	87,778	87,778	108,097
Investment income	137	19,369	3,132	22,638	2,363
Total revenues	137	769,368	90,910	860,415	119,696
Expenditures:					
Current:					
General government	-	4,289	-	4,289	5,616
Culture and recreation	-	-	-	-	1,281
Economic development authority	-	-	46,371	46,371	71,609
Debt service:					
Interest and fiscal charges	-	-	1,700	1,700	1,700
Total expenditures	0	4,289	48,071	52,360	80,206
Revenues over (under) expenditures	137	765,079	42,839	808,055	39,490
Other financing sources (uses):					
Transfers in	-	-	30,000	30,000	30,000
Transfers out	-	(765,079)	(85,657)	(850,736)	(43,638)
Total other financing sources (uses)	0	(765,079)	(55,657)	(820,736)	(13,638)
Net change in fund balance	137	0	(12,818)	(12,681)	25,852
Fund balances - January 1	7,554	-	74,158	81,712	55,860
Fund balances - December 31	\$7,691	\$0	\$61,340	\$69,031	\$81,712

CITY OF LAKE ELMO, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2020
With Comparative Totals For December 31, 2019

	Park Dedication (404)	Infrastructure Reserve (409)	City Facilities (411)	Village Project (413)
Assets				
Cash and investments	\$1,191,391	\$516,297	\$96,674	\$ -
Accrued interest receivable	2,462	1,100	200	-
Accounts receivable	-	100,435	-	-
Due from other governmental units	-	-	-	-
Due from other funds	-	16,059	-	-
Special assessments receivable:				
Deferred	-	17,833	-	-
Total assets	\$1,193,853	\$651,724	\$96,874	\$0
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Contracts and retainage payable	-	-	-	-
Due to other funds	-	-	-	378,736
Deposits payable	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	0	0	0	378,736
Deferred inflows of resources:				
Unavailable revenue	-	17,833	-	-
Fund balance (deficit):				
Restricted	1,193,853	-	-	-
Assigned	-	633,891	96,874	-
Unassigned	-	-	-	(378,736)
Total fund balance (deficit)	1,193,853	633,891	96,874	(378,736)
Total liabilities, deferred inflows of resources, and fund balance	\$1,193,853	\$651,724	\$96,874	\$0

CSAH 15 / CSAH 14 Realignment (414)	Old Village Phase 4 (421)	2018 Street Improvements (422)	Manning and Hudson Future Stoplight (423)	Manning Corridor and Safety Management (424)	CSAH 19 / Hudson Blvd Interchange (425)	2019 Street and Utility Project (426)
\$ -	\$23,806	\$90,141	\$261,248	\$ -	\$ -	\$ -
-	49	186	540	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$0</u>	<u>\$23,855</u>	<u>\$90,327</u>	<u>\$261,788</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$308	\$ -	\$ -	\$ -	\$62	\$ -	\$ -
-	-	-	-	-	-	-
9,239	-	-	-	3,024	565,561	5,731
-	-	-	-	-	-	-
-	-	-	250,000	-	-	-
<u>9,547</u>	<u>0</u>	<u>0</u>	<u>250,000</u>	<u>3,086</u>	<u>565,561</u>	<u>5,731</u>
-	-	-	-	-	-	-
-	-	84,619	-	-	-	-
-	23,855	5,708	11,788	-	-	-
<u>(9,547)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,086)</u>	<u>(565,561)</u>	<u>(5,731)</u>
<u>(9,547)</u>	<u>23,855</u>	<u>90,327</u>	<u>11,788</u>	<u>(3,086)</u>	<u>(565,561)</u>	<u>(5,731)</u>
<u>\$0</u>	<u>\$23,855</u>	<u>\$90,327</u>	<u>\$261,788</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

CITY OF LAKE ELMO, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2020

	CSAH 13 Phase 2 (427)	Inwood and 5th Street Stoplight (429)	Railroad Crossing Improvements (430)	Old Village Phases 5 & 6 (431)
Assets				
Cash and investments	\$ -	\$ -	\$105,975	\$ -
Accrued interest receivable	-	-	219	-
Accounts receivable	-	-	-	-
Due from other governmental units	-	-	-	-
Due from other funds	-	-	-	-
Special assessments receivable:				
Deferred	-	-	-	-
Total assets	\$0	\$0	\$106,194	\$0
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$307	\$123	\$215	\$53,945
Contracts and retainage payable	-	-	-	-
Due to other funds	10,328	107,507	-	197,254
Deposits payable	-	-	-	-
Unearned revenue	-	-	21,230	-
Total liabilities	10,635	107,630	21,445	251,199
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Fund balance (deficit):				
Restricted	-	-	-	-
Assigned	-	-	84,749	-
Unassigned	(10,635)	(107,630)	-	(251,199)
Total fund balance (deficit)	(10,635)	(107,630)	84,749	(251,199)
Total liabilities, deferred inflows of resources, and fund balance	\$0	\$0	\$106,194	\$0

CSAH 15 Manning Avenue Phase 3 (433)	Heritage Farms Street & Utility Improvements (434)	Manning and Highway 36 Interchange (435)	Tamarack Farm Estates Street Improvements (436)	City Hall / Fire Station Bldg Project (437)	Total Nonmajor Capital Project Funds	
					2020	2019
\$ -	\$ -	\$76,679	\$ -	\$ -	\$2,362,211	\$2,061,817
-	-	159	-	-	4,915	6,819
-	-	-	-	-	100,435	-
-	-	-	-	-	-	67,578
-	-	-	-	-	16,059	-
-	-	-	-	-	17,833	17,833
<u>\$0</u>	<u>\$0</u>	<u>\$76,838</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,501,453</u>	<u>\$2,154,047</u>
\$ -	\$3,749	\$ -	\$87	\$11,488	\$70,284	\$51,338
-	-	-	-	-	-	29,727
3,070	160,117	-	14,191	1,089	1,455,847	521,122
-	-	75,000	-	-	75,000	75,000
-	-	-	-	-	271,230	271,230
<u>3,070</u>	<u>163,866</u>	<u>75,000</u>	<u>14,278</u>	<u>12,577</u>	<u>1,872,361</u>	<u>948,417</u>
-	-	-	-	-	17,833	17,833
-	-	-	-	-	1,278,472	818,719
-	-	1,838	-	-	858,703	874,944
<u>(3,070)</u>	<u>(163,866)</u>	<u>-</u>	<u>(14,278)</u>	<u>(12,577)</u>	<u>(1,525,916)</u>	<u>(505,866)</u>
<u>(3,070)</u>	<u>(163,866)</u>	<u>1,838</u>	<u>(14,278)</u>	<u>(12,577)</u>	<u>611,259</u>	<u>1,187,797</u>
<u>\$0</u>	<u>\$0</u>	<u>\$76,838</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,501,453</u>	<u>\$2,154,047</u>

CITY OF LAKE ELMO, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECT FUNDS
For The Year Ended December 31, 2020
With Comparative Totals For The Year Ended December 31, 2019

	Park Dedication (404)	Infrastructure Reserve (409)	City Facilities (411)	Village Project (413)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	-	100,435	-	-
Park dedication fees	714,558	-	-	-
Investment income	24,505	8,813	1,717	-
Miscellaneous	-	-	-	-
Total revenues	<u>739,063</u>	<u>109,248</u>	<u>1,717</u>	<u>0</u>
Expenditures:				
Current:				
Public works	880	-	-	-
Capital outlay:				
Public works	278,430	205,006	-	-
Culture and recreation	-	-	-	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>279,310</u>	<u>205,006</u>	<u>0</u>	<u>0</u>
Other financing sources (uses):				
Transfers in	-	15,661	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>15,661</u>	<u>0</u>	<u>0</u>
Net change in fund balance	459,753	(80,097)	1,717	0
Fund balances - January 1	<u>734,100</u>	<u>713,988</u>	<u>95,157</u>	<u>(378,736)</u>
Fund balances - December 31	<u>\$1,193,853</u>	<u>\$633,891</u>	<u>\$96,874</u>	<u>(\$378,736)</u>

CSAH 15 / CSAH 14 Realignment (414)	Old Village Phase 4 (421)	2018 Street Improvements (422)	Manning and Hudson Future Stoplight (423)	Manning Corridor and Safety Management (424)	CSAH 19 / Hudson Blvd Interchange (425)	2019 Street and Utility Project (426)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(564)	604	975	4,643	-	-	-
-	-	-	-	-	-	-
<u>(564)</u>	<u>604</u>	<u>975</u>	<u>4,643</u>	<u>0</u>	<u>0</u>	<u>0</u>
-	-	-	-	-	12,102	-
7,166	1,681	-	-	2,451	301,357	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>7,166</u>	<u>1,681</u>	<u>0</u>	<u>0</u>	<u>2,451</u>	<u>313,459</u>	<u>0</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(7,730)	(1,077)	975	4,643	(2,451)	(313,459)	0
(1,817)	24,932	89,352	7,145	(635)	(252,102)	(5,731)
<u>(\$9,547)</u>	<u>\$23,855</u>	<u>\$90,327</u>	<u>\$11,788</u>	<u>(\$3,086)</u>	<u>(\$565,561)</u>	<u>(\$5,731)</u>

CITY OF LAKE ELMO, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECT FUNDS

For The Year Ended December 31, 2020

With Comparative Totals For The Year Ended December 31, 2019

	CSAH 13 Phase 2 (427)	Inwood and 5th Street Stoplight (429)	Railroad Crossing Improvements (430)	Old Village Phases 5 & 6 (431)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	63,000	-
Park dedication fees	-	-	-	-
Investment income	-	-	2,688	-
Miscellaneous	-	-	-	-
Total revenues	<u>0</u>	<u>0</u>	<u>65,688</u>	<u>0</u>
Expenditures:				
Current:				
Public works	-	-	-	-
Capital outlay:				
Public works	6,632	107,630	9,928	188,421
Culture and recreation	-	-	-	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>6,632</u>	<u>107,630</u>	<u>9,928</u>	<u>188,421</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	(6,632)	(107,630)	55,760	(188,421)
Fund balances - January 1	<u>(4,003)</u>	<u>-</u>	<u>28,989</u>	<u>(62,778)</u>
Fund balances - December 31	<u><u>(\$10,635)</u></u>	<u><u>(\$107,630)</u></u>	<u><u>\$84,749</u></u>	<u><u>(\$251,199)</u></u>

CSAH 15 Manning Avenue Phase 3 (433)	Heritage Farms Street & Utility Improvements (434)	Manning and Highway 36 Interchange (435)	Tamarack Farm Estates Street Improvements (436)	City Hall / Fire Station Bldg Project (437)	Total Nonmajor Capital Project Funds	
					2020	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$562,826
-	-	-	-	-	163,435	42,460
-	-	-	-	-	714,558	123,500
-	-	1,945	-	-	45,326	54,843
-	-	-	-	-	-	9,000
<u>0</u>	<u>0</u>	<u>1,945</u>	<u>0</u>	<u>0</u>	<u>923,319</u>	<u>792,629</u>
-	-	-	-	-	12,982	908
2,350	112,527	-	14,278	12,577	1,250,434	805,573
-	-	-	-	-	-	205,841
-	-	-	-	-	-	39,749
<u>2,350</u>	<u>112,527</u>	<u>0</u>	<u>14,278</u>	<u>12,577</u>	<u>1,263,416</u>	<u>1,052,071</u>
-	-	-	-	-	15,661	394,600
-	-	-	-	-	-	2,156,864
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,661</u>	<u>2,551,464</u>
(2,350)	(112,527)	1,945	(14,278)	(12,577)	(324,436)	2,292,022
<u>(720)</u>	<u>(51,339)</u>	<u>(107)</u>	<u>-</u>	<u>-</u>	<u>935,695</u>	<u>(1,104,225)</u>
<u>(\$3,070)</u>	<u>(\$163,866)</u>	<u>\$1,838</u>	<u>(\$14,278)</u>	<u>(\$12,577)</u>	<u>\$611,259</u>	<u>\$1,187,797</u>

Reconciliation of beginning fund balance to prior year ending fund balance:

Prior year ending fund balance reported above	1,187,797
Reclassification of the CSAH 19/Hudson Blvd Interchange fund balance, now presented as non-major	(252,102)
Fund balance - January 1, 2020 as reported on this statement	<u>\$935,695</u>

CITY OF LAKE ELMO, MINNESOTA
BALANCE SHEET
DEBT SERVICE FUND BY BOND ISSUE
December 31, 2020
With Comparative Totals For December 31, 2019

	2009B GO Improvement Bonds (316)	2010A GO Improvement Bonds (317)	2010B GO CIP Bonds (318)	2011A GO Improvement Bonds (319)	2012B GO Improvement Bonds (321)
Assets					
Cash and investments	\$17,005	\$80,327	\$178,687	\$269,496	\$ -
Accrued interest receivable	71	363	145	548	-
Property taxes receivable:					
Due from county	-	2,090	-	594	505
Special assessments receivable:					
Due from county	101	-	-	-	372
Delinquent	-	-	-	-	177
Deferred	875	6,430	-	15,187	40,860
Total assets	\$18,052	\$89,210	\$178,832	\$285,825	\$41,914
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	41,437
Total liabilities	0	0	0	0	41,437
Deferred inflows of resources:					
Unavailable revenue	875	6,430	-	15,187	41,037
Fund balance (deficit):					
Restricted	-	82,780	178,832	270,638	(40,560)
Assigned	17,177	-	-	-	-
Total fund balance (deficit)	17,177	82,780	178,832	270,638	(40,560)
Total liabilities, deferred inflows of resources, and fund balance	\$18,052	\$89,210	\$178,832	\$285,825	\$41,914

2013A GO Improvement Bonds (322)	2014A GO Improvement Bonds (323)	2015A GO Improvement Bonds (324)	2016A GO Improvement Bonds (326)	2017A GO Improvement Bonds (327)	2019 Improvement Bonds (329)	2018A GO Equipment Cert. Bonds (330)	Total Debt Service Fund	
							2020	2019
\$1,051,253	\$1,022,479	\$253,692	\$700,538	\$405,053	\$580,709	\$13,887	\$4,573,126	\$4,716,520
2,452	2,051	577	1,339	839	1,187	13	9,585	15,756
-	1,583	171	1,545	2,705	991	1,024	11,208	-
-	-	-	-	582	-	-	1,055	1,247
-	-	-	821	599	-	-	1,597	2,668
11,220	184,782	376,720	675,626	515,368	348,532	-	2,175,600	2,537,785
<u>\$1,064,925</u>	<u>\$1,210,895</u>	<u>\$631,160</u>	<u>\$1,379,869</u>	<u>\$925,146</u>	<u>\$931,419</u>	<u>\$14,924</u>	<u>\$6,772,171</u>	<u>\$7,273,976</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$400
-	-	-	-	-	-	-	41,437	26,239
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>41,437</u>	<u>26,639</u>
11,220	184,782	376,720	676,447	515,967	348,532	-	2,177,197	2,540,453
1,053,705	1,026,113	254,440	703,422	409,179	582,887	14,924	4,536,360	4,706,884
-	-	-	-	-	-	-	17,177	-
<u>1,053,705</u>	<u>1,026,113</u>	<u>254,440</u>	<u>703,422</u>	<u>409,179</u>	<u>582,887</u>	<u>14,924</u>	<u>4,553,537</u>	<u>4,706,884</u>
<u>\$1,064,925</u>	<u>\$1,210,895</u>	<u>\$631,160</u>	<u>\$1,379,869</u>	<u>\$925,146</u>	<u>\$931,419</u>	<u>\$14,924</u>	<u>\$6,772,171</u>	<u>\$7,273,976</u>

CITY OF LAKE ELMO, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND BY BOND ISSUE
For The Year Ended December 31, 2020
With Comparative Totals For The Year Ended December 31, 2019

	2009B GO Improvement Bonds (316)	2010A GO Improvement Bonds (317)	2010B GO CIP Bonds (318)	2011A GO Improvement Bonds (319)	2012B GO Improvement Bonds (321)	2013A GO Improvement Bonds (322)
Revenues:						
General property taxes	\$ -	\$57,151	\$206,908	\$74,828	\$63,669	\$ -
Special assessments	5,284	8,270	-	5,554	18,068	5,835
Investment income	240	3,746	502	4,557	-	23,160
Total revenues	<u>5,524</u>	<u>69,167</u>	<u>207,410</u>	<u>84,939</u>	<u>81,737</u>	<u>28,995</u>
Expenditures:						
Debt service:						
Principal	60,000	75,000	165,000	90,000	90,000	110,000
Interest and fiscal charges	915	3,645	29,612	5,535	6,330	29,706
Total expenditures	<u>60,915</u>	<u>78,645</u>	<u>194,612</u>	<u>95,535</u>	<u>96,330</u>	<u>139,706</u>
Revenues over (under) expenditures	<u>(55,391)</u>	<u>(9,478)</u>	<u>12,798</u>	<u>(10,596)</u>	<u>(14,593)</u>	<u>(110,711)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>(55,391)</u>	<u>(9,478)</u>	<u>12,798</u>	<u>(10,596)</u>	<u>(14,593)</u>	<u>(110,711)</u>
Fund balances - January 1	<u>72,568</u>	<u>92,258</u>	<u>166,034</u>	<u>281,234</u>	<u>(25,967)</u>	<u>1,164,416</u>
Fund balances - December 31	<u>\$17,177</u>	<u>\$82,780</u>	<u>\$178,832</u>	<u>\$270,638</u>	<u>(\$40,560)</u>	<u>\$1,053,705</u>

2014A GO Improvement Bonds (323)	2015A GO Improvement Bonds (324)	2016A GO Improvement Bonds (326)	2017A GO Improvement Bonds (327)	2018A Taxable Lease Revenue Bonds (328)	2019 Improvement Bonds (329)	2018A GO Equipment Cert. Bonds (330)	Total Debt Service Fund	
							2020	2019
\$199,370	\$21,543	\$194,564	\$340,691	\$ -	\$124,786	\$128,996	\$1,412,506	\$1,215,934
77,928	65,314	106,186	114,107	-	67,553	-	474,099	649,487
17,616	4,189	11,102	6,549	-	11,166	163	82,990	121,530
294,914	91,046	311,852	461,347	0	203,505	129,159	1,969,595	1,986,951
215,000	170,000	255,000	425,000	45,000	-	90,000	1,790,000	1,615,000
52,288	23,838	41,350	98,564	40,657	61,994	24,165	418,599	401,037
267,288	193,838	296,350	523,564	85,657	61,994	114,165	2,208,599	2,016,037
27,626	(102,792)	15,502	(62,217)	(85,657)	141,511	14,994	(239,004)	(29,086)
-	-	-	-	85,657	-	-	85,657	111,497
-	-	-	-	-	-	-	-	4,152
-	-	-	-	-	-	-	-	168,168
0	0	0	0	85,657	0	0	85,657	283,817
27,626	(102,792)	15,502	(62,217)	0	141,511	14,994	(153,347)	254,731
998,487	357,232	687,920	471,396	-	441,376	(70)	4,706,884	4,452,153
\$1,026,113	\$254,440	\$703,422	\$409,179	\$0	\$582,887	\$14,924	\$4,553,537	\$4,706,884

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STATISTICAL SECTION (UNAUDITED)

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STATISTICAL SECTION (UNAUDITED)

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

Contents	Table Number
Financial Trends These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	Tables 1-4
Revenue Capacity These tables contain information to help the reader assess the City's most significant local revenue source, property taxes, as well as water and sanitary sewer rates and gallons sold.	Tables 5-9
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 10-14
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 15-16
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 17-19

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

CITY OF LAKE ELMO, MINNESOTA**NET POSITION BY COMPONENT**

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2020	2019	2018	2017
Governmental activities:				
Net investment in capital assets	\$29,694,288	\$24,771,065	\$15,396,520	\$8,883,320
Restricted	8,171,161	8,596,759	10,121,648	5,057,169
Unrestricted	5,284,397	4,231,363	1,086,636	4,818,383
Total governmental activities net position	<u>\$43,149,846</u>	<u>\$37,599,187</u>	<u>\$26,604,804</u>	<u>\$18,758,872</u>
Business-type activities:				
Net investment in capital assets	\$44,371,375	\$33,052,649	\$18,382,934	\$12,180,378
Restricted	-	-	-	2,695,734
Unrestricted	18,578,807	16,528,968	13,842,382	9,151,417
Total business-type activities net position	<u>\$62,950,182</u>	<u>\$49,581,617</u>	<u>\$32,225,316</u>	<u>\$24,027,529</u>
Primary government:				
Net investment in capital assets	\$74,065,663	\$57,823,714	\$33,779,454	\$21,063,698
Restricted	8,171,161	8,596,759	10,121,648	7,752,903
Unrestricted	23,863,204	20,760,331	14,929,018	13,969,800
Total primary government net position	<u>\$106,100,028</u>	<u>\$87,180,804</u>	<u>\$58,830,120</u>	<u>\$42,786,401</u>

GASB 68 was implemented in 2015. Net position was restated for 2014 to reflect the reporting of net pension liability and pension related deferred outflows of resources. Net position for years prior to 2014 was not restated.

GASB 75 was implemented in 2018. Net position was restated for 2017 to reflect the reporting of the OPEB liability and OPEB related deferred inflows of resources. Net position for years prior to 2017 was not restated.

Table 1

2016	2015	2014	2013	2012	2011
\$9,032,535	\$8,723,329	\$7,957,840	\$9,056,353	\$8,782,840	\$8,553,984
4,704,133	3,446,142	1,106,200	1,225,849	4,205,247	2,664,689
4,136,292	3,942,646	5,405,920	4,593,463	918,996	2,555,596
<u>\$17,872,960</u>	<u>\$16,112,117</u>	<u>\$14,469,960</u>	<u>\$14,875,665</u>	<u>\$13,907,083</u>	<u>\$13,774,269</u>
\$12,506,474	\$10,170,351	\$10,567,418	\$6,855,807	\$6,788,377	\$6,422,782
1,473,164	1,876,119	2,387,312	2,612,569	39,153	-
6,400,375	3,577,285	1,100,422	1,846,681	1,105,847	1,449,340
<u>\$20,380,013</u>	<u>\$15,623,755</u>	<u>\$14,055,152</u>	<u>\$11,315,057</u>	<u>\$7,933,377</u>	<u>\$7,872,122</u>
\$21,539,009	\$18,893,680	\$18,525,258	\$15,912,160	\$15,571,217	\$14,976,766
6,177,297	5,322,261	3,493,512	3,838,418	4,244,400	2,664,689
10,536,667	7,519,931	6,506,342	6,440,144	2,024,843	4,004,936
<u>\$38,252,973</u>	<u>\$31,735,872</u>	<u>\$28,525,112</u>	<u>\$26,190,722</u>	<u>\$21,840,460</u>	<u>\$21,646,391</u>

CITY OF LAKE ELMO, MINNESOTA
CHANGES IN NET POSITION
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	2020	2019	2018	2017
Expenses				
Governmental activities:				
General government	\$1,008,916	\$1,181,219	\$1,266,269	\$1,503,251
Public safety	2,681,784	2,058,419	2,161,082	1,528,253
Public works	4,012,661	3,728,247	2,192,092	2,800,044
Culture and recreation	428,083	361,730	524,445	1,299,551
Economic Development Authority	46,371	71,609	47,702	-
Interest and fees on long-term debt	363,988	395,106	352,376	225,910
Total governmental activities expenses	<u>8,541,803</u>	<u>7,796,330</u>	<u>6,543,966</u>	<u>7,357,009</u>
Business-type activities:				
Water	2,383,252	1,940,148	2,068,178	2,022,446
Sewer	1,481,586	1,082,997	846,032	1,030,058
Storm sewer	753,177	469,765	315,967	213,514
Total business-type activities expenses	<u>4,618,015</u>	<u>3,492,910</u>	<u>3,230,177</u>	<u>3,266,018</u>
Total primary government expenses	<u><u>\$13,159,818</u></u>	<u><u>\$11,289,240</u></u>	<u><u>\$9,774,143</u></u>	<u><u>\$10,623,027</u></u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	\$421,792	\$553,870	\$379,378	\$206,856
Public safety	2,146,319	1,574,359	1,938,163	2,101,890
Public works	243,060	126,721	-	-
Culture and recreation	2,812	1,430	-	-
Economic Development Authority	87,778	99,690	78,573	-
Operating grants and contributions	1,039,823	795,483	248,915	229,960
Capital grants and contributions	4,823,628	11,076,353	4,970,565	2,290,265
Total governmental activities program revenues	<u>8,765,212</u>	<u>14,227,906</u>	<u>7,615,594</u>	<u>4,828,971</u>
Business-type activities:				
Charges for services:				
Water	1,239,404	962,003	951,985	2,628,848
Sewer	432,583	306,041	252,614	2,435,749
Storm sewer	369,689	380,645	322,700	289,375
Operating grants and contributions	21,893	122,350	-	-
Capital grants and contributions	15,636,661	14,114,787	7,466,627	1,489,922
Total business-type activities	<u>17,700,230</u>	<u>15,885,826</u>	<u>8,993,926</u>	<u>6,843,894</u>
Total primary government program revenues	<u><u>\$26,465,442</u></u>	<u><u>\$30,113,732</u></u>	<u><u>\$16,609,520</u></u>	<u><u>\$11,672,865</u></u>

Table 2
Page 1 of 2

2016	2015	2014	2013	2012	2011
\$1,358,370	\$1,134,132	\$1,072,888	\$1,103,337	\$1,093,204	\$1,036,038
1,308,360	1,344,282	1,530,609	1,277,798	1,302,857	1,107,050
1,698,566	1,377,969	1,032,426	1,273,977	891,169	1,008,686
660,947	639,006	448,361	424,687	362,432	247,845
-	-	-	-	-	-
178,266	215,611	165,028	133,694	316,039	266,730
<u>5,204,509</u>	<u>4,711,000</u>	<u>4,249,312</u>	<u>4,213,493</u>	<u>3,965,701</u>	<u>3,666,349</u>
1,409,832	1,363,043	1,069,511	958,870	872,786	845,474
380,650	250,866	353,438	119,370	53,903	73,797
150,302	103,536	149,887	86,989	73,590	142,517
<u>1,940,784</u>	<u>1,717,445</u>	<u>1,572,836</u>	<u>1,165,229</u>	<u>1,000,279</u>	<u>1,061,788</u>
<u>\$7,145,293</u>	<u>\$6,428,445</u>	<u>\$5,822,148</u>	<u>\$5,378,722</u>	<u>\$4,965,980</u>	<u>\$4,728,137</u>
\$51,009	\$42,706	\$45,161	\$32,778	\$48,476	\$22,058
1,752,522	866,708	496,916	414,472	379,557	283,813
-	3,615	-	2,647	3,256	3,058
-	26,214	10,753	17,000	9,341	-
-	-	-	-	-	-
235,214	249,094	204,462	208,276	160,060	184,476
1,452,469	2,038,940	557,601	1,364,622	160,444	222,488
<u>3,491,214</u>	<u>3,227,277</u>	<u>1,314,893</u>	<u>2,039,795</u>	<u>761,134</u>	<u>715,893</u>
1,801,228	1,850,240	1,291,091	596,421	699,159	575,534
1,315,948	1,523,067	741,054	53,142	65,737	53,012
213,233	229,252	214,915	191,087	171,229	235,252
-	-	-	-	-	17,000
3,464,567	-	1,159,222	3,781,528	115,127	75,885
<u>6,794,976</u>	<u>3,602,559</u>	<u>3,406,282</u>	<u>4,622,178</u>	<u>1,051,252</u>	<u>956,683</u>
<u>\$10,286,190</u>	<u>\$6,829,836</u>	<u>\$4,721,175</u>	<u>\$6,661,973</u>	<u>\$1,812,386</u>	<u>\$1,672,576</u>

CITY OF LAKE ELMO, MINNESOTA
CHANGES IN NET POSITION
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	2020	2019	2018	2017
Net (expense) revenue:				
Governmental activities	\$223,409	\$6,431,576	\$1,071,628	(\$2,528,038)
Business-type activities	13,082,215	12,392,916	5,763,749	3,577,876
Total primary government, net	13,305,624	18,824,492	6,835,377	1,049,838
General revenues and other changes in net position:				
Governmental activities:				
General property taxes	4,960,342	4,181,914	3,610,106	3,040,413
Unrestricted grants and contributions	4,337	4,956	6,868	2,749
Unrestricted investment earnings	348,766	331,010	115,583	48,987
Miscellaneous	-	-	-	158,350
Gain on disposal of capital assets	13,805	44,927	8,991	-
Transfers	-	-	840	-
Total governmental activities	5,327,250	4,562,807	3,742,388	3,250,499
Business-type activities:				
Unrestricted grants and contributions	-	-	956	-
Unrestricted investment earnings	286,350	411,206	96,425	46,757
Extraordinary item	-	4,552,179	-	-
Transfers	-	-	(840)	-
Total business-type activities	286,350	4,963,385	96,541	46,757
Total primary government	\$5,613,600	\$9,526,192	\$3,838,929	\$3,297,256
Change in net position:				
Governmental activities	\$5,550,659	\$10,994,383	\$4,814,016	\$722,461
Business-type activities	13,368,565	17,356,301	5,860,290	3,624,633
Total primary government change in net position	\$18,919,224	\$28,350,684	\$10,674,306	\$4,347,094

GASB 68 was implemented in 2015. Pension expense for years prior to 2015 was not restated.

GASB 75 was implemented in 2018. OPEB expense for years prior to 2018 was not restated.

2016	2015	2014	2013	2012	2011
(\$1,713,295)	(\$1,483,723)	(\$2,934,419)	(\$2,173,698)	(\$3,204,567)	(\$2,950,456)
4,854,192	1,885,114	1,833,446	3,456,949	50,973	(105,105)
3,140,897	401,391	(1,100,973)	1,283,251	(3,153,594)	(3,055,561)
3,226,739	3,204,119	3,200,291	3,231,609	3,183,078	2,793,776
8,584	2,749	2,749	2,749	-	10,628
43,228	46,589	87,586	35,259	111,705	94,501
52,479	73,738	125,400	1,833	42,599	20,405
-	-	-	8,979	-	-
143,105	220,842	(887,312)	-	-	(59,637)
3,474,135	3,548,037	2,528,714	3,280,429	3,337,382	2,859,673
748	-	-	-	-	-
44,423	39,757	19,337	30,346	10,282	10,789
-	-	-	-	-	-
(143,105)	(220,842)	887,312	-	-	59,637
(97,934)	(181,085)	906,649	30,346	10,282	70,426
\$3,376,201	\$3,366,952	\$3,435,363	\$3,310,775	\$3,347,664	\$2,930,099
\$1,760,840	\$2,064,314	(\$405,705)	\$1,106,731	\$132,815	(\$90,783)
4,756,258	1,704,029	2,740,095	3,487,295	61,255	(34,679)
\$6,517,098	\$3,768,343	\$2,334,390	\$4,594,026	\$194,070	(\$125,462)

CITY OF LAKE ELMO, MINNESOTA
FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Fund:				
Nonspendable	\$21,206	\$28,162	\$18,951	\$410,193
Committed	-	-	-	200,000
Unassigned	5,212,435	4,286,022	4,756,695	3,499,133
Total general fund	<u>5,233,641</u>	<u>4,314,184</u>	<u>4,775,646</u>	<u>4,109,326</u>
All other governmental funds:				
Nonspendable	-	-	395	675,000
Restricted	5,814,832	5,973,451	6,133,168	2,849,956
Committed	7,314	24,070	11,003	-
Assigned	2,653,880	1,746,202	1,198,909	1,307,216
Unassigned	<u>(1,525,916)</u>	<u>(757,968)</u>	<u>(3,043,623)</u>	<u>(681,681)</u>
Total all other governmental funds	<u>6,950,110</u>	<u>6,985,755</u>	<u>4,299,852</u>	<u>4,150,491</u>
Total governmental funds	<u><u>\$12,183,751</u></u>	<u><u>\$11,299,939</u></u>	<u><u>\$9,075,498</u></u>	<u><u>\$8,259,817</u></u>

Table 3

2016	2015	2014	2013	2012	2011
\$409,222	\$432,306	\$638,963	\$859,072	\$1,024,433	\$1,206,209
200,000	-	-	-	-	-
3,279,815	2,754,976	2,542,038	2,318,310	2,414,692	1,707,711
<u>3,889,037</u>	<u>3,187,282</u>	<u>3,181,001</u>	<u>3,177,382</u>	<u>3,439,125</u>	<u>2,913,920</u>
-	3,908	-	-	-	-
3,248,230	2,477,730	717,781	743,976	3,959,111	4,691,748
-	-	-	-	-	7,114
1,504,656	1,768,742	2,943,525	2,252,931	1,244,900	654,358
(418,169)	(431,755)	(693,904)	(885,360)	(1,670,915)	(1,353,754)
<u>4,334,717</u>	<u>3,818,625</u>	<u>2,967,402</u>	<u>2,111,547</u>	<u>3,533,096</u>	<u>3,999,466</u>
<u>\$8,223,754</u>	<u>\$7,005,907</u>	<u>\$6,148,403</u>	<u>\$5,288,929</u>	<u>\$6,972,221</u>	<u>\$6,913,386</u>

CITY OF LAKE ELMO, MINNESOTA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years

	2020	2019	2018	2017
Revenues:				
General property taxes	\$4,947,133	\$4,182,327	\$3,610,508	\$3,042,074
Licenses and permits	1,425,695	1,055,038	1,317,648	2,046,462
Intergovernmental	1,023,193	2,819,961	247,178	1,023,864
Charges for services	1,273,241	1,079,342	899,808	137,920
Fines and forfeits	33,584	36,696	49,203	41,418
Special assessments	474,099	649,487	1,398,155	455,493
Park dedication fees	714,558	123,500	502,802	265,783
Investment earnings	348,766	331,010	115,583	48,987
Miscellaneous	183,711	201,494	129,455	265,133
Total revenues	10,423,980	10,478,855	8,270,340	7,327,134
Expenditures:				
Current:				
General government	1,005,254	1,136,908	1,208,145	1,502,904
Public safety	2,641,770	1,948,269	1,644,159	1,470,726
Public works	1,493,370	1,875,606	1,227,521	1,185,828
Culture and recreation	310,066	265,260	241,761	603,292
Economic Development Authority	46,371	71,609	47,702	-
Debt service:				
Principal	1,790,000	1,615,000	1,175,000	910,000
Interest and fiscal charges	420,299	454,814	230,822	463,570
Capital outlay	1,846,843	4,354,643	4,552,089	5,860,917
Total expenditures	9,553,973	11,722,109	10,327,199	11,997,237
Excess (deficiency) of revenues over expenditures	870,007	(1,243,254)	(2,056,859)	(4,670,103)
Other financing sources (uses):				
Issuance of debt	-	2,860,000	1,866,000	4,565,000
Premium on issuance of debt	-	168,168	-	166,068
(Discount) on issuance of debt	-	-	-	(26,302)
Proceeds from sale of capital assets	13,805	44,927	8,991	1,400
Transfers in	1,900,244	1,181,173	56,209	-
Transfers out	(1,900,244)	(786,573)	(173,190)	-
Total other financing sources (uses)	13,805	3,467,695	1,758,010	4,706,166
Net change in fund balance	\$883,812	\$2,224,441	(\$298,849)	\$36,063
Debt service as a percentage of noncapital expenditures	26.8%	26.1%	24.2%	22.4%
Debt service as a percentage of total expenditures	23.1%	17.7%	13.6%	11.4%

Table 4

2016	2015	2014	2013	2012	2011
\$3,231,674	\$3,222,216	\$3,203,111	\$3,231,609	\$3,221,733	\$2,790,773
1,713,918	828,494	451,953	374,974	330,819	230,419
282,874	296,902	413,968	1,704,178	237,254	276,638
38,608	35,796	30,192	6,113	5,726	14,691
49,505	48,739	48,647	52,110	58,385	63,819
897,323	1,316,239	115,424	180,023	136,150	153,536
171,708	138,158	274,257	-	-	-
43,228	46,415	87,467	35,127	111,737	94,066
77,491	99,055	165,319	57,260	87,562	48,217
<u>6,506,329</u>	<u>6,032,014</u>	<u>4,790,338</u>	<u>5,641,394</u>	<u>4,189,366</u>	<u>3,672,159</u>
1,358,306	1,094,723	1,046,906	1,527,732	1,034,712	1,016,898
1,262,040	1,203,765	1,198,546	1,174,145	1,109,937	996,733
893,644	686,401	585,071	614,270	446,541	447,629
500,689	457,749	368,276	301,404	260,404	168,747
-	-	-	-	-	-
826,219	667,342	585,000	3,348,000	406,000	344,000
242,392	226,611	157,649	179,018	309,081	285,712
3,126,782	2,729,512	2,881,437	1,784,914	1,428,856	1,029,183
<u>8,210,072</u>	<u>7,066,103</u>	<u>6,822,885</u>	<u>8,929,483</u>	<u>4,995,531</u>	<u>4,288,902</u>
<u>(1,703,743)</u>	<u>(1,034,089)</u>	<u>(2,032,547)</u>	<u>(3,288,089)</u>	<u>(806,165)</u>	<u>(616,743)</u>
2,690,000	1,620,000	2,850,000	1,604,797	865,000	845,000
102,877	32,137	31,520	-	-	-
(14,392)	(11,386)	-	-	-	-
-	30,000	-	-	-	-
143,105	220,842	10,501	-	-	204,972
-	-	-	-	-	(315,360)
<u>2,921,590</u>	<u>1,891,593</u>	<u>2,892,021</u>	<u>1,604,797</u>	<u>865,000</u>	<u>734,612</u>
<u>\$1,217,847</u>	<u>\$857,504</u>	<u>\$859,474</u>	<u>(\$1,683,292)</u>	<u>\$58,835</u>	<u>\$117,869</u>
21.0%	20.6%	18.8%	49.4%	20.0%	19.3%
13.0%	12.7%	10.9%	39.5%	14.3%	14.7%

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CITY OF LAKE ELMO, MINNESOTA

TAX CAPACITY AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Table 5

Payable Year	Taxable Market Value	Tax Capacity		Total Tax Capacity	Total Adjusted Tax Capacity (1)	City Urban Tax Rate	% of Tax Capacity to Total Estimated Market Value
		Real Property	Personal Property				
2011	\$1,142,936,500	\$12,678,177	\$221,613	\$12,899,790	\$12,899,790	21.882	1.13%
2012	1,037,557,100	11,525,623	229,157	11,754,780	11,555,676	27.271	1.13%
2013	1,028,011,400	11,392,876	237,584	11,630,460	11,384,320	29.259	1.13%
2014	1,046,031,000	11,504,611	238,764	11,743,375	11,393,889	27.761	1.12%
2015	1,184,578,800	12,938,515	243,104	13,181,619	13,072,105	23.798	1.11%
2016	1,224,463,300	13,386,725	266,218	13,652,943	13,441,204	23.121	1.12%
2017	1,316,618,700	14,520,320	292,938	14,813,258	14,631,062	20.018	1.13%
2018	1,452,554,500	16,054,044	326,744	16,380,788	15,359,350	22.442	1.13%
2019	1,648,277,500	18,184,317	345,172	18,529,489	18,249,623	22.927	1.12%
2020	1,901,067,300	20,907,484	345,800	21,253,284	20,021,726	23.476	1.12%

(1) Tax Capacity adjusted for captured tax increment, fiscal disparities, and transmission lines.

Valuations are determined as of January 1 of year preceding tax collection year. The County determines a property's tax capacity by multiplying a property's estimated market value times the property's class rate which is determined by its use. The total City tax levy divided by the total City tax capacity determines a percentage, the City tax rate, that is applied to each parcel's tax capacity to determine the tax amount.

CITY OF LAKE ELMO, MINNESOTA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
 Last Ten Fiscal Years
 (Percent of Tax Capacity)

Table 6

Fiscal Year	City Direct Rate			Overlapping Rates			Special Taxing Districts	Range of Total Direct and Overlapping Tax Rates	
	Operating Tax Rate	Debt Service Tax Rate	Total Tax Rate	Range of Tax Rates for ISD's 622, 832 & 834	Washington County	Range of Tax Rates for Watershed Districts			
2011	19.448	2.384	21.832	20.300 - 34.330	29.772	1.725 - 4.275	2.664	76.293	92.873
2012	23.679 (1)	3.592	27.271	22.333 - 38.360	31.939	2.340 - 4.906	2.909	86.792	105.385
2013	23.555	5.704	29.259	22.017 - 37.104	31.548	0.779 - 5.306	4.857	88.460	108.074
2014	23.472	4.289	27.761	23.150 - 39.770	30.243	0.761 - 5.066	4.641	86.556	107.481
2015	20.121	3.677	23.798	21.120 - 35.860	27.691	0.692 - 4.769	4.183	77.484	96.301
2016	18.184	4.937	23.121	19.849 - 35.569	27.860	0.075 - 5.111	4.568	75.473	96.229
2017	14.083	5.934	20.017	20.390 - 34.093	27.852	0.839 - 5.275	4.345	73.443	91.582
2018	16.107 (2)	6.335	22.442	19.349 - 32.161	29.709	0.819 - 5.021	3.072	75.391	92.405
2019	16.258 (2)	6.670	22.927	18.442 - 31.894	29.305	0.808 - 5.263	3.994	75.476	93.383
2020	16.777 (2)	6.700	23.477	15.321 - 29.926	28.610	0.766 - 4.850	3.738	71.911	90.600

Source: Washington County Taxation Divisior

The City's direct property tax rate is determined by dividing the amount of tax levied by the City Council by the City's total tax capacity

Overlapping rates are those of local and county governments that apply to property owners within the City of Lake Elmo. Not all overlapping rates apply to all City of Lake Elmo property owners. Although the property tax rates apply to all city property owners, some city properties lie within the geographical boundaries of different school and watershed districts.

(1) Includes Library Levy component effective 1/1/2012 due to pulling out of Washington County

(2) Excludes Library Levy component effective 1/1/2018 due to going back to Washington County

CITY OF LAKE ELMO, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Nine Years Ago

Table 7

Taxpayer	2020			2011		
	Taxable Tax Capacity	Rank	Percentage of Total City Tax Capacity Value	Taxable Tax Capacity	Rank	Percentage of Total City Tax Capacity Value
Xcel Energy	\$244,108	1	1.15%	171,806	3	1.33%
Dakota Upreit LP	240,344	2	1.13%	-		-
Bremer Financial Services Inc	220,998	3	1.04%	195,538	2	1.52%
MLL High Pointe LLC	200,950	4	0.95%	-		-
Eagle Point Medical Building LLC	144,160	5	0.68%	-		-
HOA Hotels LLC	143,396	6	0.67%	-		-
MHC Cimarron LLC	139,482	7	0.66%	-		-
HC Golf Land LLC	134,684	8	0.63%	-		-
Auto-Owners Life Insurance Co.	99,104	9	0.47%	-		-
Danate Proper Inv I LLC	81,068	10	0.38%	-		-
HSRE-MN High Pointe LLC	-		-	239,610	1	1.86%
Moline Plow	-		-	139,208	4	1.08%
Lake Elmo Foundation, Inc	-		-	138,922	5	1.08%
Lakeland Harbor SPE LLC	-		-	134,090	6	1.04%
United Land LLC	-		-	119,478	7	0.93%
United Properties Inv, LLC	-		-	109,468	8	0.85%
Davis Estates LTD	-		-	81,328	9	0.63%
Bri-mar Co Inc. Etal.	-		-	63,518	10	0.49%
Total	\$1,648,294		7.76%	\$1,392,966		10.80%

Source: Washington County Taxation Division

CITY OF LAKE ELMO, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Net Tax Levy for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy	
			Amount	Percentage of Net Levy
2011	\$2,789,559	\$2,745,785	\$2,692,423	98.06%
2012	3,113,017	3,110,478	3,071,202	98.74%
2013	3,163,359	3,160,524	3,133,764	99.15%
2014	3,163,359	3,160,285	3,128,695	99.00%
2015	3,113,017	3,133,137	3,112,989	99.36%
2016	3,112,204	3,112,204	3,068,116	98.58%
2017	2,950,426	2,950,426	2,935,173	99.48%
2018	3,596,601	3,592,491	3,574,859	99.51%
2019	4,179,840	4,175,590	4,149,059	99.36%
2020	4,949,823	4,945,184	4,907,782	99.24%

(1) Tax Levy adjusted for powerline and market value credits and AG program credits prior to 2016

Table 8

Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Delinquent Taxes as a Percentage of Total Net Tax Levy
	Amount	Percentage of Net Levy		
\$53,348	\$2,745,771	100.00%	\$2	0.00%
39,267	3,110,469	100.00%	-	0.00%
26,760	3,160,524	100.00%	-	0.00%
31,590	3,160,285	100.00%	1,507	0.00%
19,874	3,132,863	99.99%	1,644	0.01%
42,044	3,110,160	99.93%	2,087	0.07%
12,485	2,947,658	99.91%	2,331	0.09%
13,239	3,588,098	99.88%	2,990	0.12%
19,244	4,168,303	99.83%	4,103	0.17%
-	4,907,782	99.24%	40,177	0.76%

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CITY OF LAKE ELMO, MINNESOTA
WATER AND SANITARY SEWER CHARGES BY CUSTOMER
 Last Ten Fiscal Years

Table 9

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Water (in millions of gallons):										
Residential	203,453	173,925	96,882	93,513	98,044	84,007	98,573	120,676	154,747	105,290
Commercial service	157,170	87,935	22,189	16,603	29,379	21,653	12,156	8,253	10,405	6,872
Total gallons	360,623	261,860	119,071	110,116	127,423	105,660	110,729	128,929	165,152	112,162
Total direct rate per 1,000 gallons:										
Residential	2.12	2.12	2.06	2.00	2.14	2.14	2.14	2.14	2.14	2.14
Commercial service	3.30	3.30	3.20	3.11	3.11	3.11	3.11	3.11	3.11	3.11
Sanitary Sewer (in millions of gallons):										
Residential (1)	46,170	41,003	32,409	38,340	6,812	3,794	-	-	-	-
Commercial service	11,779	12,943	12,267	6,807	9,125	8,179	6,532	6,149	6,172	6,961
Total gallons	57,949	53,946	44,676	45,147	15,937	11,973	6,532	6,149	6,172	6,961
Total direct rate per 1,000 gallons										
	4.65	4.60	4.55	4.50	4.50	4.50	4.50	4.50	4.50	4.50

(1) City did not have any residential sanitary sewer customers in 2014 and prior

CITY OF LAKE ELMO, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities			
	G.O. Improvement Bonds	G.O. Equipment Certificates	G.O. Capital Improvement Plan Bonds	Other Notes and Bonds
2011	\$2,440,000	\$196,000	\$5,175,000	\$ -
2012	3,100,092	150,000	4,969,153	-
2013	4,436,967	102,000	1,941,135	-
2014	6,919,568	52,000	1,808,024	-
2015	8,095,288	-	1,687,803	21,219
2016	10,210,038	-	1,537,530	-
2017	14,151,671	-	1,382,249	-
2018	13,185,126	940,000	1,226,928	926,000
2019	14,697,425	940,000	1,065,000	926,000
2020	13,159,432	850,000	900,000	881,000

Details regarding the City's outstanding debt can be found in the notes to the financial statements.
 See the *Demographic and Economic Statistics* schedule for personal income and population data.

Table 10

Total Governmental Activities	Business-Type Activities G.O. Utility Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
\$7,811,000	\$4,640,000	\$12,451,000	3.0%	\$1,543
8,219,245	8,314,837	16,534,082	3.9%	2,049
6,480,102	12,476,920	18,957,022	4.5%	2,349
8,779,592	15,530,642	24,310,234	6.8%	3,013
9,804,310	12,622,484	22,426,794	6.0%	2,779
11,747,568	18,990,395	30,737,963	8.2%	3,809
15,533,920	22,866,787	38,400,707	8.8%	3,990
16,278,054	21,680,126	37,958,180	7.6%	3,608
17,628,425	21,520,145	39,148,570	6.5%	3,525
15,790,432	20,105,366	35,895,798	5.4%	3,164

CITY OF LAKE ELMO, MINNESOTA
RATIOS OF NET GENERAL BONDED DEBT
 Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			
	G.O. Improvement Bonds	G.O. Equipment Certificates	G.O. Capital Improvement Plan Bonds	G.O. Utility Revenue Bonds
2011	\$2,440,000	\$196,000	\$5,175,000	\$4,640,000
2012	3,100,092	150,000	4,969,153	8,314,837
2013	4,436,967	102,000	1,941,135	12,476,920
2014	6,919,568	52,000	1,808,024	15,530,642
2015	8,095,288	-	1,687,803	12,622,484
2016	10,210,038	-	1,537,530	18,990,395
2017	14,151,671	-	1,382,249	22,866,787
2018	13,185,126	940,000	1,226,928	21,680,126
2019	14,697,425	940,000	1,065,000	21,520,145
2020	13,159,432	850,000	900,000	20,105,366

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

See Table 5 for taxable market value

See Table 15 for population data

* Net of crossover debt

Table 11

Total*	Less: Amounts Available in Debt Service Funds	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita (Net)
\$12,451,000	(\$3,534,742)	\$8,916,258	0.78%	\$1,105
16,534,082	(3,500,799)	13,033,283	1.26%	1,615
18,957,022	(729,753)	18,227,269	1.77%	2,259
24,310,234	(691,700)	23,618,534	2.26%	2,927
22,405,575	(2,477,730)	19,927,845	1.68%	2,470
30,737,963	(3,215,590)	27,522,373	2.25%	3,411
38,400,707	(3,524,956)	34,875,751	2.65%	3,623
37,032,180	(4,461,692)	32,570,488	2.24%	3,096
38,222,570	(4,716,520)	33,506,050	2.03%	3,017
35,014,798	(4,530,993)	30,483,805	1.60%	2,745

CITY OF LAKE ELMO, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2020

Table 12

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping debt:			
Independent School District # 622	\$366,000,000	38%	\$140,451,832
Independent School District # 832	42,470,000	81%	34,315,760
Independent School District # 834	87,205,000	18%	15,260,875
Washington County	123,045,000	5%	6,644,430
Metropolitan Council	1,688,625,662	7%	113,137,919
Total overlapping debt			<u>309,810,816</u>
City direct debt	\$15,790,432	100%	<u>15,790,432</u>
Total direct and overlapping debt			<u><u>\$325,601,248</u></u>

*For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

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

Sources: Taxable value data used to estimate applicable percentages provided by Washington County.
Debt outstanding data provided by each governmental unit.

CITY OF LAKE ELMO, MINNESOTA
LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years

Table 13

Legal Debt Margin Calculation for Fiscal Year 2020

Market value	\$1,901,067,300
Applicable percentage	3%
Debt limit	<u>57,032,019</u>
Debt applicable to limit:	
Total bonded debt	35,895,798
Less:	
Special assessment bonds	(13,159,432)
Lease revenue bonds	(881,000)
Utility revenue bonds	(20,105,366)
Amount set aside for repayment of G.O. debt	<u>(192,574)</u>
	<u>1,557,426</u>
Legal debt margin	<u><u>\$55,474,593</u></u>

Legal Debt Margin Calculation for Fiscal Years 2011 Through 2020

Fiscal Year	Population	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin	Amount of Debt Applicable to Debt Limit	Net Debt Applicable to Limit Per Capita
2011	8,069	\$31,126,713	\$2,148,203	\$28,978,510	6.90%	\$266
2012	8,069	32,054,064	2,099,369	29,954,695	6.55%	260
2013	8,069	32,470,203	1,894,510	30,575,693	5.83%	235
2014	8,069	35,537,364	1,757,421	33,779,943	4.95%	218
2015	8,069	36,733,899	1,572,289	35,161,610	4.28%	195
2016	8,069	38,035,233	2,102,343	35,932,890	5.53%	261
2017	9,625	38,556,774	1,846,657	36,710,117	4.79%	192
2018	10,521	43,576,635	2,018,280	41,558,355	4.63%	192
2019	11,105	49,448,325	1,839,548	47,608,777	3.72%	166
2020	11,105	57,032,019	1,557,426	55,474,593	2.73%	140

CITY OF LAKE ELMO, MINNESOTA
PLEDGED REVENUE COVERAGE
 Last Ten Fiscal Years

Table 14

Payable Year	G.O. Utility Revenue Bonds					Coverage
	Gross Revenue (1)	Operating Expenses (2)	Net Available Revenue	Debt Service (3)		
				Principal	Interest	
2011	\$891,587	\$516,157	\$375,430	\$40,000	\$190,094	163%
2012	946,407	426,118	520,289	40,000	221,129	199%
2013	3,501,321	504,648	2,996,673	165,000	300,789	643%
2014	2,266,397	678,394	1,588,003	365,000	424,080	201%
2015	3,642,316	627,977	3,014,339	4,165,000	456,782	65%
2016	3,407,097	757,862	2,649,235	615,000	380,969	266%
2017	6,651,513	1,505,420	5,146,093	705,000	513,768	422%
2018	5,767,128	1,279,347	4,487,781	625,000	312,660	479%
2019	4,190,240	1,175,282	3,014,958	1,360,000	509,863	161%
2020	6,243,582	1,553,371	4,690,211	1,380,000	504,661	249%

- (1) Gross revenue includes investment earnings, infrastructure charges and special assessments.
- (2) Operating expenses do not include interest, depreciation, or amortization expense.
- (3) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF LAKE ELMO, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Table 15

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (4) (thousands of dollars)</u>	<u>Per Capita Personal Income (2)</u>	<u>State Unemployment Rate (3)</u>	<u>City Unemployment Rate (3)</u>
2011	8,069	\$409,203	\$50,713	5.8%	5.2%
2012	8,069	420,242	52,081	5.4%	4.9%
2013	8,069	420,879	52,160	4.6%	4.0%
2014	8,069	357,723	44,333	3.8%	3.7%
2015	8,069	371,602	46,053	3.2%	2.9%
2016	8,069	374,345	46,393	3.8%	3.3%
2017	9,625	438,563	45,565	3.3%	3.3%
2018	10,521	497,896	47,324	2.8%	2.7%
2019	11,105	601,991	54,209	3.5%	2.8%
2020	11,105	652,352	58,744	4.9%	4.0%

Sources:

- (1) Metropolitan Council 2000/2010-Census Bureau; updated for staff estimate starting in 2017
- (2) United States Census Bureau
- (3) Estimate based on County unemployment rate provided by Minnesota Department of Employment and Economic Development
- (4) The estimated personal income for the City of Lake Elmo is calculated by taking the per capita income and multiplying it by the City's population.

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CITY OF LAKE ELMO, MINNESOTA

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Table 16

Employer	2020			2011		
	Employees	Rank	Percentage of Total City Employment ⁽¹⁾	Employees	Rank	Percentage of Total City Employment ⁽¹⁾
3M Company (Maplewood)	12,000	1	50.7%	10,100	1	70.3%
Andersen Corp (Bayport)	5,000	2	21.1%	-	-	-
Woodwinds Health (Woodbury)	1,421	3	6.0%	485	5	3.4%
Washington County (Stillwater)	1,258	4	5.3%	-	-	-
ISD 834 (Stillwater)	1,143	5	4.8%	1,055	2	7.3%
Healtheast Care/St. Johns Hospital (Maplewood)	973	6	4.1%	-	-	-
MN Correctional Facility (Oak Park Heights)	515	7	2.2%	-	-	-
Presbyterian Homes/Boutwells (Oak Park Heights)	500	8	2.1%	-	-	-
Ecowater Systems, Inc. (Woodbury)	440	9	1.9%	400	7	2.8%
Bremer Bank Operations Ctr (Lake Elmo)	425	10	1.8%	400	6	2.8%
The Hartford (Woodbury)	-	-	-	1,021	3	7.1%
Imation (Oakdale)	-	-	-	500	4	3.5%
High Pointe Health Campus (Lake Elmo)	-	-	-	180	8	1.3%
Lake Elmo Inn Inc.	-	-	-	125	10	0.9%
Machine Shed/Wildwood Inn (Lake Elmo)	-	-	-	110	9	0.8%

⁽¹⁾City staff estimate

CITY OF LAKE ELMO, MINNESOTA
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

	Full-Time-Equivalent Employees as of December 31,			
	2020	2019	2018	2017
General Government:				
Administration	1.98	2.70	2.70	2.45
Finance	0.72	1.05	1.05	1.20
Planning and Zoning	1.95	2.10	2.10	2.21
Total General Government	4.65	5.85	5.85	5.86
Public Safety:				
Fire	1.42	3.80	3.80	3.80
Building Inspections	4.91	4.20	4.20	4.21
Total Public Safety	6.33	8.00	8.00	8.01
Public Works:				
Streets and Roadways	4.80	4.80	4.80	4.55
Parks and Recreation:				
Parks	2.25	2.20	2.20	3.00
Communications	0.42	0.50	0.50	-
Total Governmental Activities	18.45	21.35	21.35	21.42
Business-type Activities:				
Water Utility	2.75	2.50	2.50	2.00
Sewer Utility	1.40	1.15	1.15	1.66
Storm Sewer Utility	0.90	0.80	0.80	0.80
Total Business-Type Activities	5.05	4.45	4.45	4.46
Total	23.50	25.80	25.80	25.88

Source: City's Adopted Budgets

Table 17

Full-Time-Equivalent Employees as of December 31,						
2016	2015	2014	2013	2012	2011	
2.45	3.20	3.55	3.55	3.15	3.15	
1.20	0.80	1.25	1.25	0.50	0.50	
2.21	2.75	2.70	2.95	1.55	1.55	
5.86	6.75	7.50	7.75	5.20	5.20	
3.80	1.50	1.55	2.05	1.60	1.10	
4.21	3.15	1.55	1.30	0.95	0.95	
8.01	4.65	3.10	3.35	2.55	2.05	
4.55	3.90	3.20	3.21	3.05	3.05	
3.00	1.85	3.30	2.74	2.52	2.52	
-	0.70	0.35	0.40	0.15	0.15	
21.42	17.85	17.45	17.45	13.47	12.97	
2.00	2.45	2.60	2.10	1.85	1.85	
1.66	1.30	0.70	0.70	0.30	0.30	
0.00	0.00	0.00	0.00	0.00	0.00	
3.66	3.75	3.30	2.80	2.15	2.15	
25.08	21.60	20.75	20.25	15.62	15.12	

CITY OF LAKE ELMO, MINNESOTA
OPERATING INDICATORS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

	2020	2019	2018	2017
Planning and Zoning:				
Conditional use permits	1	6	6	5
Interim use permits	-	-	-	2
Minor subdivisions	-	1	1	1
Plats / planned unit developments	5	13	13	10
Rezoning	1	4	4	5
Site plans	3	-	-	1
Variances	5	6	6	6
Fire:				
Total emergency responses	546	461	461	456
EMS responses	317	317	317	313
Fire responses	229	144	144	143
Building Inspections:				
Residential permit valuations (thousands of dollars)	\$88,038	\$113,913	\$113,913	\$86,710
Commercial permit valuations (thousands of dollars)	\$11,761	\$3,217	\$3,217	\$1,185
New residential units (1)	263	245	245	299
New commercial units	19	-	-	1
Water Utility:				
Number of customers	3,559	2,317	2,317	1,727
Average quarterly consumption (2) (millions of gallons)	123	56	56	28
Sanitary Sewer Utility:				
Number of customers	2,363	1,253	1,253	712
Average quarterly flow (3) (millions of gallons)	18	11	11	12

Sources: Various City Department's annual financial report statistics

(1) Excludes fire/demolition rebuilds

(2) Residential and Commercial; rate increase effective 1/1/2010 to encourage conservation

(3) Billed and measured based on water usage; new developer homes built in 2015 but not yet sold/occupied so no impact to flows

Table 18

2016	2015	2014	2013	2012	2011
3	2	4	2	3	-
2	1	1	1	-	3
2	2	-	2	1	-
11	9	17	1	-	-
3	2	11	2	7	-
1	-	-	2	1	-
4	2	2	5	4	6
430	429	358	448	399	315
268	274	237	280	262	195
162	32	21	28	28	24
\$119,301	\$50,401	\$23,032	\$19,979	\$20,320	\$16,133
\$2,003	\$1,952	\$7,309	\$966	\$2,351	\$2,590
240	140	41	32	31	24
1	1	3	-	-	-
1,538	1,234	1,073	1,051	1,016	998
18	18	19	21	15	14
321	96	45	29	29	29
14	74	77	77	75	71

CITY OF LAKE ELMO, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Table 19

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Fire:										
Stations	2	2	2	2	2	2	2	2	2	2
Public Works:										
Bituminous streets (miles)	92	91	88	86	80	71	71	63	63	63
Gravel streets (miles)	0.5	0.5	0.5	2	2	2	2	2	2	2
Storm sewer (miles)	48	33	33	30	30	25	25	25	25	25
Parks & Recreation:										
Acres of parkland	427	427	427	420	420	420	420	420	420	420
Number of parks	24	24	24	17	17	17	17	17	17	17
Water Utility:										
Water towers	3	3	3	3	3	3	3	2	2	2
Miles of watermain	73	58	58	50	50	43	40	39	37	37
Number of fire hydrants	707	559	559	415	415	378	351	293	280	280
Number of wells	3	-	-	-	-	-	-	-	-	-
Number of booster stations	1	-	-	-	-	-	-	-	-	-
Sanitary Sewer Utility:										
Miles of sanitary sewer	32	29	29	8	8	4	3	3	3	3
Lift Stations	7	5	5	4	4	4	4	3	3	3

Sources: Various City Department's annual financial report statistics