



The City of Vadnais Heights, Minnesota

2022 Annual Comprehensive Financial Report

Year Ended December 31, 2022



**Building on the tradition of yesterday
and the promise of tomorrow.**

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CITY OF VADNAIS HEIGHTS
VADNAIS HEIGHTS, MINNESOTA

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2022

REPORT PREPARED BY:
THE FINANCE DEPARTMENT

MEMBER OF THE GOVERNMENT FINANCE OFFICERS ASSOCIATION
IN THE UNITED STATES AND CANADA

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Annual Comprehensive Financial Report
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INTRODUCTORY SECTION

CITY OF VADNAIS HEIGHTS
VADNAIS HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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Bob Sundberg
Finance Director

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The City of Vadnais Heights
800 East County Road E
Vadnais Heights, MN 55127

June 29, 2023

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

The Annual Comprehensive Financial Report of the City of Vadnais Heights (the City) for the fiscal year ended December 31, 2022, is hereby submitted. Minnesota Statutes Section 6.74 requires cities to report their financial activities annually to the Office of the State Auditor within 180 days of the fiscal year end. Additionally, cities over 2,500 in population, according to the latest census, must have an annual audit in accordance with generally accepted accounting principles. This requirement has been satisfied by the engagement of the firm of Abdo, LLP; their report is included in the financial section of this report.

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

The City's financial statements have been audited by Abdo, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2022 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting 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 on the audit, there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the year ended December 31, 2022 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the City of Vadnais Heights

Vadnais Heights is a northeast suburb of the Minneapolis-St. Paul Metropolitan Area and is located seven miles north of the Saint Paul city limits. The City covers an area of approximately 8.3 square miles and its population, according to the 2020 Census, is estimated at 13,796. A hallmark feature in our City is Vadnais-Sucker Lake Regional Park. This scenic and recreational jewel boasts 1,200 acres of woods and lakes. In addition, Vadnais Heights has more than 100 acres of active parkland.

The City is empowered by the state to levy property taxes on property within its boundaries. The majority of the tax base in Vadnais Heights is residential property. However, the City's sizable commercial base provides the City with a stable tax revenue flow. A much-deliberated City Center plan, developed in the 1980's, sparked commercial growth along County Road E. Important to the plan was the major infrastructure improvement to County Road E in the area of I-35E in the 1990's. The resulting commercial area includes shops, restaurants, and other businesses focusing on service for this community.

The City was incorporated in 1957 and became a statutory city in 1974. Its governing body, the city council, is comprised of a mayor and four at-large council members. The City provides its residents and businesses a full range of municipal services directly and on a contractual basis consisting of police, fire/EMT, paramedics, public works, parks and recreation and general administrative services. The City also operates three enterprises: water utility, sewer utility, and a surface water utility. The City adopts a formal annual budget for the general fund. Less formal operational budgets are approved for special revenue and enterprise funds as these funds are not dependent on property tax revenues and their expenditures are dictated by revenues received. Capital projects are scheduled in the five year capital improvement plan.

Local Economy

Approximately two thirds of the City's net tax capacity is comprised of residential homesteaded properties; the majority of the remaining tax capacity is comprised of commercial and industrial properties. There are over 300 business establishments in the City including a variety of light manufacturing, research and development, hospitality, health/medical, and various other commercial service and retail establishments. Approximately 8,100 jobs exist within the City. The local economy continues to flourish with several new commercial building projects underway. Additionally, residential property values continued their upward trend after several years of decline according to the Ramsey County Assessor's most recent report. Several medical clinics have been recently completed. Several small residential developments, including new market-rate apartment complexes, are also in the planning and building stages. The City is served by several four-lane highways and is intersected by two interstate freeways that enhance the City's desirability for developers. Current property tax collection rates continue to be high; tax abatements from previous years, due to property value appeals, have returned to normal levels.

Financial Planning and Policies

The City's general fund balance remained healthy in 2022. The fund balance remains within the required range established by the City Council. In 2011, the City adopted a fund balance policy requiring the maintenance of a balance of 35 - 60% of the following year's budget as unrestricted fund balance in the general fund. The fund balance is necessary for cash flow purposes as scheduled property tax receipts don't occur until July and December of each year. The City anticipates maintaining a similar fund balance in future years as it has consistently done in the past. In 2010, the City revised its policy related to the accounting for compensated absences. Compensated absences are earned, but unused, vacation, sick and comp time hours. A new internal service fund was created and the liability for compensated absences was fully funded in 2010. This fund continues to be fully funded in 2022.

The annual budget serves as the foundation for the City's financial planning and control. All department heads of the City are required to submit requests for appropriation to the City Administrator before August each year. The city administrator and finance director use these requests as a starting point for developing a preliminary general fund budget. The preliminary budget and the not to exceed tax levy for each subsequent year are approved by the Council by September of each prior year as required by state statute. The Council is required to hold a public hearing on the budget and to adopt a final budget and tax levy by December. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annually appropriated budget approved by the city council. Activities of the general fund are included in the annually appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level.

Major capital projects in the city are planned and budgeted in the ten-year capital improvement plan, which is considered and approved by the City Council each year. Historically, each year, street segments, using the most cost-effective repair methods, are improved. Funding is provided by a combination of assessments to benefiting property owners and city capital contributions. Commencing in 2018, a franchise fee related to gas and electric utilities will provide funding for the city's portion of the annual street reconstruction program. When street segments are scheduled for improvement, utility infrastructure beneath these segments are inspected; any deficiencies in the City's underground utility system are corrected in conjunction with the project.

The City of Vadnais Heights' worker's compensation insurance and its general property and liability coverage are provided through the League of Minnesota Cities Insurance Trust (LMCIT). The LMCIT worker's compensation program is a joint self-insurance plan, designed to lower and stabilize cities' workers compensation costs and to assure that cities have a source of coverage available.

Financial Reporting Award

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to cities who submit outstanding annual comprehensive financial reports each year. The City received the award for its 2021 financial report as it has annually from 2012 – 2020. Earning the award was the result of the combined efforts of the city's audit firm, Abdo, LLP, and the city's finance department.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Bob Sundberg", with a stylized, flowing script.

Bob Sundberg,
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Vadnais Heights
Minnesota**

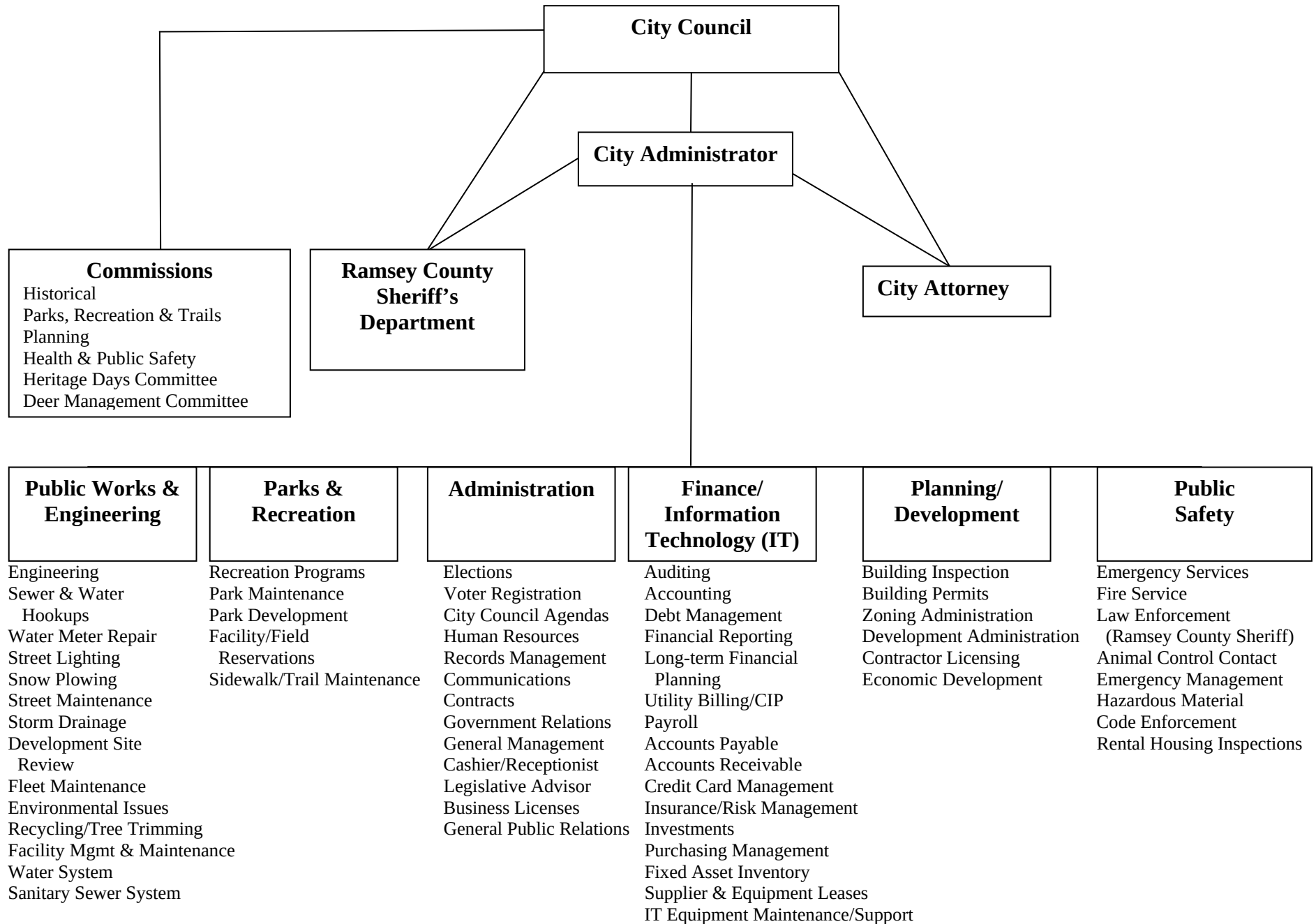
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

City of Vadnais Heights
ORGANIZATIONAL CHART



City of Vadnais Heights, Minnesota
List of Elected and Appointed Officials
For the Year Ended December 31, 2022

ELECTED OFFICIALS

Name	Title	Term Expires
Mike Krachmer	Mayor	January 7, 2025
Erik Goebel	Council Member	January 7, 2025
Steve Rogers	Council Member	January 7, 2025
Kelly Jozwowski	Council Member	January 2, 2027
Katherine Doll Kanne	Council Member	January 2, 2027

APPOINTED OFFICIALS

Kevin Watson	City Administrator
Chris Hearden	Fire Chief
Kaylin Clement	Assistant City Administrator
Bob Sundberg	Finance Director
Nolan Wall	Community Development Director

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FINANCIAL SECTION
CITY OF VADNAIS HEIGHTS
VADNAIS HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Vadnais Heights, Minnesota

Report on the Financial Statements

Opinions

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 Vadnais Heights, Minnesota (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund and Community Service fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Change in Accounting Principle

As described in Note 8 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 87, Leases, for the year ended December 31, 2022. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 25 and the Schedules of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions, the related note disclosures, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios and the Schedule of Changes in the City's Other Post Employment Benefit Liability and Related Ratios, starting on page 94 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.



Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Abdo
Minneapolis, Minnesota
June 29, 2023



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Management's Discussion and Analysis

As management of the City of Vadnais Heights, Minnesota, (the City), we offer readers this expanded narrative and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. Pages 25 through 36 provide additional information regarding the City.

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 as shown in the summary of net position on the following pages. The unrestricted amount of net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased as shown in the summary of changes in net assets table on the following pages. The increase this year was due to the recognition of ARPA revenue in the governmental funds, and charges for services in the business-type activities continuing to outweigh expenses before transfers to governmental funds.
- For the current fiscal year, the City's governmental funds fund balances are shown in the Financial Analysis of the City's Funds section of the MD&A. The total fund balance increased in comparison with the prior year. This increase was mainly due to the recognition of ARPA expenses in the current year. The total of assigned and unassigned as shown in the governmental fund balance table is available for spending at the City's discretion.
- The unassigned fund balance in the General fund as shown in the financial analysis of the City's funds section increased from prior year.
- The City's total bonded debt decreased during the fiscal year. The decrease was a result of scheduled debt service payments as shown on the outstanding debt table.

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 supplemental information in addition to the basic financial statements themselves.

Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

Figure 1
Required Components of the
City's Annual Financial Report

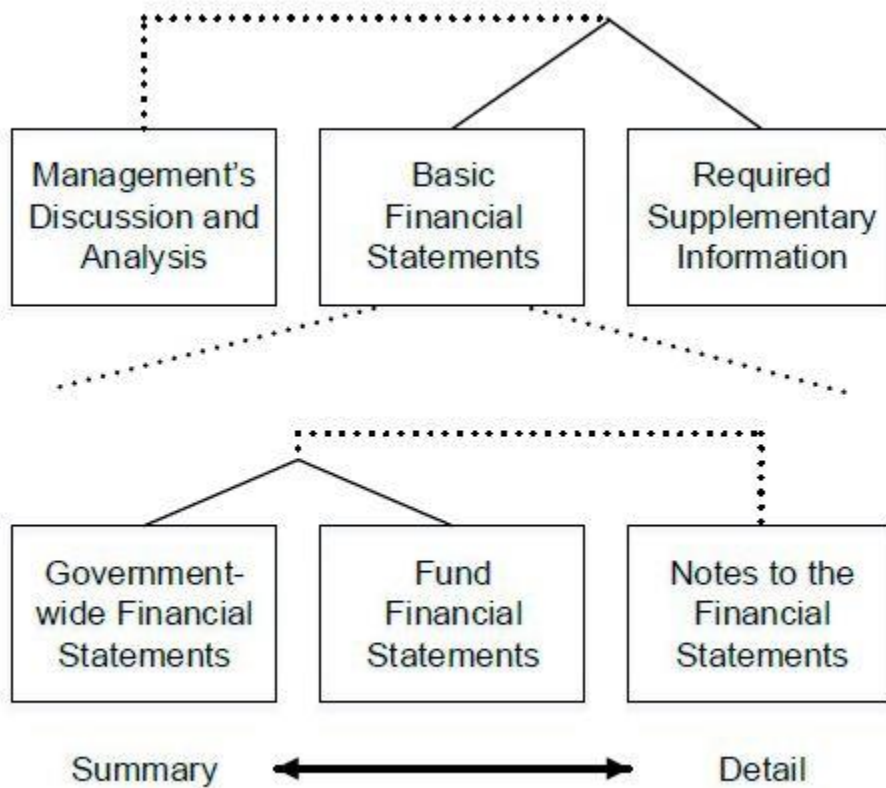


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure 2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statements of Net Position • Statements of Revenues, Expenses and Changes in Net Position • Statements of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position balances 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 revenue (*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, community development and interest on long-term debt. The business-type activities of the City include water, sewer, and surface water management.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Economic Development Authority for which the City is financially accountable. When applicable, financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. The Economic Development Authority, although legally separate, functions for all practical purposes as a department of the City, and therefore is included as an integral part of the primary government when financial activity occurs.

The government-wide financial statements start on page 43 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 financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains numerous individual 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 balances for the General fund, Community Service fund, Public Works Reserve fund, Capital Improvements fund and the TIF 1-16 fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annually appropriated budget for its General fund and the Community Service fund. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements start on page 48 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer and surface water management operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for the funding of the City's compensated absences liability.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for each of the enterprise funds which are considered to be major funds of the City.

The basic proprietary funds financial statements start on page 57 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 start on page 61 of this report.

Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required supplementary information can be found on page 94 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules start on page 104 of this report.

Government-wide Financial Analysis

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

A portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's 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 Vadnais Heights' Summary of Net Position

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Assets						
Current and other assets	\$ 25,570,872	\$ 23,877,618	\$ 1,693,254	\$ 12,742,452	\$ 13,310,901	\$ (568,449)
Capital assets	42,436,141	41,966,442	469,699	11,134,761	10,446,422	688,339
Total Assets	68,007,013	65,844,060	2,162,953	23,877,213	23,757,323	119,890
Deferred Outflows of Resources						
Deferred pension resources	1,999,328	1,080,311	919,017	135,479	179,540	(44,061)
Deferred other postemployment benefit resources	39,040	46,965	(7,925)	9,384	12,009	(2,625)
Total Deferred Outflows of Resources	2,038,368	1,127,276	911,092	144,863	191,549	(46,686)
Liabilities						
Noncurrent liabilities						
outstanding	8,708,446	6,986,609	1,721,837	391,819	244,980	146,839
Other liabilities	2,070,571	1,660,992	409,579	500,596	206,437	294,159
Total Liabilities	10,779,017	8,647,601	2,131,416	892,415	451,417	440,998
Deferred Inflows of Resources						
Deferred lease resources	1,584,522	-	1,584,522	-	-	-
Deferred pension resources	120,716	1,462,783	(1,342,067)	2,831	202,649	(199,818)
Deferred other postemployment benefit resources	35,595	1,401	34,194	8,556	357	8,199
Total Deferred Inflows of Resources	1,740,833	1,464,184	276,649	11,387	203,006	(191,619)
Net Position						
Net investment in capital assets	37,721,141	36,921,442	799,699	11,134,761	10,446,422	688,339
Restricted for						
Debt service	468,661	495,672	(27,011)	-	-	-
Fire relief pension	187,699	-	187,699	-	-	-
Solid waste	64,512	47,289	17,223	-	-	-
Charitable gambling	243,370	182,794	60,576	-	-	-
Economic development	5,229,766	5,299,880	(70,114)	-	-	-
Community development	179,358	302,973	(123,615)	-	-	-
Cable broadcasting	141,540	105,814	35,726	-	-	-
Unrestricted	13,289,484	13,503,687	(214,203)	11,983,513	12,848,027	(864,514)
Total Net Position	\$ 57,525,531	\$ 56,859,551	\$ 665,980	\$ 23,118,274	\$ 23,294,449	\$ (176,175)
Net Position as a Percent of Total						
Net investment in capital assets	65.7 %	64.9 %		48.2 %	44.8 %	
Restricted	11.3	11.3		-	-	
Unrestricted	23.0	23.8		51.8	55.2	
	<u>100.0 %</u>	<u>100.0 %</u>		<u>100.0 %</u>	<u>100.0 %</u>	

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the City's ongoing obligations to citizens and creditors.

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

Governmental Activities

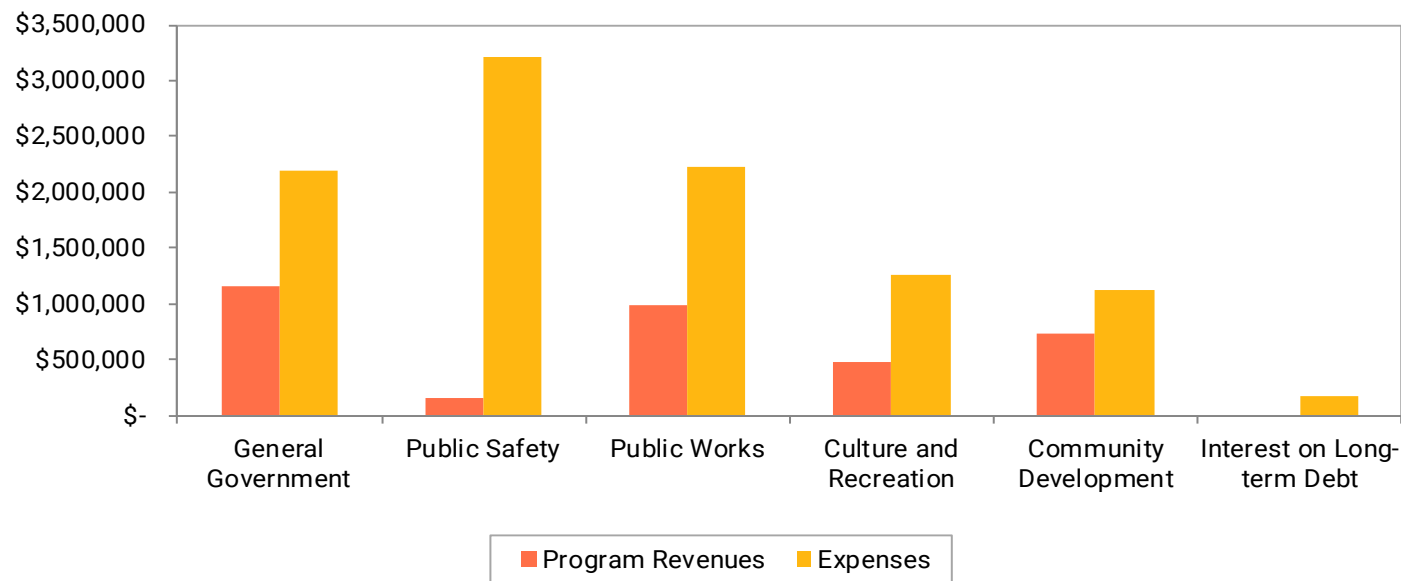
Governmental activities increased the City's net position. This increase was primarily the result of an increase in property taxes. Tax revenue increased due to an increase in the property tax levy. Other key elements of the net position increase are noted below:

City of Vadnais Heights' Changes in Net Position

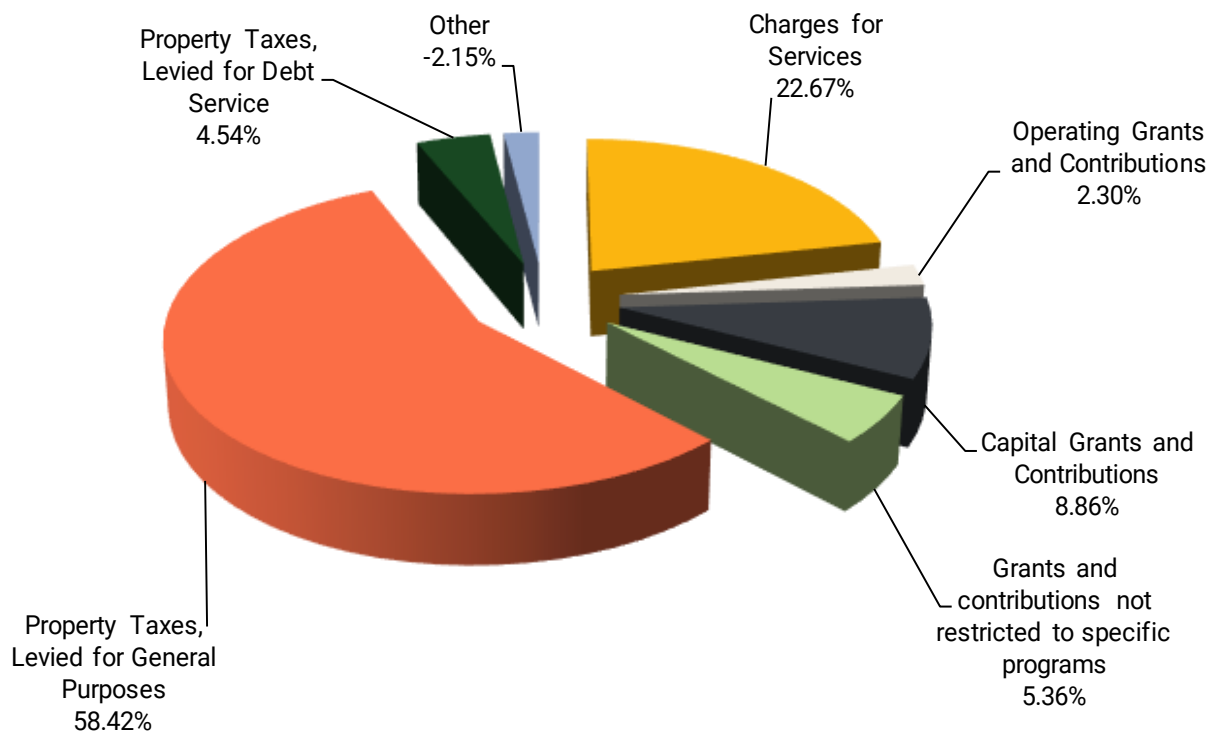
	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 2,350,076	\$ 2,313,240	\$ 36,836	\$ 4,277,567	\$ 4,554,022	\$ (276,455)
Operating grants and contributions	238,688	235,226	3,462	1,169	375	794
Capital grants and contributions	918,131	1,373,203	(455,072)	-	-	-
General Revenues						
Taxes						
Property taxes	5,691,751	5,143,968	547,783	-	-	-
Tax increments and other taxes	832,267	979,176	(146,909)	-	-	-
Grants and contributions not restricted to specific programs	555,247	645,894	(90,647)	-	-	-
Unrestricted investment earnings (loss)	(323,000)	(15,354)	(307,646)	(222,153)	(12,629)	(209,524)
Miscellaneous	28,874	-	28,874	-	-	-
Gain on sale of capital assets	71,083	14,819	56,264	60,000	-	60,000
Total Revenues	<u>10,363,117</u>	<u>10,690,172</u>	<u>(327,055)</u>	<u>4,116,583</u>	<u>4,541,768</u>	<u>(425,185)</u>
Expenses						
General government	2,191,834	1,552,101	639,733	-	-	-
Public safety	3,215,017	3,286,221	(71,204)	-	-	-
Public works	2,222,959	2,102,914	120,045	-	-	-
Culture and recreation	1,268,015	970,024	297,991	-	-	-
Community development	1,131,968	817,200	314,768	-	-	-
Interest on long-term debt	167,344	109,335	58,009	-	-	-
Water	-	-	-	1,238,213	1,170,293	67,920
Sewer	-	-	-	2,001,800	1,933,436	68,364
Surface water management	-	-	-	552,745	418,141	134,604
Total Expenses	<u>10,197,137</u>	<u>8,837,795</u>	<u>1,359,342</u>	<u>3,792,758</u>	<u>3,521,870</u>	<u>270,888</u>
Increase (Decrease) in Net Position Before Transfers	165,980	1,852,377	(1,686,397)	323,825	1,019,898	(696,073)
Transfers	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Change in Net Position	665,980	2,352,377	(1,686,397)	(176,175)	519,898	(696,073)
Net Position, January 1	<u>56,859,551</u>	<u>54,507,174</u>	<u>2,352,377</u>	<u>23,294,449</u>	<u>22,774,551</u>	<u>519,898</u>
Net Position, December 31	<u>\$ 57,525,531</u>	<u>\$ 56,859,551</u>	<u>\$ 665,980</u>	<u>\$ 23,118,274</u>	<u>\$ 23,294,449</u>	<u>\$ (176,175)</u>

The following graph depicts various governmental activities and shows the revenue and expenses directly related to those activities.

Expenses and Program Revenues - Governmental Activities

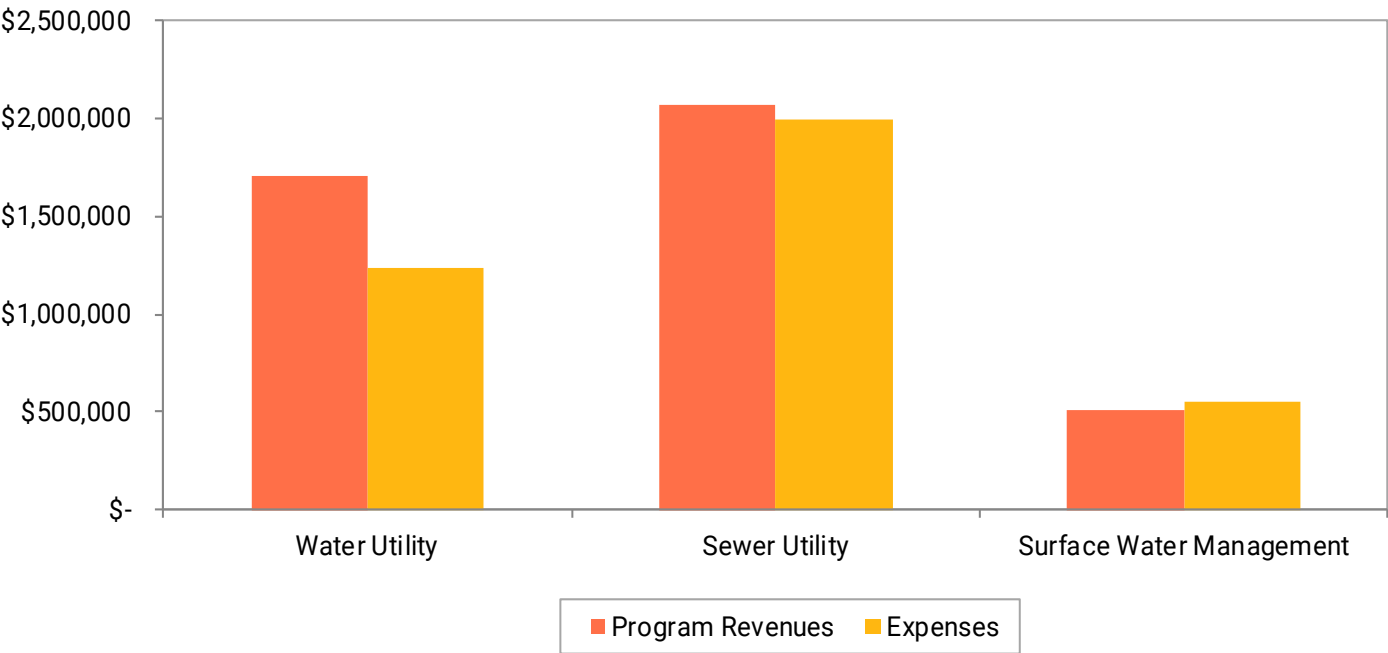


Revenues by Source - Governmental Activities

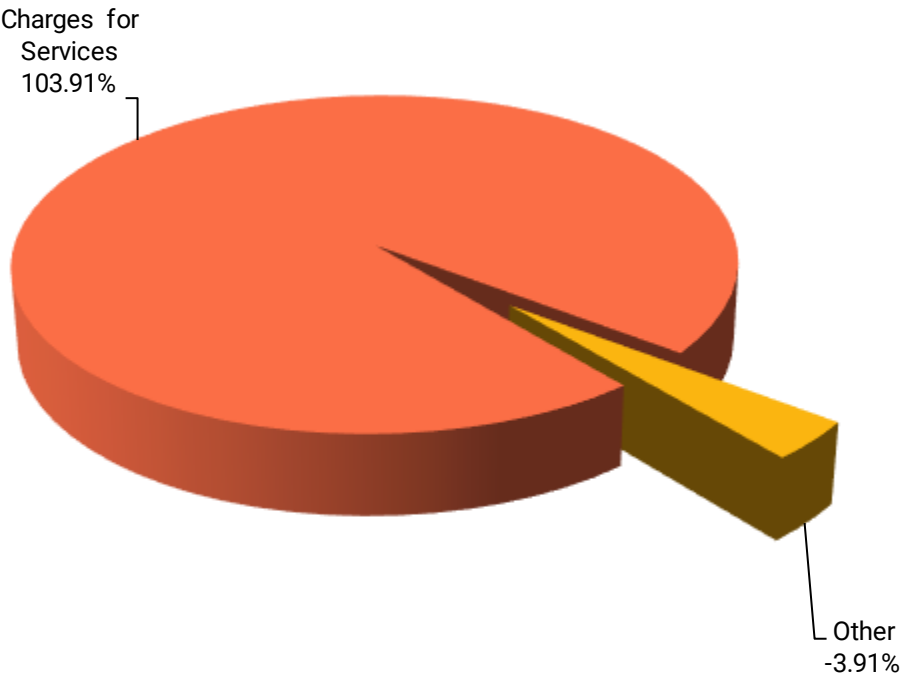


Business-type Activities. Business-type activities decreased the City’s net position. This decrease was primarily the result of a decrease in charges for services and an increase in water, sewer and surface water management expenses.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned* fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. The table below outlines the governmental fund balances for the year ending December 31, 2022.

	General Fund	Community Service	Public Works Reserve	Capital Improvements	TIF 1-16	Other Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances									
Nonspendable	\$ 89,435	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,435	\$ 99,693	\$ (10,258)
Restricted	-	141,540	-	-	3,345,262	2,932,740	6,419,542	6,533,220	(113,678)
Committed	-	16,753	-	-	-	19,696	36,449	55,332	(18,883)
Assigned	-	-	2,378,829	4,922,946	-	888,056	8,189,831	7,888,782	301,049
Unassigned	4,129,003	-	-	-	-	-	4,129,003	3,892,241	236,762
Total	<u>\$4,218,438</u>	<u>\$ 158,293</u>	<u>\$2,378,829</u>	<u>\$4,922,946</u>	<u>\$3,345,262</u>	<u>\$3,840,492</u>	<u>\$ 18,864,260</u>	<u>\$ 18,469,268</u>	<u>\$ 394,992</u>

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances shown above. Additional information on the City's fund balances can be found in Note 1 starting on page 61 of this report.

The *General fund* is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund is shown in the table above. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The total unassigned fund balance as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures.

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
General Fund Fund Balances			
Nonspendable	\$ 89,435	\$ 99,693	\$ (10,258)
Unassigned	4,129,003	3,892,241	236,762
Total	<u>\$ 4,218,438</u>	<u>\$ 3,991,934</u>	<u>\$ 226,504</u>
General Fund expenditures	\$ 7,165,634	\$ 6,549,447	
Unassigned as a percent of expenditures	57.6%	59.4%	
Total Fund Balance as a percent of expenditures	58.9%	61.0%	

The fund balance of the City's General fund increased during the current fiscal year as shown in the table above. The increase in fund balance was due to licenses and permits in excess of budget.

Activity in the City's major funds is discussed below.

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2022	2021	
General	\$ 4,218,438	\$ 3,991,934	\$ 226,504
The increase in the General fund was primarily due to building permit revenue exceeding expectations.			
Community Service	158,293	141,360	16,933
The community service fund increased primarily due to refunds and donations in excess of expectations.			
Public Works Reserve	2,378,829	2,193,736	185,093
The increase in the Public Works Reserve fund is due to special assessments revenue exceeding current year project costs.			
Capital Improvements	4,922,946	4,802,361	120,585
The increase in the Capital Improvements fund was due to taxes received, in excess of current year project costs.			
TIF 1-16	3,345,262	3,408,648	(63,386)
The decrease in the TIF 1-16 fund balance was due to the recognition of negative interest earnings.			

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the City's proprietary funds increased or (decreased) as follows:

	Ending Net Position 2022	Ending Net Position 2021	Increase/ (Decrease)
Water Utility	\$ 12,335,355	\$ 12,160,272	\$ 175,083
<i>The increase primarily is attributed to the collection of water utility revenues in excess of operating expenses.</i>			
Sewer Utility	6,164,469	6,447,902	(283,433)
<i>The decrease primarily is attributed to transfers out and loss on investments.</i>			
Surface Water Management	4,618,450	4,686,275	(67,825)
<i>The increase primarily is attributed to operating expenses in excess of collection of surface water utility revenues in addition to loss on investments and transfers out.</i>			

General Fund Highlights

The General fund accounts for most of the City's day-to-day operations such as police and fire protection, emergency management, maintenance of streets, community development, administration, and parks and recreation services. In 2022 the General Fund balance increased as shown below.

	Original Budgeted Amounts	Budget Amendments	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 6,744,286	\$ -	\$ 6,744,286	\$ 6,892,138	\$ 147,852
Expenditures	<u>7,244,786</u>	<u>-</u>	<u>7,244,786</u>	<u>7,165,634</u>	<u>79,152</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(500,500)</u>	<u>-</u>	<u>(500,500)</u>	<u>(273,496)</u>	<u>227,004</u>
Other Financing Sources					
Transfers in	500,000	-	500,000	500,000	-
Sale of capital assets	<u>500</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>(500)</u>
Total Other Financing Sources	<u>500,500</u>	<u>-</u>	<u>500,500</u>	<u>500,000</u>	<u>(500)</u>
Net Change in Fund Balances	-	-	-	226,504	226,504
Fund Balances, January 1	<u>3,991,934</u>	<u>-</u>	<u>3,991,934</u>	<u>3,991,934</u>	<u>226,004</u>
Fund Balances, December 31	<u>\$ 3,991,934</u>	<u>\$ -</u>	<u>\$ 3,991,934</u>	<u>\$ 4,218,438</u>	<u>\$ 452,508</u>

- A number of revenue categories varied from the amount budgeted. Most notably, permit revenues were over budget. Permit revenues were over budget due to the increased building and development activity.
- Overall expenditures were under budget. General government expenditures were under budget, mostly due to administration and city hall being under budget. Public works expenditures were over budget, mostly due to central garage facility and engineering expenditures being over budget.

Community Service Fund Budgetary Highlights

	Original Budgeted Amounts	Budget Amendments	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 56,500	\$ -	\$ 56,500	\$ 610,628	\$ 554,128
Expenditures	<u>11,500</u>	<u>-</u>	<u>11,500</u>	<u>593,695</u>	<u>(582,195)</u>
Excess of Revenues Over Expenditures	<u>45,000</u>	<u>-</u>	<u>45,000</u>	<u>16,933</u>	<u>(28,067)</u>
Net Change in Fund Balances	45,000	-	45,000	16,933	(28,067)
Fund Balances, January 1	<u>141,360</u>	<u>-</u>	<u>141,360</u>	<u>141,360</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 186,360</u>	<u>\$ -</u>	<u>\$ 186,360</u>	<u>\$ 158,293</u>	<u>\$ (28,067)</u>

Property Tax Management

Property taxes are levied for four separate purposes: General Fund operations, capital improvements, debt service and for specific development activities.

To promote development in areas which would not make economic sense without financial assistance, tax increment financing is used. This tool returns a portion of newly created property taxes to developers to generate a rate of return that encourages investment in blighted areas. Property taxes are dependent on the increase in property values that occur as a result of the developer's investment activity.

On an annual basis, the City levies property taxes for General Fund activities, capital projects and debt service. The annual debt service levy is established at the time of debt issuance and continues until the relevant debt issues are paid off. The other portions of the City levy are determined on an annual basis. The following table shows the levies for the periods 2017 - 2022.

Levy	2017	2018	2019	2020	2021	2022
General	\$ 3,365,707	\$ 3,404,394	\$ 3,571,779	\$ 4,021,381	\$ 4,136,245	\$ 4,518,286
Capital Projects	276,305	499,745	481,781	358,000	453,000	730,338
Debt Service	639,950	523,409	524,525	514,799	470,986	471,243
Public Works Reserve	-	-	-	-	-	4,662
Tax Increment	172,127	130,781	134,352	154,295	151,394	40,807

Debt Administration

Long-term Debt. At the end of the current fiscal year, the City had total debt outstanding as shown below.

City of Vadnais Heights' Outstanding Debt

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
General Obligation Taxable Bonds	\$ 4,715,000	\$ 5,045,000	\$ (330,000)	\$ -	\$ -	\$ -
Notes Payable	400,000	400,000	-	-	-	-
Total	<u>\$ 5,115,000</u>	<u>\$ 5,445,000</u>	<u>\$ (330,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Managing debt is a key part of the City's strategy to properly handle its fiscal affairs. Borrowing is limited to capital projects with financing coming from taxes, assessments, development taxes, and enterprise fees. On September 5, 2012, Moody's lowered the City's debt rating to Ba1 from Aa2. Two years later on October 15, 2014, Moody's upgraded the rating on Vadnais Heights, MN.'s general obligation (GO) debt to a 'Baa2'. As of March 29, 2016, Moody's affirmed the Baa2 debt rating citing the City's for sound General fund operations, stable economy and low debt burden. The City believes its true creditworthiness is not accurately reflected in its low debt rating but doesn't believe the cost associated with a credit upgrade is justified until future borrowing is contemplated. The City's lone debt issue was successfully refinanced in 2020.

For a more detailed review of debt, please refer to Note 3E in the financial statements.

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of December 31, 2022 is shown below in the capital asset table (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, and roads.

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

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Land	\$ 9,492,878	\$ 9,492,878	\$ -	\$ 10,593	\$ 10,593	\$ -
Buildings	10,393,482	10,827,521	(434,039)	330,578	296,405	34,173
Construction Work in Process	1,421,291	248,750	1,172,541	845,354	845,394	(40)
Infrastructure	19,558,051	20,324,494	(766,443)	-	-	-
Machinery and Equipment	1,570,439	1,072,799	497,640	1,760,890	1,741,553	19,337
Improvements Other Than Buildings	-	-	-	8,187,346	7,552,477	634,869
Total	<u>\$ 42,436,141</u>	<u>\$ 41,966,442</u>	<u>\$ 469,699</u>	<u>\$ 11,134,761</u>	<u>\$ 10,446,422</u>	<u>\$ 688,339</u>

Capital plans call for continuous repair and development of the municipal infrastructure. The annual street pavement program, maintenance of trails, fleet purchases, and maintenance of the City's utility systems are examples of capital outlay. Highlights for the year were:

- Completion of the Commerce Court water tower rehabilitation
- Street sweeper replacement
- Sanitary Sewer Relining Project
- Greenhaven Park playground equipment replacement
- Aerial bucket truck #108 replacement
- Water well #4 building rehabilitation
- Berwood Park tennis court and basketball court replacement
- Dump/plow truck #105 replacement
- New vehicle for Assistant Fire Chief
- 2022 Street Improvement Project

Additional capital asset information can be found in Note 3C in the financial statements.

Tax Increment Projects

At year-end, there were two active tax increment project funds. A separate project fund is set-up to account for revenues and expenditures of each district. The district must be de-certified when it reaches its statutory end date and closed when all obligations have been met. A total of eighteen districts have been closed or decertified by the City since 2003.

The combined fund balance for the districts is \$5,299,880 at the end of 2022. This amount is pledged towards public improvements, note obligations, and debt retirement.

Current Events

- Frattalone's Mondello Shores - 42 single-family residential lots across 14.39 acres of land
- Moore's Vincent Estates - 22-unit townhome development
- The Reserve at SoNo - 163-unit market-rate multi-family residential rental community
- The Ansel Apartments - 176-unit multi-family residential building
- Luther Cadillac dealership
- MNGI medical-office building

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Vadnais Heights, 800 East County Road E, Vadnais Heights, Minnesota 55127.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF VADNAIS HEIGHTS
VADNAIS HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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City of Vadnais Heights, Minnesota

Exhibit 1

Statement of Net Position

December 31, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 20,139,605	\$ 11,520,261	\$ 31,659,866
Receivables			
Accrued interest	48,740	-	48,740
Taxes	110,761	-	110,761
Accounts	247,691	957,945	1,205,636
Special assessments	1,063,333	167,034	1,230,367
Leases	1,602,891	-	1,602,891
Notes	600,000	-	600,000
Due from other governments	1,089,699	-	1,089,699
Inventory	14,451	-	14,451
Prepaid items	56,615	97,212	153,827
Net pension asset	597,086	-	597,086
Capital assets			
Land and construction in progress	10,914,169	855,947	11,770,116
Depreciable assets, net	31,521,972	10,278,814	41,800,786
Total Assets	<u>68,007,013</u>	<u>23,877,213</u>	<u>91,884,226</u>
Deferred Outflows of Resources			
Deferred pension resources	1,999,328	135,479	2,134,807
Deferred other postemployment benefit resources	39,040	9,384	48,424
Total Deferred Outflows of Resources	<u>2,038,368</u>	<u>144,863</u>	<u>2,183,231</u>
Liabilities			
Accounts payable	490,955	451,129	942,084
Accrued salaries payable	204,008	19,592	223,600
Due to other governments	55,128	15,770	70,898
Accrued interest payable	92,335	-	92,335
Deposits payable	385,557	-	385,557
Unearned revenue	842,588	14,105	856,693
Noncurrent liabilities			
Due within one year			
Long-term liabilities	703,497	-	703,497
Due in more than one year			
Long-term liabilities	4,777,000	-	4,777,000
Net pension liability	3,092,749	359,320	3,452,069
Other postemployment benefits liability	135,200	32,499	167,699
Total Liabilities	<u>10,779,017</u>	<u>892,415</u>	<u>11,671,432</u>
Deferred Inflows of Resources			
Deferred lease resources	1,584,522	-	1,584,522
Deferred pension resources	120,716	2,831	123,547
Deferred other postemployment benefit resources	35,595	8,556	44,151
Total Deferred Inflows of Resources	<u>1,740,833</u>	<u>11,387</u>	<u>1,752,220</u>
Net Position			
Net investment in capital assets	37,721,141	11,134,761	48,855,902
Restricted for			
Debt service	468,661	-	468,661
Fire relief pension	187,699	-	187,699
Solid waste	64,512	-	64,512
Charitable gambling	243,370	-	243,370
Park dedication	179,358	-	179,358
Community development	5,229,766	-	5,229,766
Cable broadcasting	141,540	-	141,540
Unrestricted	13,289,484	11,983,513	25,272,997
Total Net Position	<u>\$ 57,525,531</u>	<u>\$ 23,118,274</u>	<u>\$ 80,643,805</u>

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

City of Vadnais Heights, Minnesota

Statement of Activities

For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 2,191,834	\$ 1,152,708	\$ -	\$ 3,654
Public safety	3,215,017	832,953	35,108	-
Public works	2,222,959	10,350	143,747	832,419
Culture and recreation	1,268,015	329,926	59,833	82,058
Community development	1,131,968	24,139	-	-
Interest on long-term debt	167,344	-	-	-
Total Governmental Activities	<u>10,197,137</u>	<u>2,350,076</u>	<u>238,688</u>	<u>918,131</u>
Business-type Activities				
Water utility	1,238,213	1,702,335	563	-
Sewer utility	2,001,800	2,065,731	606	-
Surface water management	552,745	509,501	-	-
Total Business-type Activities	<u>3,792,758</u>	<u>4,277,567</u>	<u>1,169</u>	<u>-</u>
Total	<u>\$ 13,989,895</u>	<u>\$ 6,627,643</u>	<u>\$ 239,857</u>	<u>\$ 918,131</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Tax increments

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings (loss)

Miscellaneous

Sale of capital assets

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, January 1

Net Position, December 31

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

Exhibit 2

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (1,035,472)	\$ -	\$ (1,035,472)
(2,346,956)	-	(2,346,956)
(1,236,443)	-	(1,236,443)
(796,198)	-	(796,198)
(1,107,829)	-	(1,107,829)
(167,344)	-	(167,344)
<u>(6,690,242)</u>	<u>-</u>	<u>(6,690,242)</u>
-	464,685	464,685
-	64,537	64,537
-	(43,244)	(43,244)
<u>-</u>	<u>485,978</u>	<u>485,978</u>
<u>(6,690,242)</u>	<u>485,978</u>	<u>(6,204,264)</u>
5,221,418	-	5,221,418
470,333	-	470,333
40,807	-	40,807
791,460	-	791,460
555,247	-	555,247
(323,000)	(222,153)	(545,153)
28,874	-	28,874
71,083	60,000	131,083
500,000	(500,000)	-
<u>7,356,222</u>	<u>(662,153)</u>	<u>6,694,069</u>
665,980	(176,175)	489,805
<u>56,859,551</u>	<u>23,294,449</u>	<u>80,154,000</u>
<u>\$ 57,525,531</u>	<u>\$ 23,118,274</u>	<u>\$ 80,643,805</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF VADNAIS HEIGHTS
VADNAIS HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

City of Vadnais Heights, Minnesota

Balance Sheet Governmental Funds December 31, 2022

	101	201	401	402
	General	Community Service	Public Works Reserve	Capital Improvements
Assets				
Cash and temporary investments	\$ 4,939,858	\$ 745,913	\$ 2,092,730	\$ 4,973,618
Receivables				
Accrued interest	48,740	-	-	-
Taxes	65,404	-	14,646	17,023
Accounts	53,898	24,354	-	-
Special assessments	12,490	-	1,028,981	-
Leases	1,602,891	-	-	-
Notes	-	-	400,000	-
Due from other governments	3,675	-	1,086,024	-
Inventory	14,451	-	-	-
Prepaid items	56,615	-	-	-
	<u>6,798,022</u>	<u>770,267</u>	<u>4,622,381</u>	<u>4,990,641</u>
Total Assets	\$ 6,798,022	\$ 770,267	\$ 4,622,381	\$ 4,990,641
Liabilities				
Accounts payable	\$ 238,089	\$ 16,175	\$ 128,547	\$ 67,695
Accrued salaries payable	204,008	-	-	-
Due to other governments	54,353	-	-	-
Deposits payable	385,557	-	-	-
Unearned revenue	46,789	595,799	-	-
Total Liabilities	928,796	611,974	128,547	67,695
Deferred Inflows of Resources				
Unavailable revenue - taxes	53,776	-	-	-
Unavailable revenue - special assessments	12,490	-	1,028,981	-
Unavailable revenue - intergovernmental	-	-	1,086,024	-
Deferred resources - leases	1,584,522	-	-	-
Total Deferred Inflows of Resources	1,650,788	-	2,115,005	-
Fund Balances				
Nonspendable	89,435	-	-	-
Restricted	-	141,540	-	-
Committed	-	16,753	-	-
Assigned	-	-	2,378,829	4,922,946
Unassigned	4,129,003	-	-	-
Total Fund Balances	4,218,438	158,293	2,378,829	4,922,946
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,798,022	\$ 770,267	\$ 4,622,381	\$ 4,990,641

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

Exhibit 3

461	Other	Total
TIF 1-16	Governmental	Governmental
	Funds	Funds
\$ 3,345,262	\$ 3,676,727	\$ 19,774,108
-	-	48,740
-	13,688	110,761
-	169,439	247,691
-	21,862	1,063,333
-	-	1,602,891
-	200,000	600,000
-	-	1,089,699
-	-	14,451
-	-	56,615
<u>\$ 3,345,262</u>	<u>\$ 4,081,716</u>	<u>\$ 24,608,289</u>
\$ -	\$ 40,449	\$ 490,955
-	-	204,008
-	775	55,128
-	-	385,557
-	200,000	842,588
<u>-</u>	<u>241,224</u>	<u>1,978,236</u>
-	-	53,776
-	-	1,041,471
-	-	1,086,024
-	-	1,584,522
<u>-</u>	<u>-</u>	<u>3,765,793</u>
-	-	89,435
3,345,262	2,932,740	6,419,542
-	19,696	36,449
-	888,056	8,189,831
-	-	4,129,003
<u>3,345,262</u>	<u>3,840,492</u>	<u>18,864,260</u>
<u>\$ 3,345,262</u>	<u>\$ 4,081,716</u>	<u>\$ 24,608,289</u>

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

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

Exhibit 4

Amounts reported for the governmental activities in the statement of net position are different because

Total Fund Balances - Governmental	\$ 18,864,260
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	68,834,827
Less accumulated depreciation	(26,398,686)
Long-term assets from pensions reported in governmental activities are not current financial resources and therefore are not reported as assets in the funds.	
Net pension asset	597,086
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	
Notes payable	(400,000)
Bond principle payable	(4,715,000)
Other postemployment benefits payable	(135,200)
Net pension liability	(3,092,749)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable in the funds.	
Special assessments receivable	1,041,471
Delinquent taxes receivable	53,776
Intergovernmental	1,086,024
Governmental funds do not report long-term amounts related to pensions and other postemployment benefits.	
Deferred outflows of pension resources	1,999,328
Deferred outflows of other postemployment benefit resources	39,040
Deferred inflows of pension resources	(120,716)
Deferred inflows of other postemployment benefit resources	(35,595)
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(92,335)</u>
Total Net Position - Governmental Activities	<u><u>\$ 57,525,531</u></u>

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

City of Vadnais Heights, Minnesota
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	101	201	401	402
	General	Community Service	Public Works Reserve	Capital Improvements
Revenues				
Taxes	\$ 4,671,562	\$ -	\$ 4,662	\$ 731,963
Special assessments	3,654	-	362,792	-
Licenses and permits	920,563	-	-	-
Intergovernmental	150,257	561,437	38,387	-
Charges for services	834,297	-	-	10,350
Fines and forfeitures	24,378	-	-	-
Interest (loss) on investments	(77,505)	(11,922)	(36,214)	(89,699)
Miscellaneous	364,932	61,113	-	-
Total Revenues	<u>6,892,138</u>	<u>610,628</u>	<u>369,627</u>	<u>652,614</u>
Expenditures				
Current				
General government	1,555,336	-	-	-
Public safety	2,974,397	-	-	-
Public works	1,300,154	-	-	-
Culture and recreation	904,470	145,538	-	-
Community development	431,277	-	-	-
Capital outlay				
General government	-	35,000	-	-
Public safety	-	26,124	-	7,246
Public works	-	332,833	184,534	582,866
Culture and recreation	-	54,200	-	-
Community development	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total Expenditures	<u>7,165,634</u>	<u>593,695</u>	<u>184,534</u>	<u>590,112</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(273,496)</u>	<u>16,933</u>	<u>185,093</u>	<u>62,502</u>
Other Financing Sources (Uses)				
Transfer in	500,000	-	-	-
Sale of capital assets	-	-	-	58,083
Total Other Financing Sources (Uses)	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>58,083</u>
Net Change in Fund Balances	226,504	16,933	185,093	120,585
Fund Balances, January 1	<u>3,991,934</u>	<u>141,360</u>	<u>2,193,736</u>	<u>4,802,361</u>
Fund Balances, December 31	<u>\$ 4,218,438</u>	<u>\$ 158,293</u>	<u>\$ 2,378,829</u>	<u>\$ 4,922,946</u>

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

Exhibit 5

461	Other	Total
TIF 1-16	Governmental	Governmental
	Funds	Funds
\$ -	\$ 1,148,185	\$ 6,556,372
-	-	366,446
-	-	920,563
-	37,908	787,989
-	159,486	1,004,133
-	-	24,378
(63,386)	(44,274)	(323,000)
-	46,939	472,984
<u>(63,386)</u>	<u>1,348,244</u>	<u>9,809,865</u>
-	-	1,555,336
-	20,371	2,994,768
-	24,767	1,324,921
-	30,089	1,080,097
-	-	431,277
-	-	35,000
-	30,980	64,350
-	599,999	1,700,232
-	190,873	245,073
-	38,095	38,095
-	330,000	330,000
-	173,807	173,807
<u>-</u>	<u>1,438,981</u>	<u>9,972,956</u>
<u>(63,386)</u>	<u>(90,737)</u>	<u>(163,091)</u>
-	-	500,000
-	-	58,083
<u>-</u>	<u>-</u>	<u>558,083</u>
(63,386)	(90,737)	394,992
<u>3,408,648</u>	<u>3,931,229</u>	<u>18,469,268</u>
<u>\$ 3,345,262</u>	<u>\$ 3,840,492</u>	<u>\$ 18,864,260</u>

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

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

Exhibit 6

Amounts reported for governmental activities in the statement of activities are different because

Total Net Change in Fund Balances - Governmental Funds	\$ 394,992
Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlays	2,127,666
Depreciation expense	(1,666,213)
Governmental funds report a gain (loss) on sale of capital assets to the extent of cash exchanged, whereas the disposition of the assets book value is included in the total gain (loss) in the statement of activities.	
Gain on trade-in of capital assets	13,000
Loss on trade-in of capital assets	(4,754)
Loss on sale of land held for resale	(641,650)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of 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 effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.	
Principal repayments	330,000
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	6,463
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Special assessments	(110,665)
Property taxes	(32,354)
Intergovernmental	431,240
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.	
Other postemployment benefits	(9,638)
Long-term pension activity is not reported in governmental funds.	
Pension expense	(194,482)
Direct aid contributions	22,375
Change in Net Position - Governmental Activities	<u>\$ 665,980</u>

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

City of Vadnais Heights, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended December 31, 2022

Exhibit 7

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 4,682,286	\$ 4,682,286	\$ 4,671,562	\$ (10,724)
Licenses and permits	672,000	672,000	920,563	248,563
Intergovernmental	172,400	172,400	150,257	(22,143)
Charges for services	914,500	914,500	834,297	(80,203)
Fines and forfeitures	26,000	26,000	24,378	(1,622)
Interest (loss) on investments	38,000	38,000	(77,505)	(115,505)
Special assessments	8,000	8,000	3,654	(4,346)
Miscellaneous	231,100	231,100	364,932	133,832
Total Revenues	<u>6,744,286</u>	<u>6,744,286</u>	<u>6,892,138</u>	<u>147,852</u>
Expenditures				
Current				
General government	1,712,319	1,712,319	1,555,336	156,983
Public safety	2,965,860	2,965,860	2,974,397	(8,537)
Public works	1,262,088	1,262,088	1,300,154	(38,066)
Culture and recreation	893,115	893,115	904,470	(11,355)
Community development	411,404	411,404	431,277	(19,873)
Total Expenditures	<u>7,244,786</u>	<u>7,244,786</u>	<u>7,165,634</u>	<u>79,152</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(500,500)</u>	<u>(500,500)</u>	<u>(273,496)</u>	<u>227,004</u>
Other Financing Sources (Uses)				
Transfer in	500,000	500,000	500,000	-
Sale of capital assets	500	500	-	(500)
Total Other Financing Sources (Uses)	<u>500,500</u>	<u>500,500</u>	<u>500,000</u>	<u>(500)</u>
Net Change in Fund Balances	-	-	226,504	226,504
Fund Balances, January 1	<u>3,991,934</u>	<u>3,991,934</u>	<u>3,991,934</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 3,991,934</u>	<u>\$ 3,991,934</u>	<u>\$ 4,218,438</u>	<u>\$ 226,504</u>

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

City of Vadnais Heights, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Community Service Fund
For the Year Ended December 31, 2022

Exhibit 8

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	\$ 55,000	\$ 55,000	\$ 561,437	\$ 506,437
Interest (loss) on investments	-	-	(11,922)	(11,922)
Miscellaneous	1,500	1,500	61,113	59,613
Total Revenues	<u>56,500</u>	<u>56,500</u>	<u>610,628</u>	<u>554,128</u>
Expenditures				
Current				
Culture and recreation	11,500	11,500	145,538	(134,038)
Capital outlay				
General government	-	-	35,000	(35,000)
Public safety	-	-	26,124	(26,124)
Public works	-	-	332,833	(332,833)
Culture and recreation	-	-	54,200	(54,200)
Total Expenditures	<u>11,500</u>	<u>11,500</u>	<u>593,695</u>	<u>(582,195)</u>
Net Change in Fund Balances	45,000	45,000	16,933	(28,067)
Fund Balances, January 1	<u>141,360</u>	<u>141,360</u>	<u>141,360</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 186,360</u>	<u>\$ 186,360</u>	<u>\$ 158,293</u>	<u>\$ (28,067)</u>

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

City of Vadnais Heights, Minnesota

Exhibit 9

Statement of Net Position

Proprietary Funds

December 31, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Fund
	601	603	604		
	Water Utility	Sewer Utility	Surface Water Management	Total	Compensated Absences
Assets					
Current Assets					
Cash and temporary investments	\$ 7,525,877	\$ 2,329,582	\$ 1,664,802	\$ 11,520,261	\$ 365,497
Receivables					
Accounts	337,088	504,691	116,166	957,945	-
Special assessments	167,034	-	-	167,034	-
Prepaid items	-	97,212	-	97,212	-
Total Current Assets	8,029,999	2,931,485	1,780,968	12,742,452	365,497
Noncurrent Assets					
Capital Assets					
Land	10,000	-	593	10,593	-
Buildings	242,867	200,000	37,000	479,867	-
Improvements	11,976,492	5,592,785	5,381,314	22,950,591	-
Machinery and equipment	485,494	1,838,099	292,934	2,616,527	-
Construction in progress	300,000	426,223	119,131	845,354	-
Less accumulated depreciation	(8,560,983)	(4,288,591)	(2,918,597)	(15,768,171)	-
Total Noncurrent Assets	4,453,870	3,768,516	2,912,375	11,134,761	-
Total Assets	12,483,869	6,700,001	4,693,343	23,877,213	365,497
Deferred Outflows of Resources					
Deferred pension resources	48,361	52,606	34,512	135,479	-
Deferred other postemployment benefit resources	3,124	3,130	3,130	9,384	-
Total Deferred Outflows of Resources	51,485	55,736	37,642	144,863	-
Liabilities					
Current Liabilities					
Accounts payable	38,146	409,049	3,934	451,129	-
Accrued salaries payable	7,332	6,726	5,534	19,592	-
Due to other governments	15,770	-	-	15,770	-
Compensated absences payable - current	-	-	-	-	365,497
Unearned revenue	-	14,105	-	14,105	-
Total Current Liabilities	61,248	429,880	9,468	500,596	365,497
Noncurrent Liabilities					
Other postemployment benefits payable	10,819	10,840	10,840	32,499	-
Net pension liability	123,470	144,915	90,935	359,320	-
Total Noncurrent Liabilities	134,289	155,755	101,775	391,819	-
Total Liabilities	195,537	585,635	111,243	892,415	365,497
Deferred Inflows of Resources					
Deferred pension resources	1,614	2,779	(1,562)	2,831	-
Deferred other postemployment benefit resources	2,848	2,854	2,854	8,556	-
Total Deferred Inflows of Resources	4,462	5,633	1,292	11,387	-
Net Position					
Investment in capital assets	4,453,870	3,768,516	2,912,375	11,134,761	-
Unrestricted	7,881,485	2,395,953	1,706,075	11,983,513	-
Total Net Position	\$ 12,335,355	\$ 6,164,469	\$ 4,618,450	\$ 23,118,274	\$ -

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

City of Vadnais Heights, Minnesota
Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2022

Exhibit 10

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	601	603	604		
	Water Utility	Sewer Utility	Surface Water Management	Total	Compensated Absences
Operating Revenues					
Charges for service	\$ 1,698,668	\$ 2,062,549	\$ 484,114	\$ 4,245,331	\$ 60,908
Operating Expenses					
Personnel services	206,472	200,811	153,828	561,111	60,908
Supplies	170,943	2,519	507	173,969	-
Repair and maintenance	91,618	19,460	76,280	187,358	-
Fees	68,732	-	24,899	93,631	-
Contracted services	108,742	3,100	34,430	146,272	-
Utilities	92,885	2,445	-	95,330	-
Administrative and general	184,928	252,569	149,455	586,952	-
Sewer charges	-	1,252,064	-	1,252,064	-
Depreciation	313,893	268,832	113,346	696,071	-
Total Operating Expenses	1,238,213	2,001,800	552,745	3,792,758	60,908
Operating Income (Loss)	460,455	60,749	(68,631)	452,573	-
Nonoperating Revenues (Expenses)					
Other income	4,230	3,788	25,387	33,405	-
Gain on sale of capital assets	-	-	60,000	60,000	-
Interest (loss) on investments	(139,602)	(47,970)	(34,581)	(222,153)	-
Total Nonoperating Revenues (Expenses)	(135,372)	(44,182)	50,806	(128,748)	-
Income (Loss) Before Transfers	325,083	16,567	(17,825)	323,825	-
Transfers Out	(150,000)	(300,000)	(50,000)	(500,000)	-
Change in Net Position	175,083	(283,433)	(67,825)	(176,175)	-
Net Position, January 1	12,160,272	6,447,902	4,686,275	23,294,449	-
Net Position, December 31	\$ 12,335,355	\$ 6,164,469	\$ 4,618,450	\$ 23,118,274	\$ -

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

City of Vadnais Heights, Minnesota

Exhibit 11

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	601	603	604		
	Water Utility	Sewer Utility	Surface Water Management	Total	Compensated Absences
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 1,647,239	\$ 2,013,939	\$ 502,831	\$ 4,164,009	\$ -
Receipts for interfund services provided	-	-	-	-	60,908
Payments to suppliers	(718,475)	(1,498,091)	(281,097)	(2,497,663)	-
Payments to employees	(202,677)	(200,675)	(148,294)	(551,646)	-
Net Cash Provided by Operating Activities	726,087	315,173	73,440	1,114,700	60,908
Cash Flows from Noncapital Financing Activities					
Transfers to other funds	(150,000)	(300,000)	(50,000)	(500,000)	-
Cash Flows from Capital Financing Activities					
Acquisition of capital assets	(391,417)	(433,018)	(292,299)	(1,116,734)	-
Gain on sale of capital assets	-	-	60,000	60,000	-
Net Cash Provided by Capital Financing Activities	(391,417)	(433,018)	(232,299)	(1,056,734)	-
Cash Flows from Investing Activities					
Interest received (paid) on investments	(139,602)	(47,970)	(34,581)	(222,153)	-
Net Increase (Decrease) in Cash and Cash Equivalents	45,068	(465,815)	(243,440)	(664,187)	60,908
Cash and Cash Equivalents, January 1	7,480,809	2,795,397	1,908,242	12,184,448	304,589
Cash and Cash Equivalents, December 31	\$ 7,525,877	\$ 2,329,582	\$ 1,664,802	\$ 11,520,261	\$ 365,497
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income (loss)	\$ 460,455	\$ 60,749	\$ (68,631)	\$ 452,573	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Other income related to operations	4,230	3,788	25,387	33,405	-
Depreciation	313,893	268,832	113,346	696,071	-
(Increase) decrease in assets/deferred outflows of resources					
Accounts receivable	(37,918)	(52,398)	(6,670)	(96,986)	-
Special assessments receivable	(17,741)	-	-	(17,741)	-
Prepaid items	17,126	1,863	-	18,989	-
Deferred pension resources	14,081	16,297	13,683	44,061	-
Deferred other postemployment benefit resources	2,184	1,955	(1,514)	2,625	-
Increase (decrease) in liabilities/deferred inflows of resources					
Accounts payable	(28,240)	29,241	(211)	790	-
Accrued salaries payable	7,332	6,726	5,534	19,592	-
Due to other governments	7,797	(615)	-	7,182	-
Compensated absences payable	-	-	-	-	60,908
Unearned revenue	-	(1,081)	-	(1,081)	-
Other postemployment benefits payable	(8,134)	(7,314)	5,070	(10,378)	-
Net pension liability	56,007	58,693	42,517	157,217	-
Deferred pension resources	(67,675)	(74,266)	(57,877)	(199,818)	-
Deferred other postemployment benefit resources	2,690	2,703	2,806	8,199	-
Net Cash Provided by Operating Activities	\$ 726,087	\$ 315,173	\$ 73,440	\$ 1,114,700	\$ 60,908
Noncash Capital and Related Financing Activities					
Capital assets purchases on account	\$ -	\$ 369,575	\$ -	\$ 369,575	\$ -

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

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City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Vadnais Heights, Minnesota (the City), operates under "Optional Plan A" as defined in the State of Minnesota (the State) statutes. The City is governed by an elected Mayor and four-member City Council. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The City has the following component unit:

Blended Component Unit. The EDA was created pursuant to Minnesota statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment within the City in accordance with policies established by the City Council. The seven member board consists of the City Council and two other City Council appointed members. Because the EDA may not exercise any of the powers enumerated by the authorizing statutes without prior approval of the City Council and because management of the City has operational responsibility for the EDA, it is reported as a blended component unit in the financial statements.

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 nonfiduciary activities of the City 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 segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current 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, other postemployment benefits, and claims and judgments, are recorded only when payment is due.

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

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

The City reports the following major governmental funds:

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

Community Service fund - The purpose of this fund is to account for targeted donations and grants and the spending of these revenues.

Public Works Reserve fund - The purpose of this fund is to account for certain capital projects such as streets, curb and gutter, storm sewer and sidewalks.

Capital Improvements fund - The purpose of this fund is to accumulate resources that will fund future capital projects.

Tax Increment Financing District 1-16 fund - The purpose of this fund is to account for public improvements that are allowable under pooled tax increment funding laws in the state.

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major proprietary funds:

The *Water Utility fund* accounts for costs associated with the City's water system and ensure that user charges are sufficient to pay for those costs.

The *Sewer Utility fund* accounts for the costs associated with the City's sewer system and ensure that user charges are sufficient to pay for those costs.

The *Surface Water Management fund* accounts for the costs associated with the City's storm water system, which are financed by the storm water surcharge and ensure that user charges are sufficient to pay for those costs.

Additionally, the City reports the following fund type:

The *Internal Service fund* accounts for the funding of compensated absences provided by one department of the City to other departments on a cost reimbursement basis. The activity of the Internal Service fund is accounted for using the accrual basis of accounting.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City 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. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statement of cash flows

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

The City may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity date not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

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

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

- US Treasury securities and bonds of \$16,490,052 are valued using quoted market prices (Level 1 inputs)
- Negotiable Certificates of Deposits of \$4,979,547 are valued using a matrix pricing model (Level 2 inputs)

The Minnesota Municipal Money Market Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the City's investment in this pool is valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Financial statements of the 4M Fund can be obtained by contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Property Taxes

The City Council annually adopts a tax levy in December and certifies it to the County for collection in the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Auditor and tax settlements are made to the City during January, June and November each year.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for delinquent taxes not received within 60 days after year end in the fund financial statements.

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2022. The City annually certifies delinquent surface water, water and sewer accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental fund special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

Lease Receivable

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Land Held for Resale

The City acquires properties for redevelopment purposes. These properties are reported at their net realizable value in the financial statements. Any costs incurred that are above a property's net realizable value are reported as expenditures of the current period.

Inventory and Prepaid Items

All inventories are valued at cost. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items of the City are accounted for using the consumption method.

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) 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.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

Property, plant and equipment will be depreciated in the proprietary funds and government wide statements of the City using the straight-line method over the following estimated useful lives:

Assets	Useful Lives in Years
Buildings	40
Machinery and Equipment	3 to 50
Infrastructure	40 to 50
Improvements Other Than Buildings	10 to 50

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items which qualify for reporting in this category. Accordingly, the items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position. These items result from actuarial calculations and current year pension contributions and OPEB contributions made subsequent to the measurement dates.

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

Subject to certain limitations, it is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is recorded for unpaid accumulated sick leave that is not vested. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The Internal Service fund is used to liquidate the liability for all compensated absences.

Postemployment Benefits Other Than Pensions

Under Minnesota statute 471.61, subdivision 2b, public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees are able to add dependent coverage during open enrollment period or qualifying life event prior to retirement. All premiums are funded on a pay-as-you-go basis. The liability was determined, in accordance with GASB Statement No. 75, at January 1, 2022. The General fund is typically used to liquidate the liability for postemployment benefits other than pensions.

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. The recognition of bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

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

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

The total pension expense for the General Employee Plan (GERP), Police and Fire Plan (PEPFP) and Vadnais Heights Fire Relief Association is as follows:

	Public Employees Retirement Association of Minnesota (PERA)		Fire Relief Association	Total All Plans
	GERP	PEPFP		
Pension Expense	\$ 278,304	\$ 150,039	\$ 102,647	\$ 530,990

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

For purposes of measuring the net pension liability (asset) and deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plan administered by the Vadnais Heights Firefighter's Relief Association and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. Investments are reported at fair value.

Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City also recognizes a deferred lease receivable, which is reported under both the modified accrual and full accrual basis. The government has two additional types of items, which arise under the full accrual and modified accrual bases of accounting that qualify as needing to be reported in this category. Accordingly, the items include unavailable revenue, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: taxes, special assessments and intergovernmental. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Furthermore, the City has additional items which qualify for reporting in this category on the statement of net position. The items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position and results from actuarial calculations involving net differences between projected and actual earnings on plan investments and changes in proportions.

Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items, inventory and notes receivable.

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

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council, which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the Finance Committee.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned fund balance of 35 - 60 percent of the next year's budgeted expenditures for cash-flow timing needs.

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position balances are displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consists of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets".

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

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General fund and the Community Service fund. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

Before August of each year, all departments of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Before September 30, the proposed budget is presented to the City Council for review. The City Council adopts a preliminary budget and maximum tax levy. Truth-in-taxation notices are mailed out to residents by Ramsey County and the City Council holds public hearings and adopts a budget and tax levy in December.

The appropriated budget is prepared by fund, function and department. The City's Administrator may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level. There were no amendments made to the 2022 budget.

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 2: Stewardship, Compliance and Accountability (Continued)

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2022, expenditures exceeded appropriations in the following funds and departments:

<u>Department</u>	<u>Excess of Expenditures Over Appropriations</u>
General fund	
General Government	
Finance	\$ 2,353
Public Safety	
Police protection	25,938
Public Works	
Street maintenance	9,479
Central garage facility	15,485
Engineering	13,102
Culture and Recreation	
Parks and recreation	11,355
Community Development	19,873
Community Service fund	
General Government	35,000
Public Safety	26,124
Public Works	332,833
Culture and recreation	188,238

These excess expenditures were funded by greater than anticipated revenues.

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the City Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, which the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which are rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which are rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the City.

At year end, the City's carrying amount of deposits was \$3,584,465 and the bank balance was also \$3,602,588. Of the bank balance, \$500,000 was covered by federal depository insurance. The remaining balance was covered by collateral held by the pledging financial institution's trust department in the City's name.

Investments

At year end, the City's investment balances were as follows:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using	
				Level 1	Level 2
Pooled Investments at Amortized Costs					
4M Fund	N/A	less than 1 year	\$ 6,605,352		
Non-pooled Investments at Fair Value					
Negotiable Certificates of Deposit	N/A	less than 1 year	3,408,715	\$ -	\$ 3,408,715
Negotiable Certificates of Deposit	N/A	1 to 5 years	1,570,832	-	1,570,832
Government Agency Securities	AA+	1 to 5 years	5,320,650	5,320,650	-
Municipal Bond	AA+	less than 1 year	4,067,593	4,067,593	-
Municipal Bond	AA+	1 to 5 years	6,702,101	6,702,101	-
Treasury Note	AA+	less than 1 year	399,708	399,708	-
Total Investments			<u>\$ 28,074,951</u>	<u>\$ 16,490,052</u>	<u>\$ 4,979,547</u>

(1) Ratings are provided by Standard & Poor's agency where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

The investments of the City are subject to the following risks:

- *Credit Risk.* The credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list on page 62 of the notes.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City typically limits its exposure by purchasing insured or registered investments. The City's investment policy requires the City to structure all investments, deposits and repurchase agreements so that the custodial risk is at all times in accordance with applicable accounting standards and Minnesota statutes..
- *Concentration of Credit Risk.* The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy requires diversification of securities to eliminate the risk of loss resulting from overconcentration of assets in a specific maturity, a specific issuer, or a specific class of securities.
- *Interest Rate Risk.* The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy seeks to reduce the City's exposure to interest rate risk by diversifying securities in short, intermediate, and long-term maturities.

Cash and Investments Summary

A reconciliation of cash and investments as shown on the statement of net position for the City follows:

Carrying Amount of Deposits	\$ 3,584,465
Investments	28,074,951
Cash on Hand	<u>450</u>
Total Cash and Temporary Investments - Statement of Net Position	<u><u>\$ 31,659,866</u></u>

B. Notes Receivable

A note receivable is recorded in the Public Works Reserve capital projects fund. The note is secured by a mortgage.

A note receivable is also recorded in the TIF 1-12 fund. The note will be paid to the City in annual installments.

Willow Ridge Apartments, Limited Partnership received \$400,000 from the City, at no interest due December 31, 2037.	\$ 400,000
Rumblestrip Holdings, LLC agreed to pay to \$200,000 to the City for the purchase of certain real property.	<u>200,000</u>
Total notes receivable	<u><u>\$ 600,000</u></u>

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

C. Lease Receivable

The City leases various tower sites to companies. These agreements contain various renewal and extension options. The latest maturity date is projected to be in 2047.

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

Description	Issue Date	Discount Rate		Current Year Inflow of Resources	Balance at Year End
T-Mobile Antenna Lease - International Drive (1)	6/19/2007	1.82 %	\$	36,019	\$ 360,653
T-Mobile Antenna Lease - International Drive (2)	10/8/1996	0.44 %		31,401	32,201
New Cingular (AT&T) Antenna Lease - International Dr	1/1/2007	1.80 %		30,418	902,910
New Cingular (AT&T) Antenna Lease - Commerce Cou	5/19/2017	1.80 %		31,685	272,848
Lumen Technologies (Century Link) Site Lease	11/7/1984	1.30 %		5,578	34,279
Total leases receivable					<u>\$ 1,602,891</u>

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land and land improvements	\$ 9,492,878	\$ -	\$ -	\$ 9,492,878
Construction in progress	248,750	1,568,246	(395,705)	1,421,291
Total Capital Assets not Being Depreciated	<u>9,741,628</u>	<u>1,568,246</u>	<u>(395,705)</u>	<u>10,914,169</u>
Capital Assets Being Depreciated				
Buildings	16,757,365	55,997	-	16,813,362
Infrastructure	34,545,290	135,165	-	34,680,455
Machinery and equipment	5,925,677	776,963	(275,799)	6,426,841
Total Capital Assets Being Depreciated	<u>57,228,332</u>	<u>968,125</u>	<u>(275,799)</u>	<u>57,920,658</u>
Less Accumulated Depreciation for				
Buildings	(5,929,844)	(490,036)	-	(6,419,880)
Infrastructure	(14,220,796)	(901,608)	-	(15,122,404)
Machinery and equipment	(4,852,878)	(274,569)	271,045	(4,856,402)
Total Accumulated Depreciation	<u>(25,003,518)</u>	<u>(1,666,213)</u>	<u>271,045</u>	<u>(26,398,686)</u>
Total Capital Assets Being Depreciated, Net	<u>32,224,814</u>	<u>(698,088)</u>	<u>(4,754)</u>	<u>31,521,972</u>
Governmental Activities Capital Assets, Net	<u>\$ 41,966,442</u>	<u>\$ 870,158</u>	<u>\$ (400,459)</u>	<u>\$ 42,436,141</u>

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

Governmental Activities	
General government	\$ 122,823
Public safety	179,376
Public works	1,132,258
Culture and recreation	<u>231,756</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,666,213</u>

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	\$ 10,593	\$ -	\$ -	\$ 10,593
Construction in progress	845,394	784,724	(784,764)	845,354
Total Capital Assets not Being Depreciated	<u>855,987</u>	<u>784,724</u>	<u>(784,764)</u>	<u>855,947</u>
Capital Assets Being Depreciated				
Buildings	434,717	45,150	-	479,867
Improvements	21,796,253	1,154,338	-	22,950,591
Machinery and equipment	2,431,565	184,962	-	2,616,527
Total Capital Assets Being Depreciated	<u>24,662,535</u>	<u>1,384,450</u>	<u>-</u>	<u>26,046,985</u>
Less Accumulated Depreciation for				
Buildings	(138,312)	(10,977)	-	(149,289)
Improvements other than buildings	(14,243,776)	(519,469)	-	(14,763,245)
Machinery and equipment	(690,012)	(165,625)	-	(855,637)
Total Accumulated Depreciation	<u>(15,072,100)</u>	<u>(696,071)</u>	<u>-</u>	<u>(15,768,171)</u>
Total Capital Assets Being Depreciated, Net	<u>9,590,435</u>	<u>688,379</u>	<u>-</u>	<u>10,278,814</u>
Business-type Activities Capital Assets, Net	<u>\$ 10,446,422</u>	<u>\$ 1,473,103</u>	<u>\$ (784,764)</u>	<u>\$ 11,134,761</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-type Activities	
Water utility	\$ 313,893
Sewer utility	268,832
Surface water management	<u>113,346</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 696,071</u>

Construction Commitments

At year end the City's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
2022 Street Project	\$ 1,286,207	\$ 521,809

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

E. Interfund Transfers

Interfund Transfers

The composition of interfund transfers as of December 31, 2022 is as follows:

Fund	Transfers In General
Transfers Out	
Water Utility	\$ 150,000
Sewer Utility	300,000
Surface Water Management	50,000
Total	<u>\$ 500,000</u>

During the year ended December 31, 2022 the City made the following transfers:

- The Water Utility, Sewer Utility and Surface Water Management funds transferred a total of \$500,000 to the General fund as budgeted.

F. Long-term Debt

General Obligation Taxable Bonds

The City issues general obligation bonds to provide funds for the acquisition and redevelopment of property, construction of streets and utilities, financing acquisition of capital equipment, and the construction of major capital facilities.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Capital Improvement Plan Refunding Bonds Series 2020A	\$ 5,380,000	2.35 %	03/04/20	02/01/34	<u>\$ 4,715,000</u>

Annual debt service requirements for general obligation taxable bonds outstanding at December 31, 2022 are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 338,000	\$ 110,803	\$ 448,803
2024	349,000	102,860	451,860
2025	361,000	94,658	455,658
2026	367,000	86,175	453,175
2027	382,000	77,550	459,550
2028 - 2032	2,048,000	248,795	2,296,795
2033 - 2034	870,000	30,854	900,854
Total	<u>\$ 4,715,000</u>	<u>\$ 751,695</u>	<u>\$ 5,466,695</u>

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

Notes Payable

During 2007, the City entered into a \$400,000 zero percent interest note payable due to Metropolitan Council under the Livable Communities grant. The proceeds were used to provide funding to the Willow Ridge Apartments, Limited Partnership. The note is due with a lump sum payment in 2037. If the proceeds of the note are used under the term of the grant, the note will become forgivable. The note payable is offset by a note receivable from Willow Ridge Apartments referenced in note 3B.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Notes Payable					
Metropolitan Council	\$ 400,000	- %	05/08/07	12/31/37	<u>\$ 400,000</u>

Changes in Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Taxable general obligation bonds	\$ 5,045,000	\$ -	\$ (330,000)	\$ 4,715,000	\$ 338,000
Notes Payable	400,000	-	-	400,000	-
Compensated Absences Payable	<u>304,589</u>	<u>273,539</u>	<u>(212,631)</u>	<u>365,497</u>	<u>365,497</u>
Governmental Activity Long-term Liabilities	<u>\$ 5,749,589</u>	<u>\$ 273,539</u>	<u>\$ (542,631)</u>	<u>\$ 5,480,497</u>	<u>\$ 703,497</u>

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

G. Components of Fund Balance

At December 31, 2022, portions of the City's fund balance are not available for appropriation due to not being in spendable form (nonspendable), legal restrictions (restricted), City Council action (committed), policy and/or intent (assigned). The following is a summary of the components of fund balance:

	General	Community Service	Public Works Reserve	Capital Improvements	TIF 1-16	Other Governmental Funds	Total
Nonspendable							
Inventory	\$ 14,451	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,451
Lease receivable	18,369	-	-	-	-	-	18,369
Prepaid items	56,615	-	-	-	-	-	56,615
Total Nonspendable	\$ 89,435	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,435
Restricted							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 560,996	\$ 560,996
Charitable gambling	-	-	-	-	-	243,370	243,370
Solid waste	-	-	-	-	-	64,512	64,512
Parks	-	-	-	-	-	179,358	179,358
Community development	-	141,540	-	-	3,345,262	1,884,504	5,371,306
Total Restricted	\$ -	\$ 141,540	\$ -	\$ -	\$ 3,345,262	\$ 2,932,740	\$ 6,419,542
Committed							
Community service	\$ -	\$ 16,753	\$ -	\$ -	\$ -	\$ -	\$ 16,753
Heritage Days	-	-	-	-	-	19,696	19,696
Total Committed	\$ -	\$ 16,753	\$ -	\$ -	\$ -	\$ 19,696	\$ 36,449
Assigned							
Public works reserve	\$ -	\$ -	\$ 2,378,829	\$ 4,922,946	\$ -	\$ 352,004	\$ 7,653,779
Fire vehicle and equipment	-	-	-	-	-	536,052	536,052
Total Assigned	\$ -	\$ -	\$ 2,378,829	\$ 4,922,946	\$ -	\$ 888,056	\$ 8,189,831
Unassigned	\$ 4,129,003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,129,003

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 4: Defined Benefit Pension Plans - Statewide

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.

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

The Police and Fire Plan, 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 Police and Fire Plan also covers police officers and firefighters belonging to a local relief association 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.

General Employee Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for 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. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. 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.

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014 vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3.0 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

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

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2022 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2022, 2021 and 2020 were \$158,392, \$138,533 and \$133,097, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the years ending December 31, 2022, 2021 and 2020 were \$76,301, \$64,279 and \$55,980, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2022, the City reported a liability of \$2,011,688 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$58,876. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's 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, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0254 percent which was an increase of 0.0002 percent from its proportion measured as of June 30, 2021.

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

City's Proportionate Share of the Net Pension Liability	\$ 2,011,688
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>58,876</u>
Total	<u><u>\$ 2,070,564</u></u>

For the year ended December 31, 2022, the City recognized pension expense of \$137,814 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$8,797 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2022, the City reported its proportionate share of the General Employees Plan'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	\$ 16,803	\$ 21,192
Changes in Actuarial Assumptions	451,805	7,570
Net Difference Between Projected and Actual Earnings on Plan Investments	35,219	-
Changes in Proportion	39,058	-
Contributions Paid to PERA Subsequent to the Measurement Date	<u>83,630</u>	<u>-</u>
Total	<u><u>\$ 626,515</u></u>	<u><u>\$ 28,762</u></u>

The \$83,630 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$ 210,884
2024	183,403
2025	(62,091)
2026	181,927

Police and Fire Fund Pension Costs

At December 31, 2022, the City reported a liability of \$1,440,381 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0331 percent which was an increase of 0.0078 from its proportionate share measured as of June 30, 2021.

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2021. 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 supplemental 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.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2022, the City recognized negative pension expense of \$137,814 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$12,225 as pension expense (grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

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 \$2,979 for the year ended December 31, 2022 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2022, the City reported its proportionate share of Police and Fire Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 80,490	.
Changes in Actuarial Assumptions	777,094	7,828
Net Difference Between Projected and Actual Earnings on Plan Investments	109,014	-
Changes in Proportion	41,362	35,501
Contributions Paid to PERA Subsequent to the Measurement Date	39,489	-
Total	<u>\$ 1,047,449</u>	<u>\$ 43,329</u>

The \$39,489 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$ 192,062
2024	190,839
2025	174,332
2026	287,555
2027	119,843

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

D. Long-Term Expected Return on Investment

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	<u>25.0</u>	5.90
Total	<u><u>100.00 %</u></u>	

E. Actuarial Assumptions

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

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1 percent per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan is based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

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

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

Police and Fire Fund

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50 percent to 5.40 percent.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

F. Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at 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.

In the Police and Fire Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in fiscal year ended June 30, 2061 for the Police and Fire Fund, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69 percent (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40 percent for the Police and Fire Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5 percent applied to all years of projected benefits through the point of asset depletion and 3.69 percent thereafter.

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

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 one percentage point lower or one percentage point higher than the current discount rate:

	City Proportionate Share of NPL		
	1 Percent		1 Percent
	Decrease (5.50%)	Current (6.50%)	Increase (7.50%)
General Employees Fund	\$ 3,117,567	\$ 2,011,688	\$ 1,055,488

	City Proportionate Share of NPL		
	1 Percent		1 Percent
	Decrease (4.40%)	Current (5.40%)	Increase (6.40%)
Police and Fire Fund	\$ 2,179,832	\$ 1,440,381	\$ 842,579

H. Pension Plan Fiduciary Net Position

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

Note 5: Defined Benefit Pension Plans - Fire Relief Association

A. Plan Description

All members of the Vadnais Heights Fire Department (the Department) participates in the Statewide Volunteer Firefighter Retirement Plan (Volunteer Firefighter Plan accounted for in the Volunteer Firefighter Fund), an agent multiple-employer lump-sum [or monthly] defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Volunteer Firefighter Plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2022, the plan covered 38 active firefighters and 18 vested terminated firefighters whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota statutes, chapter 353g.

The Association maintains a separate Special fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (chapter 261 as amended by chapter 509 of Minnesota statutes 1980). Funds are also derived from investment income.

B. Benefits Provided

The Volunteer Firefighter Plan provides retirement, death, and supplemental benefits to covered firefighters and survivors. Benefits are paid based on the number of years of service multiplied by a benefit level approved by the City. Members are eligible for a lump-sum retirement benefit at 50 years of age with five years of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40 percent through 20 years at 100 percent.

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 5: Defined Benefit Pension Plans - Fire Relief Association (Continued)

C. Contributions

The Volunteer Firefighter Plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions. The State of Minnesota contributed \$98,730 in fire state aid to the fund for the year ended December 31, 2022. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the Volunteer Firefighter Fund for the year ended December 31, 2022 were \$98,730. The City's contributions were equal to the required contributions as set by state statute, if applicable. The City made no voluntary contributions to the plan.

D. Pension Costs

At December 31, 2022, the City reported a net pension liability (asset) of (\$597,086) for the plan. The net pension liability (asset) was measured as of December 31, 2022. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the Department. The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2021	\$ 1,153,349	\$ 2,160,216	\$ (1,006,867)
Changes for the Year			
Service cost	112,951	-	112,951
Interest on pension liability (asset)	75,978	-	75,978
Actuarial experience (gains)/losses	(64,321)	-	(64,321)
Projected investment return	-	129,613	(129,613)
Nonemployer contributions	-	100,730	(100,730)
(Gain)/loss	-	(452,641)	452,641
Benefit payments	61,122	-	61,122
Administrative expenses	-	(1,753)	1,753
Total Net Changes	185,730	(224,051)	409,781
Ending Balance December 31, 2022	\$ 1,339,079	\$ 1,936,165	\$ (597,086)

For the year ended December 31, 2022, the City recognized negative pension expense of (\$3,918).

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 5: Defined Benefit Pension Plans - Fire Relief Association (Continued)

At December 31, 2022, the City reported its deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ -	\$ 51,456
Net Difference Between Projected and Actual Earnings on Plan Investments	362,113	-
Contributions to Plan Subsequent to the Measurement Date	98,730	-
Total	<u>\$ 460,843</u>	<u>\$ 51,456</u>

Deferred outflows of resources totaling \$98,730 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2023	\$ 77,664
2024	77,664
2025	77,664
2026	77,665

E. Actuarial Assumptions

The total pension liability at December 31, 2022 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement Eligibility at the later of Age 50 or 20 years of service	
Inflation Rate	2.00%
Investment Rate of Return	6.00%

There were no changes in actuarial assumptions in 2022.

F. Discount Rate

The discount rate used to measure the total pension liability was 6.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 5: Defined Benefit Pension Plans - Fire Relief Association (Continued)

G. Pension Liability Sensitivity

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

	1 Percent Decrease (5.00%)	Current (6.00%)	1 Percent Increase (7.00%)
Defined Benefit Plan	\$ (526,179)	\$ (597,086)	\$ (664,326)

H. Investment Policy

The Minnesota State Board of Investment (SBI) is established by Article XI of the Minnesota Constitution to invest all state funds. Its membership as specified in the Constitution is comprised of the governor (who is designated as chair of the board), state auditor, secretary of state and state attorney general.

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in Minnesota statutes, chapter 11a and chapter 353g.

Within the requirements defined by state law, the SBI, with assistance of the SBI staff and the Investment Advisory Council, establishes investment policy for all funds under its control. These investments policies are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure and specific performance standards. Studies guide the on-going management of the funds and are updated periodically.

I. Asset Allocation

To match the long-term nature of the pension obligations, the SBI maintains a strategic asset allocation for the Volunteer Firefighter Plan that includes allocations to domestic equity, international equity, bonds and cash equivalents. The long-term target asset allocation and long-term expected real rate of return is the following:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	35.00 %	5.10 %
International Stocks	15.00	5.30
Bonds	45.00	0.75
Cash	5.00	-
Total	<u>100.00 %</u>	

The 6.0 percent long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations from a number of investment management and consulting organizations. The asset class estimates and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

The SBI made no significant changes to their investment policy during fiscal year 2022 for the Volunteer Firefighter Fund.

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 5: Defined Benefit Pension Plans - Fire Relief Association (Continued)

J. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report. The report may be obtained by writing to the Vadnais Heights Fire Department Relief Association, 3595 Arcade Street, Vadnais Heights, MN 55127

Note 6: Postemployment Benefits Other Than Pensions

A. Plan Description

The City administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides healthcare insurance for eligible retirees and their spouses through the City's group health insurance plan until Medicare age, which covers both active and retired members. There are 29 active participants and 3 retired participants. Benefit provisions are established through negotiations between the City and the union representing City employees and are renegotiated each three-year bargaining period. The retiree-related provisions of this benefit plan are mandated by the state of Minnesota. The Retiree Health Plan does not issue a publicly available financial report.

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	3
Active Plan Members	29
Total Plan Members	32

B. Funding Policy

All retirees of the City have the option under state law to continue their medical insurance coverage through the City from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of all employee groups, the retiree must pay the full premium to continue coverage for medical insurance. The City is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees. Consequently, participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy." This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the City's younger and statistically healthier active employees.

Contribution requirements are set by the City annually on a pay-as-you-go basis. The City contributes none of the cost of current year premiums for eligible retired plan members and their dependents except for the implicit rate subsidy described above. For the year 2022, the City's average contribution rate was 10.35 percent of covered-employee payroll. For the year ended 2022 the City directly contributed \$0 to the plan, while implicit contributions totaled \$20,755.

C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$167,699 was measured as of January 1, 2022, and was determined by an actuarial valuation as of January 1, 2022.

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 6: Postemployment Benefits Other Than Pensions

The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.00%
20-Year Municipal Bond Yield	2.00%
Inflation Rate	2.00%
Salary Increases	3% - 11.75%
Medical Trend Rate	6.5% in 2022 decreasing to 5.00% then 4.00%

The discount rate used to measure the total OPEB liability was 2.0 percent. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate.

Mortality rates were based on the RP-2019 White Collar Mortality Tables with MP-2021 Generational Improvement Scale.

The actuarial assumptions used in the January 1, 2022 valuation were based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

D. Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balances at December 31, 2021	<u>\$ 210,559</u>
Changes for the Year:	
Service Costs	21,465
Interest Costs	6,359
Difference in Actual/Expected	(51,577)
Benefit Payments	(25,659)
Plan Changes	6,552
Net Changes	<u>(42,860)</u>
Balances at December 31, 2022	<u><u>\$ 167,699</u></u>

Since the prior measurement date, there were no changes to assumptions or benefits.

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 6: Postemployment Benefits Other Than Pensions (Continued)

E. Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.0 percent) or 1-percentage-point higher (3.0 percent) than the current discount rate:

1 Percent Decrease (1%)	Current (2%)	1 Percent Increase (3%)
\$ 176,233	\$ 167,699	\$ 159,551

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 Healthcare Cost Trend Rates that is 1-percentage point lower (6.5 percent decreasing to 5.5 percent) or 1-percentage-point higher (6.5 percent increasing to 7.5 percent) than the current cost trend rate:

1 Percent Decrease (6.5% Decreasing to 5.5%)	Healthcare Cost Trend Rates (6.5%)	1 Percent Increase (6.5% Increasing to 7.5%)
\$ 153,539	\$ 167,699	\$ 184,678

For the year ended December 31, 2022, the City recognized OPEB expense of \$42,860. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ 6,783	\$ 1,171
Liability (Gain) / Losses	20,886	42,980
Contributions to OPEB Subsequent to the Measurement Date	20,755	-
Total	<u>\$ 48,424</u>	<u>\$ 44,151</u>

Deferred outflows of resources totaling \$20,755 related to pensions resulting from the City's contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2023	\$ (3,013)
2024	(3,016)
2025	7,505
2026	7,505
2027	7,501

City of Vadnais Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 7: Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT), which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs).

The City is a defendant in various lawsuits. The outcome of these lawsuits is not presently determinable but no material adjustments to the financial statements are anticipated.

B. Legal Debt Margin

The City's statutory debt limit is equal to 3 percent of the estimated taxable market value of the property located within the City. The taxable market value totals \$1,943,868,500, which calculates to a debt margin of \$58,316,055. Debt financed partially or entirely by special assessments is not applied against the City's debt limit, nor is debt financed by proprietary fund revenues. Currently the City has net general obligation debt outstanding of \$4,715,000 leaving a debt margin of \$53,601,055, net of available fund balance.

C. Tax Increment Financing Districts

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

D. Conduit Debt Obligations

Conduit debt obligations are certain limited-obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued revenue bonds to provide financial assistance to private-sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2022, there were two revenue bonds outstanding. The aggregate principal amount payable at year end is \$13,000,000.

Note 8: Change in Accounting Principles

For fiscal year 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's 2022 financial statements. The City's recognition of the beginning balances related to the lease receivable and the deferred inflow of resources were equal balances and had no effect on the beginning net position of the Governmental Activities.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF VADNAIS HEIGHTS
VADNAIS HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

City of Vadnais Heights, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2022

Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2022	0.0254 %	\$ 2,011,688	\$ 58,876	\$ 2,070,564	\$ 1,912,353	105.2 %	76.7 %
6/30/2021	0.0252	1,076,153	32,775	1,108,928	1,882,910	57.2	87.0
6/29/2020	0.0235	1,408,932	43,402	1,452,334	1,673,506	84.2	79.0
6/30/2019	0.0229	1,266,090	39,498	1,305,588	1,608,323	78.7	80.2
6/30/2018	0.0249	1,381,350	45,457	1,426,807	1,692,417	81.6	79.5
6/30/2017	0.0246	1,570,448	19,744	1,590,192	1,522,335	103.2	75.9
6/29/2016	0.0259	2,102,952	27,530	2,130,482	1,610,404	130.6	68.9
6/29/2015	0.0267	1,383,733	-	1,383,733	1,602,105	86.4	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2022	\$ 158,392	\$ 158,392	\$ -	\$ 2,111,890	7.5 %
12/31/2021	138,533	138,533	-	1,847,103	7.5
12/30/2020	133,097	133,097	-	1,774,629	7.5
12/31/2019	126,656	126,656	-	1,688,750	7.5
12/31/2018	123,336	123,336	-	1,644,483	7.5
12/31/2017	122,904	122,904	-	1,638,718	7.5
12/30/2016	118,178	118,178	-	1,575,704	7.5
12/30/2015	119,536	119,536	-	1,593,809	7.5

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

City of Vadnais Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

Notes to the Required Supplementary Information - General Employees Fund

Changes in Actuarial Assumptions

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & 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.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. 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 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

City of Vadnais Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

Notes to the Required Supplementary Information - General Employees Fund (Continued)

Changes in Plan Provisions

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

2020 - 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 - 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 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 - There were no changes in plan provisions since the previous valuation.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

City of Vadnais Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

Schedule of Employer's Share of PERA Net Pension Liability - Police and Fire Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2022	0.0331 %	\$ 1,440,381	\$ 63,022	\$ 1,503,403	\$ 404,475	356.1 %	70.5 %
6/30/2021	0.0253	195,289	8,800	204,089	314,518	62.1	93.7
6/29/2020	0.0294	387,523	9,132	396,655	331,337	117.0	87.2
6/30/2019	0.0304	323,639	-	323,639	307,742	105.2	89.3
6/30/2018	0.0304	324,033	-	324,033	333,286	97.2	88.8
6/30/2017	0.0300	405,036	-	405,036	299,246	135.4	85.4
6/29/2016	0.0310	1,244,084	-	1,244,084	301,338	393.9	63.9
6/29/2015	0.0310	352,233	-	352,233	291,359	119.0	86.6

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions - Police and Fire Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2022	\$ 76,301	\$ 76,301	\$ -	\$ 431,077	17.7 %
12/31/2021	64,279	64,279	-	363,160	17.7
12/30/2020	55,980	55,980	-	316,269	17.7
12/31/2019	55,021	55,021	-	324,607	17.0
12/31/2018	51,977	51,977	-	320,845	16.2
12/31/2017	51,162	51,162	-	315,815	16.2
12/30/2016	49,544	49,544	-	305,825	16.2
12/30/2015	47,963	47,963	-	296,066	16.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

City of Vadnais Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in Actuarial Assumptions

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021. The single discount rate changed from 6.50 percent to 5.40 percent.

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The inflation assumption was changed from 2.50 percent to 2.25 percent. The payroll growth assumption was changed from 3.25 percent to 3.00 percent. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020. The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020). Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates. Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements. Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations. Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities. Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied

2020 - The mortality projection scale was changed from MP-2018 to MP-2019.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2016 to MP-2017.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65 percent to 60 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.6 percent to 7.5 percent.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 percent. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2037 and 2.5 percent per year thereafter.

City of Vadnais Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

Notes to the Required Supplementary Information - Police and Fire Fund (Continued)

Changes in Plan Provisions

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

2020 - There were no changes in plan provisions since the previous valuation.

2019 - There were no changes in plan provisions since the previous valuation.

2018 - As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger. An end date of July 1, 2048 was added to the existing \$9.0 million state contribution. New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier. Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020. Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 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 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016 - There were no changes in plan provisions since the previous valuation.

2015 - The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

City of Vadnais Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios

	2022	2021	2020	2019	2018	2017
Total Pension Liability						
Service cost	\$ 112,951	\$ 104,904	\$ 77,706	\$ 61,933	\$ 64,755	\$ 44,202
Interest	75,975	58,061	47,123	47,539	51,657	61,225
Changes of benefit terms	-	186,673	164,818	-	-	-
Differences between expected and actual experience	(64,321)	(40,707)	(47,580)	(49,616)	(74,154)	(64,535)
Changes of assumptions	-	-	-	-	-	(1,589)
Benefit payments, including refunds of employee contributi	61,122	(36,708)	(137,240)	(27,880)	(188,268)	(176,900)
Net Change in Total Pension Liability	<u>185,727</u>	<u>272,223</u>	<u>104,827</u>	<u>31,976</u>	<u>(146,010)</u>	<u>(137,597)</u>
Total Pension Liability - January 1	1,153,349	881,126	776,299	744,323	613,543	751,140
Change in pension plan and measurement date*	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>276,790</u>	<u>-</u>
Total Pension Liability - December 31	<u><u>\$ 1,339,076</u></u>	<u><u>\$ 1,153,349</u></u>	<u><u>\$ 881,126</u></u>	<u><u>\$ 776,299</u></u>	<u><u>\$ 744,323</u></u>	<u><u>\$ 613,543</u></u>
Plan Fiduciary Net Position						
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ 271	\$ -
Contributions - state	100,730	96,384	89,569	86,049	2,907	79,745
Net investment income	129,613	-	-	81,838	84,530	135,044
Benefit payments, including refunds of employee contributi	-	(36,708)	(137,240)	(27,880)	(188,268)	(176,900)
Adjustment to initial asset transfer	-	-	-	45,285	201,755	-
Asset (Gain)/Loss	(452,641)	186,554	249,909	174,198	(135,298)	-
Administrative expense	(1,753)	(1,610)	(1,691)	(8,412)	(10,767)	(7,200)
Other	-	-	-	-	-	(1,017)
Net Change in Plan Fiduciary Net Position	<u>(224,051)</u>	<u>244,620</u>	<u>200,547</u>	<u>351,078</u>	<u>(44,870)</u>	<u>29,672</u>
Plan Fiduciary Net Position - January 1	2,160,216	1,915,596	1,715,049	1,363,971	1,366,296	1,336,624
Change in pension plan and measurement date*	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,545</u>	<u>-</u>
Plan Fiduciary Net Position - December 31	<u><u>\$ 1,936,165</u></u>	<u><u>\$ 2,160,216</u></u>	<u><u>\$ 1,915,596</u></u>	<u><u>\$ 1,715,049</u></u>	<u><u>\$ 1,363,971</u></u>	<u><u>\$ 1,366,296</u></u>
Fire Relief's Net Pension Liability (Asset) - December 31	<u><u>\$ (597,089)</u></u>	<u><u>\$ (1,006,867)</u></u>	<u><u>\$ (1,034,470)</u></u>	<u><u>\$ (938,750)</u></u>	<u><u>\$ (619,648)</u></u>	<u><u>\$ (752,753)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/a)	144.59%	187.30%	217.40%	220.93%	183.25%	222.69%
Covered-employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered-employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

City of Vadnais Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/22	\$ 98,730	\$ 98,730	\$ -
12/31/21	93,384	93,384	-
12/31/20	88,568	88,568	-
12/31/19	184,292	188,037	(3,745)
12/31/18	144,183	183,253	(39,070)
12/31/17	144,183	181,662	(37,479)
12/31/16	165,022	203,653	(38,631)
12/31/15	76,666	76,691	(25)

City of Vadnais Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

Schedule of Changes in the City's Total OPEB Liability and Related Ratios

	2022	2021	2020	2019
Total OPEB Liability				
Service cost	\$ 21,465	\$ 15,264	\$ 14,784	\$ 13,149
Interest	6,359	6,534	6,707	5,700
Differences between expected and actual experience	(51,577)	-	52,218	-
Changes in assumptions	(25,659)	-	3,310	(3,523)
Benefit payments	-	(42,286)	(15,229)	(11,221)
Plan Changes	6,552			
Net Change in Total OPEB Liability	(42,860)	(20,488)	61,790	4,105
Total OPEB Liability - Beginning	210,559	231,047	169,257	165,152
Total OPEB Liability - Ending	<u>\$ 167,699</u>	<u>\$ 210,559</u>	<u>\$ 231,047</u>	<u>\$ 169,257</u>
Covered-Employee Payroll	\$ 2,033,495	\$ 1,969,487	\$ 2,007,950	\$ 2,007,950
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	8.25 %	10.69 %	8.47 %	8.47 %

Benefit Changes:

None

Changes in Assumptions:

The health care trend rates were changed to better anticipate short term and long term medical increases.

The salary increase rates were updated to reflect the latest experience study.

The retirement and withdrawal rates were updated to reflect the latest experience study.

The inflation rate was changed from 2.50% to 2.00%.

The discount rate was changed from 2.90% to 2.00%.

2020 and 2021

None

2019

The discount rate was changed from 3.30% to 3.80% for the fiscal year ending December 31, 2019.

2018

The health care trend rates were changed to better anticipate short term and long term medical increases.

The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).

The retirement and withdrawal tables for all employees were updated.

The discount rate was changed from 3.50% to 3.30%.

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF VADNAIS HEIGHTS
VADNAIS HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

City of Vadnais Heights, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2022

Exhibit A-1

	<u>Debt Service</u> 308			<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>2009A G.O.</u> <u>Bonds</u>	<u>Special</u> <u>Revenue</u>	<u>Capital</u> <u>Projects</u>	
Assets				
Cash and temporary investments	\$ 549,045	\$ 335,488	\$ 2,792,194	\$ 3,676,727
Receivables				
Taxes	11,951	1,737	-	13,688
Accounts	-	8,940	160,499	169,439
Special assessments	-	21,862	-	21,862
Notes	-	-	200,000	200,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 560,996</u>	<u>\$ 368,027</u>	<u>\$ 3,152,693</u>	<u>\$ 4,081,716</u>
Liabilities				
Accounts payable	\$ -	\$ 40,449	\$ -	\$ 40,449
Due to other governments	-	-	775	775
Unearned revenue	-	-	200,000	200,000
Total Liabilities	<u> </u>	<u>40,449</u>	<u>200,775</u>	<u>241,224</u>
Fund Balances				
Restricted	560,996	307,882	2,063,862	2,932,740
Committed	-	19,696	-	19,696
Assigned	-	-	888,056	888,056
Total Fund Balances	<u>560,996</u>	<u>327,578</u>	<u>2,951,918</u>	<u>3,840,492</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 560,996</u>	<u>\$ 368,027</u>	<u>\$ 3,152,693</u>	<u>\$ 4,081,716</u>

City of Vadnais Heights, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2022

Exhibit A-2

	<u>Debt Service</u> 308			Total Nonmajor Governmental Funds
	2009A G.O. Bonds	Special Revenue	Capital Projects	
Revenues				
Taxes	\$ 470,333	\$ -	\$ 677,852	\$ 1,148,185
Intergovernmental	-	37,908	-	37,908
Charges for services	-	92,228	67,258	159,486
Interest (loss) on investments	-	-	(44,274)	(44,274)
Miscellaneous	-	22,800	24,139	46,939
Total Revenues	<u>470,333</u>	<u>152,936</u>	<u>724,975</u>	<u>1,348,244</u>
Expenditures				
Current				
Public safety	-	20,371	-	20,371
Public works	-	24,767	-	24,767
Culture and recreation	-	30,089	-	30,089
Community development	-	-	-	
Capital outlay				
Public safety	-	-	30,980	30,980
Public works	-	-	599,999	599,999
Culture and recreation	-	-	190,873	190,873
Community development	-	-	38,095	38,095
Debt service				
Principal	330,000	-	-	330,000
Interest and other	173,807	-	-	173,807
Total Expenditures	<u>503,807</u>	<u>75,227</u>	<u>859,947</u>	<u>1,438,981</u>
Net Change in Fund Balances	(33,474)	77,709	(134,972)	(90,737)
Fund Balances, January 1	<u>594,470</u>	<u>249,869</u>	<u>3,086,890</u>	<u>3,931,229</u>
Fund Balances, December 31	<u>\$ 560,996</u>	<u>\$ 327,578</u>	<u>\$ 2,951,918</u>	<u>\$ 3,840,492</u>

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for revenue derived from specific taxes or other earmarked revenue sources. They are usually required by Minnesota statute or local ordinance to finance particular functions or activities of government.

Heritage Days Fund - The purpose of this fund is to account for donations, fees, and operating expenses for the City's annual summer festival.

Solid Waste Fund - The purpose of this fund is to account for the City's financial transactions involving the organized collection of refuse and recyclables in the City. A consortium of haulers provides these services in partnership with the City and County.

Charitable Gambling Fund - The purpose of this fund is to account for fees received from charitable gambling operations and the spending of these resources.

City of Vadnais Heights, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2022

Exhibit B-1

	225 Heritage Days	226 Solid Waste	227 Charitable Gambling	Total
Assets				
Cash and temporary investments	\$ 19,696	\$ 80,832	\$ 234,960	\$ 335,488
Receivables				
Taxes	-	1,737	-	1,737
Accounts	-	-	8,940	8,940
Special assessments	-	21,862	-	21,862
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 19,696</u>	<u>\$ 104,431</u>	<u>\$ 243,900</u>	<u>\$ 368,027</u>
Liabilities				
Accounts payable	\$ -	\$ 39,919	\$ 530	\$ 40,449
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances				
Restricted	-	64,512	243,370	307,882
Committed	19,696	-	-	19,696
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>19,696</u>	<u>64,512</u>	<u>243,370</u>	<u>327,578</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 19,696</u>	<u>\$ 104,431</u>	<u>\$ 243,900</u>	<u>\$ 368,027</u>

City of Vadnais Heights, Minnesota
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2022

Exhibit B-2

	225 Heritage Days	226 Solid Waste	227 Charitable Gambling	Total
Revenues				
Intergovernmental	\$ -	\$ 37,908	\$ -	\$ 37,908
Charges for services	7,199	4,082	80,947	92,228
Miscellaneous	22,800	-	-	22,800
Total Revenues	<u>29,999</u>	<u>41,990</u>	<u>80,947</u>	<u>152,936</u>
Expenditures				
Current				
Public safety	-	-	20,371	20,371
Public works	-	24,767	-	24,767
Culture and recreation	30,089	-	-	30,089
Total Expenditures	<u>30,089</u>	<u>24,767</u>	<u>20,371</u>	<u>75,227</u>
Net Change in Fund Balances	(90)	17,223	60,576	77,709
Fund Balances, January 1	<u>19,786</u>	<u>47,289</u>	<u>182,794</u>	<u>249,869</u>
Fund Balances, December 31	<u><u>\$ 19,696</u></u>	<u><u>\$ 64,512</u></u>	<u><u>\$ 243,370</u></u>	<u><u>\$ 327,578</u></u>

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NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by enterprise funds.

Franchise Fees Street Maintenance Fund - The purpose of this fund is to account for street repairs that are financed by franchise fees.

Park Dedication Fund - The purpose of this fund is to account for park improvements approved in the Capital Improvement Plan that are financed by park dedication fees paid by developers.

Fire Vehicle and Equipment Fund - The purpose of this fund is to account for fire department equipment expenditures approved in the Capital Improvement Plan that are financed by fire department fund raising efforts.

Tax Increment Financing District 1-8 Fund - The purpose of this fund is to account for public improvements that are allowable under pooled tax increment funding laws in the state.

Tax Increment Financing District 1-12 Fund - The purpose of this fund is to account for public improvements as specified in the approved budget for this tax increment financing district.

Tax Increment Financing District 1-23 Fund - The purpose of this fund is to account for public improvements as specified in the approved budget for this tax increment financing district.

Tax Increment Financing District 1-30 Fund - The purpose of this fund is to account for public improvements as specified in the approved budget for this tax increment financing district.

City of Vadnais Heights, Minnesota
Nonmajor Capital Projects Funds
Combining Balance Sheet
December 31, 2022

Exhibit C-1

	413	420	425	455
	Franchise Fees Street Maintenance	Park Dedication	Fire Vehicle and Equipment	TIF 1-8
Assets				
Cash and temporary investments	\$ 191,505	\$ 179,358	\$ 536,052	\$ 57,330
Receivables				
Accounts	160,499	-	-	-
Notes	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 352,004</u></u>	<u><u>\$ 179,358</u></u>	<u><u>\$ 536,052</u></u>	<u><u>\$ 57,330</u></u>
Liabilities				
Due to other governments	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-
Total Liabilities	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances				
Restricted	-	179,358	-	57,330
Assigned	352,004	-	536,052	-
Total Fund Balances	<u><u>352,004</u></u>	<u><u>179,358</u></u>	<u><u>536,052</u></u>	<u><u>57,330</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 352,004</u></u>	<u><u>\$ 179,358</u></u>	<u><u>\$ 536,052</u></u>	<u><u>\$ 57,330</u></u>

458	468	474	
TIF 1-12	TIF 1-23	TIF 1-30	Total
\$ 771,462	\$ 1,020,634	\$ 35,853	\$ 2,792,194
-	-	-	160,499
200,000	-	-	200,000
<u>\$ 971,462</u>	<u>\$ 1,020,634</u>	<u>\$ 35,853</u>	<u>\$ 3,152,693</u>
\$ -	\$ -	\$ 775	\$ 775
200,000	-	-	200,000
<u>200,000</u>	<u>-</u>	<u>775</u>	<u>200,775</u>
771,462	1,020,634	35,078	2,063,862
-	-	-	888,056
<u>771,462</u>	<u>1,020,634</u>	<u>35,078</u>	<u>2,951,918</u>
<u>\$ 971,462</u>	<u>\$ 1,020,634</u>	<u>\$ 35,853</u>	<u>\$ 3,152,693</u>

City of Vadnais Heights, Minnesota
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2022

Exhibit C-2

	413	420	425	455
	Franchise Fees Street Maintenance	Park Dedication	Fire Vehicle and Equipment	TIF 1-8
Revenues				
Taxes				
Tax increments	\$ -	\$ -	\$ -	\$ -
Franchise fees	637,045	-	-	-
Charges for services	-	67,258	-	-
Interest (loss) on investments	-	-	(10,695)	-
Miscellaneous	-	-	-	-
Total Revenues	<u>637,045</u>	<u>67,258</u>	<u>(10,695)</u>	<u>-</u>
Expenditures				
Capital outlay				
Public safety	-	-	30,980	-
Public works	599,999	-	-	-
Culture and recreation	-	190,873	-	-
Community development	-	-	-	885
Total Expenditures	<u>599,999</u>	<u>190,873</u>	<u>30,980</u>	<u>885</u>
Net Change in Fund Balances	37,046	(123,615)	(41,675)	(885)
Fund Balances, January 1	<u>314,958</u>	<u>302,973</u>	<u>577,727</u>	<u>58,215</u>
Fund Balances, December 31	<u>\$ 352,004</u>	<u>\$ 179,358</u>	<u>\$ 536,052</u>	<u>\$ 57,330</u>

458	468	474	
TIF 1-12	TIF 1-23	TIF 1-30	Total
\$ -	\$ -	\$ 40,807	\$ 40,807
-	-	-	637,045
-	-	-	67,258
(14,237)	(19,342)	-	(44,274)
24,139	-	-	24,139
9,902	(19,342)	40,807	724,975
-	-	-	30,980
-	-	-	599,999
-	-	-	190,873
127	137	36,946	38,095
127	137	36,946	859,947
9,775	(19,479)	3,861	(134,972)
761,687	1,040,113	31,217	3,086,890
\$ 771,462	\$ 1,020,634	\$ 35,078	\$ 2,951,918

City of Vadnais Heights, Minnesota

Exhibit D-1

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual (Continued on the Following Pages)

For the Year Ended December 31, 2022

(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			2021	
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
Property	\$ 4,520,286	\$ 4,520,286	\$ 4,517,147	\$ (3,139)	\$ 4,184,302
Franchise	162,000	162,000	154,415	(7,585)	156,709
Total taxes	4,682,286	4,682,286	4,671,562	(10,724)	4,341,011
Licenses and permits					
Business	172,000	172,000	152,079	(19,921)	54,064
Nonbusiness	500,000	500,000	768,484	268,484	1,017,617
Total licenses and permits	672,000	672,000	920,563	248,563	1,071,681
Intergovernmental					
Federal	-	-	-	-	994,341
State					
Highway aid	165,000	165,000	143,747	(21,253)	146,961
Other	7,400	7,400	6,510	(890)	(964,533)
Total intergovernmental	172,400	172,400	150,257	(22,143)	176,769
Charges for services					
General government	543,500	543,500	550,379	6,879	400,697
Public safety	11,000	11,000	12,461	1,461	10,239
Culture and recreation	360,000	360,000	271,457	(88,543)	226,178
Total charges for services	914,500	914,500	834,297	(80,203)	637,114
Fines and forfeitures	26,000	26,000	24,378	(1,622)	28,521
Interest (loss) on investments	38,000	38,000	(77,505)	(115,505)	(3,438)
Special assessments	8,000	8,000	3,654	(4,346)	4,920
Miscellaneous					
Other	6,100	6,100	33,167	27,067	5,519
Rents	175,000	175,000	208,865	33,865	215,659
Refunds and reimbursements	50,000	50,000	122,900	72,900	137,839
Total miscellaneous	231,100	231,100	364,932	133,832	359,017
Total Revenues	6,744,286	6,744,286	6,892,138	147,852	6,615,595

City of Vadnais Heights, Minnesota

Exhibit D-1

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual (Continued)

For the Year Ended December 31, 2022

(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and city council					
Personnel services	\$ 34,088	\$ 34,088	\$ 34,052	\$ 36	\$ 34,052
Supplies	300	300	432	(132)	832
Other services and charges	110,596	110,596	92,701	17,895	86,942
Total mayor and city council	144,984	144,984	127,185	17,799	121,826
Administration					
Personnel services	539,217	539,217	516,011	23,206	520,930
Supplies	1,500	1,500	6,124	(4,624)	2,476
Other services and charges	89,200	89,200	45,559	43,641	60,253
Total administration	629,917	629,917	567,694	62,223	583,659
Finance					
Personnel services	252,085	252,085	258,911	(6,826)	239,152
Other services and charges	74,050	74,050	69,577	4,473	66,277
Total finance	326,135	326,135	328,488	(2,353)	305,429
MIS					
Other services and charges	141,000	141,000	119,672	21,328	124,690
City attorney					
Other services and charges	183,000	183,000	159,825	23,175	153,518
City hall					
Personnel services	4,533	4,533	2,333	2,200	2,150
Supplies	17,200	17,200	20,179	(2,979)	11,065
Other services and charges	265,550	265,550	229,960	35,590	208,064
Total city hall	287,283	287,283	252,472	34,811	221,279
Total general government	1,712,319	1,712,319	1,555,336	156,983	1,510,401
Public safety					
Police protection					
Contracted services	1,582,404	1,582,404	1,608,342	(25,938)	1,567,718

City of Vadnais Heights, Minnesota

Exhibit D-1

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual (Continued)

For the Year Ended December 31, 2022

(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (continued)					
Public safety (continued)					
Fire protection					
Personnel services	\$ 1,145,106	\$ 1,145,106	\$ 1,128,352	\$ 16,754	\$ 1,035,219
Supplies	77,000	77,000	41,978	35,022	68,341
Other services and charges	161,350	161,350	195,725	(34,375)	212,616
Total fire protection	1,383,456	1,383,456	1,366,055	17,401	1,316,176
Total public safety	2,965,860	2,965,860	2,974,397	(8,537)	2,883,894
Public works					
Street maintenance					
Personnel services	352,397	352,397	334,961	17,436	256,199
Supplies	59,000	59,000	77,801	(18,801)	56,612
Other services and charges	206,700	206,700	214,814	(8,114)	144,033
Total street maintenance	618,097	618,097	627,576	(9,479)	456,844
Central garage facility					
Personnel services	105,712	105,712	99,508	6,204	108,966
Supplies	86,000	86,000	99,539	(13,539)	82,027
Other services and charges	150,700	150,700	158,850	(8,150)	165,594
Total central garage facility	342,412	342,412	357,897	(15,485)	356,587
Engineering					
Personnel services	285,004	285,004	273,724	11,280	80,452
Supplies	150	150	3,875	(3,725)	-
Other services and charges	16,425	16,425	37,082	(20,657)	41,502
Total engineering	301,579	301,579	314,681	(13,102)	121,954
Total public works	1,262,088	1,262,088	1,300,154	(38,066)	935,385
Culture and recreation					
Parks and recreation					
Personnel services	409,715	409,715	413,127	(3,412)	434,668
Supplies	104,600	104,600	75,178	29,422	89,134
Other services and charges	378,800	378,800	416,165	(37,365)	263,976
Total culture and recreation	893,115	893,115	904,470	(11,355)	787,778

City of Vadnais Heights, Minnesota

Exhibit D-1

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual (Continued)

For the Year Ended December 31, 2022

(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Community development					
Community development					
Personnel services	\$ 350,104	\$ 350,104	\$ 352,188	\$ (2,084)	\$ 327,615
Supplies	1,000	1,000	1,623	(623)	2,970
Other services and charges	60,300	60,300	77,466	(17,166)	101,404
Total community development	411,404	411,404	431,277	(19,873)	431,989
Total Expenditures	7,244,786	7,244,786	7,165,634	79,152	6,549,447
Excess (Deficiency) of Revenues Over (Under) Expenditures	(500,500)	(500,500)	(273,496)	227,004	66,148
Other Financing Sources (Uses)					
Transfers in	500,000	500,000	500,000	-	500,000
Sale of capital assets	500	500	-	(500)	-
Total Other Financing Sources (Uses)	500,500	500,500	500,000	(500)	500,000
Net Change in Fund Balances	-	-	226,504	226,504	566,148
Fund Balances, January 1	3,991,934	3,991,934	3,991,934	-	3,425,786
Fund Balances, December 31	<u>\$ 3,991,934</u>	<u>\$ 3,991,934</u>	<u>\$ 4,218,438</u>	<u>\$ 226,504</u>	<u>\$ 3,991,934</u>

City of Vadnais Heights, Minnesota
Summary Financial Report
Revenues and Expenditures For General Operations
Governmental Funds
For the Years Ended December 31, 2022 and 2021

Exhibit F-1

	Total		Percent Increase (Decrease)
	2022	2021	
Revenues			
Taxes	\$ 6,556,372	\$ 6,078,303	7.87 %
Special assessments	366,446	460,027	(20.34)
Licenses and permits	920,563	1,071,681	(14.10)
Intergovernmental	787,989	891,126	(11.57)
Charges for services	1,004,133	1,029,616	(2.48)
Fines and forfeitures	24,378	28,521	(14.53)
Interest (loss) on investments	(323,000)	(15,354)	N/A
Miscellaneous	472,984	425,762	11.09
Total Revenues	<u>\$ 9,809,865</u>	<u>\$ 9,969,682</u>	(1.60) %
Per Capita	<u>\$ 750</u>	<u>\$ 772</u>	(2.87) %
Expenditures			
Current			
General government	\$ 1,555,336	\$ 1,510,401	2.98 %
Public safety	2,994,768	2,895,746	3.42
Public works	1,324,921	964,735	37.34
Culture and recreation	1,080,097	825,445	30.85
Community development	431,277	431,989	(0.16)
Capital outlay			
General government	35,000	29,974	16.77
Public safety	64,350	476,992	(86.51)
Public works	1,700,232	1,058,101	60.69
Culture and recreation	245,073	136,311	79.79
Community development	38,095	395,947	(90.38)
Debt service			
Principal	330,000	335,000	(1.49)
Interest and other charges	173,807	63,214	174.95
Total Expenditures	<u>\$ 9,972,956</u>	<u>\$ 9,123,855</u>	9.31 %
Per Capita	<u>\$ 762</u>	<u>\$ 707</u>	7.90 %
Total Long-term Indebtedness	\$ 5,115,000	\$ 5,445,000	(6.06) %
Per Capita	391	422	
General Fund Balance - December 31	\$ 4,218,438	\$ 3,991,934	5.67 %
Per Capita	323	309	

The purpose of this report is to provide a summary of financial information concerning the City of Vadnais Heights to interested citizens. The complete financial statements may be examined at City Hall, 800 East County Road E, Vadnais Heights, Minnesota 55127. Questions about this report should be directed to the Finance Director at (651) 204-6020.

STATISTICAL SECTION (UNAUDITED)

CITY OF VADNAIS HEIGHTS
VADNAIS HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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STATISTICAL SECTION (UNAUDITED)

This part of the City of Vadnais Heights' annual comprehensive 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 government's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

City of Vadnais Heights, Minnesota
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
Governmental Activities				
Net investment in capital assets	\$ 32,866,484	\$ 34,359,652	\$ 35,382,155	\$ 36,003,415
Restricted	4,239,831	8,330,549	8,632,570	6,407,612
Unrestricted	8,362,645	6,755,531	6,615,692	8,096,597
Total Governmental Activities Net Position	<u>\$ 45,468,960</u>	<u>\$ 49,445,732</u>	<u>\$ 50,630,417</u>	<u>\$ 50,507,624</u>
Business-type Activities				
Net investment in capital assets	\$ 10,694,948	\$ 10,373,025	\$ 10,410,507	\$ 10,046,657
Unrestricted	9,505,954	10,399,281	10,485,288	11,154,268
Total Business-type Activities Net Position	<u>\$ 20,200,902</u>	<u>\$ 20,772,306</u>	<u>\$ 20,895,795</u>	<u>\$ 21,200,925</u>
Primary Government				
Net investment in capital assets	\$ 43,561,432	\$ 44,732,677	\$ 45,792,662	\$ 46,050,072
Restricted	4,239,831	8,330,549	8,632,570	6,407,612
Unrestricted	17,868,599	17,154,812	17,100,980	19,250,865
Total Primary Government Net Position	<u>\$ 65,669,862</u>	<u>\$ 70,218,038</u>	<u>\$ 71,526,212</u>	<u>\$ 71,708,549</u>

Note: The City implemented GASB Statement No. 63 and GASB Statement No. 65 in fiscal 2013.
Net position information has been restated for 2012 for this accounting change.

Note: The City implemented GASB Statement No. 68 and GASB Statement No. 71 in fiscal 2015.
Years prior to 2015 have not been restated.

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 36,318,397	\$ 36,034,903	\$ 35,734,173	\$ 36,753,801	\$ 36,921,442	\$ 37,721,141
5,924,089	5,793,709	6,087,569	6,360,402	6,434,422	6,514,906
8,597,572	9,228,802	10,139,333	11,392,971	13,503,687	13,289,484
<u>\$ 50,840,058</u>	<u>\$ 51,057,414</u>	<u>\$ 51,961,075</u>	<u>\$ 54,507,174</u>	<u>\$ 56,859,551</u>	<u>\$ 57,525,531</u>
\$ 9,715,193	\$ 10,184,830	\$ 10,133,165	\$ 10,245,128	\$ 10,446,422	\$ 11,134,761
11,968,954	11,692,115	12,348,352	12,529,423	12,848,027	11,983,513
<u>\$ 21,684,147</u>	<u>\$ 21,876,945</u>	<u>\$ 22,481,517</u>	<u>\$ 22,774,551</u>	<u>\$ 23,294,449</u>	<u>\$ 23,118,274</u>
\$ 46,033,590	\$ 46,219,733	\$ 45,867,338	\$ 46,998,929	\$ 47,367,864	\$ 48,855,902
5,924,089	5,793,709	6,087,569	6,360,402	6,434,422	6,514,906
20,566,526	20,920,917	22,487,685	23,922,394	26,351,714	25,272,997
<u>\$ 72,524,205</u>	<u>\$ 72,934,359</u>	<u>\$ 74,442,592</u>	<u>\$ 77,281,725</u>	<u>\$ 80,154,000</u>	<u>\$ 80,643,805</u>

City of Vadnais Heights, Minnesota
Changes in Net Position (Continued on the Following Pages)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental Activities				
General government	\$ 1,129,033	\$ 1,269,824	\$ 1,356,105	\$ 1,632,524
Public safety	2,253,586	2,405,345	2,458,993	2,605,999
Public works	1,780,217	1,504,464	419,811	787,393
Culture and recreation	1,027,564	1,109,923	1,140,692	1,106,695
Community development	697,110	1,062,088	2,077,248	2,283,107
Interest on long-term debt	308,248	425,220	584,675	389,151
Total Governmental Activities Expenses	<u>7,195,758</u>	<u>7,776,864</u>	<u>8,037,524</u>	<u>8,804,869</u>
Business-type Activities				
Water	1,015,500	1,019,161	929,088	934,256
Sewer	1,335,613	1,373,039	1,385,779	1,504,205
Surface water management	274,580	291,765	307,905	338,462
Total Business-type Activities Expenses	<u>2,625,693</u>	<u>2,683,965</u>	<u>2,622,772</u>	<u>2,776,923</u>
Total Primary Government Expenses	<u>\$ 9,821,451</u>	<u>\$ 10,460,829</u>	<u>\$ 10,660,296</u>	<u>\$ 11,581,792</u>
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 783,811	\$ 834,431	\$ 974,470	\$ 1,121,784
Public safety	502,801	319,525	498,352	603,148
Public works	66,211	12,004	47,273	54,204
Culture and recreation	364,801	435,353	468,313	537,763
Economic development	-	-	176,631	-
Interest on long-term debt	190,000	355,000	-	178,000
Operating grants and contributions	287,669	523,860	596,271	436,118
Capital grants and contributions	320,694	2,539,686	1,727,441	733,667
Total Governmental Activities Program Revenues	<u>2,515,987</u>	<u>5,019,859</u>	<u>4,488,751</u>	<u>3,664,684</u>
Business-type Activities				
Charges for services				
Water	1,256,480	1,145,635	1,334,664	1,410,316
Sewer	1,628,951	1,695,319	1,764,479	1,881,720
Surface water management	415,557	412,184	403,057	441,702
Operating grants and contributions	-	-	-	1,201
Total Business-type Activities Program Revenues	<u>3,300,988</u>	<u>3,253,138</u>	<u>3,502,200</u>	<u>3,734,939</u>
Total Primary Government Program Revenues	<u>\$ 5,816,975</u>	<u>\$ 8,272,997</u>	<u>\$ 7,990,951</u>	<u>\$ 7,399,623</u>

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 1,378,208	\$ 1,282,295	\$ 1,441,685	\$ 1,451,796	\$ 1,552,101	\$ 2,191,834
2,742,934	2,530,275	2,701,365	2,743,852	3,286,221	3,215,017
1,363,779	2,364,593	2,107,292	2,267,011	2,102,914	2,222,959
1,144,785	975,805	1,037,276	736,373	970,024	1,268,015
953,036	388,510	442,366	386,791	817,200	1,131,968
368,771	346,315	331,719	266,134	109,335	167,344
7,951,513	7,887,793	8,061,703	7,851,957	8,837,795	10,197,137
821,938	937,903	974,910	942,344	1,170,293	1,238,213
1,613,389	1,698,053	1,864,435	1,835,214	1,933,436	2,001,800
367,719	614,586	390,435	585,085	418,141	552,745
2,803,046	3,250,542	3,229,780	3,362,643	3,521,870	3,792,758
<u>\$ 10,754,559</u>	<u>\$ 11,138,335</u>	<u>\$ 11,291,483</u>	<u>\$ 11,214,600</u>	<u>\$ 12,359,665</u>	<u>\$ 13,989,895</u>
\$ 966,896	\$ 916,134	\$ 960,064	\$ 817,915	\$ 897,683	\$ 1,152,708
435,674	450,190	577,859	319,059	1,068,046	832,953
28,935	23,754	35,217	-	58,758	10,350
547,876	503,637	547,895	183,178	288,753	329,926
-	-	-	-	-	24,139
-	-	-	-	-	-
501,132	398,948	447,209	1,323,739	235,226	238,688
585,976	330,368	468,716	1,591,264	1,373,203	918,131
3,066,489	2,623,031	3,036,960	4,235,155	3,921,669	3,506,895
1,417,132	1,470,398	1,438,509	1,600,633	1,874,150	1,702,335
1,758,528	1,891,724	1,897,969	1,924,455	2,141,114	2,065,731
424,708	421,781	438,167	436,467	538,758	509,501
75	1,521	424	542	375	1,169
3,600,443	3,785,424	3,775,069	3,962,097	4,554,397	4,278,736
<u>\$ 6,666,932</u>	<u>\$ 6,408,455</u>	<u>\$ 6,812,029</u>	<u>\$ 8,197,252</u>	<u>\$ 8,476,066</u>	<u>\$ 7,785,631</u>

City of Vadnais Heights, Minnesota

Changes in Net Position (Continued)

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
Net (Expense)/Revenue				
Governmental activities	\$ (4,679,771)	\$ (2,757,005)	\$ (3,548,773)	\$ (5,140,114)
Business-type activities	675,295	569,173	879,428	958,016
Total Primary Government Net Expense	\$ (4,004,476)	\$ (2,187,832)	\$ (2,669,345)	\$ (4,182,098)
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes	\$ 3,575,401	\$ 3,786,696	\$ 3,815,786	\$ 4,044,991
Tax increments	1,398,827	1,598,616	1,106,035	162,759
Franchise taxes	65,449	64,058	112,301	160,664
Grants and contributions not restricted to specific programs	3,600	24,636	33,405	37,279
Unrestricted investment earnings (loss)	(467,864)	682,768	168,905	(34,024)
Miscellaneous	-	-	-	-
Sale of capital assets	45,608	2,003	-	20,652
Transfers	675,000	575,000	625,000	625,000
Special item - loss on disposal on land held for resale	-	-	-	-
Total Governmental Activities	5,296,021	6,733,777	5,861,432	5,017,321
Business-type Activities				
Unrestricted investment earnings (loss)	(419,459)	577,231	133,704	(27,886)
Transfers	(675,000)	(575,000)	(625,000)	(625,000)
Special item - gain on discontinued operations	-	-	-	-
Total Business-type Activities	(1,094,459)	2,231	(491,296)	(652,886)
Total Primary Government	\$ 4,201,562	\$ 6,736,008	\$ 5,370,136	\$ 4,364,435
Change in Net Position				
Governmental activities	\$ 616,250	\$ 3,976,772	\$ 2,312,659	\$ (122,793)
Business-type activities	(419,164)	571,404	388,132	305,130
Total Primary Government	\$ 197,086	\$ 4,548,176	\$ 2,700,791	\$ 182,337

Note: The City implemented GASB Statement No. 63 and GASB Statement No. 65 in fiscal 2013. Net position information has been restated for 2012 for this accounting change.

Note: The City implemented GASB Statement No. 68 and GASB Statement No. 71 in fiscal 2015. Years prior to 2015 have not been restated.

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ (4,885,024)	\$ (5,264,762)	\$ (5,024,743)	\$ (3,616,802)	\$ (4,916,126)	\$ (6,690,242)
797,397	534,882	545,289	599,454	1,032,527	485,978
<u>\$ (4,087,627)</u>	<u>\$ (4,729,880)</u>	<u>\$ (4,479,454)</u>	<u>\$ (3,017,348)</u>	<u>\$ (3,883,599)</u>	<u>\$ (6,204,264)</u>
\$ 4,200,541	\$ 4,394,342	\$ 4,416,666	\$ 4,868,409	\$ 5,143,968	\$ 5,691,751
172,127	130,781	134,352	154,295	151,394	40,807
103,257	299,799	455,914	414,314	827,782	791,460
17,442	-	-	-	645,894	555,247
197,143	191,944	507,959	196,738	(15,354)	(323,000)
-	-	-	-	-	28,874
26,948	18,000	38,214	29,145	14,819	71,083
500,000	500,000	375,299	500,000	500,000	500,000
-	-	-	-	-	-
<u>5,217,458</u>	<u>5,534,866</u>	<u>5,928,404</u>	<u>6,162,901</u>	<u>7,268,503</u>	<u>7,356,222</u>
185,825	180,611	434,582	168,580	(12,629)	(222,153)
(500,000)	(500,000)	(375,299)	(500,000)	(500,000)	(500,000)
-	-	-	25,000	-	60,000
<u>(314,175)</u>	<u>(319,389)</u>	<u>59,283</u>	<u>(306,420)</u>	<u>(512,629)</u>	<u>(662,153)</u>
<u>\$ 4,903,283</u>	<u>\$ 5,215,477</u>	<u>\$ 5,987,687</u>	<u>\$ 5,856,481</u>	<u>\$ 6,755,874</u>	<u>\$ 6,694,069</u>
\$ 332,434	\$ 270,104	\$ 903,661	\$ 2,546,099	\$ 2,352,377	\$ 665,980
483,222	215,493	604,572	293,034	519,898	(176,175)
<u>\$ 815,656</u>	<u>\$ 485,597</u>	<u>\$ 1,508,233</u>	<u>\$ 2,839,133</u>	<u>\$ 2,872,275</u>	<u>\$ 489,805</u>

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City of Vadnais Heights, Minnesota
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Exhibit G-3

Fiscal Year	Property Tax	Tax Increment	Franchise Tax	Total
2013	\$ 3,575,401	\$ 1,398,827	\$ 65,449	\$ 5,039,677
2014	3,786,696	1,598,616	64,058	5,449,370
2015	3,815,786	1,106,035	112,301	5,034,122
2016	4,044,991	162,759	160,664	4,368,414
2017	4,200,541	172,127	103,257	4,475,925
2018	4,394,342	130,781	299,799	4,824,922
2019	4,416,666	134,352	455,914	5,006,932
2020	4,868,409	154,295	414,314	5,437,018
2021	5,143,968	151,394	827,782	6,123,144
2022	5,691,751	40,807	791,460	6,524,018

City of Vadnais Heights, Minnesota
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
General Fund				
Nonspendable	\$ 55,878	\$ 51,463	\$ 41,374	\$ 24,954
Unassigned	<u>2,894,026</u>	<u>2,968,435</u>	<u>3,231,249</u>	<u>3,639,751</u>
Total General Fund	<u>\$ 2,949,904</u>	<u>\$ 3,019,898</u>	<u>\$ 3,272,623</u>	<u>\$ 3,664,705</u>
All Other Governmental Funds				
Nonspendable	\$ 400,000	\$ -	\$ -	\$ -
Restricted	6,989,261	8,471,108	8,770,687	6,555,159
Committed	38,985	42,479	59,600	62,058
Assigned	1,842,596	2,191,460	2,355,651	3,747,377
Unassigned	<u>-</u>	<u>(2,019)</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 9,270,842</u>	<u>\$ 10,703,028</u>	<u>\$ 11,185,938</u>	<u>\$ 10,364,594</u>

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 45,614	\$ 57,069	\$ 69,248	\$ 94,216	\$ 99,693	\$ 89,435
3,780,733	3,319,033	3,485,403	3,331,570	3,892,241	4,129,003
<u>\$ 3,826,347</u>	<u>\$ 3,376,102</u>	<u>\$ 3,554,651</u>	<u>\$ 3,425,786</u>	<u>\$ 3,991,934</u>	<u>\$ 4,218,438</u>
\$ -	\$ 25	\$ -	\$ -	\$ -	\$ -
6,076,426	5,936,775	6,225,099	6,413,081	6,533,220	6,419,542
51,770	45,575	26,600	194,835	55,332	36,449
4,108,195	5,319,469	5,986,492	6,859,100	7,888,782	8,189,831
-	-	-	-	-	-
<u>\$ 10,236,391</u>	<u>\$ 11,301,844</u>	<u>\$ 12,238,191</u>	<u>\$ 13,467,016</u>	<u>\$ 14,477,334</u>	<u>\$ 14,645,822</u>

City of Vadnais Heights, Minnesota
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Property taxes	\$ 3,805,408	\$ 4,833,450	\$ 4,781,372	\$ 4,050,015
Tax increments	1,188,099	589,494	131,918	191,521
Franchise taxes	65,449	64,058	112,301	160,664
Licenses and permits	639,837	477,465	698,486	790,139
Intergovernmental	219,255	1,369,351	721,914	670,912
Charges for services	1,098,266	1,259,831	1,189,900	1,360,529
Fines and forfeitures	37,400	38,815	33,156	28,527
Special assessments	344,336	548,686	540,620	445,525
Interest (loss) on investments	(467,864)	682,768	168,905	(34,024)
Miscellaneous	355,185	342,937	635,139	363,568
Total Revenues	<u>7,285,371</u>	<u>10,206,855</u>	<u>9,013,711</u>	<u>8,027,376</u>
Expenditures				
General government	1,158,408	1,216,587	1,242,939	1,404,400
Public safety	2,042,634	2,187,940	2,219,510	2,291,655
Public works	835,774	829,338	826,712	828,121
Culture and recreation	856,718	925,808	968,586	923,732
Community and economic development	189,550	211,606	911,080	326,189
Capital outlay	1,285,212	3,034,243	1,687,307	2,461,073
Debt service				
Principal	460,000	445,000	455,000	470,000
Interest and other changes	314,328	431,156	591,942	397,120
Total Expenditures	<u>7,142,624</u>	<u>9,281,678</u>	<u>8,903,076</u>	<u>9,102,290</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>142,747</u>	<u>925,177</u>	<u>110,635</u>	<u>(1,074,914)</u>
Other Financing Sources (Uses)				
Transfers in	7,413,033	626,022	675,000	1,264,150
Transfers out	(6,738,033)	(51,022)	(50,000)	(639,150)
Issuance of refunding bonds	-	-	-	-
Principal paid on refunded bonds	-	-	-	-
Capital lease issued	-	-	-	16,152
Sale of capital assets	4,508	2,003	-	4,500
Total Other Financing Sources (Uses)	<u>679,508</u>	<u>577,003</u>	<u>625,000</u>	<u>645,652</u>
Net Change in Fund Balances	<u>\$ 822,255</u>	<u>\$ 1,502,180</u>	<u>\$ 735,635</u>	<u>\$ (429,262)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>13.2%</u>	<u>12.7%</u>	<u>14.7%</u>	<u>11.5%</u>

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 4,217,340	\$ 4,581,361	\$ 4,689,617	\$ 5,138,666	\$ 5,770,200	\$ 6,361,150
172,127	130,781	134,352	154,295	151,394	40,807
103,257	112,890	164,744	149,935	156,709	154,415
625,053	611,535	724,226	358,636	1,071,681	920,563
606,893	305,752	344,090	2,311,527	891,126	787,989
1,072,768	1,071,877	1,033,727	565,103	1,029,616	1,004,133
28,464	25,296	25,641	15,177	28,521	24,378
448,784	313,461	388,125	508,062	460,027	366,446
197,143	191,944	507,959	196,738	(15,354)	(323,000)
268,967	339,970	515,258	479,109	425,762	472,984
7,740,796	7,684,867	8,527,739	9,877,248	9,969,682	9,809,865
1,425,721	1,537,970	1,383,820	1,446,829	1,510,401	1,555,336
2,582,187	2,452,316	2,587,593	2,703,015	2,895,746	2,994,768
908,467	899,943	1,066,492	980,651	964,735	1,324,921
981,689	853,522	844,898	788,275	825,445	1,080,097
342,854	319,960	406,454	366,284	431,989	431,277
1,128,076	645,362	924,651	2,491,249	2,097,325	2,082,750
485,000	505,000	275,000	285,000	335,000	330,000
377,311	355,586	337,448	350,985	63,214	173,807
8,231,305	7,569,659	7,826,356	9,412,288	9,123,855	9,972,956
(490,509)	115,208	701,383	464,960	845,827	(163,091)
500,000	1,126,904	500,000	1,500,000	500,000	500,000
-	(626,904)	(124,701)	(1,000,000)	-	-
-	-	-	5,380,000	-	-
-	-	-	(5,245,000)	-	-
-	-	-	-	-	-
23,948	-	38,214	-	230,639	58,083
523,948	500,000	413,513	635,000	730,639	558,083
\$ 33,439	\$ 615,208	\$ 1,114,896	\$ 1,099,960	\$ 1,576,466	\$ 394,992
12.3%	12.3%	8.9%	9.1%	5.2%	6.4%

City of Vadnais Heights, Minnesota
Assessed Net Tax Capacity and Estimated Market Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended December 31,	Assessed Net Tax Capacity					Net Taxable Value
	Real Property	Personal Property	Total Real & Personal Property	Fiscal Disparities	Tax Increment	
2013	\$ 14,817,817	\$ 263,241	\$ 15,081,058	\$ (2,522,073)	\$ (1,624,788)	\$ 10,934,197
2014	14,712,508	262,106	14,974,614	(2,205,210)	(1,525,158)	11,244,246
2015	15,722,775	267,673	15,990,448	(2,358,778)	(1,175,423)	12,456,247
2016	16,333,431	317,264	16,650,695	(2,500,883)	(149,129)	14,000,683
2017	16,850,424	306,867	17,157,291	(2,496,158)	(162,396)	14,498,737
2018	18,556,884	321,887	18,878,771	(2,764,287)	(127,308)	15,987,176
2019	20,070,354	310,303	20,380,657	(3,003,451)	(130,505)	17,246,701
2020	21,173,827	314,112	21,487,939	(3,274,362)	(140,166)	18,073,411
2021	22,662,699	339,658	23,002,357	(3,220,246)	(143,021)	19,639,090
2022	23,433,462	180,946	23,614,408	(3,577,421)	(46,086)	19,990,901

Source: Ramsey County Department of Property Records and Revenue

Note: Property in the county is reassessed annually. The county assesses property at approximately 95 to 105 percent of actual value for all types of real and personal property. Assessed Net Tax Capacity is determined by taking the taxable market value multiplied by the classification rate of the property. The County Assessor assigns the classification. The classification rate is determined by Minnesota State statute 273.13

Exhibit G-6

<u>Total Direct Tax Rate</u>	<u>Estimated Market Value of Taxable Property</u>	<u>Ratio of Assessed Tax Capacity to Market Value</u>
27.840	\$ 1,265,585,700	0.86 %
29.051	1,260,815,200	0.89
29.269	1,347,893,300	0.92
26.904	1,386,228,300	1.01
26.845	1,433,936,000	1.01
24.872	1,559,613,600	1.03
24.127	1,673,246,100	1.03
24.583	1,768,111,100	1.02
23.298	1,887,303,300	1.04
26.135	1,943,868,500	1.03

City of Vadnais Heights, Minnesota
Property Tax Rates
Direct and Overlapping (1) Governments
Last Ten Fiscal Years

Exhibit G-7

Fiscal Year	City of Vadnais Heights			Overlapping Rates						
				Ramsey County	School Districts					
					#621		#624		#916	
	General Fund	Debt Service Fund	Total		Tax Capacity Based	Market Value Based (2)	Tax Capacity Based	Market Value Based (2)	Tax Capacity Based	
2013	22.837 %	5.003 %	27.840 %	61.316 %	29.044 %	0.21242 %	26.102 %	0.24848 %	- %	
2014	23.890	5.161	29.051	60.638	29.444	0.22834	28.622	0.26424	-	
2015	24.237	5.032	29.269	63.735	29.734	0.21069	28.562	0.27299	-	
2016	22.368	4.536	26.904	58.922	27.378	0.21901	26.660	0.23976	-	
2017	22.833	4.012	26.845	55.850	25.305	0.20712	23.476	0.22996	-	
2018	21.932	2.940	24.872	53.962	28.464	0.19725	23.685	0.22280	-	
2019	21.367	2.760	24.127	56.766	26.330	0.18765	26.081	0.23240	-	
2020	21.997	2.585	24.582	52.302	24.964	0.29347	36.777	0.22384	-	
2021	21.130	2.168	23.298	51.585	23.863	0.25290	37.074	0.18064	-	
2022	23.984	2.151	26.135	53.945	23.420	0.25640	34.805	0.19261	-	

Source: Ramsey County Department of Property Records and Revenue

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Vadnais Heights. Not all overlapping rates apply to all City of Vadnais Heights property owners (e.g. the rates for the school districts will only apply to the portion of the property owners located within the geographic boundaries of each school district.)

(2) Market value based property tax rates are based on \$100 of market valuation. All other tax rates are based on \$100 of assessed net tax capacity of taxable property as defined in Table 6.

(3) Total Direct and Overlapping Rates do not include the market value based tax rates for the school districts.

City of Vadnais Heights, Minnesota
Property Tax Rates
Direct and Overlapping (1) Governments (Continued)
Last Ten Fiscal Years

Exhibit G-7

Fiscal Year	Overlapping Rates							
	Washington- Ramsey Metro Watershed Tax District		Total (3)					
			Watershed Tax District and School District					
			Other Districts	Vadnais Lake #621 & #916	Vadnais Lake #624 & #916	Wash./Ramsey #624 & #916		
2013	3.043	%	7.607	%	125.807	122.865	125.908	%
2014	3.643		7.877		127.010	126.188	129.831	
2015	4.499		7.479		130.217	129.045	133.544	
2016	4.259		6.974		120.178	119.460	123.719	
2017	3.813		6.572		114.572	112.743	116.556	
2018	3.813		6.572		113.870	109.091	112.904	
2019	3.813		6.572		113.795	113.546	117.359	
2020	3.248		6.324		108.173	119.986	123.234	
2021	2.938		6.000		104.746	117.957	120.895	
2022	2.893		2.263		105.763	117.148	120.041	

City of Vadnais Heights, Minnesota
Principal Property Taxpayers
Current Year and Ten Years Ago

Exhibit G-8

Taxpayer	Type of Business	2022			2013		
		Taxable Net Tax Capacity	Rank	Percentage of Total Taxable Net Tax Capacity	Taxable Net Tax Capacity	Rank	Percentage of Total Taxable Net Tax Capacity
H B Fuller	R&D Laboratory/Manufacturing	\$ 726,244	1	0.04	\$ 416,992	1	0.04 %
Dakota Upreit LP	Retail	680,224	2	0.03	255,526	3	0.02
Buerkle Enterprises, LLC	Automotive Dealership	579,818	3	0.03	\$ 144,250	7	0.01
MSP Vadnais LLC	Medical Office Building	572,584	4	0.03			
VH Medical Partners LLC	Medical Office Building	467,320	5	0.02			
Luther Company, LLP	Automotive Dealership	423,614	6	0.02			
Willow Lake Properties	Office, Industrial	399,204	7	0.02			
Aster Meadows, LLC	Apartment	364,710	8	0.02			
Wal Mart Real Estate Bus Trust	Retail	358,509	9	0.02	344,398	2	0.03
Gable Pines Development LP	Senior Housing	347,118	10	0.02			
Short Elliott Hendrickson	Office Building				111,298	10	0.01
Dokmo Northwood Villa LLC	Apartment				135,150	8	0.01
John Rickson Properties	Office Building				193,426	5	0.02
Dayton Hudson Corporation	Retail				147,250	6	0.01
Northern States Power	Utility				200,710	4	0.02
Parkway Place LLC	Office Building				119,250	9	0.01
		<u>\$ 4,919,345</u>		<u>0.25 %</u>	<u>\$ 2,068,250</u>		<u>0.19 %</u>

City of Vadnais Heights, Minnesota
Property Tax Levies and Collections
Last Ten Fiscal Years

Exhibit G-9

<u>Fiscal Year Ended December 31,</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Current Tax Collections</u>	<u>Percentage of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Tax Collections as a Percent of Current Levy</u>
2013	\$ 3,579,662	\$ 3,545,339	99.0 %	\$ 34,323	\$ 3,579,662	100.0 %
2014	3,686,463	3,645,976	98.9	40,487	3,686,463	100.0
2015	3,761,782	3,739,552	99.4	22,230	3,761,782	100.0
2016	4,131,604	4,093,114	99.1	38,490	4,131,604	100.0
2017	4,281,962	4,266,523	99.6	14,478	4,281,001	100.0
2018	4,427,548	4,391,941	99.2	29,109	4,421,050	99.9
2019	4,578,085	4,548,748	99.4	28,632	4,577,380	100.0
2020	4,894,180	4,857,238	99.2	33,447	4,890,685	99.9
2021	5,060,231	5,000,438	98.8	55,705	5,056,143	99.9
2022	5,724,529	5,699,314	99.6	-	5,699,314	99.6

City of Vadnais Heights, Minnesota
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Exhibit G-10

Fiscal Year	Governmental Activities				Business-type	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Tax Increment Bonds	Public Project Revenue Bonds	Notes	Activities Revenue Bonds			
2013	\$ 7,758,000	\$ 407,000	\$ -	\$ 400,000	\$ -	\$ 8,565,000	1.47	\$ 678
2014	7,389,000	331,000	-	400,000	-	8,120,000	1.39	643
2015	7,012,000	253,000	-	400,000	-	7,665,000	1.30	606
2016	6,624,000	171,000	-	400,000	-	7,195,000	1.22	572
2017	6,223,000	87,000	-	400,000	-	6,710,000	1.04	520
2018	5,805,000	-	-	400,000	-	6,205,000	0.93	488
2019	5,530,000	-	-	400,000	-	5,930,000	0.82	449
2020	5,380,000	-	-	400,000	-	5,780,000	0.78	433
2021	5,045,000	-	-	400,000	-	5,445,000	0.72	422
2022	4,715,000	-	-	400,000	-	5,115,000	0.64	402

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

(1) See the Demographic and Economic Statistics on page 146 for personal income and population data.

City of Vadnais Heights, Minnesota
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Exhibit G-11

Fiscal Year	General Obligation Bonds	Less Amounts Available in Debt Service Funds	Net Bonded Debt	Percentage of Estimated Market Value of Taxable Property	Per Capita
2013	\$ 8,165,000	\$ 213,105	\$ 7,951,895	0.63 %	\$ 630
2014	7,720,000	242,539	7,477,461	0.59	591
2015	7,265,000	362,049	6,902,951	0.51	549
2016	6,795,000	702,666	6,092,334	0.44	488
2017	6,310,000	545,730	5,764,270	0.40	446
2018	5,805,000	743,269	5,061,731	0.32	398
2019	5,530,000	645,628	4,884,372	0.29	370
2020	5,380,000	426,473	4,953,527	0.28	371
2021	5,045,000	326,151	4,718,849	0.25	365
2022	4,715,000	468,661	4,246,339	0.22	334

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

See Assessed Net Tax Capacity and Estimated Market Value of Taxable Property on pages 134 and 135 for property va

See the Demographic and Economic Statistics on page 146 for population data.

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City of Vadnais Heights, Minnesota
Computation of Direct and Overlapping Debt
December 31, 2022

Exhibit G-12

Governmental Unit	Debt Outstanding*	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct Debt			
City of Vadnais Heights	\$ 5,115,000	100.000 %	<u>\$ 5,115,000</u>
Overlapping Debt			
Ramsey County	219,798,850	3.19	7,010,270
Independent School Dist. #621	195,570,000	1.69	3,302,265
Independent School Dist. #624	402,577,569	18.81	75,711,044
Metropolitan Council	1,897,693,968	0.004	71,314
Total Overlapping Debt			<u>86,094,894</u>
Total Direct and Overlapping Debt			<u><u>\$ 91,209,894</u></u>

Comparative Debt Ratios	
Ratio of Debt per capita (12,713 population)	\$ 7,175
Ratio of debt to tax capacity valuations (value for local rate) of \$19,990,901	464.43%
Ratio of debt to estimated market valuation of \$1,943,686,500	4.69%

* Source of Data: Ramsey County 2021 Financial Report, Direct and Overlapping Governmental Activities debt

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

City of Vadnais Heights, Minnesota

Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Debt Limit	\$ 37,967,571	\$ 37,824,456	\$ 40,436,799	\$ 41,586,849
Total Net Debt Applicable to Limit	7,395,951	6,686,334	6,466,270	5,880,731
Legal Debt Margin	<u>\$ 30,571,620</u>	<u>\$ 31,138,122</u>	<u>\$ 33,970,529</u>	<u>\$ 35,706,118</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	19.5%	17.7%	16.0%	14.1%

Legal Debt Margin Calculation for Fiscal Year 2022

Taxable Market Value

Debt Limit (3% of Market Value)

Debt Applicable to Limit

General obligation bonds

Less amount available in

Debt Service funds

Total Net Debt Applicable to Limit

Legal Debt Margin

Note: Under state law, the City's outstanding general obligation debt should not exceed 3 percent of the market value of taxable property (2 percent for years prior to 2008). By law, the general obligation debt subject to the limitation may be offset by amounts set aside for the extinguishment of those obligations.

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 43,018,080	\$ 46,788,408	\$ 50,197,383	\$ 53,043,333	56,619,099	\$ 58,316,055
5,577,372	5,378,527	5,203,849	4,905,140	4,549,328	4,246,339
<u>\$ 37,440,708</u>	<u>\$ 41,409,881</u>	<u>\$ 44,993,534</u>	<u>\$ 48,138,193</u>	<u>\$ 52,069,771</u>	<u>\$ 54,069,716</u>
13.0%	11.5%	10.4%	9.2%	8.0%	7.3%

\$ 1,943,868,500

\$ 58,316,055

4,715,000

(468,661)

4,246,339

\$ 54,069,716

City of Vadnais Heights, Minnesota
Demographic and Economic Statistics
Last Ten Fiscal Years

Exhibit G-14

Fiscal Year	Population (1)	Number of Households (1)	Personal Income (2)	Per Capita Personal Income (3)	School Enrollment		Unemployment Rate (5)
					Mounds View (4)	White Bear Lake (4)	
2013	12,631	5,165	\$ 582,592,244	\$ 46,124	10,734	8,179	4.4 %
2014	12,643	5,235	588,266,147	46,529	10,596	7,947	3.2
2015	12,583	5,243	591,640,077	47,019	10,880	8,072	3.8
2016	12,490	5,243	591,640,077	47,019	10,880	8,072	3.8
2017	12,910	5,364	642,724,350	49,785	11,399	8,523	3.1
2018	12,704	5,381	664,304,864	52,291	11,540	8,562	3.4
2019	13,198	5,386	725,018,932	54,934	11,957	8,860	3.4
2020	13,338	5,374	741,366,054	55,583	11,806	8,705	3.0
2021	12,912	5,407	756,087,984	58,557	10,647 *	7,849 *	2.6
2022	12,713	5,388	795,757,522	62,594	11,747	8,705	2.1

Source:

(1) U.S. Census Bureau

(2) Calculated by multiplying the estimated population by the per capita personal income for Ramsey County.

(3) Bureau of Economic Analysis, U. S. Department of Commerce- for all of Ramsey County.

(4) Minnesota Department of Education - Figures are for school districts as a whole

(5) Minnesota Department of Employment and Economic Development - Ramsey County

* 2021 Enrollment figures only include students that attend school on a regular basis

City of Vadnais Heights, Minnesota

Exhibit G-15

Principal Employers
Current Year and Ten Years Ago

	2022			2013		
	Employees (1)	Rank	Percentage of Total City Employment	Employees (2)	Rank	Percentage of Total City Employment
H.B. Fuller Company	600	1	7.45 %	430	1	5.60 %
I.C. Systems	564	2	7.01	509	2	4.30
Bal Seal Engineering	500	3	6.21			
NAC Mechanical	500	4	6.21			
Wal-Mart	410	5	5.09	200	5	2.67
Buerkle Company	250	6	3.11	185	6	2.47
S.E.H.	200	7	2.48	202	3	3.34
Innovize	160	9	1.99			
Target	150	10	1.86	185	4	2.75
S & T Office Products				122	8	1.63
MGC Diagnostics				117	9	1.56
Dynamic Air				115	10	1.53
Total	<u>3,334</u>		<u>41.42 %</u>	<u>2,065</u>		<u>25.85 %</u>

Source: City license information

(1) Reference USA

(2) City license information.

City of Vadnais Heights, Minnesota
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	2013	2014	2015	2016
General Government	8	8	8	8
Public Safety				
Fire				
Firefighters and officers (1)	P.O.C.	P.O.C.	P.O.C.	P.O.C.
Civilians	5	5	5	5
Streets and Highways				
Maintenance	3	3	3	3
Culture and Recreation				
Parks	3	2	2	3
Recreation	3	3	3	3
Water	3	3	3	3
Sewer	2	2	2	2
Surface Water Management	-	-	-	-
Total	<u>27</u>	<u>26</u>	<u>26</u>	<u>27</u>

Source: City of Vadnais Heights, Finance Department
(1) Paid on call

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
10	10	10	10	10	11
P.O.C. 5	P.O.C. 5	P.O.C. 5	P.O.C. 5	P.O.C. 5	P.O.C. 6
4	4	3	3	3	3
3	3	3	3	3	2
2	2	2	2	2	2
3	2	2	2	2	2
2	2	2	2	2	2
-	-	1	1	1	2
<u>29</u>	<u>28</u>	<u>28</u>	<u>28</u>	<u>28</u>	<u>30</u>

City of Vadnais Heights, Minnesota

Exhibit G-17

Operating Indicators by Function

Last Ten Fiscal Years

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fire										
Fire/medical calls	845	887	861	918	1,075	1,075	1,487	1,320	1,528	1,898
Inspections	1,252	1,269	1,110	829	2,040	2,040	1,847	34	954	1,570
Code enforcement calls										85
Building/Engineering										
Permits issued	903	965	707	653	935	920	985	737	1,745	1,924
Culture and Recreation										
Recreation participants	1,351	1,497	1,346	1,244	1,269	1,296	2,140	506	1,400	1,650
Water										
New connections	4	36	12	6	18	16	33	5	14	35
Water main breaks	1	8	2	1	1	6	8	3	13	5
Average daily consumption (thousands of gallons)	1,106	1,472	1,327	1,376	1,267	1,342	1,060	1,250	1,362	1,326
Sewer										
Average daily treatment flow (thousands of gallons)	1,192	1,207	1,167	1,185	1,229	1,273	1,328	1,329	1,161	1,127

Sources: Various government departments.

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

City of Vadnais Heights, Minnesota
Capital Asset Statistics by Function
Last Ten Fiscal Years

Exhibit G-18

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Public Works										
Street division										
Miles of street	39	39	39	39	39	39	39	39	39	40
Street lights (city owned)	70	70	81	85	85	85	85	85	85	85
Signalized intersections	17	17	17	17	17	17	17	17	17	17
Parks division										
Parks	14	14	14	14	14	14	14	14	14	14
Parks acreage	178	178	178	178	178	178	178	178	178	178
Basketball courts	5	5	5	5	5	5	5	5	5	5
Hockey rinks/outdoor	2	2	2	2	2	2	2	2	2	2
Open skating	1	1	1	1	1	1	1	1	1	1
Picnic shelters	2	2	2	2	2	2	2	2	2	2
Baseball/softball diamonds	12	12	12	12	12	12	12	12	12	12
Soccer fields	8	8	8	8	8	8	8	8	8	8
Tennis courts	10	10	9	9	9	9	9	9	9	9
Warming houses	2	2	1	1	1	1	1	1	1	1
Miles of park trails	11	11	11	11	11	11	11	11	11	11
Utilities										
Water										
Miles of water main	55	55	55	55	55	55	55	55	55	56
Wells	5	5	5	4	4	4	4	4	4	4
Water towers	2	2	2	2	2	2	2	2	2	2
Consumers	4,038	4,151	4,114	4,120	4,162	4,116	4,148	4,150	4,164	4,167
Maximum daily capacity - gallons	5,112,000	5,112,000	5,112,000	5,112,000	5,112,000	5,112,000	5,112,000	5,112,000	5,112,000	5,112,000
Sewer										
Miles of sanitary sewer	54	54	54	54	54	54	54	54	54	55
Lift stations	1	1	1	1	1	1	1	1	1	1
Consumers	3,989	4,020	4,048	4,056	4,063	4,083	4,114	4,114	4,125	4,157
Surface water management										
Miles of storm sewer	21	21	21	21	21	21	21	21	21	21
Catch basins	792	792	798	802	802	802	802	802	802	806
Consumers	3,947	3,976	3,996	3,996	3,964	3,964	4,015	4,014	4,023	4,057

Source: City of Vadnais Heights Financial Records.

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