

**CITY OF ST. CHARLES, MINNESOTA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**



**CITY OF ST. CHARLES, MINNESOTA**  
**FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended December 31, 2021**

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**CITY OF ST. CHARLES, MINNESOTA**

**INTRODUCTORY SECTION**

**DECEMBER 31, 2021**

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**CITY OF ST. CHARLES, MINNESOTA**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**  
**DECEMBER 31, 2021**

Elected

John Schaber	Mayor
David Braun	Council
Wayne Getz	Council
David Kramer	Council
John Steffel	Council

Appointed

Nick Koverman	City Administrator
Melissa Krusmark	Accountant
Janell Dahl	Deputy Clerk

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**CITY OF ST. CHARLES, MINNESOTA**

**FINANCIAL SECTION**

**DECEMBER 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the City Council  
City of St. Charles, Minnesota

### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of St. Charles, Minnesota, as of and for the year ended December 31, 2021, and the related notes to financial statements, which collectively comprise City of St. Charles, Minnesota's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of St. Charles, Minnesota as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of St. Charles, Minnesota and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of St. Charles, Minnesota's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

### ***Report on Summarized Comparative Information***

The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2020, from which such partial information was derived.

We have previously audited the City's 2020 financial statements and our report dated March 25, 2021, expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 4 through 14 and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of St. Charles, Minnesota's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare basic the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section and supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Smith, Schafn and Associates, Ltd.*

Rochester, Minnesota  
April 20, 2022

## **CITY OF ST. CHARLES, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of St. Charles, Minnesota, we offer readers of the City of St. Charles, Minnesota's financial statements this narrative overview and analysis of the financial activities of the City of St. Charles, Minnesota for the fiscal year ended December 31, 2021.

### **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City of St. Charles, Minnesota exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$24,561,631 (*net position*). Of this amount, \$5,811,823 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net position decreased by \$118,741.
- As of the close of the current fiscal year, the City of St. Charles, Minnesota's governmental funds reported combined ending fund balances of \$5,529,866. Approximately 19% of this total amount, or \$1,054,534 is available for use within the City's designations and policies.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$783,113 or 42% of total general fund expenditures.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the City of St. Charles, Minnesota's basic financial statements. The City of St. Charles, Minnesota's basic financial statements comprise three components:

1. Government-wide financial statements, providing information for the City as a whole.
2. Fund financial statements, providing detailed information for the City's significant funds.
3. Notes to financial statements, providing additional information that is essential to understanding the government-wide and fund statements.

This report also contains other supplementary information in addition to the basic financial statements themselves. Additional explanation of these sections of the financial statements follows.

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

The *statement of net position* presents information on all of the City of St. Charles, Minnesota's assets, deferred outflows of resources, 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 of St. Charles, Minnesota is improving or deteriorating.

## CITY OF ST. CHARLES, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the 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 not used, compensated absences).

Both of the government-wide financial statements distinguish functions of the City of St. Charles, Minnesota that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of St. Charles, Minnesota include general government, public safety, public works, library, parks and recreation, and economic development. The business-type activities of the City of St. Charles, Minnesota include the electric, water, sewer, storm water utilities, waste management and ambulance services. The government-wide financial statements can be found on pages 15-17 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 of St. Charles, Minnesota, 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 of St. Charles, Minnesota can be divided into two categories: governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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 of St. Charles, Minnesota maintains twenty-two 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, ARPA fund, the capital improvements, Street Trail Sidewalk Construction, TIF District No. 8 capital projects funds, 2011A General Obligation Refunding Bond debt service fund, and 2015A General Obligation Bond, all of which are considered to be major funds. Data from the fifteen other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of St. Charles, Minnesota adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund (pages 24-28) and the special revenue funds (pages 75-80) to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 18-21 of this report.

## **CITY OF ST. CHARLES, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Proprietary funds.** The City of St. Charles, Minnesota maintains one type of proprietary funds – enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of St. Charles, Minnesota uses enterprise funds to account for its electric, water, sewer, storm water utilities, waste management and ambulance.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water, sewer, storm water utilities, waste management and ambulance, all of which are considered to be major funds of the City of St. Charles, Minnesota.

The proprietary fund financial statements can be found on pages 29-36 of this report.

**Notes to 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 financial statements can be found beginning on page 37 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 71-74 of this report.

### **IMPORTANT REMINDERS**

**Infrastructure Assets.** When the City of St. Charles, Minnesota implemented GASB Statement #34 for the year ended December 31, 2004, the City elected to record infrastructure assets prospectively, rather than retroactively for government activities. Historically, governmental capital assets, particularly infrastructure assets, have only been accounted for using the current financial resources (budgeted resources) method, and have not been expensed annually through depreciation or accounted for otherwise. Additionally, significant infrastructure assets have been constructed by developers and contributed to the City prior to 2004 but were not recorded. All 2004 and future acquisitions of infrastructure assets have and will be recorded under the new reporting model.



# CITY OF ST. CHARLES, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of St. Charles, Minnesota, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$24,561,631 at the close of the most recent fiscal year.

By far the largest portion of the City of St. Charles, Minnesota's net position (75%) reflects its investment in capital assets (e.g. land, buildings, infrastructure, vehicles, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of St. Charles, Minnesota uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of St. Charles, Minnesota'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 St. Charles, Minnesota's Net Position

	Governmental Activities	Business-Type Activities	Totals	
			2021	2020
Current and other assets	\$ 6,302,419	\$ 3,957,914	\$ 10,260,333	\$ 7,658,373
Capital assets	14,973,700	13,776,164	28,749,864	23,069,144
Total assets	21,276,119	17,734,078	39,010,197	30,727,517
Deferred Outflows of Resources	708,333	309,678	1,018,011	439,628
Long-term liabilities outstanding	11,412,321	1,053,656	12,465,977	4,434,182
Other liabilities	876,390	776,118	1,652,508	1,796,148
Total liabilities	12,288,711	1,829,774	14,118,485	6,230,330
Deferred Inflows of Resources	985,308	362,784	1,348,092	256,443
Net position:				
Net investment in capital assets	5,468,379	13,062,508	18,530,887	18,634,962
Restricted	218,921		218,921	281,699
Unrestricted	3,023,133	2,788,690	5,811,823	5,763,711
Total net position	\$ 8,710,433	\$ 15,851,198	\$ 24,561,631	\$ 24,680,372

The balance of *unrestricted net position* \$5,811,823 may be used to meet the government's ongoing obligations to citizens and creditors.

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

## CITY OF ST. CHARLES, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

**Governmental activities.** Governmental activities decreased the City of St. Charles, Minnesota's net position by \$203,287. The most significant change in governmental net position is due to the effect of accounting for net position under full accrual accounting, current year infrastructure capital outlay, which was funded during the year, will be expensed over its useful life and capital assets constructed by developers and contributed to the City are recorded as increases in net position.

**Business-type activities.** Business-type activities increased the City of St. Charles, Minnesota's net position by \$84,546. The City's water utility contributed the most significant portion of that increase.

A condensed version of the Statement of Activities follows:

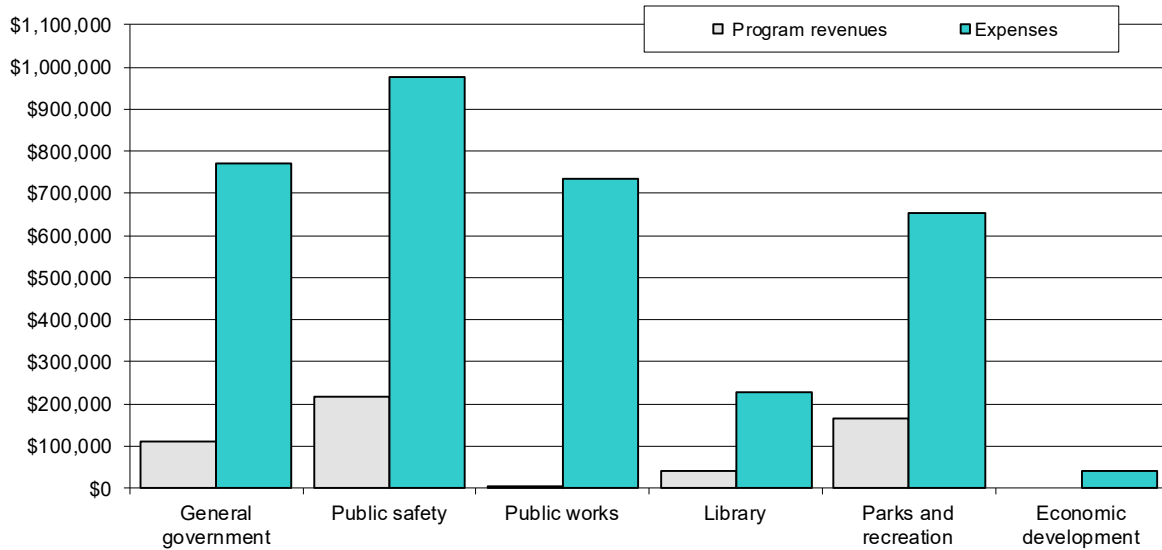
### City of St. Charles, Minnesota's Change in Net Position

	Governmental Activities	Business-Type Activities	Totals	
			2021	2020
Revenue:				
Program revenues:				
Charges for services	\$ 300,334	\$ 5,185,508	\$ 5,485,842	\$ 5,176,870
Operating grants and contributions	234,043	13,637	247,680	223,129
Capital grants and contributions	2,654		2,654	236,442
General revenues:				
Property taxes	1,316,400		1,316,400	1,140,829
TIF proceeds	104,706		104,706	61,080
Franchise fees	55,338		55,338	59,948
Grants and contributions not restricted to specific programs	1,068,460		1,068,460	905,328
Other	65,655	39,825	105,480	464,633
Total revenues	<u>3,147,590</u>	<u>5,238,970</u>	<u>8,386,560</u>	<u>8,268,259</u>
Expenses:				
General government	772,895		772,895	516,080
Public safety	977,506		977,506	1,055,033
Public works	735,426		735,426	627,103
Library	227,529		227,529	208,922
Parks and recreation	652,959		652,959	638,991
Economic development	40,704		40,704	89,020
Interest on long-term debt	133,858		133,858	213,195
Electric		3,085,041	3,085,041	2,826,125
Water		495,809	495,809	537,759
Sewer		781,966	781,966	726,738
Storm water drainage		170,327	170,327	141,638
Waste management		274,711	274,711	251,668
Ambulance		156,570	156,570	186,693
Total expenses	<u>3,540,877</u>	<u>4,964,424</u>	<u>8,505,301</u>	<u>8,018,965</u>
Increase in net position before transfers	(393,287)	274,546	(118,741)	249,294
Transfers	190,000	(190,000)		
Increase in net position	(203,287)	84,546	(118,741)	249,294
Net position, beginning	8,913,720	15,766,652	24,680,372	24,026,308
Net position, end of year	<u>\$ 8,710,433</u>	<u>\$ 15,851,198</u>	<u>\$ 24,561,631</u>	<u>\$ 24,275,602</u>

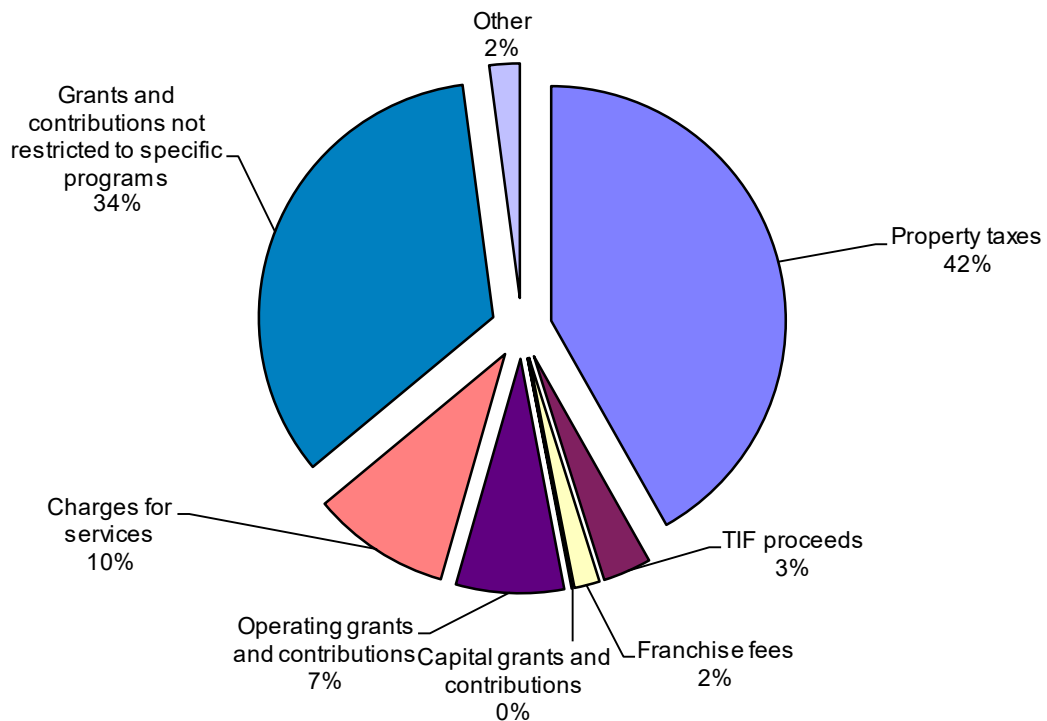
## CITY OF ST. CHARLES, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

Below are specific graphs that provide comparisons of the governmental activities direct program revenues with their expenses. Any shortfalls in direct revenues are primarily supported by property tax levy or general state aid expenses.

**Expenses and Program Revenues - Governmental Activities**



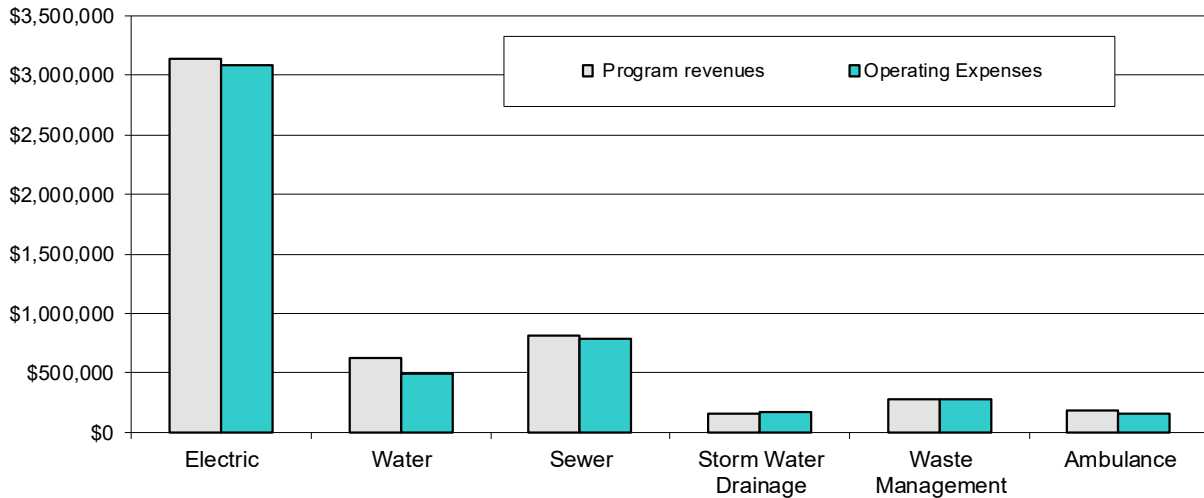
**Revenues by Source - Governmental Activities**



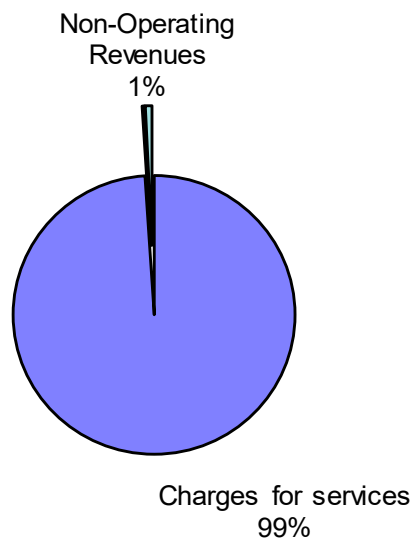
## CITY OF ST. CHARLES, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

The following graphs relate the various business-type activities' program revenues with their expenses. Since all of these activities require significant physical assets to operate, any excess revenues are held for planned capital expenditures to keep pace with growing demand for services.

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



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



## CITY OF ST. CHARLES, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

### FUND BASIS FINANCIAL ANALYSIS

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

**Governmental funds.** The focus of the City of St. Charles, Minnesota'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 of St. Charles, Minnesota's financing requirements. In particular, unassigned and assigned fund balance may serve as a useful measure of a city's net resources available for spending at the end of the fiscal year.

Fund balance is classified as non-spendable, restricted, committed, assigned or unassigned according to the following definitions:

*Nonspendable* – representing that portion of fund balance that is not in a spendable form. Included in this category are advances to other funds, prepaid items and inventory.

*Restricted* – reports resources that have external constraints placed upon their use.

*Committed* – reports those resources for a specific purpose by Council action. The constraints cannot be changed or removed without Council action.

*Assigned* – represents the portion of fund balance that reflects the amounts the City intends to use for a specific purpose. The Council has authorized the City Administrator to assign fund balance.

*Unassigned* – comparable to the old unreserved, undesignated classification of fund balance, this represents the amount available for any purpose. However, only the General Fund may report a positive fund balance. Fund balance in other governmental funds will fall into one or more of the categories listed above, unless a fund has a negative fund balance.

Detailed information regarding the fund balance classifications are found in Note 3 in the Notes to Financial Statements.

As of the end of the current fiscal year, the City of St. Charles, Minnesota's governmental funds reported combined ending fund balances of \$5,529,866 an increase of \$3,186,309 from 2020. Approximately 81% of this balance is either Nonspendable (\$28,373) related to prepaid items, Restricted (\$2,276,846) related to debt covenants or regulations or Committed (\$2,170,113) to projects by Council. The remainder is available for spending at the City's discretion.

The general fund is the chief operating fund of the City of St. Charles, Minnesota. At the end of the current fiscal year, unassigned fund balance of the general fund was \$783,113. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 42% of total general fund expenditures.

The general fund's total fund balance increased by \$101,338 during the current fiscal year. This year's increase was primarily due a surplus in building permit revenues and the receipt of Small Cities Assistance, which was designated by the Minnesota Legislature for street expenditures.

The economic development fund increased its fund balance by \$19,062. The increase in fund balance is due to the early pay-off of a loan.

The capital improvement fund increased its fund balance by \$207,588 for the year, and ended the year with a fund balance of \$1,171,389. This increase was primarily due to a majority of projects being completed with 2021 Street Bond project funds. The intent is to build the reserves of the Capital Improvement fund for future capital projects

## **CITY OF ST. CHARLES, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Proprietary funds.** The City of St. Charles, Minnesota's proprietary funds statements found on pages 28-35 provide the same type of information found in the government-wide financial statements, but in more detail.

The net position in the respective proprietary funds are Electric - \$7,774,853, Water - \$3,501,564 Sewer - \$3,075,970 , Storm Water - \$1,147,658, Waste Management - \$79,766, Ambulance - \$271,387.

Electric Utility rates remained unchanged for 2021 as determined by staff and electrical engineer's recommendation, but was being reviewed for 2022 as unpredicted impacts to the national system due to unforeseen cold weather and demand heavily impacted the wholesale provider rates throughout the year. The market associated contract with Dairyland created a reduction in the cost of purchased power in 2020; therefore, the City saw a reduction of \$109,732.00, which was credited into the Upper Midwest Municipal Energy Group's (UMMEG) rate stabilization fund rather than being reimbursed on the 2021 invoices within the first six months of the year. A fund reimbursement request can be made at any time to the UMMEG board. An adjustment to the amount collected by UMMEG for the Rate Stabilization Fund was implemented at the end of 2021 in order to generate additional dollars (\$17,171.43) for the anticipated shortfall/repayment to DPC. Due to the unpredicted impacts, the city ended the 2021 purchase power year owing DPC a total of \$256,759.78, which will be reimbursed to DPC over the first 6 months of 2022. Energy Efficiency--The City continues to design programs in an effort to adhere to the State's mandated energy conservation requirements, which is to spend roughly 1.5% of gross revenues, in order to reduce consumption by approximately 322,000 kWh per year based on current figures. The City of St. Charles, Minnesota, along with the majority of members of the Upper Midwest Municipal Energy Group, entertained and engaged in a long-term Purchase Power Agreement with OneEnergy/Butter Solar to develop 22MW of solar in 2018. The City of St. Charles, Minnesota signed a 25-year agreement for the solar output as a hedge against future market costs. In addition, the City purchased a 17-acre site for \$212,500 as the location for the 2MW facility.

Base Water Utility rates changed in 2021 by 1.5 percent from \$16.79 in 2020 to \$17.04 in 2021. Water Utility rates were restructured in 2015. The City adopted a tiered rate structure, with water rates being charged based on usage. In the spring of 2011, the State Legislature amended Minnesota Statutes 103G.291 to require public water suppliers serving more than 1,000 residents to encourage water conservation by adopting demand reduction measures, including a water conservation rate or a uniform rate with a conservation program by January 1, 2015.

Sewer Utility rates were increased 2% in 2021.

Garbage and recycling rates were increased by Waste Management Services 4.0 percent in 2021 – the rate increase was passed on to the users.

**CITY OF ST. CHARLES, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**General Fund Budgetary Highlights**

The City has remained consistent in spending within established budget guidelines. No amendments were made to the original 2021 budget.

**Capital Asset and Debt Administration**

**Capital assets.** The City of St. Charles, Minnesota's investment in capital assets for its governmental and business-type activities as of December 31, 2021, amounts to \$28,749,864 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, and bridges. The City of St. Charles, Minnesota reported an increase in its investment in capital assets for the current fiscal year of \$5,680,720.

**City of St. Charles, Minnesota's Capital Assets**

(net of depreciation)

	Governmental	Business-Type	Totals	
	Activities	Activities	2021	2020
Land	\$ 1,759,203	\$ 354,689	\$ 2,113,892	\$ 2,122,412
Construction in process	2,601,640	680,000	3,281,640	37,593
Buildings and improvements	3,452,382	4,512,095	7,964,477	8,241,472
Machinery and equipment	363,362	8,229,380	8,592,742	8,044,455
Infrastructure	6,797,113		6,797,113	4,623,212
Total	<u>\$ 14,973,700</u>	<u>\$ 13,776,164</u>	<u>\$ 28,749,864</u>	<u>\$ 23,069,144</u>

Additional information on the City of St. Charles, Minnesota's capital assets can be found in Note 3E on pages 49-50 of this report.

## CITY OF ST. CHARLES, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

**Long-term debt.** At the end of the current fiscal year, the City of St. Charles, Minnesota had \$12,415,569 in bonds and notes outstanding. All of this debt except the notes and loans payable, is backed by the full faith and credit of the City.

### City of St. Charles, Minnesota's Outstanding Debt General Obligation and Revenue Bonds and Notes Payable

	Governmental Activities	Business-Type Activities	Totals	
			2021	2020
General obligation bonds	\$ 11,353,344	\$ 1,053,656	\$ 12,407,000	\$ 3,850,000
General obligation revenue bonds				810,000
Notes and lease payable	8,569		8,569	59,162
Total	<u>\$ 11,361,913</u>	<u>\$ 1,053,656</u>	<u>\$ 12,415,569</u>	<u>\$ 4,719,162</u>

The City of St. Charles, Minnesota's total bonds and notes payable increased by \$7,696,407 during the current fiscal year. A more detailed breakdown of these obligations can be found in Note 3G, beginning on page 53.

### Economic Factors and Next Year's Budgets and Rates

The City of St. Charles, Minnesota maintains an A+ bond rating on its general obligation bonds from both Moody's Investors Service and Standard and Poor's.

All of the following factors were considered in preparing the City of St. Charles, Minnesota's budget for the 2021 fiscal year. In addition, to deal with both cycles in the economy and to plan for future capital expansion, the City routinely puts aside resources.

- The unemployment rate for the City of St. Charles, Minnesota ended at 2.7 percent in 2021. This rate is the same as Winona County's average of 2.1 percent, and lower than the State's average of 2.6 percent.
- The median household income in the City of St. Charles, Minnesota is \$78,283. This is nearly the same as the State of Minnesota's average income of \$74,600 and slightly above the National average of \$67,463.
- The City of St. Charles, Minnesota's population is 3,990 people. The City has seen a slight increase from the 2013 Census data 3,695. However, since 2000 the City has had a population growth of 9.7 percent.
- The City of St. Charles, Minnesota relies on Local Government Aid (LGA) for 32 percent of its General Fund revenues. Local Government Aid increased \$27,852 to \$994,602 in 2021. Local Government Aid is increasing \$17,130 in 2022.
- The City of St. Charles, Minnesota engaged in a Comparable Worth/Salary Study beginning at the end of the 2016 and was finished in 2017. The results of the study will be implemented over a 3-year time span and tied into the labor negotiations with Law Enforcement Labor Services, the International Brotherhood of Electrical Workers, and non-union staff. Union contracts were negotiated for a 3-year term (2018-2020). A 1-year contract extension for 2021 was negotiated in light of COVID with an increase of 2.5 percent. A 3-year COLA adjustment was reached for 2022-2024 of 3 percent per year. A Comparable Worth/Salary Study will be conducted in 2022 as an agreed upon component of settlements with both unions, but moreover, as the study is 5 years old, it is the recommendation to update the study in that timeframe.

### Requests for Information

This financial report is designed to provide a general overview of the City of St. Charles, Minnesota'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 information should be addressed to the City Administrator, City Hall, St. Charles, MN 55976.



**CITY OF ST. CHARLES, MINNESOTA**  
**GOVERNMENT-WIDE FINANCIAL STATEMENTS**  
**ENDED DECEMBER 31, 2021**

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**CITY OF ST. CHARLES, MINNESOTA**  
**STATEMENT OF NET POSITION**  
December 31, 2021  
With Comparative Totals for December 31, 2020

	Governmental Activities	Business-Type Activities	Totals	
			2021	2020
<b>ASSETS</b>				
Cash and investments	\$ 5,774,893	\$ 2,634,903	\$ 8,409,796	\$ 6,074,192
Accrued interest receivable	3,015	924	3,939	9,445
Receivables (net of allowance for uncollectibles)	87,083	729,385	816,468	813,875
Internal balances	(20,000)	20,000		
Inventory		497,826	497,826	395,713
Prepaid items	28,373	74,876	103,249	122,115
Net pension asset	429,055		429,055	243,033
Capital assets:				
Nondepreciable	4,360,843	1,034,689	5,395,532	2,160,004
Depreciable, net	10,612,857	12,741,475	23,354,332	20,909,140
Total Assets	<u>21,276,119</u>	<u>17,734,078</u>	<u>39,010,197</u>	<u>30,727,517</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows from pension activity	<u>708,333</u>	<u>309,678</u>	<u>1,018,011</u>	<u>439,628</u>
<b>LIABILITIES</b>				
Accounts payable	74,892	243,180	318,072	284,594
Deposits payable		20,299	20,299	19,777
Accrued interest payable	46,065	8,906	54,971	62,956
Accrued salaries		9,794	9,794	16,092
Accrued compensated absences	75,970	88,668	164,638	152,506
Unearned revenue	205,341		205,341	
Noncurrent liabilities:				
Net pension liability	474,122	405,271	879,393	1,260,223
Due within one year	195,830	57,739	253,569	734,771
Due in more than one year	11,216,491	995,917	12,212,408	3,699,411
Total Liabilities	<u>12,288,711</u>	<u>1,829,774</u>	<u>14,118,485</u>	<u>6,230,330</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows from pension activity	<u>985,308</u>	<u>362,784</u>	<u>1,348,092</u>	<u>256,443</u>
<b>NET POSITION</b>				
Net investment in capital assets	5,468,379	13,062,508	18,530,887	18,634,962
Restricted for:				
Debt service	218,921		218,921	281,699
Unrestricted	3,023,133	2,788,690	5,811,823	5,763,711
Total Net Position	<u>\$ 8,710,433</u>	<u>\$ 15,851,198</u>	<u>\$ 24,561,631</u>	<u>\$ 24,680,372</u>

**See Notes to Financial Statements**

**CITY OF ST. CHARLES, MINNESOTA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2021  
With Comparative Totals for the Year Ended December 31, 2020

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Governmental activities:				
General government	\$ 772,895	\$ 85,644	\$ 23,772	\$
Public safety	977,506	47,249	169,111	
Public works	735,426		4,298	
Library	227,529	3,153	36,362	2,654
Parks and recreation	652,959	164,288	500	
Economic development	40,704			
Interest on long-term debt	133,858			
Total governmental activities	3,540,877	300,334	234,043	2,654
Business-Type activities:				
Electric	3,085,041	3,135,327		
Water	495,809	621,719		
Sewer	781,966	815,950		
Storm water drainage	170,327	156,146		
Waste management	274,711	283,516		
Ambulance	156,570	172,850	13,637	
Total business-type activities	4,964,424	5,185,508	13,637	
Total	\$ 8,505,301	\$ 5,485,842	\$ 247,680	\$ 2,654

General revenues:

    General property taxes

    Tax increments

    Franchise fees

    Grants and contributions not restricted to specific programs:

        Local government aid

        Coronavirus relief aid

        Other state aid

    Interest earnings

    Gain on sale of land

    Miscellaneous

Transfers

    Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

**See Notes to Financial Statements**

Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Totals	
		2021	2020
\$ (663,479)	\$	\$ (663,479)	\$ (472,513)
(761,146)		(761,146)	(769,702)
(731,128)		(731,128)	(434,891)
(185,360)		(185,360)	(162,152)
(488,171)		(488,171)	(535,206)
(40,704)		(40,704)	(177,450)
(133,858)		(133,858)	(62,169)
(3,003,846)		(3,003,846)	(2,614,083)
	50,286	50,286	141,628
	125,910	125,910	117,763
	33,984	33,984	43,254
	(14,181)	(14,181)	123,393
	8,805	8,805	(19,708)
	29,917	29,917	47,116
	234,721	234,721	453,446
(3,003,846)	234,721	(2,769,125)	(2,160,637)
1,316,400		1,316,400	1,241,060
104,706		104,706	61,542
55,338		55,338	55,355
1,068,092		1,068,092	966,750
			289,157
368		368	334
8,329	16,113	24,442	51,770
474		474	166
56,852	23,712	80,564	148,567
190,000	(190,000)		
2,800,559	(150,175)	2,650,384	2,814,701
(203,287)	84,546	(118,741)	654,064
8,913,720	15,766,652	24,680,372	24,026,308
<u>\$ 8,710,433</u>	<u>\$ 15,851,198</u>	<u>\$ 24,561,631</u>	<u>\$ 24,680,372</u>

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**CITY OF ST. CHARLES, MINNESOTA**

**FUND FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**CITY OF ST. CHARLES, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2021  
With Comparative Totals for December 31, 2020

	<u>10</u>	<u>Special Revenue</u>	
		<u>32</u>	<u>25</u>
	General	ARPA Funding	Capital Improvements Fund
<b>ASSETS</b>			
Cash and investments	\$ 687,902	\$ 205,341	\$ 1,227,132
Accrued interest receivable	2,024		798
Accounts receivable	15,449		1,700
Loans and contracts receivable			
Taxes receivable delinquent	361		
Special assessments receivable:			
Deferred			4,722
Due from other funds	102,182		
Due from other governmental units	329		1,759
Prepaid items	24,004		
<b>TOTAL ASSETS</b>	<u>\$ 832,251</u>	<u>\$ 205,341</u>	<u>\$ 1,236,111</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 24,773	\$	\$ 40,000
Due to other funds			
Unearned revenue		205,341	
Accrued salaries			
Advances from other funds			20,000
<b>Total Liabilities</b>	<u>24,773</u>	<u>205,341</u>	<u>60,000</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue:			
Property taxes	361		
Special assessments			4,722
Loans receivable			
<b>Total Deferred Inflows of Resources</b>	<u>361</u>		<u>4,722</u>
<b>Fund Balance:</b>			
Nonspendable:			
Prepaid items	24,004		
Restricted:			
Creditors			
Regulations:			
Tax Increment			
Committed to:			
CIP Projects			1,171,389
Assigned			
Unassigned	783,113		
<b>Total Fund Balance</b>	<u>807,117</u>		<u>1,171,389</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 832,251</u>	<u>\$ 205,341</u>	<u>\$ 1,236,111</u>

**See Notes to Financial Statements**



Capital Projects		Debt Service				
<u>36</u>	<u>42</u>	<u>60</u>	<u>55</u>	Other	Total Governmental Funds	
Street, Trail, Sidewalk Construction	Tax Increment District #8 Fund	2011A G.O. & Refunding Bond	2015A G.O. Bond	Governmental Funds	2021	2020
\$ 865,302	\$	\$	\$ 1,980,739	\$ 808,477	\$ 5,774,893	\$ 2,348,679
				193	3,015	2,172
				1,786	18,935	35,264
				55,276	55,276	60,594
			778	2,128	3,267	9,207
					4,722	5,146
					102,182	173,547
			434	2,361	4,883	12,928
				4,369	28,373	28,289
<u>\$ 865,302</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,981,951</u>	<u>\$ 874,590</u>	<u>\$ 5,995,546</u>	<u>\$ 2,675,826</u>
\$ 8,350	\$ 101,066	\$	\$	\$ 1,769	\$ 74,892	\$ 45,569
				1,116	102,182	173,547
					205,341	
					20,000	8,206
						30,000
<u>8,350</u>	<u>101,066</u>			<u>2,885</u>	<u>402,415</u>	<u>257,322</u>
			778	2,128	3,267	9,207
					4,722	5,146
				55,276	55,276	60,594
			778	57,404	63,265	74,947
				4,369	28,373	28,289
			1,981,173	192,816	2,173,989	327,275
				102,857	102,857	76,569
856,952				141,772	2,170,113	1,086,726
				373,703	373,703	302,531
	(101,066)			(1,216)	680,831	522,167
<u>856,952</u>	<u>(101,066)</u>		<u>1,981,173</u>	<u>814,301</u>	<u>5,529,866</u>	<u>2,343,557</u>
<u>\$ 865,302</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,981,951</u>	<u>\$ 874,590</u>	<u>\$ 5,995,546</u>	<u>\$ 2,675,826</u>

**CITY OF ST. CHARLES, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2021  
With Comparative Totals for the Year Ended December 31, 2020

		Special Revenue	
	<u>10</u>	<u>32</u>	<u>25</u>
	General	ARPA Funding	Capital Improvements Fund
<b>REVENUES</b>			
Property taxes	\$ 369,941	\$	\$ 398,912
Property taxes - Special EDA taxing district			
Tax increments			
Special assessments	3,356		
Licenses and permits	73,613		
Fines and forfeits	8,355		
Intergovernmental revenues	1,119,578		184
Charges for services	228,301		
Investment income (loss)	3,976		(8,990)
Donations			
Loan repayment			
Miscellaneous revenues	44,761		474
<b>TOTAL REVENUES</b>	<u>1,851,881</u>	<u></u>	<u>390,580</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
General government	364,967		2,742
Public safety	707,443		
Public works	266,277		
Library			
Parks and recreation	506,656		
Economic development			
<b>Capital Outlay</b>			180,250
<b>Debt Service</b>			
<b>TOTAL EXPENDITURES</b>	<u>1,845,343</u>	<u></u>	<u>182,992</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,538</u>	<u></u>	<u>207,588</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from issuance of bonds			
Premium on issuance of bonds			
Transfers in	120,000		
Transfers out	(25,200)		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>94,800</u>	<u></u>	<u></u>
Net change in fund balances	101,338		207,588
<b>FUND BALANCES, beginning</b>	<u>705,779</u>	<u></u>	<u>963,801</u>
<b>FUND BALANCES, ending</b>	<u>\$ 807,117</u>	<u>\$</u>	<u>\$ 1,171,389</u>

**See Notes to Financial Statements**

Capital Projects		Debt Service		Other Governmental Funds	Total Governmental Funds	
<u>36</u> Street, Trail, Sidewalk Construction	<u>42</u> Tax Increment District #8 Fund	<u>60</u> 2011A G.O. & Refunding Bond	<u>55</u> 2015A G.O. Bond		2021	2020
\$	\$	\$	\$ 100,129	\$ 395,370	\$ 1,264,352	\$ 1,187,117
				52,048	52,048	49,373
	58,196			46,510	104,706	61,542
					3,356	22,799
					73,613	95,223
					8,355	10,192
				74,524	1,194,286	1,300,182
				38,549	266,850	142,910
				4,079	(935)	54,863
				97,266	97,266	48,141
				30,548	30,548	5,280
				30,376	75,611	165,589
	58,196		100,129	769,270	3,170,056	3,143,211
				29,774	397,483	488,322
				156,298	863,741	851,987
					266,277	261,729
				205,197	205,197	180,209
					506,656	421,631
				65,454	65,454	138,938
4,127,461				1,204,008	5,511,719	185,571
170,080			158,436	308,790	637,306	62,245
4,297,541			158,436	1,969,521	8,453,833	2,590,632
(4,297,541)	58,196		(58,307)	(1,200,251)	(5,283,777)	552,579
6,269,231			1,907,000	55,769	8,232,000	
48,086					48,086	
			45,000	1,279,597	1,444,597	328,504
(1,162,824)		(51,048)	(525)	(15,000)	(1,254,597)	(98,504)
5,154,493		(51,048)	1,951,475	1,320,366	8,470,086	230,000
856,952	58,196	(51,048)	1,893,168	120,115	3,186,309	782,579
	(159,262)	51,048	88,005	694,186	2,343,557	1,560,978
\$ 856,952	\$ (101,066)	\$	\$ 1,981,173	\$ 814,301	\$ 5,529,866	\$ 2,343,557

**CITY OF ST. CHARLES, MINNESOTA**  
**RECONCILIATION OF NET POSITION IN THE**  
**GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND BALANCES**  
**IN THE FUND BASIS FINANCIAL STATEMENTS**  
**December 31, 2021**

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

Total governmental fund balances (page 19)		\$ 5,529,866
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental funds - capital assets	\$ 23,429,169	
Less: Accumulated depreciation	<u>(8,455,469)</u>	
		14,973,700
Some receivables are not available soon enough to pay for current period expenditures and, therefore, are unavailable in the funds.		
Delinquent property taxes	\$ 3,267	
Deferred special assessments	4,722	
Loans and contracts receivable	<u>55,276</u>	
		63,265
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and notes payable	\$ (11,361,913)	
Net pension liability	(751,097)	
Net pension asset	429,055	
Compensated absences	(75,970)	
Accrued interest	(46,065)	
Unamortized bond premium	(67,313)	
Unamortized bond discount	<u>16,905</u>	
		<u>(11,856,398)</u>
Net position of governmental activities (page 15)		<u><u>\$ 8,710,433</u></u>

**See Notes to Financial Statements**

**CITY OF ST. CHARLES, MINNESOTA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2021**

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

Net change in fund balances - total governmental funds (page 21)		\$ 3,186,309
Governmental funds reported capital outlays as expenditures.		
However, in the statement of activities the cost of those assets		
is allocated over their estimated useful lives and reported as		
depreciation expense.		
Capital outlay capitalized	\$ 5,103,305	
Depreciation expense	(543,802)	
		4,559,503
The net effect of various miscellaneous transactions involving		
capital assets (i.e., sales, trade-ins, and donations) is to		
decrease net position.		(35,960)
Certain revenues in the statement of activities do not provide current		
financial resources are not reported as revenues in the funds.		
Unavailable revenue December 31, 2021	\$ 63,265	
Unavailable revenue December 31, 2020	(74,947)	
		(11,682)
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.		
Change in compensated absences	\$ (2,238)	
Change in net pension asset	186,022	
Change in net pension liability	(168,306)	
		15,478
Bond proceeds provide current financial resources to governmental		
funds, but issuing debt increases long-term liabilities in the		
statement of net position. Repayment of bond principal is an		
expenditure in the governmental funds, but the repayment		
reduces long-term liabilities in the statement of net position.		
Principal retirement on long-term debt	\$ 359,139	
Issuance of debt	(8,280,086)	
Change in accrued interest	4,500	
Amortization of bond discount	(488)	
		(7,916,935)
Change in net position of governmental activities (pages 17)		<u>\$ (203,287)</u>

**See Notes to Financial Statements**

**CITY OF ST. CHARLES, MINNESOTA**  
**GENERAL FUND**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
For the Year Ended December 31, 2021  
*With Comparative Totals for the Year Ended December 31, 2020*

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget - Positive (Negative)	2020 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
<b>Property Tax Levy</b>					
Property tax collected	\$ 366,307	\$ 366,307	\$ 369,941	\$ 3,634	\$ 326,634
<b>Special Assessments</b>	500	500	3,356	2,856	1,058
<b>Licenses and Permits</b>					
Business and nonbusiness licenses	14,250	14,250	12,825	(1,425)	14,306
Building permits	30,500	30,500	60,788	30,288	80,917
Total Licenses and Permits	44,750	44,750	73,613	28,863	95,223
<b>Intergovernmental Revenues</b>					
Local government aid	996,737	996,737	994,602	(2,135)	966,750
Market value credit			184	184	
Small cities assistance			73,490	73,490	
Police aid	62,000	62,000	47,004	(14,996)	53,306
PERA aid	2,412	2,412		(2,412)	
Highway aid	4,500	4,500	4,298	(202)	5,359
Coronavirus relief aid					82,054
Total Intergovernmental Revenues	1,065,649	1,065,649	1,119,578	53,929	1,107,469
<b>Charges For Services</b>					
Swimming pool	80,400	80,400	129,092	48,692	34,964
Park and recreation	33,500	33,500	35,196	1,696	22,083
Cable franchise fees	45,000	45,000	37,417	(7,583)	39,411
Senior center rental	3,000	3,000	8,675	5,675	4,175
Natural gas franchise fees	18,000	18,000	17,921	(79)	15,944
Total Charges For Services	179,900	179,900	228,301	48,401	116,577
<b>Fines and Forfeits</b>					
Court fines and other	15,000	15,000	8,355	(6,645)	10,192
<b>Interest Income</b>	5,000	5,000	3,976	(1,024)	22,911
<b>Miscellaneous Revenues</b>					
Other income	250	250	44,761	44,511	22,037
<b>TOTAL REVENUES</b>	\$ 1,677,356	\$ 1,677,356	\$ 1,851,881	\$ 174,525	\$ 1,702,101

**See Notes to Financial Statements**

**CITY OF ST. CHARLES, MINNESOTA**  
**GENERAL FUND**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
For the Year Ended December 31, 2021  
*With Comparative Totals for the Year Ended December 31, 2020*

	Budgeted Amounts		2021	Variance with	2020
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
			Amounts		Amounts
<b>EXPENDITURES</b>					
<b>General Government</b>					
<b>Mayor and Council</b>					
Salaries	\$ 28,750	\$ 28,750	\$ 27,450	\$ 1,300	\$ 27,188
Transportation and training	1,000	1,000		1,000	125
Total Mayor and Council	29,750	29,750	27,450	2,300	27,313
<b>Election and Voter Registration</b>			471	(471)	6,816
<b>General and Financial Administration</b>					
Salaries	109,650	109,650	111,072	(1,422)	110,887
Employee benefits and retirement	38,650	38,650	34,918	3,732	37,970
Supplies and minor equipment	7,000	7,000	4,692	2,308	21,732
Communication	4,000	4,000	5,557	(1,557)	3,525
Transportation and training	4,000	4,000	4,054	(54)	2,735
Insurance	7,500	7,500	4,999	2,501	5,180
Repairs and maintenance	13,000	13,000	19,586	(6,586)	27,838
Assessor	18,500	18,500	19,248	(748)	19,684
Accounting and audit	10,000	10,000	7,315	2,685	10,429
Legal	19,500	19,500	29,234	(9,734)	24,701
Planning and zoning	7,450	7,450	3,852	3,598	13,996
Building inspection	20,000	20,000	31,550	(11,550)	35,122
Other professional services	4,300	4,300	8,837	(4,537)	39,276
Memberships	14,500	14,500	13,065	1,435	20,565
Other	9,160	9,160	5,244	3,916	1,522
Total General and Financial Administration	287,210	287,210	303,223	(16,013)	375,162
<b>City Hall</b>					
Salaries	8,903	8,903	4,264	4,639	6,803
Employee benefits and retirement	800	800	680	120	1,125
Supplies and minor equipment	1,500	1,500	1,580	(80)	2,362
Insurance	4,000	4,000	3,195	805	3,062
Utilities	17,250	17,250	11,467	5,783	13,413
Repairs and maintenance	10,000	10,000	12,637	(2,637)	22,417
Total City Hall	42,453	42,453	33,823	8,630	49,182
Total General Government	\$ 359,413	\$ 359,413	\$ 364,967	\$ (5,554)	\$ 458,473

**See Notes to Financial Statements**

**CITY OF ST. CHARLES, MINNESOTA**  
**GENERAL FUND**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**

For the Year Ended December 31, 2021

*With Comparative Totals for the Year Ended December 31, 2020*

	<u>Budgeted Amounts</u>		<u>2021</u>	<u>Variance with</u>	<u>2020</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget -</u>	<u>Actual</u>
			<u>Amounts</u>	<u>Positive</u>	<u>Amounts</u>
				<u>(Negative)</u>	
<b>EXPENDITURES (continued)</b>					
<b>Public Safety</b>					
<b>Police Department</b>					
Salaries	\$ 443,035	\$ 443,035	\$ 440,171	\$ 2,864	\$ 461,646
Employee benefits and retirement	149,850	149,850	162,487	(12,637)	157,082
Supplies and minor equipment	26,500	26,500	32,244	(5,744)	18,067
Professional services	16,000	16,000	15,446	554	15,081
Communication	6,000	6,000	6,338	(338)	4,320
Transportation and training	8,000	8,000	9,622	(1,622)	9,502
Insurance	25,000	25,000	18,599	6,401	19,426
Repairs and maintenance	11,300	11,300	16,955	(5,655)	13,279
Other	2,500	2,500	2,629	(129)	3,098
Total Police Department	<u>688,185</u>	<u>688,185</u>	<u>704,491</u>	<u>(16,306)</u>	<u>701,501</u>
<b>Emergency Management Services</b>					
Professional services			2,952	(2,952)	
Total Public Safety	<u>688,185</u>	<u>688,185</u>	<u>707,443</u>	<u>(19,258)</u>	<u>701,501</u>
<b>Public Works</b>					
<b>Street Department</b>					
Salaries	99,820	99,820	118,642	(18,822)	114,372
Employee benefits and retirement	37,550	37,550	53,440	(15,890)	39,717
Supplies and minor equipment	24,000	24,000	23,805	195	14,769
Professional services	1,500	1,500		1,500	10,424
Communication	800	800	1,154	(354)	1,727
Transportation and training	1,000	1,000	1,963	(963)	1,820
Insurance	6,000	6,000	3,118	2,882	4,719
Utilities	4,000	4,000	1,553	2,447	1,542
Repairs and maintenance	90,300	90,300	62,602	27,698	71,905
Other					734
Total Public Works	<u>\$ 264,970</u>	<u>\$ 264,970</u>	<u>\$ 266,277</u>	<u>\$ (1,307)</u>	<u>\$ 261,729</u>

**See Notes to Financial Statements**



**CITY OF ST. CHARLES, MINNESOTA**  
**GENERAL FUND**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
For the Year Ended December 31, 2021  
*With Comparative Totals for the Year Ended December 31, 2020*

	Budgeted Amounts		2021	Variance with	2020
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
<b>EXPENDITURES (continued)</b>					
<b>Parks and Recreation</b>					
<b>Recreation</b>					
Salaries	\$ 111,678	\$ 111,678	\$ 86,348	\$ 25,330	\$ 102,085
Employee benefits and retirement	31,075	31,075	20,111	10,964	26,957
Communication	2,000	2,000	1,755	245	984
Transportation and training	1,000	1,000	830	170	21
Insurance	2,000	2,000		2,000	558
Repairs and maintenance			570	(570)	700
Recreation programs	20,000	20,000	28,582	(8,582)	17,563
Other	2,825	2,825	1,474	1,351	4,737
Total Recreation	<u>170,578</u>	<u>170,578</u>	<u>139,670</u>	<u>30,908</u>	<u>153,605</u>
<b>Swimming Pool Program</b>					
Salaries	67,000	67,000	92,844	(25,844)	54,600
Employee benefits and retirement	9,355	9,355	10,818	(1,463)	7,780
Supplies and minor equipment	20,300	20,300	16,410	3,890	6,763
Communication	500	500	1,316	(816)	787
Transportation and training	1,500	1,500	2,378	(878)	266
Insurance	11,000	11,000	10,972	28	9,294
Utilities	19,000	19,000	30,252	(11,252)	9,185
Repairs and maintenance	12,000	12,000	31,201	(19,201)	10,959
Other	3,500	3,500	4,115	(615)	1,241
Total Swimming Pool Program	<u>144,155</u>	<u>144,155</u>	<u>200,306</u>	<u>(56,151)</u>	<u>100,875</u>
<b>Parks</b>					
Salaries	41,996	41,996	47,157	(5,161)	42,337
Employee benefits and retirement	17,516	17,516	19,490	(1,974)	16,710
Supplies and minor equipment	6,900	6,900	10,766	(3,866)	2,985
Transportation and training	1,000	1,000	1,805	(805)	1,770
Insurance	10,000	10,000	6,912	3,088	7,648
Repairs and maintenance	22,500	22,500	37,936	(15,436)	45,191
Other	3,000	3,000	210	2,790	3,802
Total Parks	<u>\$ 102,912</u>	<u>\$ 102,912</u>	<u>\$ 124,276</u>	<u>\$ (21,364)</u>	<u>\$ 120,443</u>

**See Notes to Financial Statements**

**CITY OF ST. CHARLES, MINNESOTA**  
**GENERAL FUND**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
For the Year Ended December 31, 2021  
*With Comparative Totals for the Year Ended December 31, 2020*

	Budgeted Amounts		2021	Variance with	2020
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
<b>EXPENDITURES (continued)</b>					
<b>Forestry</b>					
Insurance	\$ 100	\$ 100	\$	\$ 100	\$
Repairs and maintenance	16,500	16,500	20,482	(3,982)	28,385
Other	9,000	9,000	10,927	(1,927)	9,245
Total Forestry	25,600	25,600	31,409	(5,809)	37,630
<b>Senior Citizens Center</b>					
Insurance	500	500		500	111
Utilities	7,500	7,500	9,075	(1,575)	7,750
Repairs and maintenance	1,500	1,500	1,920	(420)	1,217
Total Senior Citizens Center	9,500	9,500	10,995	(1,495)	9,078
Total Parks and Recreation	452,745	452,745	506,656	(53,911)	421,631
<b>TOTAL EXPENDITURES</b>	<b>1,765,313</b>	<b>1,765,313</b>	<b>1,845,343</b>	<b>(80,030)</b>	<b>1,843,334</b>
Excess (deficiency) of revenues over (under) expenditures	(87,957)	(87,957)	6,538	94,495	(141,233)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	120,000	120,000	120,000		140,000
Transfers out	(25,200)	(25,200)	(25,200)		(25,200)
Total Other Financing Sources (Uses)	94,800	94,800	94,800		114,800
Net change in fund balances	6,843	6,843	101,338	94,495	(26,433)
<b>FUND BALANCES, beginning</b>	<b>705,779</b>	<b>705,779</b>	<b>705,779</b>		<b>732,212</b>
<b>FUND BALANCES, ending</b>	<b>\$ 712,622</b>	<b>\$ 712,622</b>	<b>\$ 807,117</b>	<b>\$ 94,495</b>	<b>\$ 705,779</b>

**See Notes to Financial Statements**

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**CITY OF ST. CHARLES, MINNESOTA**  
**PROPRIETARY FUNDS**  
**Statement of Net Position**  
December 31, 2021  
*With Comparative Totals for December 31, 2020*

	Business-Type Activities - Enterprise Funds		
	<u>70</u> Electric	<u>71</u> Water	<u>72</u> Sewer
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and investments	\$ 777,459	\$ 377,998	\$ 644,239
Emergency cash reserve	250,000		
Accrued interest receivable		666	73
Accounts receivable, net	255,276	46,909	63,882
Accrued utility revenue	172,875	28,233	35,067
Special assessments receivable		1,852	
Advances to other funds	20,000		
Inventory	470,186	27,640	
Prepaid expenses	68,820	1,267	1,373
Total Current Assets	<u>2,014,616</u>	<u>484,565</u>	<u>744,634</u>
<b>Noncurrent Assets</b>			
Capital assets:			
Nondepreciable	325,989	340,000	368,700
Depreciable	11,585,125	6,532,908	3,982,780
Less: Accumulated depreciation	5,620,871	3,012,639	1,586,637
Net Capital Assets	<u>6,290,243</u>	<u>3,860,269</u>	<u>2,764,843</u>
Total Assets	<u>8,304,859</u>	<u>4,344,834</u>	<u>3,509,477</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows from pension activity	184,365	55,597	36,175
Total Deferred Outflows of Resources	<u>184,365</u>	<u>55,597</u>	<u>36,175</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 8,489,224</u>	<u>\$ 4,400,431</u>	<u>\$ 3,545,652</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Current maturities of bonds payable	\$	\$ 42,739	\$ 15,000
Accounts payable	164,625	17,772	38,934
Accrued salaries	9,794		
Accrued compensated absences	61,080	20,522	7,066
Customer deposits	20,299		
Accrued interest payable		8,906	
Total Current Liabilities	<u>255,798</u>	<u>89,939</u>	<u>61,000</u>
<b>Noncurrent Liabilities</b>			
Bonds payable, net of current maturities		670,917	325,000
Net pension liability	241,967	72,824	44,156
Less: Unamortized bond discount			
Total Noncurrent Liabilities	<u>241,967</u>	<u>743,741</u>	<u>369,156</u>
Total Liabilities	<u>497,765</u>	<u>833,680</u>	<u>430,156</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows from pension activity	216,606	65,187	39,526
<b>NET POSITION</b>			
Net investment in capital assets	6,290,243	3,146,613	2,764,843
Unrestricted	1,484,610	354,951	311,127
Total Net Position	<u>7,774,853</u>	<u>3,501,564</u>	<u>3,075,970</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 8,489,224</u>	<u>\$ 4,400,431</u>	<u>\$ 3,545,652</u>

**See Notes to Financial Statements**

		<u>23</u>			
<u>73</u>	Waste	<u>22</u>	Totals		
Storm Water	Management	Ambulance	2021	2020	
\$ 281,649	\$ 52,403	\$ 251,155	\$ 2,384,903	\$ 3,475,513	
			250,000	250,000	
		185	924	7,273	
13,549	28,142	63,829	471,587	481,564	
5,770	14,001		255,946	209,172	
			1,852		
			20,000	30,000	
			497,826	395,713	
		3,416	74,876	93,826	
300,968	94,546	318,585	3,957,914	4,943,061	
			1,034,689	354,689	
1,122,701		350,393	23,573,907	22,501,982	
276,011		336,274	10,832,432	10,237,684	
846,690		14,119	13,776,164	12,618,987	
1,147,658	94,546	332,704	17,734,078	17,562,048	
		33,541	309,678	90,166	
		33,541	309,678	90,166	
\$ 1,147,658	\$ 94,546	\$ 366,245	\$ 18,043,756	\$ 17,652,214	
\$	\$	\$	\$ 57,739	\$ 296,796	
	14,780	7,069	243,180	239,025	
			9,794	7,886	
			88,668	78,774	
			20,299	19,777	
			8,906	12,391	
	14,780	7,069	428,586	654,649	
			995,917	652,250	
		46,324	405,271	565,106	
		46,324	1,401,188	(5,750)	
	14,780	53,393	1,829,774	1,211,606	
				1,866,255	
		41,465	362,784	19,307	
846,690		14,119	13,062,508	11,675,691	
300,968	79,766	257,268	2,788,690	4,090,961	
1,147,658	79,766	271,387	15,851,198	15,766,652	
\$ 1,147,658	\$ 94,546	\$ 366,245	\$ 18,043,756	\$ 17,652,214	

**CITY OF ST. CHARLES, MINNESOTA**  
**PROPRIETARY FUNDS**

**Statement of Revenues, Expenses  
and Changes in Fund Net Position**

For the Year Ended December 31, 2021

*With Comparative Totals for the Year Ended December 31, 2020*

	Business-Type Activities - Enterprise Funds		
	<u>70</u> Electric	<u>71</u> Water	<u>72</u> Sewer
<b>Operating Revenues</b>			
Consumer sales and rentals	\$ 3,135,327	\$ 605,253	\$ 806,164
Access fees		5,828	6,628
Total Operating Revenue	<u>3,135,327</u>	<u>611,081</u>	<u>812,792</u>
<b>Operating Expenses</b>			
Purchased utilities	1,459,729		493,841
Salaries	438,626	105,304	99,804
Employee benefits and retirement	146,774	32,205	24,758
Gas and oil	12,628		
Generation fuel	21,129		
Supplies and minor equipment	11,471	27,997	6,188
Professional services	67,569	31,270	8,437
Communication	5,083	5,988	1,645
Transportation and training	12,384	2,560	6,082
Insurance	19,238	2,448	3,577
Utilities	8,803	33,851	899
Repairs and maintenance	374,837	98,288	52,699
Depreciation and amortization	352,351	150,658	82,536
Bad debts	1,200		
Other	146,286	1,791	1,500
Total Operating Expenses	<u>3,078,108</u>	<u>492,360</u>	<u>781,966</u>
Operating Income (Loss)	<u>57,219</u>	<u>118,721</u>	<u>30,826</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest income	20,237	(2,285)	(5,508)
Coronavirus relief aid			
Miscellaneous income (expense)	23,714	10,638	3,158
Interest and fiscal charges	(6,933)	(3,449)	
Total Nonoperating Revenues (Expenses)	<u>37,018</u>	<u>4,904</u>	<u>(2,350)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>94,237</u>	<u>123,625</u>	<u>28,476</u>
Transfers out	<u>(135,000)</u>	<u>(40,000)</u>	
<b>CHANGE IN NET POSITION</b>	<u>(40,763)</u>	<u>83,625</u>	<u>28,476</u>
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>7,815,616</u>	<u>3,417,939</u>	<u>3,047,494</u>
<b>TOTAL NET POSITION - END OF YEAR</b>	<u>\$ 7,774,853</u>	<u>\$ 3,501,564</u>	<u>\$ 3,075,970</u>

**See Notes to Financial Statements**

<u>73</u> Storm Water	<u>23</u> Waste Management	<u>22</u> Ambulance	Totals	
			2021	2020
\$ 156,146	\$ 283,516	\$ 172,850	\$ 5,159,256	\$ 4,905,412
			12,456	26,679
156,146	283,516	172,850	5,171,712	4,932,091
	256,028		2,209,598	2,041,267
		55,086	698,820	710,981
		21,588	225,325	270,519
			12,628	5,951
			21,129	14,019
		24,233	69,889	65,328
490		17,274	125,040	170,043
		2,922	15,638	15,325
		3,839	24,865	15,720
		3,051	28,314	31,467
		6,375	49,928	51,747
		12,549	538,373	326,374
31,099		7,068	623,712	614,141
		1,176	2,376	
138,738	18,683	1,409	308,407	244,265
170,327	274,711	156,570	4,954,042	4,577,147
(14,181)	8,805	16,280	217,670	354,944
		3,669	16,113	35,805
				97,406
		13,637	51,147	207,173
			(10,382)	(30,165)
		17,306	56,878	310,219
(14,181)	8,805	33,586	274,548	665,163
		(15,000)	(190,000)	(230,000)
(14,181)	8,805	18,586	84,548	435,163
1,161,839	70,961	252,801	15,766,650	15,331,489
\$ 1,147,658	\$ 79,766	\$ 271,387	\$ 15,851,198	\$ 15,766,652

**CITY OF ST. CHARLES, MINNESOTA**  
**PROPRIETARY FUNDS**  
**Statement of Cash Flows**  
For the Year Ended December 31, 2021  
*With Comparative Totals for the Year Ended December 31, 2020*

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>70</u>	<u>71</u>	<u>72</u>
	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>
<b>Cash Flows From Operating Activities</b>			
Cash received from customers	\$ 3,059,568	\$ 602,663	\$ 805,032
Access and other fees received	23,714	16,466	9,786
Cash paid to suppliers and employees	(2,823,638)	(338,491)	(713,569)
Net Cash Provided By (Used In) Operating Activities	<u>259,644</u>	<u>280,638</u>	<u>101,249</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Transfer out	<u>(135,000)</u>	<u>(40,000)</u>	
Net Cash Used In Noncapital Financing Activities	<u>(135,000)</u>	<u>(40,000)</u>	
<b>Cash Flows From Capital and Related Financing Activities</b>			
Capital asset acquisitions	(81,485)	(1,282,090)	(379,077)
Advances (to) from other funds	10,000		
Proceeds from issuance of bonds		340,000	340,000
Principal payments on long-term debt	(550,000)	(25,390)	
Interest payments on long-term debt	(2,570)	(5,547)	
Net Cash Used In Capital and Related Financing Activities	<u>(624,055)</u>	<u>(973,027)</u>	<u>(39,077)</u>
<b>Cash Flows From Investing Activities</b>			
Investment income received	26,573	(2,274)	(5,482)
Net Cash Provided By Investing Activities	<u>26,573</u>	<u>(2,274)</u>	<u>(5,482)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(472,838)</u>	<u>(734,663)</u>	<u>56,690</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,250,297</u>	<u>1,112,661</u>	<u>587,549</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 777,459</u>	<u>\$ 377,998</u>	<u>\$ 644,239</u>

**See Notes to Financial Statements**



<u>73</u>	<u>23</u>	<u>22</u>	Totals	
Storm Water	Waste Management	Ambulance	2021	2020
\$ 156,862	\$ 283,714	\$ 175,050	\$ 5,082,889	\$ 4,788,847
		13,637	63,603	196,270
(139,228)	(273,983)	(144,497)	(4,433,406)	(3,835,815)
17,634	9,731	44,190	713,086	1,149,302
		(15,000)	(190,000)	(230,000)
		(15,000)	(190,000)	(230,000)
			(1,742,652)	(279,889)
			10,000	10,000
			680,000	
			(575,390)	(260,000)
			(8,117)	(24,442)
			(1,636,159)	(554,331)
		3,646	22,463	35,983
		3,646	22,463	35,983
17,634	9,731	32,836	(1,090,610)	400,954
264,015	42,672	218,319	3,475,513	3,074,559
\$ 281,649	\$ 52,403	\$ 251,155	\$ 2,384,903	\$ 3,475,513

**CITY OF ST. CHARLES, MINNESOTA**  
**PROPRIETARY FUNDS**  
**RECONCILIATION OF OPERATING INCOME**  
**TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**  
For the Year Ended December 31, 2021  
*With Comparative Totals for the Year Ended December 31, 2020*

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>
<b>Operating Income (Loss)</b>	\$ 57,219	\$ 118,721	\$ 30,826
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation and amortization	352,351	150,658	82,536
Bad debt expense	1,200		
Miscellaneous nonoperating income	23,714	10,638	3,158
(Gain) loss on disposal of assets	(38,240)		
Change in net pension liability	(19,111)	(6,980)	(8,128)
(Increase) Decrease In:			
Accounts receivable	(39,241)	(2,590)	(1,132)
Inventory	(96,089)	(6,024)	
Prepaid items	18,149	387	132
Increase (Decrease) In:			
Accounts and contracts payable	(13,202)	16,641	(6,386)
Accrued salaries	3,800	(1,500)	(392)
Accrued compensated absences	8,572	687	635
Customer deposits	522		
	<hr/>	<hr/>	<hr/>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 259,644</u>	<u>\$ 280,638</u>	<u>\$ 101,249</u>

**See Notes to Financial Statements**

Storm Water	Waste Management	Ambulance	Totals	
			2021	2020
\$ (14,181)	\$ 8,805	\$ 16,280	\$ 217,670	\$ 354,944
31,099		7,068	623,712	614,141
		1,176	2,376	
		13,637	51,147	307,662
			(38,240)	(119,018)
		(1,651)	(35,870)	8,014
716	198	1,024	(41,025)	(39,295)
			(102,113)	18,093
		282	18,950	18,072
	728	6,374	4,155	(27,070)
			1,908	7,886
			9,894	4,790
			522	1,083
<u>\$ 17,634</u>	<u>\$ 9,731</u>	<u>\$ 44,190</u>	<u>\$ 713,086</u>	<u>\$ 1,149,302</u>

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**CITY OF ST. CHARLES, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**

## CITY OF ST. CHARLES, MINNESOTA

### NOTES TO FINANCIAL STATEMENTS

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#### 1. Summary of Significant Accounting Policies

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The City of St. Charles, Minnesota, was first incorporated in 1858. The City operates under the “optional Plan A” form of government as defined by Minnesota State Statutes which prescribes a Mayor-Council form of government. Four Council members are elected to four-year terms and the Mayor is elected to a two-year term.

The City’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

##### A. Reporting Entity

In accordance with Statement No. 14 of the Governmental Accounting Standards Board, The Financial Reporting Entity, the City’s financial statements include the primary government and the component units of the City of St. Charles, Minnesota, defined as follows:

*Primary Government* - Includes all funds, account groups, organizations, institutions, agencies, departments, or offices which are not legally separate from the City of St. Charles, Minnesota.

*Component Units* - Component units are legally separate organizations for which the elected officials of the City of St. Charles, Minnesota are financially accountable or for which the nature or significance of their relationship with the City of St. Charles, Minnesota would cause the general purpose financial statements to be misleading or incomplete. Based on these criteria, there are no component units of the City of St. Charles, Minnesota.

##### 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. For the most part, the effect of interfund activity has been removed from these statements. *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 is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

## CITY OF ST. CHARLES, MINNESOTA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### 1. Summary of Significant Accounting Policies (Continued)

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

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

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

Property taxes, licenses and permits, 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, and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year in 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 specific 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 is recognized.

Unearned revenue is recorded when assets are recognized before revenue recognition criteria have been satisfied. Grants received before eligibility requirements other than time requirements are met are recorded as unearned revenue. Grants received before time requirements are met are recorded as a deferred inflow of resources.

## CITY OF ST. CHARLES, MINNESOTA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### 1. Summary of Significant Accounting Policies (Continued)

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

The City reports the following major governmental funds:

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

The *ARPA fund* is the accounts for the funding received from the American Rescue Plan Act.

The *capital improvements fund* accounts for the financial resources to be used for city, street and other public infrastructure improvements.

The *street, trail, sidewalk construction fund* accounts for the financial resources to be used for the project.

The *Tax Increment District #8 fund* accounts for the activities of Municipal Development District No.8.

The *2011A General Obligation and Refunding Bond fund* is to account for the funding of the 2011A bond.

The *2015A General Obligation Bond fund* is to account for the funding of the 2015A bond.

The City reports the following major proprietary funds:

The *electric fund* accounts for the operations of the City owned electric utility system.

The *water fund* accounts for the operation of the City owned water utility system.

The *sewer fund* accounts for the operation of the City owned sewer utility system.

The *storm water fund* accounts for the operation of the City owned storm water drainage system.

The *waste management fund* accounts for the operation of the City owned waste management system.

The *ambulance fund* accounts for the operation of the City ambulance activities.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise funds 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.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes. Proprietary funds distinguish *operating* revenues and expenses from *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's 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 of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



## CITY OF ST. CHARLES, MINNESOTA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### 1. Summary of Significant Accounting Policies (Continued)

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

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

##### *D. Assets, Liabilities, Deferred Inflows of Resources and Net Position or Equity*

###### Cash and Investments

Except where otherwise required, the City maintains all deposits in accounts in the name of the City. The deposits are invested on a short-term basis with interest income allocated to each fund based upon their relative account balance. The balances shown in each fund represents an equity interest in the commingled pool of cash and investments which is under the management of the City. Investments consist primarily of nonparticipating certificates of deposit and U.S. Treasuries recorded at cost, which approximates market value.

###### 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 2021. The enterprise fund accounts receivable are reported net of an allowance for uncollectible accounts.

###### Interfund Balances

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance non-spendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

###### Property Taxes

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

Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes may be paid on February 28 and June 30. The County provides tax settlements to cities and other taxing districts normally during the months of July and December.

## CITY OF ST. CHARLES, MINNESOTA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### 1. Summary of Significant Accounting Policies (Continued)

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

###### Property Taxes (continued)

Taxes which remain unpaid at December 31 are classified as delinquent taxes receivable. The amount of delinquent taxes receivable are fully offset by deferred inflow of resources in the governmental fund types because they are not known to be available to finance current expenditures.

###### Special Assessments

Assessments are levied at various times upon City Council resolution for property owner improvements made by the City. Assessment collections are deferred over periods ranging from three to fifteen years with interest charges of 6.0%. Revenue from these assessments is recognized as the annual installments become collectible. Annual installments not collected as of each December 31 are classified as delinquent assessments receivable. The amount of delinquent assessments receivable are fully offset by deferred inflow of resources in the Governmental Fund Types because they are not known to be available to finance current expenditures.

###### Tax Increment Districts

Tax increment revenues received are recorded in the Debt Service Fund to the extent required to service bond principal and interest payments due plus 5 percent of such payments. Any remaining property tax revenues are recognized in the Capital Projects Funds for the tax increment district.

###### Inventory

The inventory, representing electric and water utility supplies in the Enterprise Fund, is valued at cost on a first-in, first-out basis.

###### 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 government as assets with an initial, individual cost of more than \$3,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment are capitalized when acquired, and depreciation is provided using the straight-line method applied over the following estimated useful lives of the assets.

	Useful Life in Years
Buildings	10 - 40
Infrastructure	15 - 67
Other Improvements	5 - 40
Machinery and Equipment	2 - 20

## CITY OF ST. CHARLES, MINNESOTA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### 1. Summary of Significant Accounting Policies (Continued)

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

###### Capital Assets (Continued)

GASB Statement No. 34 required the City to report and depreciate new infrastructure assets effective January 1, 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor depreciation related to assets acquired prior to 2004 have been reported in the financial statements.

###### Compensated Absences

Vacation, sick pay and compensatory overtime are accrued when earned in the government-wide financial statements and the proprietary fund types. In the Governmental Funds of the fund financial statements, vacation, sick pay and compensatory overtime are recorded as expenditures and accrued as current liability only if they have matured, for example, as a result of employee's resignations and retirements.

###### 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 statements of net position. 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.

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

###### Concentration of Credit Risk

Financial instruments which expose the City to a concentration of credit risk consist primarily of cash investments and accounts and loans receivable. The City's accounts and loans receivable are concentrated geographically, as for the most part, amounts are due from individuals residing in and businesses located in the City of St. Charles, Minnesota.

###### 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 pension that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one type of deferred outflow which is pension related and reported on the statement of net position.

## CITY OF ST. CHARLES, MINNESOTA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### 1. Summary of Significant Accounting Policies (Continued)

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

###### Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of deferred inflows of resources. The first type occurs because governmental fund revenues are not recognized until available under the modified accrual basis of accounting. The second type is pension related and reported on the statement of net position.

###### 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 in 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.

###### Net Position / Fund Balance

In the government-wide and proprietary financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position – This amount is all the net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

## CITY OF ST. CHARLES, MINNESOTA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### 1. Summary of Significant Accounting Policies (Continued)

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

##### Net Position / Fund Balance (Continued)

The City classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.

Restricted – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City Council through formal action and remain binding unless removed by the City Council by subsequent formal action.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The City Council, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The council also delegates the power to assign fund balances to the following: city administrator.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The City uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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#### 2. Stewardship, Compliance, and Accountability

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##### A. Budgetary Information

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

Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Formal budgetary integration is not employed for the Debt Service Funds because effective budgetary control is alternately achieved through general obligation bond indenture provisions.

Budgetary control for the Capital Project Funds is based on a project completion time cycle rather than an annual basis, therefore budgetary comparisons on an annual basis would not present meaningful information.

## CITY OF ST. CHARLES, MINNESOTA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### 2. Stewardship, Compliance, and Accountability (Continued)

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##### A. Budgetary Information (Continued)

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

1. The City Administrator submits a proposed operating budget to the City Council prior to the end of each year for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 28, the budget is legally enacted through the passage of a budget resolution.
4. Any changes to the budget at the functional level must be by formal resolution of the City Council.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

##### B. Firemen's Relief Association of St. Charles

The activities of this association are not included in the City's financial statements. The association has been organized by its members to provide pension benefits to members in accordance with Minnesota statutes. Other than funding the association with tax levies and state aids according to state law, the City and the association are not financially interdependent. The association makes independent selections of their board of directors and management of the association is autonomous with the City. Operations and fiscal matters are not influenced by the City.

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#### 3. Detailed Notes on All Funds

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##### A. Summary of Cash and Investments

As of December 31, 2021, the City's cash and investments consisted of the following items, all of which are held in an internal investment pool:

<u>Cash and Investments</u>	<u>Maturities</u>	<u>Ratings</u>	<u>Fair Value</u>
Cash on hand	None	N/A	\$ 1,306
Deposits	None	N/A	7,169,982
Non-Negotiable Certificates of Deposit	May 2020 - September 2020	N/A	219,240
Municipal Bonds	August 2020 - June 2022	AAA	514,918
U.S. Government Securities	May 2020 - May 2022	AAA	498,486
Money Market Funds	None	N/A	5,864
Cash and Investments per Statement of Net Position			<u>\$8,409,796</u>

## CITY OF ST. CHARLES, MINNESOTA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### 3. Detailed Notes on All Funds

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##### A. Summary of Cash and Investments (Continued)

##### Investments Authorized by Minnesota Statutes

The City is authorized by Minnesota Statutes to invest idle funds as follows:

- a) Direct obligations or obligations guaranteed by the United States or its agencies.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above.
- c) General obligations of the State of Minnesota or its municipalities.
- d) Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a reporting dealer in to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- g) Money market funds with institutions that have portfolios consisting exclusively of United States Treasury obligations and Federal Agency issues.

##### Fair Value Measurement

Fair value measurements are determined utilizing the framework established by the Governmental Accounting Standards Board. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access
- Level 2: Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets
  - Quoted prices for identical assets or liabilities in inactive markets
  - Inputs other than quoted prices that are observable for the asset or liability
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specific (contractual) term, Level 2 input must be observable for substantially the full term of the asset or liability

- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement

# CITY OF ST. CHARLES, MINNESOTA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 3. Detailed Notes on All Funds (Continued)

#### A. Summary of Cash and Investments (Continued)

##### Fair Value Measurement (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The City's investments within the fair value hierarchy at December 31, 2021 and 2020 were as follows:

At December 31, 2021				
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Municipal Bonds	\$ 514,918	\$	\$ 514,918	\$
U.S. Government Securities	498,486		498,486	
	<u>\$ 1,013,404</u>	<u>\$</u>	<u>\$ 1,013,404</u>	<u>\$</u>
At December 31, 2020				
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Municipal Bonds	\$ 712,890	\$	\$ 712,890	\$
U.S. Treasury Securities	571,606		571,606	
	<u>\$ 1,284,496</u>	<u>\$</u>	<u>\$ 1,284,496</u>	<u>\$</u>

##### Collateralization of Cash Deposits

The City's deposits are entirely covered by federal depository insurance or by collateral held by the City's custodial bank in the City's name.

Minnesota Statutes require that all City deposits be insured, secured by surety bonds or be collateralized. Except for notes secured by first mortgages of future maturity, the market value of collateral pledged by the custodial bank must equal 110% of the deposits not covered by insurance or surety bonds.

Authorized collateral includes certain state of local government obligations and legal investments. Minnesota Statutes also require that securities pledged as collateral be held in safekeeping by the Treasurer, or in a financial institution other than the institution furnishing the collateral.

##### Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.



## CITY OF ST. CHARLES, MINNESOTA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### 3. Detailed Notes on All Funds (Continued)

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##### A. Summary of Cash and Investments (Continued)

###### Credit Risk

The City has no investment policy that would limit its investment choices. The City's investment ratings are from Standard & Poor Investors Service.

###### Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. Investments greater than 5 percent of the City's total investments are as follows:

<u>Investments</u>	<u>Ratings</u>	<u>% of Total</u>
Municipal Bonds	N/A	6%
U.S. Government Securities	N/A	6%

##### B. Deferred Special Assessments Receivable

Deferred assessments receivable represent levies made on the property of owners benefited by public improvement projects. Assessments are payable over various periods and interest is charged at rates coinciding with improvement bonds. A summary of the deferred special assessments excluding interest charges, as of December 31, 2021 is as follows:

<u>Capital Projects Funds</u>	
Capital Improvements	
Fund	\$ 4,722
<u>Enterprise Funds</u>	
Water Fund	1,852
	<u>6,574</u>

##### C. Loans and Contracts Receivable

The City has made several loans through its economic development program. These loans are payable over terms ranging from 3 to 15 years, with interest rates of 4% over the term of the loan. These loans are recorded in the Special Revenue Fund at the Economic Development individual fund level, and are offset by a deferred inflow of resources account until the repayments are made.

**CITY OF ST. CHARLES, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**3. Detailed Notes on All Funds (Continued)**

**D. Due From Other Governmental Units**

Amounts due from other governmental units at December 31, 2021 are as follows:

Fund	Winona County
General	\$ 329
Special Revenue	1,610
Debt Service	751
Capital Project	1,759
	<u>\$ 4,449</u>

**E. Capital Assets**

Capital asset activity for the year ended December 31, 2021 was as follows:

<b>Governmental Activities</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,767,723	\$	\$ 8,520	\$ 1,759,203
Construction in process	37,593	2,564,047		2,601,640
Total capital assets, not being depreciated	<u>1,805,316</u>	<u>2,564,047</u>	<u>8,520</u>	<u>4,360,843</u>
Capital assets, being depreciated:				
Buildings	6,735,777			6,735,777
Infrastructure	7,104,506	2,432,247		9,536,753
Machinery and equipment	2,744,040	107,011	55,255	2,795,796
Total capital assets, being depreciated	<u>16,584,323</u>	<u>2,539,258</u>	<u>55,255</u>	<u>19,068,326</u>
Less accumulated depreciation for:				
Buildings	3,110,733	172,662		3,283,395
Infrastructure	2,481,294	258,346		2,739,640
Machinery and equipment	2,347,455	112,794	27,815	2,432,434
Total accumulated depreciation	<u>7,939,482</u>	<u>543,802</u>	<u>27,815</u>	<u>8,455,469</u>
Total capital assets, being depreciated, net	<u>8,644,841</u>	<u>1,995,456</u>	<u>27,440</u>	<u>10,612,857</u>
Governmental activities capital assets, net	<u>\$ 10,450,157</u>	<u>\$ 4,559,503</u>	<u>\$ 35,960</u>	<u>\$ 14,973,700</u>

**CITY OF ST. CHARLES, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**3. Detailed Notes on All Funds (Continued)**

**E. Capital Assets (Continued)**

Capital asset activity for the year ended December 31, 2021 was as follows:

<b>Business-Type Activities</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 354,689	\$	\$	\$ 354,689
Construction in process		680,000		680,000
Total capital assets, not being depreciated	354,689	680,000		1,034,689
Capital assets, being depreciated:				
Buildings and improvements	6,671,138			6,671,138
Machinery and equipment	15,830,844	1,184,730	112,806	16,902,768
Total capital assets, being depreciated	22,501,982	1,184,730	112,806	23,573,906
Less accumulated depreciation for:				
Buildings and improvements	2,054,710	104,333		2,159,043
Machinery and equipment	8,182,974	519,379	28,965	8,673,388
Total accumulated depreciation	10,237,684	623,712	28,965	10,832,431
Total capital assets, being depreciated, net	12,264,298	561,018	83,841	12,741,475
Business-type activities capital assets, net	<u>\$ 12,618,987</u>	<u>\$ 1,241,018</u>	<u>\$ 83,841</u>	<u>\$ 13,776,164</u>

Depreciation expense was charged to functions/programs as follows:

**Governmental Activities:**

General government	\$ 41,877
Public safety	141,454
Public works	181,705
Library	22,727
Parks and recreation	156,039

Total depreciation expense - governmental activities \$ 543,802

**Business-Type Activities:**

Electric	\$ 352,351
Water	150,658
Sewer	82,536
Storm water drainage	31,099
Ambulance	7,068

Total depreciation expense - business-type activities \$ 623,712

**CITY OF ST. CHARLES, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**3. Detailed Notes on All Funds (Continued)**

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**F. Interfund Balances and Transfers**

The amounts due to and from other funds as of December 31, 2021, at the individual fund level are summarized below:

<u>Funds</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 102,182	\$
Special Revenue:		
Library		1,116
Capital Project:		
Tax Increment District #8		101,066
	<u>\$ 102,182</u>	<u>\$ 102,182</u>
<u>Funds</u>	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
Capital Projects:		
Capital Improvements	\$	\$ 20,000
Enterprise Funds:		
Electric	20,000	
	<u>\$ 20,000</u>	<u>\$ 20,000</u>
Total Advances	\$ 20,000	\$ 20,000

**CITY OF ST. CHARLES, MINNESOTA****NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**3. Detailed Notes on All Funds (Continued)**

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**F. Interfund Balances and Transfers (Continued)**

Transfers during the year ended December 31, 2021 were as follows:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 120,000	\$ 25,200
Special Revenue:		
Library	25,200	
Volunteer Fire Department		15,000
Debt Service:		
2011A Refunding Bond		51,048
2019A Refunding Bond	91,048	
2015A G.O. Bond	45,000	525
2021B Refunding Bond	525	
Capital Projects:		
Street, Trail, Sidewalk Construction		1,162,824
Chatanooga Second Construction	1,162,824	
Proprietary Funds:		
Electric		135,000
Water		40,000
Ambulance		15,000
Total Transfers	<u>\$ 1,444,597</u>	<u>\$ 1,444,597</u>

Excess of expenditures over budgeted appropriations at the individual fund level during 2021 are as follows:

General Fund	\$ 80,030
Special Revenue Funds	
Library	12,707
Volunteer Fire Department	9,431
Economic Development	20,354

All excess expenditures were the result of planned processes.

The following funds had a deficit fund balance at December 31, 2021.

Capital Projects	
Tax Increment District #8	\$ 101,066

# CITY OF ST. CHARLES, MINNESOTA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 3. Detailed Notes on All Funds (Continued)

#### G. Long-term debt

The following is a summary of changes in long-term debt obligations during the year ended December 31, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and Notes Payable:					
General Obligation Bonds:					
2015A GO Bonds (3.0 - 3.75%)	\$ 2,030,000	\$	\$ 70,000	\$ 1,960,000	\$ 75,000
2018A Street Reconstruction (3%)	590,000		60,000	530,000	60,000
2019 A GO Refunding Bond ( 2.1 - 4.0%)	830,954		199,610	631,344	52,261
2021A GO Street Constuction Bond (1.0-1.750%)		4,370,000		4,370,000	
2021A GO Tax Abatement Portion (1.0-1.750%)		1,955,000		1,955,000	
2021B GO Refunding Bond (1.76%)		1,907,000		1,907,000	
Less: Unamortized Discount	(18,850)		(1,945)	(16,905)	
Plus: Unamortized Bond Premium	20,684	48,086	1,457	67,313	
Notes payable:					
2012 Installment Promissory Note - Winona County (2.0%)					
Vehicle lease payable (2.95%)	21,694		21,694		
Equipment lease payable (3.050%)	16,404		7,835	8,569	8,569
Compensated absences	73,732	2,238		75,970	
Governmental Activities Long-term Liabilities	3,564,618	8,282,324	358,651	11,488,291	195,830
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Payable:					
General Obligation Bonds:					
2019A Water Refunding Bond (2.1 - 4.0%)	399,046		25,390	373,656	27,739
2021A Water GO Improvement Bond		340,000		340,000	15,000
2021A Sewer GO Improvement Bond		340,000		340,000	15,000
General Obligation Revenue Bonds:					
2011B Electric Revenue Refunding (2.0 - 3.05%)	550,000		550,000		
Less: Unamortized Discount	(5,750)		(5,750)		
Compensated absences	78,774	9,894		88,668	
Business-type Activities Long-term Liabilities	1,022,070	689,894	569,640	1,142,324	57,739
Total	\$ 4,586,688	\$ 8,972,218	\$ 928,291	\$ 12,630,615	\$ 253,569

Water revenues are pledged as repayment for a portion of the G.O. Improvement and Refunding Bonds, Series 2011A. As a result, the amount of the bonds to be repaid with pledged Water revenues has been recorded in the Water Funds.

# CITY OF ST. CHARLES, MINNESOTA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 3. Detailed Notes on All Funds (Continued)

#### G. Long-term debt (Continued)

The annual requirements to amortize all long-term debt outstanding as of December 31, 2021, over the life of the debt, are summarized below:

Years	General Obligation Improvement and Refunding Bonds		Other	
	Principal	Interest	Principal	Interest
<u>Governmental Activities</u>				
2022	\$ 187,261	\$ 188,454	\$ 8,569	\$ 129
2023	660,322	227,334		
2024	681,352	191,949		
2025	694,375	180,840		
2026	692,312	78,256		
2027-2031	3,478,341	304,912		
2032-2036	3,293,381	180,686		
2037-2041	1,666,000	82,781		
Totals	<u>\$ 11,353,344</u>	<u>\$ 1,437,743</u>	<u>\$ 8,569</u>	<u>\$ 129</u>
<u>Business-Type Activities</u>				
2022	\$ 57,739	\$ 17,974		
2023	68,678	19,848		
2024	69,648	18,478		
2025	70,625	17,101		
2026	73,094	15,588		
2027-2031	390,253	53,337		
2032-2036	273,619	17,346		
2037	50,000	1,750		
Totals	<u>\$ 1,053,656</u>	<u>\$ 161,422</u>		

The City is the administering authority for the following tax increment finance districts:

Municipal Development District No. 6 – The District is of the redevelopment type, authorized under Minnesota law Chapter 472(A), established in 2005 to last until the year 2030.

Municipal Development District No. 7 – The District is of the redevelopment type, authorized under Minnesota Law Sections 469.174-469.1799 both inclusive, established in 2012 to last until the year 2022.

Municipal Development District No. 8 – The District is of the redevelopment type, authorized under Minnesota Law Sections 469.174-469.1799 both inclusive, established in 2014 to last until the year 2024.

## CITY OF ST. CHARLES, MINNESOTA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### 3. Detailed Notes on All Funds (Continued)

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##### H. Tax Abatement

The City may enter into tax abatement agreements as authorized by Minnesota Abatement Laws under State Statutes Sections 469.1812, 469.1813 and 469.1815. Any parcel of property in the City qualifies for tax abatement. The City negotiates tax abatement agreements on an individual basis generally with the purpose of adding employment and or increasing the tax capacity of the parcel.

The City has made no commitments, other than tax abatement, under the agreements. The taxpayer submits property taxes annually and is reimbursed by the City for the abatement amount if the taxpayer has filed reports substantiating that it has met the employment levels stipulated in the agreement. The City had the following tax abatement agreements as of December 31, 2021.

##### Assisted Living/Medical Clinic – Parkway First Addition

The City entered into a tax abatement agreement in June 2002 for the purpose of constructing an assisted living facility with approximately 20 units. Under the agreement, the City has agreed to abate the project's property taxes for 15 years beginning in 2004. The amount of the abatement is 100% of the City's share of new property taxes from the project not to exceed \$4,000 per year. The amount of tax abated in 2021 totaled \$4,000.

The City also entered into a tax abatement agreement in 2002 for the purpose of building a 4,300-square foot building to be used as a Medical Clinic (Olmsted Medical Center). Under the agreement, the City has agreed to abate the project's property taxes for 15 years beginning in 2004. The amount of the abatement is 100% of the City's share of new property taxes from the project not to exceed \$2,453 per year. The amount of tax abated in 2021 totaled \$2,453.

##### Soppa Assisted Living Project Phase II – Parkway First Addition

The City entered into a tax abatement agreement in April 2003 for the purpose of constructing an assisted living facility with approximately 20 units. Under the agreement, the City has agreed to abate the project's property taxes for 15 years beginning in 2005. The amount of the abatement is 100% of the City's share of new property taxes from the project not to exceed \$3,960 per year. The amount of tax abated in 2021 totaled \$3,960.



# CITY OF ST. CHARLES, MINNESOTA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 3. Detailed Notes on All Funds (Continued)

#### I. Fund Equity

	Committed Fund Balance				Total
	Fund 34	Fund 25	Fund 36	Fund 40	
	Economic Development	Capital Improvement	Street, Trail Sidewalk Construction	Parkland Dedication	
<u>Committed For:</u>					
Economic Development					
CIP Projects	\$ 125,043	\$	\$	\$	\$ 125,043
Capital Project		1,171,389	856,952		2,028,341
Parkland Dedication					
CIP Projects				16,729	16,729
	<u>\$ 125,043</u>	<u>\$1,171,389</u>	<u>\$ 856,952</u>	<u>\$ 16,729</u>	<u>\$ 2,170,113</u>

### 4. Defined Benefit Pension Plans - Statewide

#### Plan Description

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

#### 1. General Employees Retirement Fund

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

#### 2. Public Employees Police and Fire Fund

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.

## CITY OF ST. CHARLES, MINNESOTA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### 4. Defined Benefit Pension Plans – Statewide (Continued)

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##### Benefits Provided

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

##### 1. General Employees 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 of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

##### 2. 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 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Police and Fire Plan benefit recipients receive a future annual 1.0 percent increase. An annual adjustment will equal 2.5 percent any time the plan exceeds a 90 percent funded ratio for two consecutive years. If the adjustment is increased to 2.5 percent and the funded ratio falls below 80 percent for one year or 85 percent for two consecutive years, the post-retirement benefit increase will be lowered to one percent. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

## CITY OF ST. CHARLES, MINNESOTA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### 4. Defined Benefit Pension Plans – Statewide (Continued)

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##### Contributions

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

##### 1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2021 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2021, were \$79,478. The City's contributions were equal to the required contributions as set by state statute.

##### 2. Police and Fire Plan Contributions

Plan members were required to contribute 10.8 percent of their annual covered salary and the City was required to contribute 16.20 percent of pay for members in fiscal year 2021. The City's contributions to the Police and Fire Fund for the year ended December 31, 2021, were \$68,212. The City's contributions were equal to the required contributions as set by state statute.

##### Pension Costs

##### 1. General Employees Fund Pension Costs

At December 31, 2021, the City reported a liability of \$627,756 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 to the fund in 2021. 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 \$19,235. The net pension liability was measured as of June 30, 2021, 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, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2021, the City's proportionate share was 0.0147 compared to 0.0146 percent from its proportionate share measured at June 30, 2020.

City's proportionate share of the net pension liability	\$627,756
State of Minnesota's proportionate share of the net Pension liability associated with the City	<u>19,235</u>
Total	<u>\$646,991</u>

For the year ended December 31, 2021, the City recognized pension expense of (\$10,304) for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$1,552 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.

# CITY OF ST. CHARLES, MINNESOTA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 4. Defined Benefit Pension Plans – Statewide (Continued)

#### Pension Cost (Continued)

At December 31, 2021, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,490	\$ 19,196
Difference between projected and actual investment earnings		529,372
Changes in actuarial assumptions	383,295	13,402
Changes in proportion	40,434	
Contributions paid to PERA subsequent to the measurement date	46,159	
Total	<u>\$ 473,378</u>	<u>\$ 561,970</u>

\$46,159 reported as deferred outflows of resources related to pensions is resulting from City contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability during the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	Pension Expense Amount
2022	\$ 7,081
2023	9,901
2024	(3,446)
2023	(148,287)

### 2. Police and Fire Fund Pension Costs

At December 31, 2021, the City reported a liability of \$251,637 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2021, the City's proportionate share was 0.0326 percent which was an increase of 0.0034 percent from its proportionate share measured at June 30, 2020. The City also recognized \$2,062 for the year ended December 31, 2021, as revenue and 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. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year, starting in fiscal year 2014.

## CITY OF ST. CHARLES, MINNESOTA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### 4. Defined Benefit Pension Plans – Statewide (Continued)

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##### Pension Cost (Continued)

For the year ended December 31, 2021, the City recognized pension expense of (\$2,062) for its proportionate share of the Police and Fire Fund's pension expense.

At December 31, 2021, the City reported its proportionate share of the Public Employees Police and Fire Fund's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 46,441	
Difference between projected and actual investment earnings		483,633
Changes in actuarial assumptions	369,841	103,513
Changes in proportion	69,513	7,817
Contributions paid to PERA subsequent to the measurement date	44,552	
Total	<u>\$ 530,347</u>	<u>\$ 594,963</u>

\$44,552 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	Pension Expense Amount
2022	\$ (117,994)
2023	(15,686)
2024	(19,680)
2025	(44,245)
2026	88,437

##### Total Pension Expense

The total pension expense for all plans recognized by the City for the year ended December 31, 2021 was \$1,807.

## CITY OF ST. CHARLES, MINNESOTA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### 4. Defined Benefit Pension Plans – Statewide (Continued)

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##### Actuarial Assumptions

The total pension liability in the June 30, 2021, 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 29 years of service and 6.0 percent per year thereafter. 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 are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

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

The following changes in actuarial assumptions and plan provisions occurred in 2021:

##### General Employees Fund

##### Changes in Actuarial Assumptions:

- 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.

##### Changes in Plan Provisions:

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

##### Police and Fire Fund

##### Changes in Actuarial Assumptions:

- 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.

## CITY OF ST. CHARLES, MINNESOTA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### 4. Defined Benefit Pension Plans – Statewide (Continued)

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##### Actuarial Assumptions (Continued)

Changes in Actuarial Assumptions (continued):

- 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.

##### 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 Stocks	35.5%	5.10%
International Stocks	17.5%	5.30%
Fixed Income	20.0%	0.75%
Private Markets	25.0%	5.90%
	<u>98%</u>	

## CITY OF ST. CHARLES, MINNESOTA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### 4. Defined Benefit Pension Plans – Statewide (Continued)

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##### Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

##### 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:

	1% Decrease in Discount Rate 6.5%	Current Discount Rate 7.5%	1% Increase in Discount Rate 8.5%
City's proportionate share of the General Employees Fund net pension liability at different discount rates	\$ 1,280,301	\$ 627,756	\$ 92,302
City's proportionate share of the PEPFF net pension liability at different discount rates	798,906	251,637	196,987
	<u>\$ 2,079,207</u>	<u>\$ 879,393</u>	<u>\$ 289,289</u>

##### Pension Plan Fiduciary Net Position

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

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#### 5. Defined Benefit Pension Plans – Volunteer Fire Relief Association

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The following information is based upon the St. Charles Firefighter's Relief Association ("Association") actuarial report for the year ended December 31, 2020 as the city has elected to use the GASB 68 "look-back" method.

##### Plan Description

The City contributes to the Association, a single employer public employee retirement system that acts as a common investment and administrator for the City's firefighters. As of December 31, 2020, the plan covered 29 active firefighters. The plan is established and administered in accordance with Minnesota Statutes, Chapter 353 G. The December 31, 2020 information is the latest reported for this Plan.



# CITY OF ST. CHARLES, MINNESOTA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 5. Defined Benefit Pension Plans – Volunteer Fire Relief Association (Continued)

#### Benefits Provided

Volunteer firefighters of the City are members of the Association. Association members are eligible to receive a lump sum pension benefit of \$2,000 per person per year of service plus a Supplemental Benefit of 10% of the regular lump sum distribution, but not more than \$1,000 after reaching a minimum retirement age of 50 and at least 20 years of service with 10 years of membership in the association. Association members are eligible to receive partial pension benefits for service of 10 to 20 years with 10 years of membership in the Association. Partial vesting begins at 60% in the tenth year and increases 4% per year of additional service until fully vested. These benefit provisions are consistent with enabling State statutes.

#### Contributions

The Plan is funded by fire state aid, investment earnings and, if necessary, City contributions as specified in Minnesota Statutes, and voluntary City contributions. The State of Minnesota contributed \$38,299 in state aid to the plan on behalf of the Association for the year ended December 31, 2020, which was recorded as revenue. The City's made voluntary contributions of \$7,000 to the plan.

#### Pension Costs

At December 31, 2020, the City reported a net pension asset of \$429,055 for the plan. The net pension asset was measured as of December 31, 2020. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined applying an actuarial formula to specific census data as of December 31, 2020. The following table presents the changes in the net pension asset during the year.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance 12/31/19	\$ 746,919	\$ 1,155,441	\$ (408,522)
Changes for the year:			
Service cost	33,399		33,399
Interest	49,193		49,193
Differences between expected and actual experience	(33,934)		(33,934)
Changes in assumption	3,373		3,373
Changes of benefit terms	142,899		142,899
Contributions - state and local		45,299	(45,299)
Net investment income		175,864	(175,864)
Benefit payments	(47,000)	(47,000)	
Administrative expense		(5,700)	5,700
Net changes	147,930	168,463	(20,533)
Balance End of Year 12/31/20	\$ 894,849	\$ 1,323,904	\$ (429,055)

# CITY OF ST. CHARLES, MINNESOTA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 5. Defined Benefit Pension Plans – Volunteer Fire Relief Association (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual liability	\$	\$ 45,514
Change in assumptions	14,286	5,725
Net difference between projected and actual investment earnings		139,920
Total	<u>\$ 14,286</u>	<u>\$ 191,159</u>

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

Year ending December 31:	Pension Expense Amount
2022	\$ (49,093)
2023	(33,144)
2024	(55,313)
2025	(25,907)
2026	(5,026)
Thereafter	(8,390)

#### Actuarial Assumptions

The total pension asset at December 31, 2020, was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

- Investment rate of return of 7.0%
- 20-Year Municipal bond yield 3.31%
- Salary increase 2.75%

There were no changes in actuarial assumptions in 2020 valuation.

## CITY OF ST. CHARLES, MINNESOTA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### 5. Defined Benefit Pension Plans – Volunteer Fire Relief Association (Continued)

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##### Discount Rate

The discount rate used to measure the total pension liability was 6.25%. 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.

##### Pension Liability Sensitivity

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

	1% Decrease in Discount Rate 5.25%	Current Discount Rate 6.25%	1% Increase in Discount Rate 7.25%
Net pension asset	\$ 407,523	\$ 429,055	\$ 450,206

##### Plan Investments

###### *Investment Policy:*

All investments undertaken by the Plan are governed by the prudent person rule and other standards codified in *Minnesota Statutes*, Chapter 11A and Chapter 356A.

Within the requirements defined by state law, the Plan 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.

## CITY OF ST. CHARLES, MINNESOTA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### 5. Defined Benefit Pension Plans – Volunteer Fire Relief Association (Continued)

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##### *Asset Allocation:*

The long-term target asset allocation and long-term expected real rate of return is the following:

Asset Class	Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Domestic equity	59.25%	4.95%	7.45%
International equity	14.72%	5.24%	7.74%
Fixed income	9.36%	1.99%	4.49%
Real estate and alternatives	1.25%	4.19%	6.69%
Cash and equivalents	15.42%	0.58%	3.08%
Total	100%		6.85%
Reduced for assumed investment expense			-0.50%
Net assumed investment return (rounded to 1/4%)			6.25%

The long-term return on assets has been set based on the plan's target investment allocation along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered.

##### Description of significant investment policy changes during the year:

The Plan made no significant changes to their investment policy during the year.

##### Pension Plan Fiduciary Net Position

Detailed information about the Association plan's fiduciary net position as of December 31, 2020, is available in a separately-issued financial report that includes financial statements and required supplementary information.

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#### 6. Commitments and Contingencies

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The City may participate in federal and state agency assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The City does not anticipate any audit adjustments or disallowed program expenditures as a result of these compliance audits that would be material in relation to the general purpose financial statements taken as a whole.

**CITY OF ST. CHARLES, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2021**

**CITY OF ST. CHARLES, MINNESOTA**  
**Schedules of City Pension Contributions**  
**December 31, 2021**

**PERA General Employees Retirement Fund**  
**Last Ten Years (presented prospectively)**

Year Ended December 31	Statutorily Required Contribution (a)	Contributions in Relation to Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
2014	\$ 56,648	\$ 56,648	\$	\$ 781,352	7.25%
2015	60,090	60,090		801,200	7.50%
2016	61,989	61,989		826,520	7.50%
2017	65,363	65,363		871,507	7.50%
2018	66,869	66,869		891,587	7.50%
2019	70,504	70,504		940,053	7.50%
2020	77,847	77,847		1,037,960	7.50%
2021	79,478	79,478		1,059,707	7.50%
2022					
2023					

**PERA Public Employees Police and Fire Fund Pension Plan**  
**Last Ten Years (presented prospectively)**

Year Ended December 31	Statutorily Required Contribution (a)	Contributions in Relation to Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
2014	\$ 32,175	\$ 32,175	\$	\$ 210,294	15.30%
2015	36,291	36,291		224,019	16.20%
2016	37,081	37,081		228,895	16.20%
2017	40,076	40,076		247,383	16.20%
2018	43,861	43,861		270,747	16.20%
2019	52,895	52,895		326,512	16.95%
2020	57,166	57,166		352,877	17.70%
2021	68,212	68,212		421,062	17.70%
2022					
2023					

**CITY OF ST. CHARLES, MINNESOTA**  
**Schedules of City and Non-Employer Proportionate Share of Net Pension Liability**  
**December 31, 2021**

**PERA General Employees Retirement Fund**  
**Last Ten Years (presented prospectively)**

Fiscal Year Ended June 30	City's Proportionate Share (Percentage) of Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City (a+b)	Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a+b) / c	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0149%	\$ 699,927	\$	\$ 699,927	\$ 781,352	89.6%	78.70%
2015	0.0139%	720,370		720,370	801,200	89.9%	78.20%
2016	0.0133%	1,079,894	14,131	1,094,025	826,520	132.4%	68.90%
2017	0.0135%	861,830	10,859	872,689	871,507	100.1%	75.90%
2018	0.0133%	737,829	24,138	761,967	891,587	85.5%	79.53%
2019	0.0133%	735,327	22,832	758,159	940,053	80.7%	80.23%
2020	0.0146%	875,336	26,902	902,238	1,037,960	86.9%	79.06%
2021	0.0147%	627,756	19,235	646,991	1,059,707	61.1%	87.00%
2022							
2023							

**PERA Public Employees Police and Fire Fund Pension Plan**  
**Last Ten Years (presented prospectively)**

Fiscal Year Ended June 30	City's Proportionate Share (Percentage) of Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City (a+b)	Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a+b) / c	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0240%	\$ 259,210	\$	\$ 259,210	\$ 210,294	123.3%	87.10%
2015	0.0250%	284,059		284,059	224,019	126.8%	86.60%
2016	0.0240%	963,162	2,160	965,322	228,895	421.7%	63.90%
2017	0.0240%	324,029	2,160	326,189	247,383	131.9%	85.40%
2018	0.0257%	273,936	2,313	276,249	270,747	102.0%	88.84%
2019	0.0303%	322,574	4,090	326,664	326,512	100.0%	89.26%
2020	0.0292%	384,887	9,071	393,958	352,877	111.6%	87.19%
2021	0.0292%	251,637	2,062	253,699	421,062	60.3%	93.66%
2022							
2023							

**CITY OF ST. CHARLES, , MINNESOTA**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Fire Relief Association**

	Fiscal Year Ending December 31				
	2020	2019	2018	2017	2016
Total Pension Liability (TPL, actuarial accrued liability)					
Service cost	\$ 33,399	\$ 33,558	\$ 27,854	\$ 24,812	\$ 27,376
Interest	49,193	44,621	39,205	40,263	37,403
Differences between expected and actual experience	(33,934)		(14,831)	(10,892)	
Changes of assumptions	3,373	(4,230)	15,239	2,244	(6,665)
Changes of benefit terms	142,899		88,092		
Benefit payments, including member contribution refunds	(47,000)	(14,800)		(109,500)	
Net change in total pension liability	147,930	59,149	155,559	(53,073)	58,114
Total pension liability - beginning of year	746,919	687,770	532,211	585,284	527,143
Total pension liability - end of year	\$ 894,849	\$ 746,919	\$ 687,770	\$ 532,211	\$ 585,284
Plan Fiduciary Net Pension (FNP, assets)					
Contributions - state and local	45,299	42,689	41,178	42,395	40,656
Net investment income	175,864	201,949	(44,717)	136,316	48,903
Benefit payments, including member contribution refunds	(47,000)	(14,800)		(109,500)	
Administrative expense	(5,700)	(5,200)	(5,160)	(4,300)	(4,862)
Net change in plan fiduciary net position	168,463	224,638	(8,699)	64,911	84,697
Plan fiduciary net position - beginning of year	1,155,441	930,803	939,502	874,591	789,894
Plan fiduciary net position - end of year	\$ 1,323,904	\$ 1,155,441	\$ 930,803	\$ 939,502	\$ 874,591
Net pension liability (NPL) - end of year	\$ (429,055)	\$ (408,522)	\$ (243,033)	\$ (407,291)	\$ (298,307)
FNP as a percentage of the TPL	147.95%	154.69%	135.34%	176.53%	149.43%



**CITY OF ST. CHARLES, MINNESOTA**  
**COMBINING AND INDIVIDUAL NONMAJOR FUNDS**  
**STATEMENTS AND SCHEDULES**  
**DECEMBER 31, 2021**

**CITY OF ST. CHARLES, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2021**

	Special Revenue						<u>58</u>	<u>61</u>
	<u>20</u>	<u>24</u>	<u>26</u>	<u>21</u>	<u>31</u>	<u>34</u>	2018A	2019A
	Advertising	Celebration	Library	Volunteer Fire Department	Blandin Foundation	Economic Development	Street Bond Fund	G.O. Refunding Bond
<b>ASSETS</b>								
Cash and investments	\$ 9,291	\$ 14,118	\$	\$ 348,774	\$ 204	\$ 124,445	\$ 496,832	\$ 61,332 \$ 74,439
Accrued interest receivable				187			187	
Accounts receivable		250		1,490			1,740	
Loans and contracts receivable						55,276	55,276	
Prepaid items	3,132		1,237				4,369	
Taxes receivable - delinquent				3		406	409	553 1,166
Due from other governmental units	91	32	571	318		598	1,610	360 391
<b>TOTAL ASSETS</b>	<b>\$ 12,514</b>	<b>\$ 14,400</b>	<b>\$ 1,808</b>	<b>\$ 350,772</b>	<b>\$ 204</b>	<b>\$ 180,725</b>	<b>\$ 560,423</b>	<b>\$ 62,245 \$ 75,996</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>								
<b>Liabilities</b>								
Accounts payable	\$ 475	\$	\$ 671	\$ 577	\$	\$	\$ 1,723	\$
Due to other funds			1,116				1,116	
Deferred revenue								
Total Liabilities	475		1,787	577			2,839	
<b>Deferred Inflows of Resources:</b>								
Property taxes				3		406	409	553 1,166
Loans receivable						55,276	55,276	
Total Deferred Inflows of Resources				3		55,682	55,685	553 1,166
<b>Fund Balance</b>								
Nonspendable:								
Prepaid items	3,132		1,237				4,369	
Restricted:								
Creditors								61,692 74,830
Regulations:								
Tax Increment								
Committed:								
CIP Projects						125,043	125,043	
Assigned	8,907	14,400		350,192	204		373,703	
Unassigned			(1,216)				(1,216)	
Total Fund Balance	12,039	14,400	21	350,192	204	125,043	501,899	61,692 74,830
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 12,514</b>	<b>\$ 14,400</b>	<b>\$ 1,808</b>	<b>\$ 350,772</b>	<b>\$ 204</b>	<b>\$ 180,725</b>	<b>\$ 560,423</b>	<b>\$ 62,245 \$ 75,996</b>

Debt Service			Capital Projects						Total Nonmajor Governmental Funds
<u>62</u> 2021A G.O.Bond	<u>63</u> 2021B G.O. Refunding Bond	Total	<u>35</u> Chattanooga Second Construction	<u>47</u> Tax Increment District #6 Fund	<u>40</u> Parkland Dedication	<u>41</u> Tax Increment District #7 Fund	<u>46</u> Tax Increment District #9 Fund	Total	
\$ 55,769	\$ 525	\$ 192,065	\$	\$ 82,446	\$ 16,723 6	\$ 20,411	\$	\$ 119,580 6	\$ 808,477 193
							46	46	1,786
									55,276
									4,369
		1,719							2,128
		751							2,361
<u>\$ 55,769</u>	<u>\$ 525</u>	<u>\$ 194,535</u>	<u>\$</u>	<u>\$ 82,446</u>	<u>\$ 16,729</u>	<u>\$ 20,411</u>	<u>46</u>	<u>\$ 119,632</u>	<u>\$ 874,590</u>
\$	\$	\$	\$	\$	\$	\$	\$ 46	\$ 46	\$ 1,769
									1,116
							46	46	2,885
		1,719							2,128
									55,276
		1,719							57,404
									4,369
55,769	525	192,816							192,816
				82,446		20,411		102,857	102,857
					16,729			16,729	141,772
									373,703
									(1,216)
<u>55,769</u>	<u>525</u>	<u>192,816</u>		<u>82,446</u>	<u>16,729</u>	<u>20,411</u>		<u>119,586</u>	<u>814,301</u>
<u>\$ 55,769</u>	<u>\$ 525</u>	<u>\$ 194,535</u>	<u>\$</u>	<u>\$ 82,446</u>	<u>\$ 16,729</u>	<u>\$ 20,411</u>	<u>\$ 46</u>	<u>\$ 119,632</u>	<u>\$ 874,590</u>

**CITY OF ST. CHARLES, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2021**

	Special Revenue						<u>58</u> 2018A	<u>61</u> 2019A
	<u>20</u> Advertising	<u>24</u> Celebration	<u>26</u> Library	<u>21</u> Volunteer Fire Department	<u>31</u> Blandin Foundation	<u>34</u> Economic Development	Street Bond Fund	G.O. Refunding Bond
<b>REVENUES</b>								
Property tax levy								
Property tax collected	\$ 20,528	\$ 7,045	\$ 129,528	\$ 72,227	\$	\$	\$ 81,877	\$ 84,165
Property taxes - Special EDA taxing district						52,048	52,048	
Tax increments								
Intergovernmental			36,161	38,363			74,524	
Charges for services				38,549			38,549	
Interest income				3,021		1,720	4,741	
Loan repayment						30,548	30,548	
Donations		15,290	1,201	80,275			96,766	
Miscellaneous			4,807	3,469		200	8,476	
<b>TOTAL REVENUES</b>	<b>20,528</b>	<b>22,335</b>	<b>171,697</b>	<b>235,904</b>		<b>84,516</b>	<b>534,980</b>	<b>81,877 84,165</b>
<b>EXPENDITURES</b>								
<b>Current:</b>								
General government	12,455	17,319					29,774	
Public safety				156,298			156,298	
Library			205,197				205,197	
Economic development						65,454	65,454	
Debt Service								
Principal retirement							60,000	199,610
Interest and fiscal charges							17,295	31,885
Capital outlay								
<b>TOTAL EXPENDITURES</b>	<b>12,455</b>	<b>17,319</b>	<b>205,197</b>	<b>156,298</b>		<b>65,454</b>	<b>456,723</b>	<b>77,295 231,495</b>
Excess (deficiency) of revenues over (under) expenditures	8,073	5,016	(33,500)	79,606		19,062	78,257	4,582 (147,330)
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds from issuance of bonds								
Premium on issuance of bonds								
Transfer in			25,200				25,200	91,048
Transfer out				(15,000)			(15,000)	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			<b>25,200</b>	<b>(15,000)</b>			<b>10,200</b>	<b>91,048</b>
Net change in fund balances	8,073	5,016	(8,300)	64,606		19,062	88,457	4,582 (56,282)
<b>FUND BALANCES, beginning</b>	<b>3,966</b>	<b>9,384</b>	<b>8,321</b>	<b>285,586</b>	<b>204</b>	<b>105,981</b>	<b>413,442</b>	<b>57,110 131,112</b>
<b>FUND BALANCES, ending</b>	<b>\$ 12,039</b>	<b>\$ 14,400</b>	<b>\$ 21</b>	<b>\$ 350,192</b>	<b>\$ 204</b>	<b>\$ 125,043</b>	<b>\$ 501,899</b>	<b>\$ 61,692 \$ 74,830</b>

Debt Service			Capital Projects						Total Nonmajor Governmental Funds
<u>62</u>	<u>63</u>		<u>35</u>	<u>47</u> Tax	<u>40</u>	<u>41</u> Tax	<u>46</u> Tax		
2021A G.O.Bond	2021B G.O. Refunding Bond	Total	Chattanooga Second Construction	Increment District #6 Fund	Parkland Dedication	Increment District #7 Fund	Increment District #9 Fund	Total	
\$	\$	\$ 166,042	\$	\$	\$	\$	\$	\$	\$ 395,370
									52,048
				18,733		27,777		46,510	46,510
									74,524
									38,549
					(662)			(662)	4,079
									30,548
					500			500	97,266
							21,900	21,900	30,376
		166,042		18,733	(162)	27,777	21,900	68,248	769,270
									29,774
									156,298
									205,197
									65,454
		259,610							259,610
		49,180							49,180
			1,162,824	12,856	53	6,375	21,900	1,204,008	1,204,008
		308,790	1,162,824	12,856	53	6,375	21,900	1,204,008	1,969,521
		(142,748)	(1,162,824)	5,877	(215)	21,402		(1,135,760)	(1,200,251)
55,769		55,769							55,769
	525	91,573	1,162,824					1,162,824	1,279,597
									(15,000)
55,769	525	147,342	1,162,824					1,162,824	1,320,366
55,769	525	4,594		5,877	(215)	21,402		27,064	120,115
		188,222		76,569	16,944	(991)		92,522	694,186
\$ 55,769	\$ 525	\$ 192,816	\$	\$ 82,446	\$ 16,729	\$ 20,411	\$	\$ 119,586	\$ 814,301

**CITY OF ST. CHARLES, MINNESOTA**  
**ADVERTISING FUND**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2021**  
*With Comparative Totals for the Year Ended December 31, 2020*

	Budgeted Amounts		2021	Variance with	2020
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
<b>REVENUES</b>					
<b>Property Tax Levy</b>					
Property tax collected	\$ 20,360	\$ 20,360	\$ 20,528	\$ 168	\$ 20,641
Donations	1,500	1,500		(1,500)	
<b>TOTAL REVENUES</b>	<u>21,860</u>	<u>21,860</u>	<u>20,528</u>	<u>(1,332)</u>	<u>20,641</u>
<b>EXPENDITURES</b>					
<b>General Government</b>					
Fireworks	9,000	9,000	3,848	5,152	7,800
City promotion					84
Board reimbursement					
annual events	360	360		360	650
Advertising	12,500	12,500	8,607	3,893	11,898
<b>TOTAL EXPENDITURES</b>	<u>21,860</u>	<u>21,860</u>	<u>12,455</u>	<u>9,405</u>	<u>20,432</u>
Excess (deficiency) of revenues					
over (under) expenditures			8,073	8,073	209
<b>FUND BALANCES, beginning</b>	<u>3,966</u>	<u>3,966</u>	<u>3,966</u>		<u>3,757</u>
<b>FUND BALANCES, ending</b>	<u>\$ 3,966</u>	<u>\$ 3,966</u>	<u>\$ 12,039</u>	<u>\$ 8,073</u>	<u>\$ 3,966</u>

**CITY OF ST. CHARLES, MINNESOTA**  
**CELEBRATION FUND**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2021**  
*With Comparative Totals for the Year Ended December 31, 2020*

	Budgeted Amounts		2021	Variance with	2020
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
			Amounts		Amounts
<b>REVENUES</b>					
<b>Property tax levy</b>					
Property tax collected	\$ 7,000	\$ 7,000	\$ 7,045	\$ 45	\$ 7,062
Donations	13,700	13,700	15,290	1,590	548
<b>TOTAL REVENUES</b>	<u>20,700</u>	<u>20,700</u>	<u>22,335</u>	<u>1,635</u>	<u>7,610</u>
<b>EXPENDITURES</b>					
<b>General Government</b>					
Advertising	3,800	3,800	4,053	(253)	
Dance	4,000	4,000	4,467	(467)	363
T-shirts	1,400	1,400	1,130	270	175
Rentals	4,000	4,000	2,500	1,500	
Pageants	4,000	4,000	1,006	2,994	1,367
Other	3,300	3,300	4,163	(863)	1,014
<b>TOTAL EXPENDITURES</b>	<u>20,500</u>	<u>20,500</u>	<u>17,319</u>	<u>3,181</u>	<u>2,919</u>
Excess (deficiency) of revenues over (under) expenditures	200	200	5,016	4,816	4,691
<b>FUND BALANCES, beginning</b>	<u>9,384</u>	<u>9,384</u>	<u>9,384</u>		<u>4,693</u>
<b>FUND BALANCES, ending</b>	<u>\$ 9,584</u>	<u>\$ 9,584</u>	<u>\$ 14,400</u>	<u>\$ 4,816</u>	<u>\$ 9,384</u>

**CITY OF ST. CHARLES, MINNESOTA**  
**LIBRARY FUND**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2021**  
*With Comparative Totals for the Year Ended December 31, 2020*

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget Positive (Negative)	2020 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
<b>Property Tax Levy</b>					
Property tax collected	\$ 128,686	\$ 128,686	\$ 129,528	\$ 842	\$ 123,495
<b>Intergovernmental Revenues</b>					
Interest income					165
Coronavirus relief aid					6,978
Library aid	34,456	34,456	36,161	1,705	34,456
Intergovernmental Revenues	34,456	34,456	36,161	1,705	41,599
<b>Donations</b>	4,500	(4,500)	1,201	5,701	2,073
<b>Miscellaneous</b>					
Fines	2,000	2,000	693	(1,307)	134
Book sales			743	743	81
Copy machines	1,000	1,000	1,717	717	1,035
Other	700	700	1,654	954	59
Total Miscellaneous Revenues	3,700	3,700	4,807	1,107	1,309
<b>TOTAL REVENUES</b>	171,342	162,342	171,697	9,355	168,476
<b>EXPENDITURES</b>					
<b>Library</b>					
Salaries	96,500	96,500	111,164	(14,664)	96,637
Employee benefits and retirement	35,200	35,200	37,616	(2,416)	23,127
Supplies and minor equipment	2,540	2,540	2,405	135	3,153
Professional services	14,300	14,300	12,179	2,121	12,557
Communications	1,200	1,200	1,066	134	458
Transportation and training	750	750		750	288
Insurance	4,500	4,500	3,273	1,227	3,768
Utilities	11,000	11,000	10,830	170	9,336
Repairs and maintenance	9,500	9,500	9,303	197	16,806
Other	1,000	1,000	1,352	(352)	1,418
Capital outlay	16,000	16,000	16,009	(9)	12,661
<b>TOTAL EXPENDITURES</b>	192,490	192,490	205,197	(12,707)	180,209
Deficiency of revenues under expenditures	(21,148)	(30,148)	(33,500)	(3,352)	(11,733)
<b>OTHER FINANCING SOURCES</b>					
Transfers in	25,200	25,200	25,200		25,200
Net change in fund balances	4,052	(4,948)	(8,300)	(3,352)	13,467
<b>FUND BALANCES, beginning</b>	8,321	8,321	8,321		(5,146)
<b>FUND BALANCES, ending</b>	\$ 12,373	\$ 3,373	\$ 21	\$ (3,352)	\$ 8,321



**CITY OF ST. CHARLES, MINNESOTA**  
**VOLUNTEER FIRE DEPARTMENT FUND**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2021**  
*With Comparative Totals for the Year Ended December 31, 2020*

	Budgeted Amounts		2021	Variance with	2020
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
<b>REVENUES</b>					
<b>Property Tax Levy</b>					
Property tax collected	\$ 71,753	\$ 71,753	\$ 72,227	\$ 474	\$ 68,988
<b>Intergovernmental Revenues</b>					
State fire aid	33,000	33,000	38,363	5,363	48,226
Coronavirus relief aid					2,719
<b>Charges for Services</b>					
Other local governments	32,114	32,114	35,404	3,290	16,576
Fire calls	11,500	11,500	3,145	(8,355)	9,757
<b>Interest income</b>	1,500	1,500	3,021	1,521	929
<b>Donations</b>	9,000	9,000	80,275	71,275	45,250
<b>Miscellaneous Revenues</b>	3,000	3,000	3,469	469	27
<b>TOTAL REVENUES</b>	<u>161,867</u>	<u>161,867</u>	<u>235,904</u>	<u>74,037</u>	<u>192,472</u>
<b>EXPENDITURES</b>					
<b>Public Safety</b>					
Salaries	21,000	21,000	22,195	(1,195)	21,360
Employee benefits and retirement	12,982	12,982	12,247	735	12,627
Supplies and minor equipment	14,000	14,000	11,422	2,578	6,149
Professional services	3,000	3,000	3,520	(520)	3,191
Communication	2,500	2,500	3,914	(1,414)	3,248
Transportation and training	9,300	9,300	3,420	5,880	6,800
Insurance	6,500	6,500	3,896	2,604	5,042
Utilities	6,000	6,000	6,375	(375)	5,639
Capital outlay	14,635	14,635	13,908	727	31,057
Repairs and maintenance	13,500	13,500	15,638	(2,138)	8,951
Fire relief payment	40,000	40,000	45,363	(5,363)	44,899
Other	3,450	3,450	14,400	(10,950)	1,523
<b>TOTAL EXPENDITURES</b>	<u>146,867</u>	<u>146,867</u>	<u>156,298</u>	<u>(9,431)</u>	<u>150,486</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,000</u>	<u>15,000</u>	<u>79,606</u>	<u>64,606</u>	<u>41,986</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>		<u>(15,000)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>		<u>(15,000)</u>
Net change in fund balances			64,606	64,606	26,986
<b>FUND BALANCES, beginning</b>	<u>285,586</u>	<u>285,586</u>	<u>285,586</u>		<u>258,600</u>
<b>FUND BALANCES, ending</b>	<u>\$ 285,586</u>	<u>\$ 285,586</u>	<u>\$ 350,192</u>	<u>\$ 64,606</u>	<u>\$ 285,586</u>

CITY OF ST. CHARLES, MINNESOTA  
BLANDIN FOUNDATION FUND  
Schedule of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2021  
*With Comparative Totals for the Year Ended December 31, 2020*

	Budgeted Amounts		2021	Variance with	2020
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
EXPENDITURES					
<b>General Government</b>					
Supplies	\$	\$	\$	\$	\$
Public education					
<b>TOTAL EXPENDITURES</b>					
Excess (deficiency) of revenues over (under) expenditures					
<b>FUND BALANCES, beginning</b>	204	204	204		204
<b>FUND BALANCES, ending</b>	<u>\$ 204</u>	<u>\$ 204</u>	<u>\$ 204</u>	<u>\$</u>	<u>\$ 204</u>

**CITY OF ST. CHARLES, MINNESOTA**  
**ECONOMIC DEVELOPMENT FUND**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
For the Year Ended December 31, 2021  
*With Comparative Totals for the Year Ended December 31, 2020*

	Budgeted Amounts		2021	Variance with	2020
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
<b>REVENUES</b>					
<b>Property Tax Levy -</b>					
Special EDA taxing district	\$ 51,419	\$ 51,419	\$ 52,048	\$ 629	\$ 49,373
<b>Interest Income</b>	2,133	2,133	1,720	(413)	1,375
<b>Intergovernmental</b>					
CARES act relief funds					100,000
<b>Miscellaneous Revenues</b>			200	200	
<b>Loan Repayment</b>	7,305	7,305	30,548	23,243	5,280
<b>TOTAL REVENUES</b>	<u>60,857</u>	<u>60,857</u>	<u>84,516</u>	<u>23,659</u>	<u>156,028</u>
<b>EXPENDITURES</b>					
<b>Economic Development</b>					
Professional services	45,100	45,100	40,454	4,646	39,018
Grants to small business					100,000
Revolving loans			25,000	(25,000)	
<b>TOTAL EXPENDITURES</b>	<u>45,100</u>	<u>45,100</u>	<u>65,454</u>	<u>(20,354)</u>	<u>139,018</u>
Net change in fund balances	15,757	15,757	19,062	3,305	17,010
<b>FUND BALANCES, beginning</b>	<u>105,981</u>	<u>105,981</u>	<u>105,981</u>		<u>88,971</u>
<b>FUND BALANCES, ending</b>	<u>\$ 121,738</u>	<u>\$ 121,738</u>	<u>\$ 125,043</u>	<u>\$ 3,305</u>	<u>\$ 105,981</u>

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**CITY OF ST. CHARLES, MINNESOTA**  
**SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2021**

**CITY OF ST. CHARLES, MINNESOTA**  
**PROPRIETARY FUNDS**  
**ELECTRIC FUND**  
**Statement of Net Position**  
**December 31, 2021 and 2020**

	2021	2020
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 777,459	\$ 1,250,297
Emergency cash reserve	250,000	250,000
Accrued interest receivable		6,336
Accounts receivable, net	255,276	260,576
Accrued utility revenue	172,875	129,534
Advances to other funds	20,000	30,000
Inventory	470,186	374,097
Prepaid expenses	68,820	86,969
Total Current Assets	<u>2,014,616</u>	<u>2,387,809</u>
<b>Capital Assets</b>		
Nondepreciable	325,989	325,989
Depreciable	11,585,125	11,494,367
Less: Accumulated depreciation	<u>5,620,871</u>	<u>5,297,485</u>
Capital Assets, Net	<u>6,290,243</u>	<u>6,522,871</u>
Total Assets	<u>8,304,859</u>	<u>8,910,680</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows from pension activity	<u>184,365</u>	<u>55,608</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 8,489,224</u></u>	<u><u>\$ 8,966,288</u></u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Current maturities of bonds payable	\$	\$ 270,000
Accounts payable	164,625	177,827
Accrued salaries	9,794	5,994
Accrued compensated absences	61,080	52,508
Customer deposits	20,299	19,777
Accrued interest payable		1,387
Total Current Liabilities	<u>255,798</u>	<u>527,493</u>
<b>Noncurrent Liabilities</b>		
Bonds payable, net of current maturities		280,000
Net pension liability	241,967	337,396
Less: Unamortized bond discount		(5,750)
Total Noncurrent Liabilities	<u>241,967</u>	<u>611,646</u>
Total Liabilities	<u>497,765</u>	<u>1,139,139</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows from pension activity	<u>216,606</u>	<u>11,531</u>
<b>NET POSITION</b>		
Net investment in capital assets	6,290,243	5,978,621
Unrestricted	<u>1,484,610</u>	<u>1,836,997</u>
Total Net Position	<u>7,774,853</u>	<u>7,815,618</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u>\$ 8,489,224</u></u>	<u><u>\$ 8,966,288</u></u>

**CITY OF ST. CHARLES, MINNESOTA**  
**PROPRIETARY FUNDS**  
**ELECTRIC FUND**  
**Statement of Revenues, Expenses**  
**and Changes in Fund Net Position - Budget and Actual**  
**For the Year Ended December 31, 2021**  
**With Comparative Totals for the Year Ended December 31, 2020**

	Budgeted Amounts		2021	Variance with	2020
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
<b>Operating Revenue</b>					
Consumer sales	\$ 3,257,753	\$ 3,257,753	\$ 3,135,327	\$ (122,426)	\$ 2,975,922
<b>Operating Expenses</b>					
Purchased utilities	1,430,000	1,430,000	1,459,729	(29,729)	1,315,229
Salaries	406,658	406,658	438,626	(31,968)	427,403
Employee benefits and retirement	171,821	171,821	146,774	25,047	161,745
Gas and oil	6,000	6,000	12,628	(6,628)	5,951
Generation fuel	30,000	30,000	21,129	8,871	14,019
Supplies and minor equipment	11,850	11,850	11,471	379	17,604
Professional services	36,000	36,000	67,569	(31,569)	65,205
Communication	7,000	7,000	5,083	1,917	4,694
Transportation and training	8,000	8,000	12,384	(4,384)	11,950
Insurance	25,000	25,000	19,238	5,762	19,323
Utilities	11,000	11,000	8,803	2,197	8,739
Repairs and maintenance	503,000	503,000	374,837	128,163	264,956
Depreciation and amortization			352,351	(352,351)	351,206
Bad debts			1,200	(1,200)	
Other	100,500	100,500	146,286	(45,786)	152,674
Total Operating Expenses	2,746,829	2,746,829	3,078,108	(331,279)	2,820,698
Operating Income	510,924	510,924	57,219	(453,705)	155,224
<b>Nonoperating Revenues (Expenses)</b>					
Interest income	10,000	10,000	20,237	10,237	33,024
Coronavirus relief aid					25,682
Miscellaneous income	20,000	20,000	23,714	3,714	78,506
Interest and fiscal charges	(16,640)	(16,640)	(6,933)	9,707	(13,596)
Total Nonoperating					
Revenues (Expenses)	13,360	13,360	37,018	23,658	123,616
<b>INCOME BEFORE TRANSFERS</b>	524,284	524,284	94,237	(430,047)	278,840
Transfers out	(135,000)	(135,000)	(135,000)		(135,000)
<b>CHANGE IN NET POSITION</b>	389,284	389,284	(40,763)	(430,047)	143,840
<b>TOTAL NET POSITION -</b>					
<b>BEGINNING OF YEAR</b>	7,815,616	7,815,616	7,815,616		7,671,778
<b>TOTAL NET POSITION -</b>					
<b>END OF YEAR</b>	\$ 8,204,900	\$ 8,204,900	\$ 7,774,853	\$ (430,047)	\$ 7,815,618

**CITY OF ST. CHARLES, MINNESOTA**  
**PROPRIETARY FUNDS**  
**WATER FUND**  
**Statement of Net Position**  
**December 31, 2021 and 2020**

	2021	2020
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 377,998	\$ 1,112,661
Accrued interest receivable	666	677
Special assessments receivable	1,852	
Accounts receivable, net	46,909	49,983
Accrued utility revenue	28,233	24,421
Inventory	27,640	21,616
Prepaid expenses	1,267	1,654
Total Current Assets	<u>484,565</u>	<u>1,211,012</u>
<b>Capital Assets</b>		
Non depreciable	340,000	
Depreciable	6,532,908	5,590,818
Less: Accumulated depreciation	<u>3,012,639</u>	<u>2,861,981</u>
Capital Assets, Net	<u>3,860,269</u>	<u>2,728,837</u>
Total Assets	<u>4,344,834</u>	<u>3,939,849</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows from pension activity	<u>55,597</u>	<u>15,620</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 4,400,431</u></u>	<u><u>\$ 3,955,469</u></u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Current maturities of bonds payable	\$ 42,739	\$ 26,796
Accounts payable	17,772	1,131
Accrued compensated absences	20,522	19,835
Accrued salaries		1,500
Accrued interest payable	8,906	11,004
Total Current Liabilities	<u>89,939</u>	<u>60,266</u>
<b>Noncurrent Liabilities</b>		
Bonds payable, net of current maturities	670,917	372,250
Net pension liability	72,824	101,545
Total Noncurrent Liabilities	<u>743,741</u>	<u>473,795</u>
Total Liabilities	<u>833,680</u>	<u>534,061</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows from pension activity	<u>65,187</u>	<u>3,469</u>
<b>NET POSITION</b>		
Net investment in capital assets	3,146,613	2,329,791
Unrestricted	354,951	1,088,148
Total Net Position	<u>3,501,564</u>	<u>3,417,939</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u>\$ 4,400,431</u></u>	<u><u>\$ 3,955,469</u></u>



**CITY OF ST. CHARLES, MINNESOTA**  
**PROPRIETARY FUNDS**  
**WATER FUND**  
**Statement of Revenues, Expenses**  
**and Changes in Fund Net Position - Budget and Actual**  
**For the Year Ended December 31, 2021**  
**With Comparative Totals for the Year Ended December 31, 2020**

	Budgeted Amounts		2021	Variance with	2020
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
<b>Operating Revenue</b>					
Consumer sales	\$ 577,360	\$ 577,360	\$ 605,253	\$ 27,893	\$ 577,017
Access fees			5,828	5,828	10,828
Total Operating Revenues	<u>577,360</u>	<u>577,360</u>	<u>611,081</u>	<u>33,721</u>	<u>587,845</u>
<b>Operating Expenses</b>					
Salaries	125,240	125,240	105,304	19,936	139,279
Employee benefits and retirement	55,762	55,762	32,205	23,557	50,345
Supplies and minor equipment	31,500	31,500	27,997	3,503	24,975
Professional services	40,200	40,200	31,270	8,930	59,985
Communication	7,500	7,500	5,988	1,512	5,919
Transportation and training	4,000	4,000	2,560	1,440	2,070
Insurance	6,000	6,000	2,448	3,552	4,244
Utilities	35,000	35,000	33,851	1,149	36,668
Repairs and maintenance	21,500	21,500	98,288	(76,788)	34,756
Depreciation and amortization			150,658	(150,658)	143,831
Other			1,791	(1,791)	2,580
Total Operating Expenses	<u>326,702</u>	<u>326,702</u>	<u>492,360</u>	<u>(165,658)</u>	<u>504,652</u>
Operating Income	<u>250,658</u>	<u>250,658</u>	<u>118,721</u>	<u>(131,937)</u>	<u>83,193</u>
<b>Nonoperating Revenues (Expenses)</b>					
Investment income (loss)	1,000	1,000	(2,285)	(3,285)	2,596
Coronavirus relief aid					22,592
Miscellaneous income	4,300	4,300	10,638	6,338	51,139
Interest and fiscal charges	(14,896)	(14,896)	(3,449)	11,447	(16,569)
Total Nonoperating Revenues (Expenses)	<u>(9,596)</u>	<u>(9,596)</u>	<u>4,904</u>	<u>14,500</u>	<u>59,758</u>
<b>INCOME BEFORE TRANSFERS</b>	<u>241,062</u>	<u>241,062</u>	<u>123,625</u>	<u>(117,437)</u>	<u>142,951</u>
Transfers out			(40,000)	(40,000)	(60,000)
<b>CHANGE IN NET POSITION</b>	<u>241,062</u>	<u>241,062</u>	<u>83,625</u>	<u>(157,437)</u>	<u>82,951</u>
<b>TOTAL NET POSITION - BEGINNING OF YEAR</b>	<u>3,417,939</u>	<u>3,417,939</u>	<u>3,417,939</u>		<u>3,334,988</u>
<b>TOTAL NET POSITION - END OF YEAR</b>	<u>\$ 3,659,001</u>	<u>\$ 3,659,001</u>	<u>\$ 3,501,564</u>	<u>\$ (157,437)</u>	<u>\$ 3,417,939</u>

**CITY OF ST. CHARLES, MINNESOTA**  
**PROPRIETARY FUNDS**  
**SEWER FUND**  
**Statement of Net Position**  
**December 31, 2021 and 2020**

	2021	2020
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 644,239	\$ 587,549
Accrued interest receivable	73	99
Accounts receivable	63,882	62,998
Accrued utility revenue	35,067	34,819
Prepaid expenses	1,373	1,505
Total Current Assets	<u>744,634</u>	<u>686,970</u>
<b>Capital Assets</b>		
Nondepreciable	368,700	28,700
Depreciable	3,982,780	3,943,703
Less: Accumulated depreciation	<u>1,586,637</u>	<u>1,504,101</u>
Capital Assets, Net	<u>2,764,843</u>	<u>2,468,302</u>
Total Assets	<u>3,509,477</u>	<u>3,155,272</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows from pension activity	<u>36,175</u>	<u>8,039</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 3,545,652</u></u>	<u><u>\$ 3,163,311</u></u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Current Maturities	\$ 15,000	
Accounts payable	38,934	45,320
Accrued compensated absences	7,066	6,431
Accrued salaries		392
Total Current Liabilities	<u>61,000</u>	<u>52,143</u>
<b>Noncurrent Liabilities</b>		
Bonds payable, net of current maturities	325,000	
Net pension liability	44,156	61,571
Total Noncurrent Liabilities	<u>369,156</u>	<u>61,571</u>
Total Liabilities	<u>430,156</u>	<u>113,714</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows from pension activity	<u>39,526</u>	<u>2,103</u>
<b>NET POSITION</b>		
Net investment in capital assets	2,764,843	2,468,302
Unrestricted	311,127	579,192
Total Net Position	<u>3,075,970</u>	<u>3,047,494</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u>\$ 3,545,652</u></u>	<u><u>\$ 3,163,311</u></u>

**CITY OF ST. CHARLES, MINNESOTA**  
**PROPRIETARY FUNDS**  
**SEWER FUND**  
**Statement of Revenues, Expenses**  
**and Changes in Fund Net Position - Budget and Actual**  
**For the Year Ended December 31, 2021**  
**With Comparative Totals for the Year Ended December 31, 2020**

	Budgeted Amounts		2021	Variance with	2020
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
<b>Operating Revenue</b>					
Consumer sales	\$ 774,615	\$ 774,615	\$ 806,164	\$ 31,549	\$ 762,322
Access fee			6,628	6,628	15,851
Total Operating Revenues	774,615	774,615	812,792	38,177	778,173
<b>Operating Expenses</b>					
Purchased utilities	507,237	507,237	493,841	13,396	477,687
Salaries	82,984	82,984	99,804	(16,820)	82,742
Employee benefits and retirement	33,672	33,672	24,758	8,914	35,343
Supplies and minor equipment	5,700	5,700	6,188	(488)	4,732
Professional services	12,500	12,500	8,437	4,063	30,042
Communication	2,400	2,400	1,645	755	1,654
Transportation and training	3,000	3,000	6,082	(3,082)	
Insurance	5,200	5,200	3,577	1,623	4,239
Utilities	4,000	4,000	899	3,101	701
Repairs and maintenance	106,000	106,000	52,699	53,301	18,127
Depreciation and amortization			82,536	(82,536)	81,609
Other	1,000	1,000	1,500	(500)	64
Total Operating Expenses	763,693	763,693	781,966	(18,273)	736,940
Operating Income	10,922	10,922	30,826	19,904	41,233
<b>Nonoperating Revenues</b>					
Interest income	500	500	(5,508)	(6,008)	392
Coronavirus relief aid					22,857
Miscellaneous income			3,158	3,158	2,021
Total Nonoperating Revenues	500	500	(2,350)	(2,850)	25,270
<b>CHANGE IN NET POSITION</b>	11,422	11,422	28,476	17,054	66,503
<b>TOTAL NET POSITION -</b>					
<b>BEGINNING OF YEAR</b>	3,047,494	3,047,494	3,047,494		2,980,991
<b>TOTAL NET POSITION -</b>					
<b>END OF YEAR</b>	\$ 3,058,916	\$ 3,058,916	\$ 3,075,970	\$ 17,054	\$ 3,047,494

**CITY OF ST. CHARLES, MINNESOTA**  
**PROPRIETARY FUNDS**  
**STORM WATER FUND**  
**Statement of Net Position**  
**December 31, 2021 and 2020**

	2021	2020
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 281,649	\$ 264,015
Accounts receivable	13,549	13,261
Accrued utility revenue	5,770	6,774
Total Current Assets	<u>300,968</u>	<u>284,050</u>
<b>Capital Assets</b>		
Depreciable	1,122,701	1,122,701
Less: Accumulated depreciation	<u>276,011</u>	<u>244,912</u>
Capital Assets, Net	<u>846,690</u>	<u>877,789</u>
Total Assets	<u><u>\$ 1,147,658</u></u>	<u><u>\$ 1,161,839</u></u>
<b>NET POSITION</b>		
Investment in capital assets	846,690	877,789
Unrestricted	<u>300,968</u>	<u>284,050</u>
Total Net Position	<u>1,147,658</u>	<u>1,161,839</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 1,147,658</u></u>	<u><u>\$ 1,161,839</u></u>

**CITY OF ST. CHARLES, MINNESOTA**  
**PROPRIETARY FUNDS**  
**STORM WATER FUND**  
**Statement of Revenues, Expenses**  
**and Changes in Fund Net Position - Budget and Actual**  
**For the Year Ended December 31, 2021**  
**With Comparative Totals for the Year Ended December 31, 2020**

	Budgeted Amounts		2021	Variance with	2020
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
<b>Operating Revenue</b>					
Storm water fees	\$ 157,330	\$ 157,330	\$ 156,146	\$ (1,184)	\$ 154,613
<b>Operating Expenses</b>					
Professional services	3,200	3,200	490	2,710	2,984
Depreciation			31,099	(31,099)	30,426
Repairs and maintenance	120,000	120,000	138,738	(18,738)	38,475
Total Operating Expenses	123,200	123,200	170,327	(47,127)	71,885
Operating Income (Loss)	34,130	34,130	(14,181)	(48,311)	82,728
<b>Nonoperating Revenues</b>					
Miscellaneous income					40,665
Total Nonoperating Revenues					40,665
<b>CHANGE IN NET POSITION</b>	34,130	34,130	(14,181)	(48,311)	123,393
<b>TOTAL NET POSITION -</b>					
<b>BEGINNING OF YEAR</b>	1,161,839	1,161,839	1,161,839		1,038,446
<b>TOTAL NET POSITION -</b>					
<b>END OF YEAR</b>	\$ 1,195,969	\$ 1,195,969	\$ 1,147,658	\$ (48,311)	\$ 1,161,839

**CITY OF ST. CHARLES, MINNESOTA**  
**PROPRIETARY FUNDS**  
**WASTE MANAGEMENT FUND**  
**Statement of Net Position**  
**December 31, 2021 and 2020**

	2021	2020
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 52,403	\$ 42,672
Accounts receivable	28,142	28,717
Accrued utility revenue	14,001	13,624
Total Current Assets	<u>94,546</u>	<u>85,013</u>
 Total Assets	 <u>\$ 94,546</u>	 <u>\$ 85,013</u>
 <b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	<u>\$ 14,780</u>	<u>\$ 14,052</u>
 <b>NET POSITION</b>		
Investment in capital assets		
Unrestricted	<u>79,766</u>	<u>70,961</u>
Total Net Position	<u>79,766</u>	<u>70,961</u>
 <b>TOTAL LIABILITIES AND NET POSITION</b>	 <u>\$ 94,546</u>	 <u>\$ 85,013</u>

**CITY OF ST. CHARLES, MINNESOTA**  
**WASTE MANAGEMENT FUND**  
**Schedule of Revenues, Expenses**  
**and Changes in Fund Net Position - Budget and Actual**  
**For the Year Ended December 31, 2021**  
**With Comparative Totals for the Year Ended December 31, 2020**

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget - Positive (Negative)	2020 Actual Amounts
	Original	Final			
<b>Operating Revenue</b>					
Waste removal	\$ 271,400	\$ 271,400	\$ 269,187	\$ (2,213)	\$ 262,353
Compost fees	13,500	13,500	14,329	829	10,802
Total Operating Revenues	284,900	284,900	283,516	(1,384)	273,155
<b>Operating Expenses</b>					
<b>Waste Removal</b>					
Garbage removal	259,500	259,500	256,028	3,472	248,351
City cleanup	11,500	11,500	4,115	7,385	7,810
Compost site expense	6,500	6,500	10,006	(3,506)	3,000
Other	1,600	1,600	4,562	(2,962)	30,619
Total Operating Expenses	279,100	279,100	274,711	4,389	289,780
Operating Income	5,800	5,800	8,805	3,005	(16,625)
<b>Nonoperating Revenue</b>					
Interest income	500	500		(500)	
Coronavirus relief aid					22,391
Other					(3,083)
Total Nonoperating Revenue	500	500		(500)	19,308
<b>INCOME BEFORE TRANSFERS</b>	6,300	6,300	8,805	2,505	2,683
Transfers out					(20,000)
<b>CHANGE IN NET POSITION</b>	6,300	6,300	8,805	2,505	(17,317)
<b>TOTAL NET POSITION - BEGINNING OF YEAR</b>	70,961	70,961	70,961		88,278
<b>TOTAL NET POSITION - END OF YEAR</b>	\$ 77,261	\$ 77,261	\$ 79,766	\$ 2,505	\$ 70,961

**CITY OF ST. CHARLES, MINNESOTA**  
**PROPRIETARY FUNDS**  
**AMBULANCE FUND**  
**Statement of Net Position**  
**December 31, 2021 and 2020**

	2021	2020
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 251,155	\$ 218,319
Accrued interest receivable	185	161
Accounts receivable	63,829	66,029
Prepaid expense	3,416	3,698
Total Current Assets	<u>318,585</u>	<u>288,207</u>
<b>Capital Assets</b>		
Depreciable	350,393	350,393
Less: Accumulated depreciation	<u>336,274</u>	<u>329,205</u>
Capital Assets, Net	<u>14,119</u>	<u>21,188</u>
Total Assets	<u>332,704</u>	<u>309,395</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows from pension activity	<u>33,541</u>	<u>10,899</u>
Total Deferred Outflows of Resources	<u>33,541</u>	<u>10,899</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 366,245</u></u>	<u><u>\$ 320,294</u></u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	<u>\$ 7,069</u>	<u>\$ 695</u>
<b>Noncurrent Liabilities</b>		
Net pension liability	<u>46,324</u>	<u>64,594</u>
Total Liabilities	<u>53,393</u>	<u>65,289</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows from pension activity	<u>41,465</u>	<u>2,204</u>
<b>NET POSITION</b>		
Investment in capital assets	14,119	21,188
Unrestricted	<u>257,268</u>	<u>231,613</u>
Total Net Position	<u>271,387</u>	<u>252,801</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u>\$ 366,245</u></u>	<u><u>\$ 320,294</u></u>



**CITY OF ST. CHARLES, MINNESOTA**  
**AMBULANCE FUND**  
**Schedule of Revenues, Expenses**  
**and Changes in Fund Net Position- Budget and Actual**  
**For the Year Ended December 31, 2021**  
**With Comparative Totals for the Year Ended December 31, 2020**

	Budgeted Amounts		2021	Variance with	2020
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
<b>Operating Revenue</b>					
<b>Charges for Services</b>					
Ambulance fees	\$ 205,500	\$ 205,500	\$ 172,850	\$ (32,650)	\$ 162,383
<b>Operating Expenses</b>					
Salaries	81,750	81,750	55,086	26,664	61,557
Employee benefits and retirement	27,449	27,449	21,588	5,861	23,086
Supplies and minor equipment	21,500	21,500	24,233	(2,733)	18,017
Professional services	13,000	13,000	17,274	(4,274)	11,827
Communication	3,000	3,000	2,922	78	3,058
Transportation and training	8,000	8,000	3,839	4,161	1,700
Insurance	4,750	4,750	3,051	1,699	3,661
Utilities	6,000	6,000	6,375	(375)	5,639
Repairs and maintenance	12,500	12,500	12,549	(49)	8,535
Depreciation			7,068	(7,068)	7,069
Bad debts			1,176	(1,176)	
Other	8,000	8,000	1,409	6,591	9,043
<b>Total Operating Expenses</b>	<b>185,949</b>	<b>185,949</b>	<b>156,570</b>	<b>29,379</b>	<b>153,192</b>
Operating Income	19,551	19,551	16,280	(3,271)	9,191
<b>Nonoperating Revenues (Expenses)</b>					
Interest income	500	500	3,669	3,169	(207)
Coronavirus relief aid					3,884
Donations					5,609
Miscellaneous	12,000	12,000	13,637	1,637	9,381
Calendar sales					22,935
Total Nonoperating Revenues (Expenses)	12,500	12,500	17,306	4,806	41,602
<b>INCOME BEFORE TRANSFERS</b>	<b>32,051</b>	<b>32,051</b>	<b>33,586</b>	<b>1,535</b>	<b>50,793</b>
Transfers out	(15,000)	(15,000)	(15,000)		(15,000)
<b>CHANGE IN NET POSITION</b>	<b>17,051</b>	<b>17,051</b>	<b>18,586</b>	<b>1,535</b>	<b>35,793</b>
<b>TOTAL NET POSITION -</b>					
<b>BEGINNING OF YEAR</b>	<b>252,801</b>	<b>252,801</b>	<b>252,801</b>		<b>217,008</b>
<b>TOTAL NET POSITION -</b>					
<b>END OF YEAR</b>	<b>\$ 269,852</b>	<b>\$ 269,852</b>	<b>\$ 271,387</b>	<b>\$ 1,535</b>	<b>\$ 252,801</b>

**CITY OF ST. CHARLES, MINNESOTA**  
**Summary of Cash and Investments**  
**All Fund Types**  
**December 31, 2021**

**CASH ON HAND**

Change funds	\$	1,306
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**CASH IN BANK**

Bremer Bank

St. Charles, Minnesota:

General checking		6,829,987
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Money Market		339,995
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**INVESTMENTS**

	Rate	Amount
<u>Merchants National Bank</u>		
Certificates of Deposit	1.0-1.6%	\$ 219,240
<u>Wells Fargo</u>		
Municipal Bonds	2.77-3.26%	514,918
U.S. Government Securities	2.47-2.69%	498,486
Money Market Fund	2.28%	<u>5,864</u>

<b>TOTAL INVESTMENTS</b>		<u>1,238,508</u>
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**TOTAL CASH AND INVESTMENTS,**  
**December 31, 2021**

	\$	<u><u>8,409,796</u></u>
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**CITY OF ST. CHARLES, MINNESOTA**  
**GOVERNMENTAL FUNDS**  
**Bond Retirement Schedules**  
**December 31, 2021**

\$2,300,000 General Obligation Bonds, Series 2015A				
Year	Principal		Interest	Total
2022	\$	75,000	\$ 64,541	\$ 139,541
2023		75,000	62,291	137,291
2024		75,000	60,041	135,041
2025		80,000	57,716	137,716
2026		80,000	55,316	135,316
Thereafter		1,575,000	460,060	2,035,060
<b>Totals</b>	<b>\$</b>	<b>1,960,000</b>	<b>\$ 759,965</b>	<b>\$ 2,719,965</b>

\$650,000 G.O. Street Construction Plan Bonds, Series 2018A				
Year	Principal		Interest	Total
2022	\$	60,000	\$ 15,000	\$ 75,000
2023		60,000	13,200	73,200
2024		65,000	11,325	76,325
2025		65,000	9,375	74,375
2026		65,000	7,425	72,425
Thereafter		215,000	9,825	224,825
<b>Totals</b>	<b>\$</b>	<b>530,000</b>	<b>\$ 66,150</b>	<b>\$ 596,150</b>

\$1,035,000 General Obligation Bonds, Series 2019A				
Year	Principal		Interest	Total
2022	\$	52,261	\$ 13,789	\$ 66,050
2023		51,322	13,048	64,370
2024		55,352	12,201	67,553
2025		59,375	11,165	70,540
2026		53,312	10,265	63,577
Thereafter		359,722	28,019	387,741
<b>Totals</b>	<b>\$</b>	<b>631,344</b>	<b>\$ 88,487</b>	<b>\$ 719,831</b>

\$1,907,000 General Obligation Refunding Bond, Series 2021B				
Year	Principal		Interest	Total
2022	\$		\$	\$
2023		79,000	57,854	136,854
2024		86,000	31,416	117,416
2025		90,000	29,868	119,868
2026		89,000	28,292	117,292
Thereafter		1,563,000	216,872	1,779,872
<b>Totals</b>	<b>\$</b>	<b>1,907,000</b>	<b>\$ 364,302</b>	<b>\$ 2,271,302</b>

**CITY OF ST. CHARLES, MINNESOTA**  
**GOVERNMENTAL FUNDS**  
**Bond Retirement Schedules (Continued)**  
**December 31, 2021**

\$4,370,000 General Obligation Bond, Series 2021A				
Year	Principal	Interest	Total	
2022	\$	\$ 65,716	\$	65,716
2023	275,000	55,907		330,907
2024	275,000	53,157		328,157
2025	275,000	50,235		325,235
2026	280,000	47,113		327,113
Thereafter	3,265,000	284,885		3,549,885
<b>Totals</b>	<b>\$ 4,370,000</b>	<b>\$ 557,013</b>	<b>\$</b>	<b>4,927,013</b>
\$1,955,000 General Obligation Tax Abatement Portion, Series 2021A				
Year	Principal	Interest	Total	
2022	\$	\$ 29,408	\$	29,408
2023	120,000	25,034		145,034
2024	125,000	23,809		148,809
2025	125,000	22,481		147,481
2026	125,000	21,075		146,075
Thereafter	1,460,000	125,834		1,585,834
<b>Totals</b>	<b>\$ 1,955,000</b>	<b>\$ 247,641</b>	<b>\$</b>	<b>2,202,641</b>
\$40,075 Equipment Lease Payable				
Year	Principal	Interest	Total	
2022	\$ 8,569	\$ 129	\$	8,698
<b>Totals</b>	<b>\$ 8,569</b>	<b>\$ 129</b>	<b>\$</b>	<b>8,698</b>

**CITY OF ST. CHARLES, MINNESOTA**  
**BUSINESS-TYPE FUNDS**  
**Bond Retirement Schedules**  
**December 31, 2021**

\$425,000 Water G.O. Improvement  
and Refunding Bonds, Series 2019A

Year	Principal	Interest	Total
2022	\$ 27,739	\$ 12,261	\$ 40,000
2023	28,678	11,322	40,000
2024	29,648	10,352	40,000
2025	30,625	9,375	40,000
2026	31,688	8,312	40,000
Thereafter	225,278	26,056	251,334
<b>Totals</b>	<b>\$ 373,656</b>	<b>\$ 77,678</b>	<b>\$ 451,334</b>

\$340,000 Water G.O. Improvement Bond  
Series 2021A

Year	Principal	Interest	Total
2022	\$ 15,000	\$ 2,857	\$ 17,857
2023	20,000	4,263	24,263
2024	20,000	4,063	24,063
2025	20,000	3,863	23,863
2026	20,000	3,638	23,638
Thereafter	245,000	23,189	268,189
<b>Totals</b>	<b>\$ 340,000</b>	<b>\$ 41,872</b>	<b>\$ 381,872</b>

\$340,000 Sewer G.O. Improvement Bond  
Series 2021A

Year	Principal	Interest	Total
2022	\$ 15,000	\$ 2,857	\$ 17,857
2023	20,000	4,263	24,263
2024	20,000	4,063	24,063
2025	20,000	3,863	23,863
2026	20,000	3,638	23,638
Thereafter	245,000	23,189	268,189
<b>Totals</b>	<b>\$ 340,000</b>	<b>\$ 41,872</b>	<b>\$ 381,872</b>

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## **MINNESOTA LEGAL COMPLIANCE**

### **Independent Auditor's Report**

Honorable Mayor and Members  
of the City Council  
**City of St. Charles, Minnesota**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the City of St. Charles, Minnesota, as of and for the year ended December 31, 2021, and the related notes to financial statements, and have issued our report thereon dated April 20, 2022.

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

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

*Smith, Schaffer and Associates, Ltd.*

Rochester, Minnesota  
April 20, 2022