

CITY OF ST. CHARLES, MINNESOTA

FINANCIAL STATEMENTS

DECEMBER 31, 2022

CITY OF ST. CHARLES, MINNESOTA
FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2022

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FINANCIAL STATEMENTS
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CITY OF ST. CHARLES, MINNESOTA

INTRODUCTORY SECTION

DECEMBER 31, 2022

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CITY OF ST. CHARLES, MINNESOTA
LIST OF ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2022

Elected

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

Appointed

| | |
|------------------|----------------------------|
| Rick Almich | Interim City Administrator |
| Melissa Krusmark | Accountant |
| Cassie Smith | Deputy Clerk |

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CITY OF ST. CHARLES, MINNESOTA

FINANCIAL SECTION

DECEMBER 31, 2022

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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, 2022, 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, 2022, 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, 2021, from which such partial information was derived.

We have previously audited the City's 2021 financial statements and our report dated March 25, 2022, 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, 2021, 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 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 supplementary information has 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.

Other Information

Management is responsible for the other information included in the report. The other information comprises the introductory section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Smith, Schafn and Associates, Ltd.

Rochester, Minnesota
March 16, 2023

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, 2022.

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 \$24,425,560 (*net position*). Of this amount, \$5,267,687 (*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 \$136,071.
- As of the close of the current fiscal year, the City of St. Charles, Minnesota's governmental funds reported combined ending fund balances of \$3,484,722. Approximately 31% of this total amount, or \$1,067,064 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 \$729,765 or 36% 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-three 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, 2022A Fire Truck Acquisition fund, 2015A General Obligation Bond and 2021 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 80-85) 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 74-79 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 \$24,425,560 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 | |
|--------------------------------------|----------------------------|-----------------------------|----------------------|----------------------|
| | | | 2022 | 2021 |
| Current and other assets | \$ 4,423,695 | \$ 4,055,609 | \$ 8,479,304 | \$ 10,316,654 |
| Capital assets | 16,461,891 | 13,186,835 | 29,648,726 | 28,749,864 |
| Total assets | <u>20,885,586</u> | <u>17,242,444</u> | <u>38,128,030</u> | <u>39,066,518</u> |
| Deferred Outflows of Resources | 1,338,252 | 239,607 | 1,577,859 | 1,018,011 |
| Long-term liabilities outstanding | 10,218,825 | 995,917 | 11,214,742 | 12,465,977 |
| Other liabilities | 2,613,648 | 1,156,362 | 3,770,010 | 1,652,508 |
| Total liabilities | <u>12,832,473</u> | <u>2,152,279</u> | <u>14,984,752</u> | <u>14,118,485</u> |
| Deferred Inflows of Resources | 212,945 | 32,379 | 245,324 | 1,348,092 |
| Net position: | | | | |
| Net investment in capital assets | 6,243,066 | 12,190,918 | 18,433,984 | 18,190,887 |
| Restricted | 723,889 | | 723,889 | 218,921 |
| Unrestricted | 2,211,465 | 3,056,222 | 5,267,687 | 6,151,823 |
| Total net position | <u>\$ 9,178,420</u> | <u>\$ 15,247,140</u> | <u>\$ 24,425,560</u> | <u>\$ 24,561,631</u> |

The balance of *unrestricted net position* \$5,267,687 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 increased the City of St. Charles, Minnesota's net position by \$467,987. 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 decreased the City of St. Charles, Minnesota's net position by \$604,058. The City's electric utility contributed the most significant portion of that decrease.

A condensed version of the Statement of Activities follows:

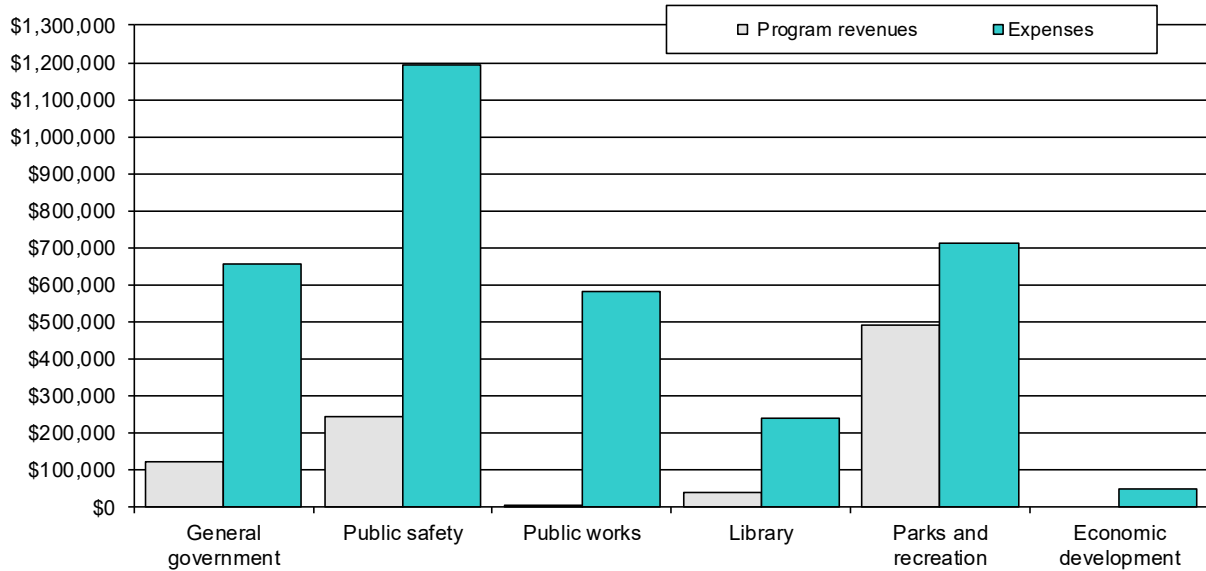
City of St. Charles, Minnesota's Change in Net Position

| | Governmental Activities | Business-Type Activities | Totals | |
|---|----------------------------|-----------------------------|----------------------|----------------------|
| | | | 2022 | 2021 |
| Revenue: | | | | |
| Program revenues: | | | | |
| Charges for services | \$ 284,372 | \$ 5,260,649 | \$ 5,545,021 | \$ 5,485,842 |
| Operating grants and contributions | 264,759 | 16,202 | 280,961 | 247,680 |
| Capital grants and contributions | 355,124 | | 355,124 | 2,654 |
| General revenues: | | | | |
| Property taxes | 1,653,233 | | 1,653,233 | 1,316,400 |
| TIF proceeds | 76,783 | | 76,783 | 104,706 |
| Franchise fees | 66,765 | | 66,765 | 55,338 |
| Grants and contributions not restricted to specific programs | 1,012,110 | | 1,012,110 | 1,068,460 |
| Other | 177,576 | 20,028 | 197,604 | 105,480 |
| Total revenues | <u>3,890,722</u> | <u>5,296,879</u> | <u>9,187,601</u> | <u>8,386,560</u> |
| Expenses: | | | | |
| General government | 655,750 | | 655,750 | 772,895 |
| Public safety | 1,192,060 | | 1,192,060 | 977,506 |
| Public works | 582,858 | | 582,858 | 735,426 |
| Library | 238,148 | | 238,148 | 227,529 |
| Parks and recreation | 710,271 | | 710,271 | 652,959 |
| Economic development | 50,804 | | 50,804 | 40,704 |
| Interest on long-term debt | 233,796 | | 233,796 | 133,858 |
| Electric | | 3,570,879 | 3,570,879 | 3,085,041 |
| Water | | 597,075 | 597,075 | 495,809 |
| Sewer | | 871,185 | 871,185 | 781,966 |
| Storm water drainage | | 101,443 | 101,443 | 170,327 |
| Waste management | | 304,909 | 304,909 | 274,711 |
| Ambulance | | 214,494 | 214,494 | 156,570 |
| Total expenses | <u>3,663,687</u> | <u>5,659,985</u> | <u>9,323,672</u> | <u>8,505,301</u> |
| Increase (Decrease) in net position before trar | 227,035 | (363,106) | (136,071) | (118,741) |
| Transfers | 240,952 | (240,952) | | |
| Change in net position | 467,987 | (604,058) | (136,071) | (118,741) |
| Net position, beginning | 8,710,433 | 15,851,198 | 24,561,631 | 24,680,372 |
| Net position, end of year | <u>\$ 9,178,420</u> | <u>\$ 15,247,140</u> | <u>\$ 24,425,560</u> | <u>\$ 24,561,631</u> |

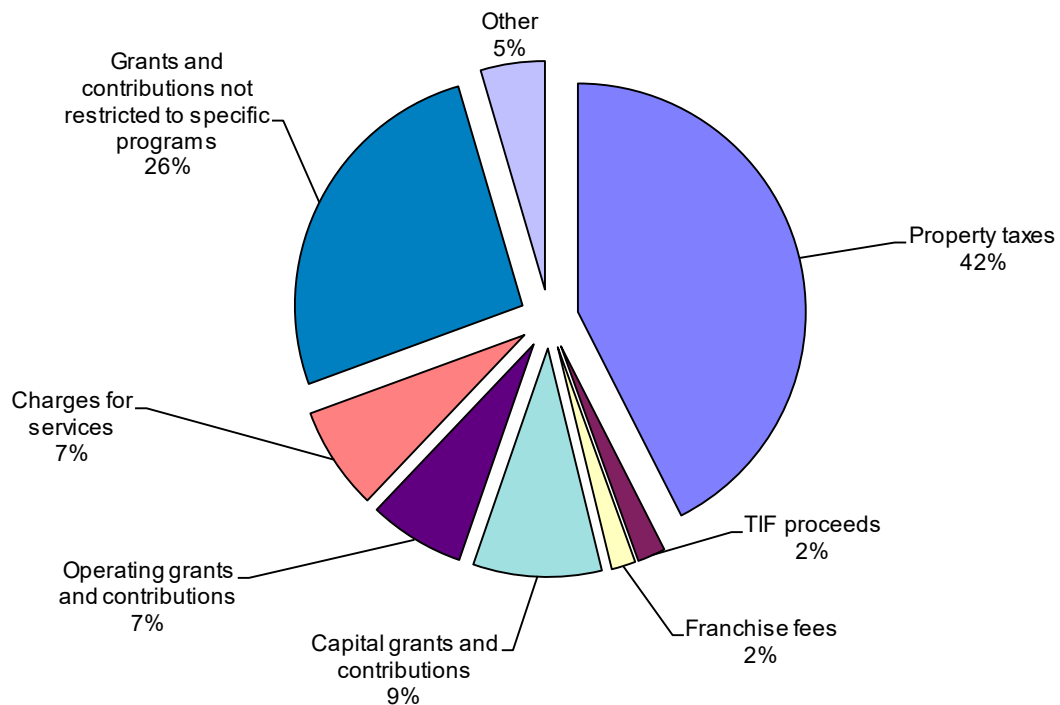
CITY OF ST. CHARLES, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

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



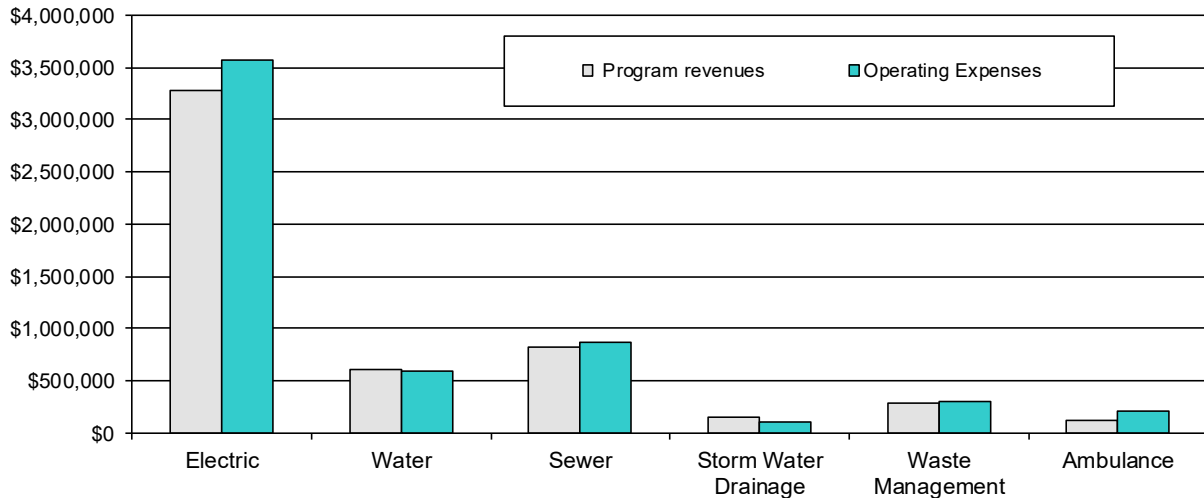
Revenues by Source - Governmental Activities



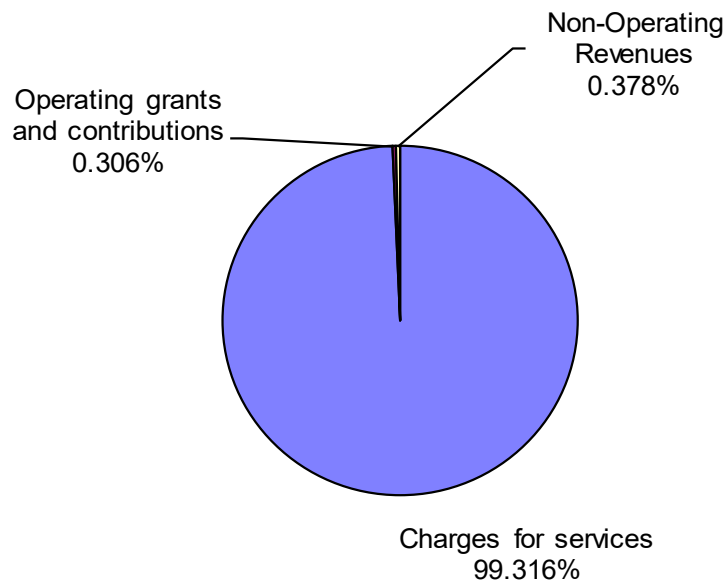
CITY OF ST. CHARLES, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

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 \$3,484,722 a decrease of \$2,045,144 from 2021. Approximately 69% of this balance is either Nonspendable (\$29,089) related to prepaid items, Restricted (\$877,342) related to debt covenants or regulations or Committed (\$1,511,227) 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 \$729,765. 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 36% of total general fund expenditures.

The general fund's total fund balance decreased by \$54,269 during the current fiscal year. This year's decrease was primarily due to an unexpected change in administration that led to increased legal and professional services needed.

The capital improvement fund increased its fund balance by \$94,987 for the year, and ended the year with a fund balance of \$1,266,376. This increase was primarily due to continued completion of 2021 Street improvement projects and funds received for a future project to be completed in 2023. 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 29-36 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 - \$7,324,046, Water - \$3,445,569 Sewer - \$2,993,047 Storm Water - \$1,202,374, Waste Management - \$64,122, Ambulance - \$217,982.

Electric Utility rates were raised in 2022. The City moved towards a fixed cost recovery structure with an increased base/connection fee and tiered usage fees. The Rate Stabilization Fund payments to UMMEG continued to repay the shortfall between wholesale market rates and current contracted rates with Dairyland. Due to the unpredicted impacts, the city ended the 2022 purchase power year owing DPC a total of \$524,602, which will be reimbursed to DPC over the course of 2023. 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 2022 by 1.5 percent from \$17.04 in 2021 to \$17.30 in 2022. 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 2022.

Garbage and recycling rates were increased by Waste Management Services 4.0 percent in 2022 – 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 2022 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, 2022, amounts to \$29,648,726 (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 \$898,862.

City of St. Charles, Minnesota's Capital Assets

(net of depreciation)

| | Governmental | Business-Type | Totals | |
|----------------------------|----------------------|----------------------|----------------------|----------------------|
| | Activities | Activities | 2022 | 2021 |
| Land | \$ 1,759,203 | \$ 354,689 | \$ 2,113,892 | \$ 2,113,892 |
| Construction in process | 4,113,585 | 680,000 | 4,793,585 | 3,281,640 |
| Buildings and improvements | 3,283,438 | 4,407,762 | 7,691,200 | 7,964,477 |
| Machinery and equipment | 492,202 | 7,744,384 | 8,236,586 | 8,592,742 |
| Infrastructure | 6,813,463 | | 6,813,463 | 6,797,113 |
| Total | <u>\$ 16,461,891</u> | <u>\$ 13,186,835</u> | <u>\$ 29,648,726</u> | <u>\$ 28,749,864</u> |

Additional information on the City of St. Charles, Minnesota's capital assets can be found in Note 3E on pages 51-52 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 \$11,168,710 in bonds, notes and leases 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 | |
|------------------------------------|----------------------------|-----------------------------|----------------------|----------------------|
| | | | 2022 | 2021 |
| General obligation bonds and notes | \$ 10,015,083 | \$ 995,917 | \$ 11,011,000 | \$ 12,407,000 |
| Leases payable | 157,710 | | 157,710 | 8,569 |
| Total | <u>\$ 10,172,793</u> | <u>\$ 995,917</u> | <u>\$ 11,168,710</u> | <u>\$ 12,415,569</u> |

The City of St. Charles, Minnesota's total bonds and notes payable decreased by \$1,246,859 during the current fiscal year. A more detailed breakdown of these obligations can be found in Note 3G, beginning on page 55.

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 2023 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 2.5 percent in 2022. This rate is the same as Winona County's average of 2.5 percent, and lower than the State's average of 2.9 percent.
- The median household income in the City of St. Charles, Minnesota is \$81,313. This is nearly the same as the State of Minnesota's average income of \$86,358 and slightly above the National average of \$70,784.
- 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 54 percent of its General Fund revenues. Local Government Aid increased \$14,995 to \$1,011,732 in 2022. Local Government Aid is increasing \$25,436 in 2023.
- 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. A 3-year COLA adjustment was reached for 2022-2024 of 3 percent per year. A Comparable Worth/Salary Study was started in 2022 and is in the process of being conducted and will be completed in 2023 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, 2022

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CITY OF ST. CHARLES, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2022
With Comparative Totals for December 31, 2021

| | Governmental Activities | Business-Type Activities | Totals | |
|--|----------------------------|-----------------------------|----------------------|----------------------|
| | | | 2022 | 2021 |
| ASSETS | | | | |
| Cash and investments | \$ 3,296,482 | \$ 2,512,651 | \$ 5,809,133 | \$ 8,409,796 |
| Accrued interest receivable | 3,590 | 4,315 | 7,905 | 3,939 |
| Receivables (net of allowance for uncollectibles) | 675,479 | 805,461 | 1,480,940 | 872,789 |
| Internal balances | (10,000) | 10,000 | | |
| Inventory | | 612,951 | 612,951 | 497,826 |
| Prepaid items | 29,089 | 59,978 | 89,067 | 103,249 |
| Net pension asset | 429,055 | | 429,055 | 429,055 |
| Capital assets: | | | | |
| Nondepreciable | 5,872,789 | 1,034,689 | 6,907,478 | 5,395,532 |
| Depreciable, net | 10,589,102 | 12,152,146 | 22,741,248 | 23,354,332 |
| Total Assets | <u>20,885,586</u> | <u>17,242,444</u> | <u>38,128,030</u> | <u>39,066,518</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows from pension activity | <u>1,338,252</u> | <u>239,607</u> | <u>1,577,859</u> | <u>1,018,011</u> |
| LIABILITIES | | | | |
| Accounts payable | 30,273 | 326,955 | 357,228 | 318,072 |
| Deposits payable | | 18,721 | 18,721 | 20,299 |
| Accrued interest payable | 81,909 | 7,698 | 89,607 | 54,971 |
| Accrued salaries | | 6,931 | 6,931 | 9,794 |
| Accrued compensated absences | 79,331 | 76,355 | 155,686 | 164,638 |
| Unearned revenue | 378,987 | | 378,987 | 205,341 |
| Noncurrent liabilities: | | | | |
| Net pension liability | 2,043,148 | 719,702 | 2,762,850 | 879,393 |
| Due within one year | 678,673 | 68,678 | 747,351 | 253,569 |
| Due in more than one year | 9,540,152 | 927,239 | 10,467,391 | 12,212,408 |
| Total Liabilities | <u>12,832,473</u> | <u>2,152,279</u> | <u>14,984,752</u> | <u>14,118,485</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows from pension activity | 212,945 | 32,379 | 245,324 | 1,348,092 |
| Deferred inflows from leasing activity | | 50,253 | 50,253 | 56,321 |
| Total Deferred Inflows of Resources | <u>212,945</u> | <u>82,632</u> | <u>295,577</u> | <u>1,404,413</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 6,243,066 | 12,190,918 | 18,433,984 | 18,190,887 |
| Restricted for: | | | | |
| Debt service | 723,889 | | 723,889 | 218,921 |
| Unrestricted | 2,211,465 | 3,056,222 | 5,267,687 | 6,151,823 |
| Total Net Position | <u>\$ 9,178,420</u> | <u>\$ 15,247,140</u> | <u>\$ 24,425,560</u> | <u>\$ 24,561,631</u> |

See Notes to Financial Statements

CITY OF ST. CHARLES, MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022
With Comparative Totals for the Year Ended December 31, 2021

| Functions/Programs | Expenses | Program Revenues | | |
|--------------------------------|-----------------|-----------------------------|---|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| General government | \$ 655,750 | \$ 89,827 | \$ 31,148 | \$ |
| Public safety | 1,192,060 | 51,285 | 191,910 | 2,500 |
| Public works | 582,858 | 2,389 | 4,372 | |
| Library | 238,148 | 1,776 | 37,329 | 686 |
| Parks and recreation | 710,271 | 139,095 | | 351,938 |
| Economic development | 50,804 | | | |
| Interest on long-term debt | 233,796 | | | |
| Total governmental activities | 3,663,687 | 284,372 | 264,759 | 355,124 |
| Business-Type activities: | | | | |
| Electric | 3,570,879 | 3,279,792 | | |
| Water | 597,075 | 615,124 | | |
| Sewer | 871,185 | 814,931 | | |
| Storm water drainage | 101,443 | 156,159 | | |
| Waste management | 304,909 | 289,265 | | |
| Ambulance | 214,494 | 105,378 | 16,202 | |
| Total business-type activities | 5,659,985 | 5,260,649 | 16,202 | |
| Total | \$ 9,323,672 | \$ 5,545,021 | \$ 280,961 | \$ 355,124 |

General revenues:

 General property taxes

 Tax increments

 Franchise fees

 Grants and contributions not restricted to specific programs:

 Local government aid

 Other state aid

 Investment earnings (loss)

 Gain on sales

 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 | |
|----------------------------|-----------------------------|----------------------|----------------------|
| | | 2022 | 2021 |
| \$ (534,775) | \$ | \$ (534,775) | \$ (663,479) |
| (946,365) | | (946,365) | (761,146) |
| (576,097) | | (576,097) | (731,128) |
| (198,357) | | (198,357) | (185,360) |
| (219,238) | | (219,238) | (488,171) |
| (50,804) | | (50,804) | (40,704) |
| <u>(233,796)</u> | | <u>(233,796)</u> | <u>(133,858)</u> |
| <u>(2,759,432)</u> | | <u>(2,759,432)</u> | <u>(3,003,846)</u> |
| | (291,087) | (291,087) | 50,286 |
| | 18,049 | 18,049 | 125,910 |
| | (56,254) | (56,254) | 33,984 |
| | 54,716 | 54,716 | (14,181) |
| | (15,644) | (15,644) | 8,805 |
| | <u>(92,914)</u> | <u>(92,914)</u> | <u>29,917</u> |
| | <u>(383,134)</u> | <u>(383,134)</u> | <u>234,721</u> |
| <u>(2,759,432)</u> | <u>(383,134)</u> | <u>(3,142,566)</u> | <u>(2,769,125)</u> |
| 1,653,233 | | 1,653,233 | 1,316,400 |
| 76,783 | | 76,783 | 104,706 |
| 66,765 | | 66,765 | 55,338 |
| 1,012,110 | | 1,012,110 | 1,068,092 |
| | | | 368 |
| (30,908) | (43,970) | (74,878) | 24,442 |
| 56,849 | 57,666 | 114,515 | 474 |
| 151,635 | 6,332 | 157,967 | 80,564 |
| 240,952 | <u>(240,952)</u> | | |
| <u>3,227,419</u> | <u>(220,924)</u> | <u>3,006,495</u> | <u>2,650,384</u> |
| 467,987 | (604,058) | (136,071) | (118,741) |
| <u>8,710,433</u> | <u>15,851,198</u> | <u>24,561,631</u> | <u>24,680,372</u> |
| <u>\$ 9,178,420</u> | <u>\$ 15,247,140</u> | <u>\$ 24,425,560</u> | <u>\$ 24,561,631</u> |

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CITY OF ST. CHARLES, MINNESOTA

FUND FINANCIAL STATEMENTS

DECEMBER 31, 2022

CITY OF ST. CHARLES, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2022

With Comparative Totals for December 31, 2021

| | | Special Revenue | |
|--|-------------------|-------------------|---------------------------------|
| | <u>10</u> | <u>32</u> | <u>25</u> |
| | General | ARPA Funding | Capital Improvements Fund |
| ASSETS | | | |
| Cash and investments | \$ 582,572 | \$ 388,295 | \$ 763,840 |
| Accrued interest receivable | 2,558 | | 866 |
| Accounts receivable | 50,425 | | 158,460 |
| Loans and contracts receivable | | | |
| Taxes receivable delinquent | 6,182 | | 442 |
| Special assessments receivable: | | | |
| Deferred | | | 1,055 |
| Due from other funds | 105,136 | | |
| Due from other governmental units | 3,451 | | 353,210 |
| Prepaid items | 23,083 | | |
| TOTAL ASSETS | \$ 773,407 | \$ 388,295 | \$ 1,277,873 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | | | |
| Liabilities: | | | |
| Accounts payable | \$ 14,377 | \$ | \$ |
| Due to other funds | | | |
| Unearned revenue | | 388,295 | |
| Advances from other funds | | | 10,000 |
| Total Liabilities | 14,377 | 388,295 | 10,000 |
| Deferred Inflows of Resources: | | | |
| Unavailable revenue: | | | |
| Property taxes | 6,182 | | 442 |
| Special assessments | | | 1,055 |
| Loans receivable | | | |
| Total Deferred Inflows of Resources | 6,182 | | 1,497 |
| Fund Balance: | | | |
| Nonspendable: | | | |
| Prepaid items | 23,083 | | |
| Restricted: | | | |
| Creditors | | | |
| Regulations: | | | |
| Tax Increment | | | |
| Committed to: | | | |
| CIP Projects | | | 1,266,376 |
| Assigned | | | |
| Unassigned | 729,765 | | |
| Total Fund Balance | 752,848 | | 1,266,376 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | \$ 773,407 | \$ 388,295 | \$ 1,277,873 |

See Notes to Financial Statements

| Capital Projects | | | Debt Service | | | | | |
|---|---|---|---------------------------------|--------------------------------|--------------------------------|--------------------------|---------------------|--|
| <u>36</u> Street, Trail, Sidewalk Construction | <u>42</u> Tax Increment District #8 Fund | <u>64</u> 2022A Fire Truck Acquisition G.O.Bond | <u>55</u> 2015A G.O. Bond | <u>62</u> 2021A G.O.Bond | Other Governmental Funds | Total Governmental Funds | | |
| | | | | | | 2022 | 2021 | |
| \$ 94,497 | \$ | \$ 322 | \$ | \$ 498,599 | \$ 968,357 | \$ 3,296,482 | \$ 5,774,893 | |
| | | | | | 166 | 3,590 | 3,015 | |
| | | | | | 10,741 | 219,626 | 18,935 | |
| | | | | | 76,439 | 76,439 | 55,276 | |
| | | | 346 | 7,999 | 8,195 | 23,164 | 3,267 | |
| | | | | | | 1,055 | 4,722 | |
| | | | | | | 105,136 | 102,182 | |
| | | | 17 | 3,647 | 4,178 | 364,503 | 4,883 | |
| | | | | | 6,006 | 29,089 | 28,373 | |
| <u>\$ 94,497</u> | <u>\$</u> | <u>\$ 322</u> | <u>\$ 363</u> | <u>\$ 510,245</u> | <u>\$ 1,074,082</u> | <u>\$ 4,119,084</u> | <u>\$ 5,995,546</u> | |
| | | | | | | | | |
| \$ | \$ | \$ | \$ | \$ | \$ 15,896 | \$ 30,273 | \$ 74,892 | |
| | 72,484 | | 11,494 | | 21,158 | 105,136 | 102,182 | |
| | | | | | | 388,295 | 205,341 | |
| | | | | | | 10,000 | 20,000 | |
| | <u>72,484</u> | | <u>11,494</u> | | <u>37,054</u> | <u>533,704</u> | <u>402,415</u> | |
| | | | | | | | | |
| | | | 346 | 7,999 | 8,195 | 23,164 | 3,267 | |
| | | | | | | 1,055 | 4,722 | |
| | | | | | 76,439 | 76,439 | 55,276 | |
| | | | <u>346</u> | <u>7,999</u> | <u>84,634</u> | <u>100,658</u> | <u>63,265</u> | |
| | | | | | | | | |
| | | | | | 6,006 | 29,089 | 28,373 | |
| | | 322 | | 502,246 | 285,609 | 788,177 | 2,173,989 | |
| | | | | | 89,165 | 89,165 | 102,857 | |
| 94,497 | | | | | 150,354 | 1,511,227 | 2,170,113 | |
| | (72,484) | | (11,477) | | 442,714 | 442,714 | 373,703 | |
| | | | | | (21,454) | 624,350 | 680,831 | |
| <u>94,497</u> | <u>(72,484)</u> | <u>322</u> | <u>(11,477)</u> | <u>502,246</u> | <u>952,394</u> | <u>3,484,722</u> | <u>5,529,866</u> | |
| <u>\$ 94,497</u> | <u>\$</u> | <u>\$ 322</u> | <u>\$ 363</u> | <u>\$ 510,245</u> | <u>\$ 1,074,082</u> | <u>\$ 4,119,084</u> | <u>\$ 5,995,546</u> | |

CITY OF ST. CHARLES, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022
With Comparative Totals for the Year Ended December 31, 2021

| | | Special Revenue | |
|--|-------------------|-----------------|---------------------------------|
| | <u>10</u> | <u>32</u> | <u>25</u> |
| | General | ARPA Funding | Capital Improvements Fund |
| REVENUES | | | |
| Property taxes | \$ 448,904 | \$ | \$ 164,237 |
| Property taxes - Special EDA taxing district | | | |
| Tax increments | | | |
| Special assessments | 2,328 | | |
| Licenses and permits | 85,573 | | |
| Fines and forfeits | 8,967 | | |
| Intergovernmental revenues | 1,090,353 | 22,387 | 352,127 |
| Charges for services | 208,560 | | |
| Investment income (loss) | (24,569) | | (6,469) |
| Donations | | | |
| Loan repayment | | | |
| Miscellaneous revenues | 25,104 | | |
| TOTAL REVENUES | <u>1,845,220</u> | <u>22,387</u> | <u>509,895</u> |
| EXPENDITURES | | | |
| Current | | | |
| General government | 420,178 | 22,387 | 2,919 |
| Public safety | 793,709 | | |
| Public works | 285,079 | | |
| Library | | | |
| Parks and recreation | 550,028 | | |
| Economic development | | | |
| Capital Outlay | | | 626,548 |
| Debt Service | | | |
| TOTAL EXPENDITURES | <u>2,048,994</u> | <u>22,387</u> | <u>629,467</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(203,774)</u> | | <u>(119,572)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Insurance recovery | 44,501 | | 56,849 |
| Proceeds from issuance of bonds and leases | | | 157,710 |
| Payment on refunded bond | | | |
| Premium on issuance of bonds | | | |
| Transfers in | 120,204 | | |
| Transfers out | (15,200) | | |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>149,505</u> | | <u>214,559</u> |
| Net change in fund balances | (54,269) | | 94,987 |
| FUND BALANCES, beginning | <u>807,117</u> | | <u>1,171,389</u> |
| FUND BALANCES, ending | <u>\$ 752,848</u> | <u>\$</u> | <u>\$ 1,266,376</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>64</u> 2022A Fire Truck Acquisition G.O.Bond | <u>55</u> 2015A G.O. Bond | <u>62</u> 2021A G.O.Bond | | 2022 | 2021 |
| \$ | \$ | \$ | \$ | 433 | \$ | 468,331 | \$ 1,577,311 |
| | | | | 495,406 | | 56,025 | \$ 1,264,352 |
| | 28,673 | | | | | 48,110 | 52,048 |
| | | | | | | | 104,706 |
| | | | | | | 2,328 | 3,356 |
| | | | | | | 85,573 | 73,613 |
| | | | | | | 8,967 | 8,355 |
| | | | | | | 78,951 | 1,194,286 |
| | | | | | | 41,938 | 266,850 |
| | | | | | | 130 | (935) |
| | | | | | | 117,434 | 97,266 |
| | | | | | | 33,699 | 30,548 |
| | | | | | | 2,848 | 75,611 |
| | 28,673 | | 433 | 495,406 | | 847,466 | 3,749,480 |
| | | | | | | | 3,170,056 |
| | | | | | | | |
| | 91 | | | | | 44,433 | 490,008 |
| | | | | | | 155,725 | 397,483 |
| | | | | | | | 863,741 |
| | | | | | | 285,079 | 266,277 |
| | | | | | | 204,518 | 205,197 |
| | | | | | | | 506,656 |
| | | | | | | 95,804 | 65,454 |
| 717,401 | | 733,678 | | | | 116,147 | 2,193,774 |
| | | | 108,083 | 99,881 | | 167,027 | 5,511,719 |
| 717,401 | 91 | 733,678 | 108,083 | 99,881 | | 374,991 | 637,306 |
| | | | | | | 783,654 | 5,143,636 |
| | | | | | | | 8,453,833 |
| (717,401) | 28,582 | (733,678) | (107,650) | 395,525 | | 63,812 | (1,394,156) |
| | | | | | | | (5,283,777) |
| | | | | | | | |
| | | 734,000 | | | | 101,350 | |
| | | | (1,885,000) | | | 891,710 | 8,232,000 |
| | | | | | | (1,885,000) | |
| | | | | 50,952 | | | 48,086 |
| (45,054) | | | | | 145,254 | 316,410 | 1,444,597 |
| | | | | | (15,204) | (75,458) | (1,254,597) |
| (45,054) | | 734,000 | (1,885,000) | 50,952 | | (650,988) | 8,470,086 |
| (762,455) | 28,582 | 322 | (1,992,650) | 446,477 | | 193,862 | (2,045,144) |
| | | | | | | | 3,186,309 |
| 856,952 | (101,066) | | 1,981,173 | 55,769 | | 758,532 | 5,529,866 |
| | | | | | | | 2,343,557 |
| \$ 94,497 | \$ (72,484) | \$ 322 | \$ (11,477) | \$ 502,246 | \$ 952,394 | \$ 3,484,722 | \$ 5,529,866 |

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, 2022

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

| | | |
|--|----|-----------|
| Total governmental fund balances (page 19) | \$ | 3,484,722 |
|--|----|-----------|

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

| | | | |
|-------------------------------------|----|-------------|------------|
| Governmental funds - capital assets | \$ | 25,348,820 | |
| Less: Accumulated depreciation | | (8,886,929) | |
| | | | 16,461,891 |

Some receivables are not available soon enough to pay for current period expenditures and, therefore, are unavailable in the funds.

| | | | |
|--------------------------------|----|--------|---------|
| Delinquent property taxes | \$ | 23,164 | |
| Deferred special assessments | | 1,055 | |
| Loans and contracts receivable | | 76,439 | |
| | | | 100,658 |

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 | \$ | (10,172,793) | |
| Net pension liability | | (917,841) | |
| Net pension asset | | 429,055 | |
| Compensated absences | | (79,331) | |
| Accrued interest | | (81,909) | |
| Unamortized bond premium | | (61,891) | |
| Unamortized bond discount | | 15,859 | |
| | | | (10,868,851) |

| | | |
|---|----|-----------|
| Net position of governmental activities (page 15) | \$ | 9,178,420 |
|---|----|-----------|

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, 2022

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

| | | |
|--|----|-------------|
| Net change in fund balances - total governmental funds (page 21) | \$ | (2,045,144) |
|--|----|-------------|

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 | \$ 2,062,526 | | |
| Depreciation expense | (574,335) | | |
| | | | 1,488,191 |

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, 2022 | \$ 100,658 | | |
| Unavailable revenue December 31, 2021 | (63,265) | | |
| | | | 37,393 |

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 | \$ (3,361) | | |
| Change in net pension liability | (166,744) | | |
| | | | (170,105) |

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 | \$ 2,080,830 | | |
| Issuance of debt, net of discount | (891,710) | | |
| Change in accrued interest | (35,844) | | |
| Amortization of bond premium | 5,422 | | |
| Amortization of bond discount | (1,046) | | |
| | | | 1,157,652 |

| | | |
|--|----|---------|
| Change in net position of governmental activities (pages 17) | \$ | 467,987 |
|--|----|---------|

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, 2022
With Comparative Totals for the Year Ended December 31, 2021

| | Budgeted Amounts | | 2022 | Variance with | 2021 |
|-----------------------------------|------------------|--------------|--------------|--|--------------|
| | Original | Final | Actual | Final Budget - Positive (Negative) | Actual |
| | | | Amounts | | Amounts |
| REVENUES | | | | | |
| Property Tax Levy | | | | | |
| Property tax collected | \$ 451,296 | \$ 451,296 | \$ 448,904 | \$ (2,392) | \$ 369,941 |
| Special Assessments | 500 | 500 | 2,328 | 1,828 | 3,356 |
| Licenses and Permits | | | | | |
| Business and nonbusiness licenses | 14,250 | 14,250 | 14,300 | 50 | 12,825 |
| Building permits | 30,500 | 30,500 | 71,273 | 40,773 | 60,788 |
| Total Licenses and Permits | 44,750 | 44,750 | 85,573 | 40,823 | 73,613 |
| Intergovernmental Revenues | | | | | |
| Local government aid | 1,011,732 | 1,011,732 | 1,011,732 | | 994,602 |
| Market value credit | | | 189 | 189 | 184 |
| Small cities assistance | | | | | 73,490 |
| Police aid | 62,000 | 62,000 | 65,942 | 3,942 | 47,004 |
| PERA aid | 2,412 | 2,412 | | (2,412) | |
| Highway aid | 4,500 | 4,500 | 4,372 | (128) | 4,298 |
| Other aid | | | 8,118 | 8,118 | |
| Total Intergovernmental Revenues | 1,080,644 | 1,080,644 | 1,090,353 | 9,709 | 1,119,578 |
| Charges For Services | | | | | |
| Swimming pool | 83,900 | 83,900 | 103,825 | 19,925 | 129,092 |
| Park and recreation | 34,000 | 34,000 | 32,502 | (1,498) | 35,196 |
| Cable franchise fees | 45,000 | 45,000 | 48,736 | 3,736 | 37,417 |
| Senior center rental | 4,000 | 4,000 | 5,468 | 1,468 | 8,675 |
| Natural gas franchise fees | 18,000 | 18,000 | 18,029 | 29 | 17,921 |
| Total Charges For Services | 184,900 | 184,900 | 208,560 | 23,660 | 228,301 |
| Fines and Forfeits | | | | | |
| Court fines and other | 15,000 | 15,000 | 8,967 | (6,033) | 8,355 |
| Investment income (loss) | 5,000 | 5,000 | (24,569) | (29,569) | 17,302 |
| Miscellaneous Revenues | | | | | |
| Other income | 250 | 250 | 25,104 | 24,854 | 31,435 |
| TOTAL REVENUES | \$ 1,782,340 | \$ 1,782,340 | \$ 1,845,220 | \$ 62,880 | \$ 1,851,881 |

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, 2022
With Comparative Totals for the Year Ended December 31, 2021

| | Budgeted Amounts | | 2022 | Variance with | 2021 |
|---|------------------|------------|------------|--|------------|
| | Original | Final | Actual | Final Budget - Positive (Negative) | Actual |
| EXPENDITURES | | | | | |
| General Government | | | | | |
| Mayor and Council | | | | | |
| Salaries | \$ 28,750 | \$ 28,750 | \$ 27,443 | \$ 1,307 | \$ 27,450 |
| Transportation and training | 1,000 | 1,000 | 618 | 382 | |
| Total Mayor and Council | 29,750 | 29,750 | 28,061 | 1,689 | 27,450 |
| Election and Voter Registration | 7,200 | 7,200 | 5,504 | 1,696 | 471 |
| General and Financial Administration | | | | | |
| Salaries | 112,940 | 112,940 | 105,930 | 7,010 | 111,072 |
| Employee benefits and retirement | 40,335 | 40,335 | 35,674 | 4,661 | 34,918 |
| Supplies and minor equipment | 7,000 | 7,000 | 5,264 | 1,736 | 4,692 |
| Communication | 4,000 | 4,000 | 6,963 | (2,963) | 5,557 |
| Transportation and training | 4,000 | 4,000 | 7,375 | (3,375) | 4,054 |
| Insurance | 6,000 | 6,000 | 4,481 | 1,519 | 4,999 |
| Repairs and maintenance | 15,000 | 15,000 | 19,109 | (4,109) | 19,586 |
| Assessor | 18,500 | 18,500 | 19,122 | (622) | 19,248 |
| Accounting and audit | 10,000 | 10,000 | 9,900 | 100 | 7,315 |
| Legal | 19,500 | 19,500 | 39,655 | (20,155) | 29,234 |
| Planning and zoning | 7,450 | 7,450 | 14,784 | (7,334) | 3,852 |
| Building inspection | 20,000 | 20,000 | 23,709 | (3,709) | 31,550 |
| Other professional services | 4,300 | 4,300 | 25,138 | (20,838) | 8,837 |
| Memberships | 14,500 | 14,500 | 13,389 | 1,111 | 13,065 |
| Other | 18,010 | 18,010 | 18,643 | (633) | 5,244 |
| Total General and Financial Administration | 301,535 | 301,535 | 349,136 | (47,601) | 303,223 |
| City Hall | | | | | |
| Salaries | 9,170 | 9,170 | 7,359 | 1,811 | 4,264 |
| Employee benefits and retirement | 1,436 | 1,436 | 1,172 | 264 | 680 |
| Supplies and minor equipment | 1,500 | 1,500 | 1,179 | 321 | 1,580 |
| Insurance | 4,500 | 4,500 | 4,660 | (160) | 3,195 |
| Utilities | 17,250 | 17,250 | 17,415 | (165) | 11,467 |
| Repairs and maintenance | 10,000 | 10,000 | 5,692 | 4,308 | 12,637 |
| Total City Hall | 43,856 | 43,856 | 37,477 | 6,379 | 33,823 |
| Total General Government | \$ 382,341 | \$ 382,341 | \$ 420,178 | \$ (37,837) | \$ 364,967 |

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, 2022
With Comparative Totals for the Year Ended December 31, 2021

| | Budgeted Amounts | | 2022 | Variance with | 2021 |
|--------------------------------------|-------------------|-------------------|-------------------|--|-------------------|
| | Original | Final | Actual | Final Budget - Positive (Negative) | Actual |
| EXPENDITURES (continued) | | | | | |
| Public Safety | | | | | |
| Police Department | | | | | |
| Salaries | \$ 460,000 | \$ 460,000 | \$ 480,990 | \$ (20,990) | \$ 440,171 |
| Employee benefits and retirement | 191,075 | 191,075 | 178,251 | 12,824 | 162,487 |
| Supplies and minor equipment | 28,000 | 28,000 | 36,129 | (8,129) | 32,244 |
| Professional services | 16,000 | 16,000 | 15,167 | 833 | 15,446 |
| Communication | 6,000 | 6,000 | 5,246 | 754 | 6,338 |
| Transportation and training | 8,000 | 8,000 | 10,033 | (2,033) | 9,622 |
| Insurance | 24,500 | 24,500 | 18,797 | 5,703 | 18,599 |
| Repairs and maintenance | 12,300 | 12,300 | 42,532 | (30,232) | 16,955 |
| Other | 2,500 | 2,500 | 1,484 | 1,016 | 2,629 |
| Total Police Department | <u>748,375</u> | <u>748,375</u> | <u>788,629</u> | <u>(40,254)</u> | <u>704,491</u> |
| Emergency Management Services | | | | | |
| Repairs and maintenance | 3,000 | 3,000 | 2,091 | 909 | |
| Professional services | 5,900 | 5,900 | 2,989 | 2,911 | 2,952 |
| Total Emergency Management Services | <u>8,900</u> | <u>8,900</u> | <u>5,080</u> | <u>3,820</u> | <u>2,952</u> |
| Total Public Safety | <u>757,275</u> | <u>757,275</u> | <u>793,709</u> | <u>(36,434)</u> | <u>707,443</u> |
| Public Works | | | | | |
| Street Department | | | | | |
| Salaries | 102,815 | 102,815 | 121,392 | (18,577) | 118,642 |
| Employee benefits and retirement | 46,035 | 46,035 | 57,956 | (11,921) | 53,440 |
| Supplies and minor equipment | 24,350 | 24,350 | 22,888 | 1,462 | 23,805 |
| Professional services | 3,000 | 3,000 | 624 | 2,376 | |
| Communication | 800 | 800 | 1,096 | (296) | 1,154 |
| Transportation and training | 1,000 | 1,000 | 2,130 | (1,130) | 1,963 |
| Insurance | 5,000 | 5,000 | 3,220 | 1,780 | 3,118 |
| Utilities | 4,000 | 4,000 | 2,070 | 1,930 | 1,553 |
| Repairs and maintenance | 90,300 | 90,300 | 73,703 | 16,597 | 62,602 |
| Total Public Works | <u>\$ 277,300</u> | <u>\$ 277,300</u> | <u>\$ 285,079</u> | <u>\$ (7,779)</u> | <u>\$ 266,277</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, 2022
With Comparative Totals for the Year Ended December 31, 2021

| | Budgeted Amounts | | 2022 | Variance with | 2021 |
|----------------------------------|-------------------|-------------------|-------------------|--|-------------------|
| | Original | Final | Actual | Final Budget - Positive (Negative) | Actual |
| | | | Amounts | | Amounts |
| EXPENDITURES (continued) | | | | | |
| Parks and Recreation | | | | | |
| Recreation | | | | | |
| Salaries | \$ 115,030 | \$ 115,030 | \$ 102,415 | \$ 12,615 | \$ 86,348 |
| Employee benefits and retirement | 24,307 | 24,307 | 25,365 | (1,058) | 20,111 |
| Communication | 2,000 | 2,000 | 1,810 | 190 | 1,755 |
| Transportation and training | 1,000 | 1,000 | 1,006 | (6) | 830 |
| Repairs and maintenance | | | 924 | (924) | 570 |
| Recreation programs | 25,000 | 25,000 | 36,653 | (11,653) | 28,582 |
| Other | 2,825 | 2,825 | 1,693 | 1,132 | 1,474 |
| Total Recreation | <u>170,162</u> | <u>170,162</u> | <u>169,866</u> | <u>296</u> | <u>139,670</u> |
| Swimming Pool Program | | | | | |
| Salaries | 72,600 | 72,600 | 95,072 | (22,472) | 92,844 |
| Employee benefits and retirement | 9,355 | 9,355 | 12,346 | (2,991) | 10,818 |
| Supplies and minor equipment | 20,300 | 20,300 | 20,080 | 220 | 16,410 |
| Communication | 500 | 500 | 762 | (262) | 1,316 |
| Transportation and training | 1,500 | 1,500 | 2,101 | (601) | 2,378 |
| Insurance | 17,500 | 17,500 | 9,177 | 8,323 | 10,972 |
| Utilities | 19,000 | 19,000 | 28,639 | (9,639) | 30,252 |
| Repairs and maintenance | 12,000 | 12,000 | 24,010 | (12,010) | 31,201 |
| Other | 3,500 | 3,500 | 3,859 | (359) | 4,115 |
| Total Swimming Pool Program | <u>156,255</u> | <u>156,255</u> | <u>196,046</u> | <u>(39,791)</u> | <u>200,306</u> |
| Parks | | | | | |
| Salaries | 43,257 | 43,257 | 51,778 | (8,521) | 47,157 |
| Employee benefits and retirement | 18,150 | 18,150 | 19,883 | (1,733) | 19,490 |
| Supplies and minor equipment | 6,900 | 6,900 | 21,594 | (14,694) | 10,766 |
| Transportation and training | 1,000 | 1,000 | 2,130 | (1,130) | 1,805 |
| Insurance | 9,000 | 9,000 | 4,987 | 4,013 | 6,912 |
| Repairs and maintenance | 26,600 | 26,600 | 35,694 | (9,094) | 37,936 |
| Other | 3,000 | 3,000 | 7,454 | (4,454) | 210 |
| Total Parks | <u>\$ 107,907</u> | <u>\$ 107,907</u> | <u>\$ 143,520</u> | <u>\$ (35,613)</u> | <u>\$ 124,276</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, 2022
With Comparative Totals for the Year Ended December 31, 2021

| | Budgeted Amounts | | 2022 | Variance with | 2021 |
|--|-------------------|-------------------|-------------------|--|-------------------|
| | Original | Final | Actual | Final Budget - Positive (Negative) | Actual |
| | | | Amounts | | Amounts |
| EXPENDITURES (continued) | | | | | |
| Forestry | | | | | |
| Repairs and maintenance | \$ 16,500 | \$ 16,500 | \$ 17,850 | \$ (1,350) | \$ 20,482 |
| Other | 9,000 | 9,000 | 8,810 | 190 | 10,927 |
| Total Forestry | <u>25,500</u> | <u>25,500</u> | <u>26,660</u> | <u>(1,160)</u> | <u>31,409</u> |
| Senior Citizens Center | | | | | |
| Utilities | 7,500 | 7,500 | 11,533 | (4,033) | 9,075 |
| Repairs and maintenance | 1,500 | 1,500 | 2,403 | (903) | 1,920 |
| Total Senior Citizens Center | <u>9,000</u> | <u>9,000</u> | <u>13,936</u> | <u>(4,936)</u> | <u>10,995</u> |
| Total Parks and Recreation | <u>468,824</u> | <u>468,824</u> | <u>550,028</u> | <u>(81,204)</u> | <u>506,656</u> |
| TOTAL EXPENDITURES | <u>1,885,740</u> | <u>1,885,740</u> | <u>2,048,994</u> | <u>(163,254)</u> | <u>1,845,343</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(103,400)</u> | <u>(103,400)</u> | <u>(203,774)</u> | <u>(100,374)</u> | <u>6,538</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Insurance recovery | | | 44,501 | 44,501 | |
| Transfers in | 120,000 | 120,000 | 120,204 | 204 | 120,000 |
| Transfers out | (15,200) | (15,200) | (15,200) | | (25,200) |
| Total Other Financing Sources (Uses) | <u>104,800</u> | <u>104,800</u> | <u>149,505</u> | <u>44,705</u> | <u>94,800</u> |
| Net change in fund balances | 1,400 | 1,400 | (54,269) | (55,669) | 101,338 |
| FUND BALANCES, beginning | <u>807,117</u> | <u>807,117</u> | <u>807,117</u> | | <u>705,779</u> |
| FUND BALANCES, ending | <u>\$ 808,517</u> | <u>\$ 808,517</u> | <u>\$ 752,848</u> | <u>\$ (55,669)</u> | <u>\$ 807,117</u> |

See Notes to Financial Statements

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CITY OF ST. CHARLES, MINNESOTA
PROPRIETARY FUNDS
Statement of Net Position
December 31, 2022
With Comparative Totals for December 31, 2021

| | Business-Type Activities - Enterprise Funds | | |
|--|---|---------------------|---------------------|
| | <u>70</u> Electric | <u>71</u> Water | <u>72</u> Sewer |
| ASSETS | | | |
| Current Assets | | | |
| Cash and investments | \$ 606,677 | \$ 385,824 | \$ 694,734 |
| Emergency cash reserve | 250,000 | | |
| Accrued interest receivable | 3,478 | 609 | 81 |
| Accounts receivable, net | 342,720 | 50,640 | 70,368 |
| Accrued utility revenue | 142,457 | 18,845 | 26,001 |
| Special assessments receivable | | | |
| Lease receivable | | 50,253 | |
| Advances to other funds | 10,000 | | |
| Inventory | 581,995 | 30,956 | |
| Prepaid items | 51,802 | 2,171 | 1,234 |
| Total Current Assets | <u>1,989,129</u> | <u>539,298</u> | <u>792,418</u> |
| Noncurrent Assets | | | |
| Capital assets: | | | |
| Nondepreciable | 325,989 | 340,000 | 368,700 |
| Depreciable | 11,592,396 | 6,572,191 | 3,982,780 |
| Less: Accumulated depreciation | <u>5,968,927</u> | <u>3,178,867</u> | <u>1,670,068</u> |
| Net Capital Assets | <u>5,949,458</u> | <u>3,733,324</u> | <u>2,681,412</u> |
| Total Assets | <u>7,938,587</u> | <u>4,272,622</u> | <u>3,473,830</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows from pension activity | <u>140,810</u> | <u>37,283</u> | <u>37,759</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 8,079,397</u> | <u>\$ 4,309,905</u> | <u>\$ 3,511,589</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Current maturities of bonds payable | \$ | \$ 48,678 | \$ 20,000 |
| Accounts payable | 211,415 | 6,954 | 83,755 |
| Accrued salaries | 6,931 | | |
| Accrued compensated absences | 53,355 | 18,037 | 4,963 |
| Customer deposits | 18,721 | | |
| Accrued interest payable | | 5,922 | 1,776 |
| Total Current Liabilities | <u>290,422</u> | <u>79,591</u> | <u>110,494</u> |
| Noncurrent Liabilities | | | |
| Bonds payable, net of current maturities | | 622,239 | 305,000 |
| Net pension liability | 455,786 | 98,980 | 101,279 |
| Total Noncurrent Liabilities | <u>455,786</u> | <u>721,219</u> | <u>406,279</u> |
| Total Liabilities | <u>746,208</u> | <u>800,810</u> | <u>516,773</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows from pension activity | 9,143 | 13,273 | 1,769 |
| Deferred inflows from leasing activity | | 50,253 | |
| Total Deferred Inflows of Resources | <u>9,143</u> | <u>63,526</u> | <u>1,769</u> |
| NET POSITION | | | |
| Net investment in capital assets | 5,949,458 | 3,062,407 | 2,356,412 |
| Unrestricted | <u>1,374,588</u> | <u>383,162</u> | <u>636,635</u> |
| Total Net Position | <u>7,324,046</u> | <u>3,445,569</u> | <u>2,993,047</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | <u>\$ 8,079,397</u> | <u>\$ 4,309,905</u> | <u>\$ 3,511,589</u> |

See Notes to Financial Statements

| <u>73</u> Storm Water | <u>23</u> Waste Management | <u>22</u> Ambulance | Totals | |
|--------------------------|----------------------------------|------------------------|---------------|---------------|
| | | | 2022 | 2021 |
| \$ 376,295 | \$ 36,958 | \$ 162,163 | \$ 2,262,651 | \$ 2,384,903 |
| | | | 250,000 | 250,000 |
| | | 147 | 4,315 | 924 |
| 13,474 | 29,764 | 93,250 | 600,216 | 471,587 |
| 6,014 | 11,928 | | 205,245 | 255,946 |
| | | | | 1,852 |
| | | | 50,253 | 56,321 |
| | | | 10,000 | 20,000 |
| | | | 612,951 | 497,826 |
| | | 4,771 | 59,978 | 74,876 |
| 395,783 | 78,650 | 260,331 | 4,055,609 | 4,014,235 |
| | | | | |
| | | | 1,034,689 | 1,034,689 |
| 1,122,701 | | 211,893 | 23,481,961 | 23,573,907 |
| 307,110 | | 204,843 | 11,329,815 | 10,832,432 |
| 815,591 | | 7,050 | 13,186,835 | 13,776,164 |
| 1,211,374 | 78,650 | 267,381 | 17,242,444 | 17,790,399 |
| | | | | |
| | | 23,755 | 239,607 | 309,678 |
| \$ 1,211,374 | \$ 78,650 | \$ 291,136 | \$ 17,482,051 | \$ 18,100,077 |
| | | | | |
| \$ 9,000 | \$ 14,528 | \$ 1,303 | \$ 68,678 | \$ 57,739 |
| | | | 326,955 | 243,180 |
| | | | 6,931 | 9,794 |
| | | | 76,355 | 88,668 |
| | | | 18,721 | 20,299 |
| | | | 7,698 | 8,906 |
| 9,000 | 14,528 | 1,303 | 505,338 | 428,586 |
| | | | | |
| | | | 927,239 | 995,917 |
| | | 63,657 | 719,702 | 405,271 |
| | | 63,657 | 1,646,941 | 1,401,188 |
| 9,000 | 14,528 | 64,960 | 2,152,279 | 1,829,774 |
| | | | | |
| | | 8,194 | 32,379 | 362,784 |
| | | | 50,253 | 56,321 |
| | | 8,194 | 82,632 | 419,105 |
| | | | | |
| 815,591 | | 7,050 | 12,190,918 | 12,722,508 |
| 386,783 | 64,122 | 210,932 | 3,056,222 | 3,128,690 |
| 1,202,374 | 64,122 | 217,982 | 15,247,140 | 15,851,198 |
| \$ 1,211,374 | \$ 78,650 | \$ 291,136 | \$ 17,482,051 | \$ 18,100,077 |

CITY OF ST. CHARLES, MINNESOTA
PROPRIETARY FUNDS

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

For the Year Ended December 31, 2022

With Comparative Totals for the Year Ended December 31, 2021

| | Business-Type Activities - Enterprise Funds | | |
|---|---|---------------------|---------------------|
| | <u>70</u> Electric | <u>71</u> Water | <u>72</u> Sewer |
| Operating Revenues | | | |
| Consumer sales and rentals | \$ 3,279,792 | \$ 592,799 | \$ 796,752 |
| Access fees | | 14,727 | 18,179 |
| Total Operating Revenue | <u>3,279,792</u> | <u>607,526</u> | <u>814,931</u> |
| Operating Expenses | | | |
| Purchased utilities | 1,927,524 | | 491,796 |
| Salaries | 454,261 | 105,366 | 108,070 |
| Employee benefits and retirement | 175,209 | 35,212 | 34,249 |
| Pension adjustment | 49,911 | (7,444) | 17,782 |
| Gas and oil | 8,904 | | |
| Generation fuel | | | |
| Supplies and minor equipment | 13,429 | 26,942 | 5,134 |
| Professional services | 101,973 | 44,689 | 16,065 |
| Communication | 5,198 | 6,269 | 2,050 |
| Transportation and training | 5,388 | 2,820 | 7,503 |
| Insurance | 26,446 | 3,612 | 3,969 |
| Utilities | 11,728 | 51,524 | 1,028 |
| Repairs and maintenance | 278,689 | 145,023 | 83,896 |
| Depreciation and amortization | 348,056 | 166,228 | 83,431 |
| Bad debts | | | |
| Other | 164,163 | 4,700 | 11,579 |
| Total Operating Expenses | <u>3,570,879</u> | <u>584,941</u> | <u>866,552</u> |
| Operating Income (Loss) | <u>(291,087)</u> | <u>22,585</u> | <u>(51,621)</u> |
| Nonoperating Revenues (Expenses) | | | |
| Investment income (loss) | (31,052) | (8,568) | (1,193) |
| Miscellaneous income (expense) | 6,332 | 7,598 | |
| Gain on disposal | | | |
| Interest and fiscal charges | | (12,134) | (4,633) |
| Total Nonoperating Revenues (Expenses) | <u>(24,720)</u> | <u>(13,104)</u> | <u>(5,826)</u> |
| INCOME (LOSS) BEFORE TRANSFERS | <u>(315,807)</u> | <u>9,481</u> | <u>(57,447)</u> |
| Transfers out | <u>(135,000)</u> | <u>(65,476)</u> | <u>(25,476)</u> |
| CHANGE IN NET POSITION | <u>(450,807)</u> | <u>(55,995)</u> | <u>(82,923)</u> |
| NET POSITION - BEGINNING OF YEAR | <u>7,774,853</u> | <u>3,501,564</u> | <u>3,075,970</u> |
| NET POSITION - END OF YEAR | <u>\$ 7,324,046</u> | <u>\$ 3,445,569</u> | <u>\$ 2,993,047</u> |

See Notes to Financial Statements

| <u>73</u> Storm Water | <u>23</u> Waste Management | <u>22</u> Ambulance | Totals | |
|--------------------------|-------------------------------|------------------------|---------------|---------------|
| | | | 2022 | 2021 |
| \$ 156,159 | \$ 289,265 | \$ 105,378 | \$ 5,220,145 | \$ 5,159,256 |
| | | | 32,906 | 12,456 |
| 156,159 | 289,265 | 105,378 | 5,253,051 | 5,171,712 |
| | 268,787 | | 2,688,107 | 2,209,598 |
| | | 77,880 | 745,577 | 698,820 |
| | | 38,605 | 283,275 | 261,195 |
| | | (6,152) | 54,097 | (35,870) |
| | | | 8,904 | 12,628 |
| | | | | 21,129 |
| | | 18,790 | 64,295 | 69,889 |
| 1,456 | | 28,785 | 192,968 | 125,040 |
| | | 3,280 | 16,797 | 15,638 |
| | | 11,719 | 27,430 | 24,865 |
| | | 7,861 | 41,888 | 28,314 |
| | | 7,840 | 72,120 | 49,928 |
| | | 17,296 | 524,904 | 538,373 |
| 31,099 | | 7,069 | 635,883 | 623,713 |
| | | 500 | 500 | 2,376 |
| 68,888 | 36,122 | 1,021 | 286,473 | 308,406 |
| 101,443 | 304,909 | 214,494 | 5,643,218 | 4,954,042 |
| 54,716 | (15,644) | (109,116) | (390,167) | 217,670 |
| | | (3,157) | (43,970) | 16,113 |
| | | 16,202 | 30,132 | 51,147 |
| | | 57,666 | 57,666 | |
| | | | (16,767) | (10,382) |
| | | 70,711 | 27,061 | 56,878 |
| 54,716 | (15,644) | (38,405) | (363,106) | 274,548 |
| | | (15,000) | (240,952) | (190,000) |
| 54,716 | (15,644) | (53,405) | (604,058) | 84,548 |
| 1,147,658 | 79,766 | 271,387 | 15,851,198 | 15,766,650 |
| \$ 1,202,374 | \$ 64,122 | \$ 217,982 | \$ 15,247,140 | \$ 15,851,198 |

CITY OF ST. CHARLES, MINNESOTA
PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended December 31, 2022
With Comparative Totals for the Year Ended December 31, 2021

| | <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> |
| Cash Flows From Operating Activities | | | |
| Cash received from customers | \$ 3,221,188 | \$ 600,308 | \$ 799,332 |
| Access and other fees received | 6,332 | 22,325 | 18,179 |
| Cash paid to suppliers and employees | (3,231,501) | (443,680) | (727,115) |
| Net Cash Provided By (Used In) Operating Activities | (3,981) | 178,953 | 90,396 |
| Cash Flows From Noncapital Financing Activities | | | |
| Transfer out | (135,000) | (65,476) | (25,476) |
| Advances (to) from other funds | 10,000 | | |
| Net Cash Used In Noncapital Financing Activities | (125,000) | (65,476) | (25,476) |
| Cash Flows From Capital and Related Financing Activities | | | |
| Capital asset acquisitions | (7,271) | (39,283) | |
| Insurance proceeds | | | |
| Proceeds from issuance of bonds | | | |
| Principal payments on long-term debt | | (42,739) | (15,000) |
| Interest payments on long-term debt | | (15,118) | 1,776 |
| Net Cash Provided By (Used In) Capital and Related Financing Activities | (7,271) | (97,140) | (13,224) |
| Cash Flows From Investing Activities | | | |
| Investment income (loss), net | (34,530) | (8,511) | (1,201) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (170,782) | 7,826 | 50,495 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 777,459 | 377,998 | 644,239 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 606,677 | \$ 385,824 | \$ 694,734 |

See Notes to Financial Statements

| <u>73</u> Storm Water | <u>23</u> Waste Management | <u>22</u> Ambulance | Totals | |
|--------------------------|----------------------------------|------------------------|--------------|--------------|
| | | | 2022 | 2021 |
| \$ 155,990 | \$ 289,716 | \$ 75,957 | \$ 5,142,491 | \$ 5,082,889 |
| | | 16,202 | 63,038 | 63,603 |
| (61,344) | (305,161) | (220,698) | (4,989,499) | (4,433,406) |
| 94,646 | (15,445) | (128,539) | 216,030 | 713,086 |
| | | (15,000) | (240,952) | (190,000) |
| | | | 10,000 | 10,000 |
| | | (15,000) | (230,952) | (180,000) |
| | | | (46,554) | (1,742,652) |
| | | 57,666 | 57,666 | |
| | | | | 680,000 |
| | | | (57,739) | (575,390) |
| | | | (13,342) | (8,117) |
| | | 57,666 | (59,969) | (1,646,159) |
| | | (3,119) | (47,361) | 22,463 |
| 94,646 | (15,445) | (88,992) | (122,252) | (1,090,610) |
| 281,649 | 52,403 | 251,155 | 2,384,903 | 3,475,513 |
| \$ 376,295 | \$ 36,958 | \$ 162,163 | \$ 2,262,651 | \$ 2,384,903 |

CITY OF ST. CHARLES, MINNESOTA
PROPRIETARY FUNDS
RECONCILIATION OF OPERATING INCOME (LOSS)
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES
For the Year Ended December 31, 2022
With Comparative Totals for the Year Ended December 31, 2021

| | <u>Business-Type Activities - Enterprise Funds</u> | | |
|--|--|-------------------|-------------------|
| | <u>Electric</u> | <u>Water</u> | <u>Sewer</u> |
| Operating Income (Loss) | \$ (291,087) | \$ 22,585 | \$ (51,621) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation | 348,056 | 166,228 | 83,431 |
| Bad debt expense | | | |
| Miscellaneous nonoperating income | 6,332 | 7,598 | (4,633) |
| (Gain) loss on disposal of assets | | | |
| Change in net pension liability | 49,911 | (7,444) | 17,782 |
| (Increase) Decrease In: | | | |
| Accounts receivable | (57,026) | 7,509 | 2,580 |
| Inventory | (111,809) | (3,316) | |
| Prepaid items | 17,018 | (904) | 139 |
| Increase (Decrease) In: | | | |
| Accounts and contracts payable | 46,790 | (10,818) | 44,821 |
| Accrued salaries | (2,863) | | |
| Accrued compensated absences | (7,725) | (2,485) | (2,103) |
| Customer deposits | (1,578) | | |
| | <u> </u> | <u> </u> | <u> </u> |
| Net Cash Provided By (Used In) Operating Activities | <u>\$ (3,981)</u> | <u>\$ 178,953</u> | <u>\$ 90,396</u> |

See Notes to Financial Statements

| Storm Water | Waste Management | Ambulance | Totals | |
|------------------|---------------------|---------------------|-------------------|-------------------|
| | | | 2022 | 2021 |
| \$ 54,716 | \$ (15,644) | \$ (109,116) | \$ (390,167) | \$ 217,670 |
| | | | | |
| 31,099 | | 7,069 | 635,883 | 623,712 |
| | | 500 | 500 | 2,376 |
| | | 16,202 | 25,499 | 51,147 |
| | | | | (38,240) |
| | | (6,152) | 54,097 | (35,870) |
| (169) | 451 | (29,921) | (76,576) | (41,025) |
| | | | (115,125) | (102,113) |
| | | (1,355) | 14,898 | 18,950 |
| | | | | |
| 9,000 | (252) | (5,766) | 83,775 | 4,155 |
| | | | (2,863) | 1,908 |
| | | | (12,313) | 9,894 |
| | | | (1,578) | 522 |
| | | | | |
| <u>\$ 94,646</u> | <u>\$ (15,445)</u> | <u>\$ (128,539)</u> | <u>\$ 216,030</u> | <u>\$ 713,086</u> |

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CITY OF ST. CHARLES, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

CITY OF ST. CHARLES, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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)

1. Summary of Significant Accounting Policies (Continued)

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.

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.

CITY OF ST. CHARLES, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

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 *2022A Fire Truck Acquisition Bond Fund* is to account for the funding of the new fire truck.

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

The *2021A General Obligation Bond fund* is to account for the funding of the 2021A 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)

1. Summary of Significant Accounting Policies (Continued)

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

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

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 2022. 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)

1. Summary of Significant Accounting Policies (Continued)

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.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as an expense at the time of consumption.

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.

CITY OF ST. CHARLES, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Capital Assets (Continued)

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 |

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.

CITY OF ST. CHARLES, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Leases

For leases with a term exceeding 12 months, the City recognizes a lease liability and a right to use lease asset in the government-wide financial statements.

The right to use lease asset is calculated at the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus certain initial direct costs incurred, minus any lease incentives received. Subsequently, the right to use lease asset is amortized on a straight-line basis over its useful life. The City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. Remeasurement of the right to use lease asset and lease liability occurs when certain changes occur that are likely to have a significant impact on the lease liability.

Right to use lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The City leases water tower space to external parties. Lease receivables and deferred inflows of resources are recorded based on the present value of expected receipts over the term of the respective leases. The expected payments and receipts are discounted using the interest rate charged on the lease, if available, and are otherwise discounted using the City's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. For leases featuring payments tied to an index or market rate, the valuation is based on the initial index or market rate. The City does not have any leases subject to a residual value guarantee.

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.

CITY OF ST. CHARLES, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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.

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 three 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. The third type is related to lease receivables reported in the statement of net position.

CITY OF ST. CHARLES, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

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.”

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.

CITY OF ST. CHARLES, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Net Position / Fund Balance (Continued)

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.

Implementation of New Accounting Principles

During the year, the City implemented GASB Statement No. 87, Leases. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The implementation of this standard resulted in changing the presentation of the financial statements by including the lease receivable and deferred inflows from leases as of January 1, 2021. The beginning net position has not been impacted by the implementation.

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. 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)

2. Stewardship, Compliance, and Accountability (Continued)

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.

3. Detailed Notes on All Funds

A. Summary of Cash and Investments

As of December 31, 2022, 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 | 4,657,236 |
| Non-Negotiable Certificates of Deposit | April 2024-May 2024 | N/A | 219,485 |
| Municipal Bonds | December 2023 - August 2030 | AAA | 806,640 |
| U.S. Government Securities | February 2024 - February 2025 | AAA | 108,877 |
| Money Market Funds | None | N/A | 15,589 |
| Cash and Investments per Statement of Net Position | | | <u>\$ 5,809,133</u> |

CITY OF ST. CHARLES, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds

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, 2022 and 2021 were as follows:

| At December 31, 2022 | | | | |
|--------------------------|-------------------------------------|----------------------------|---------------------|-----------|
| | Assets Measured at Fair Value | Fair Value Hierarchy Level | | |
| | | Level 1 | Level 2 | Level 3 |
| Municipal Bonds | \$ 806,640 | \$ | \$ 806,640 | \$ |
| | 108,877 | | 108,877 | |
| | <u>\$ 915,517</u> | <u>\$</u> | <u>\$ 915,517</u> | <u>\$</u> |
| 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. Treasury Securities | 498,486 | | 498,486 | |
| | <u>\$ 1,013,404</u> | <u>\$</u> | <u>\$ 1,013,404</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)

3. Detailed Notes on All Funds (Continued)

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 | 14% |

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, 2022 is as follows:

| <u>Capital Projects Funds</u> | | |
|-------------------------------|--------------|----------|
| Capital | Improvements | |
| Fund | | \$ 1,055 |

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, 2022 are as follows:

| Fund | Winona County | State of Minnesota | Total |
|-----------------|------------------|-----------------------|-------------------|
| General | \$ 3,451 | \$ | \$ 3,451 |
| Special Revenue | 2,398 | | 2,398 |
| Debt Service | 5,444 | | 5,444 |
| Capital Project | | 353,210 | 353,210 |
| | <u>\$ 11,293</u> | <u>\$ 353,210</u> | <u>\$ 364,503</u> |

E. Capital Assets

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

| Governmental Activities | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|-----------|----------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,759,203 | \$ | | \$ 1,759,203 |
| Construction in process | 2,601,640 | 1,511,945 | | 4,113,585 |
| Total capital assets, not being depreciated | 4,360,843 | 1,511,945 | | 5,872,788 |
| Capital assets, being depreciated: | | | | |
| Buildings | 6,735,777 | | | 6,735,777 |
| Infrastructure | 9,536,753 | 332,856 | | 9,869,609 |
| Machinery and equipment | 2,795,796 | 217,725 | 142,875 | 2,870,646 |
| Total capital assets, being depreciated | 19,068,326 | 550,581 | 142,875 | 19,476,032 |
| Less accumulated depreciation for: | | | | |
| Buildings | 3,283,395 | 168,944 | | 3,452,339 |
| Infrastructure | 2,739,640 | 316,506 | | 3,056,146 |
| Machinery and equipment | 2,432,434 | 88,885 | 142,875 | 2,378,444 |
| Total accumulated depreciation | 8,455,469 | 574,335 | 142,875 | 8,886,929 |
| Total capital assets, being depreciated, net | 10,612,857 | (23,754) | | 10,589,103 |
| Governmental activities capital assets, net | <u>\$ 14,973,700</u> | <u>\$ 1,488,191</u> | <u>\$</u> | <u>\$ 16,461,891</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, 2022 was as follows:

| Business-Type Activities | 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 | 1,034,689 | | | 1,034,689 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 6,671,138 | | | 6,671,138 |
| Machinery and equipment | 16,902,768 | 46,554 | | 16,949,322 |
| Total capital assets, being depreciated | 23,573,906 | 46,554 | | 23,620,460 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 2,159,043 | 104,333 | | 2,263,376 |
| Machinery and equipment | 8,673,388 | 531,550 | | 9,204,938 |
| Total accumulated depreciation | 10,832,431 | 635,883 | | 11,468,314 |
| Total capital assets, being depreciated, net | 12,741,475 | (589,329) | | 12,152,146 |
| Business-type activities capital assets, net | \$ 13,776,164 | \$ (589,329) | \$ | \$ 13,186,835 |

Depreciation expense was charged to functions/programs as follows:

| | |
|---|-------------------|
| Governmental Activities: | |
| General government | \$ 38,486 |
| Public safety | 124,701 |
| Public works | 241,628 |
| Library | 21,985 |
| Parks and recreation | 147,535 |
| Total depreciation expense - governmental activities | <u>\$ 574,335</u> |
| Business-Type Activities: | |
| Electric | \$ 348,056 |
| Water | 166,228 |
| Sewer | 83,431 |
| Storm water drainage | 31,099 |
| Ambulance | 7,069 |
| Total depreciation expense - business-type activities | <u>\$ 635,883</u> |

CITY OF ST. CHARLES, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. Interfund Balances and Transfers

The amounts due to and from other funds as of December 31, 2022, 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 | \$ 105,136 | \$ |
| Special Revenue: | | |
| Library | | 12,001 |
| Debt Service Fund: | | |
| 2015A GO Bond | | 11,494 |
| Capital Project: | | |
| Tax Increment NRB Metals | | 8,742 |
| Tax Increment District #8 | | 72,484 |
| Tax Increment District #9 | | 415 |
| | <u>\$ 105,136</u> | <u>\$ 105,136</u> |
| <u>Funds</u> | <u>Advances To Other Funds</u> | <u>Advances From Other Funds</u> |
| Capital Projects: | | |
| Capital Improvements | \$ | \$ 10,000 |
| Enterprise Funds: | | |
| Electric | 10,000 | |
| | <u>\$ 10,000</u> | <u>\$ 10,000</u> |
| Total Advances | \$ 10,000 | \$ 10,000 |

CITY OF ST. CHARLES, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. Interfund Balances and Transfers (Continued)

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

| Funds | Transfers In | Transfers Out |
|--------------------------------------|-------------------|-------------------|
| General Fund | \$ 120,204 | \$ 15,200 |
| Special Revenue: | | |
| Library | 15,200 | |
| Volunteer Fire Department | | 15,000 |
| Blandin Foundation | | 204 |
| Debt Service: | | |
| 2019A Refunding Bond | 40,000 | |
| 2021A G.O. Bond | 50,952 | |
| 2021B Refunding Bond | 45,000 | |
| Capital Projects: | | |
| Street, Trail, Sidewalk Construction | | 45,054 |
| Proprietary Funds: | | |
| Electric | | 135,000 |
| Water | | 65,476 |
| Sewer | | 25,476 |
| Ambulance | | 15,000 |
| Total Transfers | <u>\$ 316,410</u> | <u>\$ 316,410</u> |

Excess of expenditures over budgeted appropriations at the individual fund level during 2022 are as follows:

| | |
|---------------------------|------------|
| General Fund | \$ 163,254 |
| Special Revenue Funds | |
| Advertising | 208 |
| Celebration | 1,865 |
| Library | 7,578 |
| Volunteer Fire Department | 8,640 |
| Economic Development | 49,444 |

All excess expenditures were the result of planned processes.

The following funds had a deficit fund balance at December 31, 2022.

| | |
|---------------------------|-----------|
| Special Revenue | |
| Library | \$ 10,601 |
| Capital Projects | |
| Tax Increment District #8 | 72,484 |
| Tax Increment District #9 | 369 |
| Tax Increment NRB Metals | 8,742 |
| Debt Service | |
| 2015A GO Bond | 11,477 |

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, 2022:

| | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|--|----------------------|------------|--------------|-------------------|-----------------------------------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| Bonds and Notes Payable: | | | | | |
| General Obligation Bonds: | | | | | |
| 2015A GO Bonds (3.0 - 3.75%) | \$ 1,960,000 | \$ | \$ 1,960,000 | \$ | \$ |
| 2018A Street Reconstruction (3%) | 530,000 | | 60,000 | 470,000 | 60,000 |
| 2019 A GO Refunding Bond (2.1 - 4.0%) | 631,344 | | 52,261 | 579,083 | 51,322 |
| 2021A GO Street Construction Bond (1.0-1.750%) | 4,370,000 | | | 4,370,000 | 275,000 |
| 2021A GO Tax Abatement Portion (1.0-1.750%) | 1,955,000 | | | 1,955,000 | 120,000 |
| 2021B GO Refunding Bond (1.76%) | 1,907,000 | | | 1,907,000 | 79,000 |
| 2022A GO Equipment Certificate of Indebtedness (2.85%) | | 734,000 | | 734,000 | 65,000 |
| Less: Unamortized Discount | (16,905) | | (1,046) | (15,859) | |
| Plus: Unamortized Bond Premium | 67,313 | | 5,422 | 61,891 | |
| Vehicle lease payable (2.95%) | | 157,710 | | 157,710 | 28,351 |
| Equipment lease payable (3.050%) | 8,569 | | 8,569 | | |
| Compensated absences | 75,970 | 3,361 | | 79,331 | |
| Governmental Activities Long-term Liabilities | 11,488,291 | 895,071 | 2,085,206 | 10,298,156 | 678,673 |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| Bonds and Payable: | | | | | |
| General Obligation Bonds: | | | | | |
| 2019A Water Refunding Bond (2.1 - 4.0%) | 373,656 | | 27,739 | 345,917 | 28,678 |
| 2021A Water GO Improvement Bond | 340,000 | | 15,000 | 325,000 | 20,000 |
| 2021A Sewer GO Improvement Bond | 340,000 | | 15,000 | 325,000 | 20,000 |
| Compensated absences | 88,668 | | 12,313 | 76,355 | |
| Business-type Activities Long-term Liabilities | 1,142,324 | | 70,052 | 1,072,272 | 68,678 |
| Total | \$ 12,630,615 | \$ 895,071 | \$ 2,155,258 | \$ 11,370,428 | \$ 747,351 |

Water revenues are pledged as repayment for a portion of the G.O. Improvement and Refunding Bonds, Series 2019A. 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, 2022, 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> | | | | |
| 2023 | \$ 650,322 | \$ 194,972 | \$ 28,351 | \$ 7,692 |
| 2024 | 673,352 | 150,020 | 29,890 | 6,153 |
| 2025 | 683,375 | 139,298 | 31,514 | 4,530 |
| 2026 | 682,312 | 128,363 | 33,225 | 2,818 |
| 2027 | 693,240 | 116,887 | 34,730 | 1,014 |
| 2028-2032 | 3,394,482 | 51,970 | | |
| 2033-2037 | 2,774,000 | | | |
| 2038-2041 | 464,000 | | | |
| Totals | \$ 10,015,083 | \$ 781,510 | \$ 157,710 | \$ 22,207 |
| <u>Business-Type Activities</u> | | | | |
| 2023 | \$ 68,678 | \$ 19,848 | | |
| 2024 | 69,648 | 18,478 | | |
| 2025 | 70,625 | 17,101 | | |
| 2026 | 71,688 | 15,588 | | |
| 2027 | 72,760 | 14,066 | | |
| 2028-2032 | 412,518 | 43,914 | | |
| 2033-2037 | 230,000 | 14,453 | | |
| Totals | \$ 995,917 | \$ 143,448 | | |

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.

CITY OF ST. CHARLES, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

G. Long-term debt (Continued)

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.

Municipal Development District No. 9 – The District is of the redevelopment type, authorized under Minnesota Law Sections 469.174-469.1794 both inclusive, established in 2021 to last until the year 2048.

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, 2022.

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 2022 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 2022 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 2022 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 | \$ 121,670 | \$ | \$ | \$ | \$ 121,670 |
| Capital Project | | 1,266,376 | 94,497 | | 1,360,873 |
| Parkland Dedication | | | | 28,684 | 28,684 |
| | <u>\$ 121,670</u> | <u>\$1,266,376</u> | <u>\$ 94,497</u> | <u>\$ 28,684</u> | <u>\$ 1,511,227</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)

4. Defined Benefit Pension Plans – Statewide (Continued)

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)

4. Defined Benefit Pension Plans – Statewide (Continued)

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 2022 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2022, were \$81,389. 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 2022. The City's contributions to the Police and Fire Fund for the year ended December 31, 2022, were \$79,858. 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, 2022, the City reported a liability of \$1,148,405 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 2022. 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 \$33,611. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the City's proportionate share was 0.0145 compared to 0.0147 percent from its proportionate share measured at June 30, 2021.

| | |
|--|--------------------|
| City's proportionate share of the net pension liability | \$1,148,405 |
| State of Minnesota's proportionate share of the net Pension liability associated with the City | <u>33,611</u> |
| Total | <u>\$1,182,016</u> |

For the year ended December 31, 2022, the City recognized pension expense of \$48,417 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$5,022 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, 2022, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience | \$ 9,591 | \$ 12,426 |
| Difference between projected and actual investment earnings | 31,549 | 17,312 |
| Changes in actuarial assumptions | 267,939 | 4,699 |
| Changes in proportion | 20,964 | 6,405 |
| Contributions paid to PERA subsequent to the measurement date | 43,025 | |
| Total | <u>\$ 373,068</u> | <u>\$ 40,842</u> |

\$43,025 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, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ending December 31: | Pension Expense Amount |
|--------------------------|------------------------------|
| 2023 | \$ 117,436 |
| 2024 | 104,089 |
| 2025 | (40,751) |
| 2026 | 108,427 |

2. Police and Fire Fund Pension Costs

At December 31, 2022, the City reported a liability of \$1,614,445 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the City's proportionate share was 0.0371 percent which was an increase of 0.0045 percent from its proportionate share measured at June 30, 2021. The City also recognized \$13,709 for the year ended December 31, 2022, 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)

4. Defined Benefit Pension Plans – Statewide (Continued)

Pension Cost (Continued)

For the year ended December 31, 2022, the City recognized pension expense of (\$2,062) for its proportionate share of the Police and Fire Fund's pension expense.

At December 31, 2022, 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 | \$ 92,806 | \$ |
| Difference between projected and actual investment earnings | 66,629 | |
| Changes in actuarial assumptions | 909,508 | 7,460 |
| Changes in proportion | 78,990 | 5,863 |
| Contributions paid to PERA subsequent to the measurement date | 42,572 | |
| Total | <u>\$ 1,190,505</u> | <u>\$ 13,323</u> |

\$42,572 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ending December 31: | Pension Expense Amount |
|--------------------------|------------------------------|
| 2023 | \$ 230,732 |
| 2024 | 226,738 |
| 2025 | 202,173 |
| 2026 | 334,854 |
| 2027 | 140,113 |

Total Pension Expense

The total pension expense for all plans recognized by the City for the year ended December 31, 2022 was \$1,807.

CITY OF ST. CHARLES, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

Actuarial Assumptions

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

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 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 2022:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Change in Plan Provisions:

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

CITY OF ST. CHARLES, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

Long-Term Expected Return on Investment

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

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return |
|----------------------|----------------------|--|
| Domestic Stocks | 33.5% | 5.10% |
| International Stocks | 16.5% | 5.30% |
| Fixed Income | 25.0% | 0.75% |
| Private Markets | 25.0% | 5.90% |
| | <u>100%</u> | |

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.

In the Police and Fire Fund and Correctional Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060 and June 30, 2061 respectively. Beginning in fiscal year ended June 30, 2061 for the Police and Fire Fund and June 30, 2062 for the Correctional Fund, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69 percent (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40 percent for the Police and Fire Fund and 5.42 percent for the Correctional Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5 percent applied to all years of projected benefits through the point of asset depletion and 3.69 percent thereafter.

CITY OF ST. CHARLES, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

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:

| Sensitivity Analysis | | | | |
|--|------------------------|--------------|----------------------|--------------|
| <i>Net Pension Liability at Different Discount Rates</i> | | | | |
| | General Employees Fund | | Police and Fire Fund | |
| 1% Lower | 5.50% | \$ 1,813,966 | 4.40% | \$ 2,443,256 |
| Current Discount Rate | 6.50% | \$ 1,148,405 | 5.40% | \$ 1,614,445 |
| 1% Higher | 7.50% | \$ 602,542 | 6.40% | \$ 944,402 |

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.

5. Defined Benefit Pension Plans – Volunteer Fire Relief Association

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, 2021, 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 12/31/20 | \$ 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 12/31/21 | \$ 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 |
|-----------------------------|------------------------------|
| 2021 | \$ (49,093) |
| 2022 | (33,144) |
| 2023 | (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)

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

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)

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

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.

6. Commitments and Contingencies

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Leases

In August 2011, the City entered into a lease with a telephone and internet provider. Under the lease, the provider pays the City \$505.63 per month for 10 years in exchange for the right to use real property located at the Whispering Hills water tower. The lease agreement automatically renews for successive one-year periods unless otherwise terminated. The equipment placed in this location will provide internet services to the City residents with antennas. The lease receivable is measured as the present value of the future rent payments expected to be received during the lease term. The total amount of deferred inflows of leases recognized were \$50,253 during December 31, 2022.

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CITY OF ST. CHARLES, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

CITY OF ST. CHARLES, MINNESOTA
Schedules of City Pension Contributions
December 31, 2022

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) | Employee 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 | 81,389 | 81,389 | | 1,085,187 | 7.50% |
| 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) | Employee 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 | 79,858 | 79,858 | | 492,951 | 17.70% |
| 2023 | | | | | |

CITY OF ST. CHARLES, MINNESOTA
Schedules of City and Non-Employer Proportionate Share of Net Pension Liability
December 31, 2022

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 | 0.0145% | 1,148,405 | 33,611 | 1,182,016 | 1,085,187 | 108.9% | 76.67% |
| 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 | 0.0371% | 1,614,445 | 13,709 | 1,628,154 | 492,951 | 330.3% | 70.53% |
| 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% |

* December 31, 2020 is the latest information available.

CITY OF ST. CHARLES, MINNESOTA
COMBINING AND INDIVIDUAL NONMAJOR FUNDS
STATEMENTS AND SCHEDULES
DECEMBER 31, 2022

**CITY OF ST. CHARLES, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2022**

| | Special Revenue Funds Total | Debt Service | | | Total |
|--|--------------------------------------|--|---|--|-------------------|
| | | <u>58</u> 2018A Street Bond Fund | <u>61</u> 2019A G.O. Refunding Bond | <u>63</u> 2021B G.O. Refunding Bond | |
| ASSETS | | | | | |
| Cash and investments | \$ 574,483 | \$ 64,856 | \$ 117,974 | \$ 100,999 | \$ 283,829 |
| Accrued interest receivable | 162 | | | | |
| Accounts receivable | 2,895 | | | | |
| Loans and contracts receivable | 76,439 | | | | |
| Prepaid items | 6,006 | | | | |
| Taxes receivable - delinquent | 3,557 | 1,525 | 1,804 | 1,309 | 4,638 |
| Due from other governmental units | 2,398 | 581 | 602 | 597 | 1,780 |
| TOTAL ASSETS | <u>\$ 665,940</u> | <u>\$ 66,962</u> | <u>\$ 120,380</u> | <u>\$ 102,905</u> | <u>\$ 290,247</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 15,896 | \$ | \$ | \$ | \$ |
| Due to other funds | 12,001 | | | | |
| Total Liabilities | <u>27,897</u> | | | | |
| Deferred Inflows of Resources: | | | | | |
| Property taxes | 3,557 | 1,525 | 1,804 | 1,309 | 4,638 |
| Loans receivable | 76,439 | | | | |
| Total Deferred Inflows of Resources | <u>79,996</u> | <u>1,525</u> | <u>1,804</u> | <u>1,309</u> | <u>4,638</u> |
| Fund Balance | | | | | |
| Nonspendable: | | | | | |
| Prepaid items | 6,006 | | | | |
| Restricted: | | | | | |
| Creditors | | 65,437 | 118,576 | 101,596 | 285,609 |
| Regulations: | | | | | |
| Tax Increment | | | | | |
| Committed: | 121,670 | | | | |
| Assigned | 442,714 | | | | |
| Unassigned | (12,343) | | | | |
| Total Fund Balance | <u>558,047</u> | <u>65,437</u> | <u>118,576</u> | <u>101,596</u> | <u>285,609</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | <u>\$ 665,940</u> | <u>\$ 66,962</u> | <u>\$ 120,380</u> | <u>\$ 102,905</u> | <u>\$ 290,247</u> |

| Capital Projects | | | | | | | Total Nonmajor Governmental Funds |
|--|--|-------------------------------------|--|--|--|-------------------|---|
| <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>43</u> Tax Increment NRB Metals | <u>46</u> Tax Increment District #9 Fund | Total | |
| \$ | \$ 89,165 | \$ 20,880 | \$ | \$ | \$ | \$ 110,045 | \$ 968,357 |
| | | 4 | | | | 4 | 166 |
| | | 7,800 | | | 46 | 7,846 | 10,741 |
| | | | | | | | 76,439 |
| | | | | | | | 6,006 |
| | | | | | | | 8,195 |
| | | | | | | | 4,178 |
| <u>\$</u> | <u>\$ 89,165</u> | <u>\$ 28,684</u> | <u>\$</u> | <u>\$</u> | <u>46</u> | <u>\$ 117,895</u> | <u>\$ 1,074,082</u> |
| | | | | | | | |
| \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ 15,896 |
| | | | | 8,742 | 415 | 9,157 | 21,158 |
| | | | | 8,742 | 415 | 9,157 | 37,054 |
| | | | | | | | |
| | | | | | | | 8,195 |
| | | | | | | | 76,439 |
| | | | | | | | 84,634 |
| | | | | | | | |
| | | | | | | | 6,006 |
| | | | | | | | 285,609 |
| | 89,165 | | | | | 89,165 | 89,165 |
| | | 28,684 | | | | 28,684 | 150,354 |
| | | | | (8,742) | (369) | (9,111) | 442,714 |
| | | | | (8,742) | (369) | (9,111) | (21,454) |
| | 89,165 | 28,684 | | (8,742) | (369) | 108,738 | 952,394 |
| <u>\$</u> | <u>\$ 89,165</u> | <u>\$ 28,684</u> | <u>\$</u> | <u>\$</u> | <u>\$ 46</u> | <u>\$ 117,895</u> | <u>\$ 1,074,082</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, 2022

| | | Debt Service | | | |
|---|--------------------------------------|------------------------|---------------------------|---------------------------------|-------------------|
| | | <u>58</u> 2018A | <u>61</u> 2019A | <u>63</u> 2021B G.O. | |
| | Special Revenue Funds Total | Street Bond Fund | G.O. Refunding Bond | 2021B G.O. Refunding Bond | Total |
| REVENUES | | | | | |
| Property tax levy | | | | | |
| Property tax collected | \$ 237,742 | \$ 79,241 | \$ 70,291 | \$ 81,057 | \$ 230,589 |
| Property taxes - Special EDA taxing district | 56,025 | | | | |
| Tax increments | | | | | |
| Intergovernmental | 78,951 | | | | |
| Charges for services | 41,938 | | | | |
| Investment income (loss) | 911 | | | | |
| Loan repayment | 33,699 | | | | |
| Donations | 104,684 | | | | |
| Miscellaneous | 2,682 | | | | |
| TOTAL REVENUES | 556,632 | 79,241 | 70,291 | 81,057 | 230,589 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 44,433 | | | | |
| Public safety | 155,725 | | | | |
| Library | 204,518 | | | | |
| Economic development | 95,804 | | | | |
| Debt Service | | | | | |
| Principal retirement | | 60,000 | 52,261 | | 112,261 |
| Interest and fiscal charges | | 15,496 | 14,284 | 24,986 | 54,766 |
| Capital outlay | | | | | |
| TOTAL EXPENDITURES | 500,480 | 75,496 | 66,545 | 24,986 | 167,027 |
| Excess (deficiency) of revenues over (under) expenditures | 56,152 | 3,745 | 3,746 | 56,071 | 63,562 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfer in | 15,200 | | 40,000 | 45,000 | 85,000 |
| Transfer out | (15,204) | | | | |
| TOTAL OTHER FINANCING SOURCES (USES) | (4) | | 40,000 | 45,000 | 85,000 |
| Net change in fund balances | 56,148 | 3,745 | 43,746 | 101,071 | 148,562 |
| FUND BALANCES, beginning | 501,899 | 61,692 | 74,830 | 525 | 137,047 |
| FUND BALANCES, ending | \$ 558,047 | \$ 65,437 | \$ 118,576 | \$ 101,596 | \$ 285,609 |

| Capital Projects | | | | | | | Total Nonmajor Governmental Funds |
|--|--|-------------------------------------|--|--|--|------------|---|
| <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>43</u> Tax Increment NRB Metals | <u>46</u> Tax Increment District #9 Fund | Total | |
| \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ 468,331 |
| | | | | | | | 56,025 |
| | 19,111 | | 28,999 | | | 48,110 | 48,110 |
| | | | | | | | 78,951 |
| | | | | | | | 41,938 |
| | | (781) | | | | (781) | 130 |
| | | | | | | | 33,699 |
| | | 12,750 | | | | 12,750 | 117,434 |
| | | | | | 166 | 166 | 2,848 |
| | 19,111 | 11,969 | 28,999 | | 166 | 60,245 | 847,466 |
| | | | | | | | 44,433 |
| | | | | | | | 155,725 |
| | | | | | | | 204,518 |
| | | | | | | | 95,804 |
| | | | | | | | 112,261 |
| | | | | | | | 54,766 |
| 45,054 | 12,392 | 14 | 49,410 | 8,742 | 535 | 116,147 | 116,147 |
| 45,054 | 12,392 | 14 | 49,410 | 8,742 | 535 | 116,147 | 783,654 |
| (45,054) | 6,719 | 11,955 | (20,411) | (8,742) | (369) | (55,902) | 63,812 |
| 45,054 | | | | | | 45,054 | 145,254 |
| | | | | | | | (15,204) |
| 45,054 | | | | | | 45,054 | 130,050 |
| | 6,719 | 11,955 | (20,411) | (8,742) | (369) | (10,848) | 193,862 |
| | 82,446 | 16,729 | 20,411 | | | 119,586 | 758,532 |
| \$ | \$ 89,165 | \$ 28,684 | \$ | \$ (8,742) | \$ (369) | \$ 108,738 | \$ 952,394 |

CITY OF ST. CHARLES, MINNESOTA
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
December 31, 2022

Special Revenue

| | <u>20</u> | <u>24</u> | <u>26</u> | <u>21</u> | <u>31</u> | <u>34</u> | |
|--|------------------|------------------|-----------------|---------------------------------|-----------------------|-------------------------|------------------|
| | Advertising | Celebration | Library | Volunteer Fire Department | Blandin Foundation | Economic Development | Total |
| ASSETS | | | | | | | |
| Cash and investments | \$ 11,245 | \$ 16,520 | \$ | \$ 420,646 | \$ | \$ 126,072 | \$574,483 |
| Accrued interest receivable | | | | 162 | | | 162 |
| Accounts receivable | | | | 2,895 | | | 2,895 |
| Loans and contracts receivable | | | | | | 76,439 | 76,439 |
| Prepaid items | | | 1,742 | 4,264 | | | 6,006 |
| Taxes receivable - delinquent | 131 | | 1,494 | 839 | | 1,093 | 3,557 |
| Due from other governmental units | 154 | 54 | 1,049 | 543 | | 598 | 2,398 |
| TOTAL ASSETS | \$ 11,530 | \$ 16,574 | \$ 4,285 | \$ 429,349 | \$ | \$ 204,202 | \$665,940 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 680 | \$ | \$ 1,391 | \$ 8,825 | \$ | \$ 5,000 | \$ 15,896 |
| Due to other funds | | | 12,001 | | | | 12,001 |
| Total Liabilities | 680 | | 13,392 | 8,825 | | 5,000 | 27,897 |
| Deferred Inflows of Resources: | | | | | | | |
| Property taxes | 131 | | 1,494 | 839 | | 1,093 | 3,557 |
| Loans receivable | | | | | | 76,439 | 76,439 |
| Total Deferred Inflows of Resources | 131 | | 1,494 | 839 | | 77,532 | 79,996 |
| Fund Balance | | | | | | | |
| Nonspendable: | | | | | | | |
| Prepaid items | | | 1,742 | 4,264 | | | 6,006 |
| Committed: | | | | | | 121,670 | 121,670 |
| Assigned | 10,719 | 16,574 | | 415,421 | | | 442,714 |
| Unassigned | | | (12,343) | | | | (12,343) |
| Total Fund Balance | 10,719 | 16,574 | (10,601) | 419,685 | | 121,670 | 558,047 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | \$ 11,530 | \$ 16,574 | \$ 4,285 | \$ 429,349 | \$ | \$ 204,202 | \$665,940 |

CITY OF ST. CHARLES, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2022

| | Special Revenue | | | | | | |
|---|------------------|------------------|--------------------|---------------------------------|-----------------------|-------------------------|-------------------|
| | <u>20</u> | <u>24</u> | <u>26</u> | <u>21</u> | <u>31</u> | <u>34</u> | |
| | Advertising | Celebration | Library | Volunteer Fire Department | Blandin Foundation | Economic Development | Total |
| REVENUES | | | | | | | |
| Property tax levy | | | | | | | |
| Property tax collected | \$ 20,248 | \$ 6,981 | \$ 138,905 | \$ 71,608 | \$ | \$ | \$ 237,742 |
| Property taxes - Special EDA taxing district | | | | | | 56,025 | 56,025 |
| Intergovernmental | | | 35,380 | 43,571 | | | 78,951 |
| Charges for services | | | | 41,938 | | | 41,938 |
| Investment income (loss) | | | | (1,796) | | 2,707 | 911 |
| Loan repayment | | | | | | 33,699 | 33,699 |
| Donations | 500 | 17,558 | 2,449 | 84,177 | | | 104,684 |
| Miscellaneous | | | 1,962 | 720 | | | 2,682 |
| TOTAL REVENUES | <u>20,748</u> | <u>24,539</u> | <u>178,696</u> | <u>240,218</u> | | <u>92,431</u> | <u>556,632</u> |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General government | 22,068 | 22,365 | | | | | 44,433 |
| Public safety | | | | 155,725 | | | 155,725 |
| Library | | | 204,518 | | | | 204,518 |
| Economic development | | | | | | 95,804 | 95,804 |
| TOTAL EXPENDITURES | <u>22,068</u> | <u>22,365</u> | <u>204,518</u> | <u>155,725</u> | | <u>95,804</u> | <u>500,480</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,320)</u> | <u>2,174</u> | <u>(25,822)</u> | <u>84,493</u> | | <u>(3,373)</u> | <u>56,152</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfer in | | | 15,200 | | | | 15,200 |
| Transfer out | | | | (15,000) | (204) | | (15,204) |
| TOTAL OTHER FINANCING SOURCES (USES) | | | <u>15,200</u> | <u>(15,000)</u> | <u>(204)</u> | | <u>(4)</u> |
| Net change in fund balances | (1,320) | 2,174 | (10,622) | 69,493 | (204) | (3,373) | 56,148 |
| FUND BALANCES, beginning | <u>12,039</u> | <u>14,400</u> | <u>21</u> | <u>350,192</u> | <u>204</u> | <u>125,043</u> | <u>501,899</u> |
| FUND BALANCES, ending | <u>\$ 10,719</u> | <u>\$ 16,574</u> | <u>\$ (10,601)</u> | <u>\$ 419,685</u> | <u>\$</u> | <u>\$ 121,670</u> | <u>\$ 558,047</u> |

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, 2022
With Comparative Totals for the Year Ended December 31, 2021

| | Budgeted Amounts | | 2022 Actual Amounts | Variance with Final Budget - Positive (Negative) | 2021 Actual Amounts |
|--|------------------|------------------|---------------------------|---|---------------------------|
| | Original | Final | | | |
| REVENUES | | | | | |
| Property tax collected | \$ 20,360 | \$ 20,360 | \$ 20,248 | \$ (112) | \$ 20,528 |
| Donations | 1,500 | 1,500 | 500 | (1,000) | |
| TOTAL REVENUES | <u>21,860</u> | <u>21,860</u> | <u>20,748</u> | <u>(1,112)</u> | <u>20,528</u> |
| EXPENDITURES | | | | | |
| General Government | | | | | |
| Fireworks | 9,000 | 9,000 | 8,220 | 780 | 3,848 |
| Board reimbursement | | | | | |
| annual events | 360 | 360 | | 360 | |
| Advertising | 12,500 | 12,500 | 13,848 | (1,348) | 8,607 |
| TOTAL EXPENDITURES | <u>21,860</u> | <u>21,860</u> | <u>22,068</u> | <u>(208)</u> | <u>12,455</u> |
| Excess (deficiency) of revenues over (under) expenditures | | | (1,320) | (1,320) | 8,073 |
| FUND BALANCES, beginning | <u>12,039</u> | <u>12,039</u> | <u>12,039</u> | | <u>3,966</u> |
| FUND BALANCES, ending | <u>\$ 12,039</u> | <u>\$ 12,039</u> | <u>\$ 10,719</u> | <u>\$ (1,320)</u> | <u>\$ 12,039</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, 2022
With Comparative Totals for the Year Ended December 31, 2021

| | Budgeted Amounts | | 2022 | Variance with | 2021 |
|---|------------------|------------------|------------------|--|------------------|
| | Original | Final | Actual | Final Budget - Positive (Negative) | Actual |
| | | | Amounts | | Amounts |
| REVENUES | | | | | |
| Property tax collected | \$ 7,000 | \$ 7,000 | \$ 6,981 | \$ (19) | \$ 7,045 |
| Donations | 13,700 | 13,700 | 17,558 | 3,858 | 15,290 |
| TOTAL REVENUES | 20,700 | 20,700 | 24,539 | 3,839 | 22,335 |
| EXPENDITURES | | | | | |
| General Government | | | | | |
| Advertising | 3,800 | 3,800 | 4,175 | (375) | 4,053 |
| Dance | 4,000 | 4,000 | 5,350 | (1,350) | 4,467 |
| T-shirts | 1,400 | 1,400 | 1,816 | (416) | 1,130 |
| Rentals | 4,000 | 4,000 | 2,600 | 1,400 | 2,500 |
| Pageants | 4,000 | 4,000 | 3,782 | 218 | 1,006 |
| Other | 3,300 | 3,300 | 4,642 | (1,342) | 4,163 |
| TOTAL EXPENDITURES | 20,500 | 20,500 | 22,365 | (1,865) | 17,319 |
| Excess of revenues over expenditures | 200 | 200 | 2,174 | 1,974 | 5,016 |
| FUND BALANCES, beginning | 14,400 | 14,400 | 14,400 | | 9,384 |
| FUND BALANCES, ending | \$ 14,600 | \$ 14,600 | \$ 16,574 | \$ 1,974 | \$ 14,400 |

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, 2022
With Comparative Totals for the Year Ended December 31, 2021

| | Budgeted Amounts | | 2022 Actual Amounts | Variance with Final Budget Positive (Negative) | 2021 Actual Amounts |
|--|------------------|------------|---------------------------|---|---------------------------|
| | Original | Final | | | |
| REVENUES | | | | | |
| Property Tax Levy | | | | | |
| Property tax collected | \$ 139,660 | \$ 139,660 | \$ 138,905 | \$ (755) | \$ 129,528 |
| Intergovernmental Revenues | | | | | |
| Library aid | 34,880 | 34,880 | 35,380 | 500 | 36,161 |
| Donations | 3,500 | 3,500 | 2,449 | (1,051) | 1,201 |
| Miscellaneous | | | | | |
| Fines | 2,000 | 2,000 | 69 | (1,931) | 693 |
| Book sales | | | 29 | 29 | 743 |
| Copy machines | 1,000 | 1,000 | 1,678 | 678 | 1,717 |
| Other | 700 | 700 | 186 | (514) | 1,654 |
| Total Miscellaneous Revenues | 3,700 | 3,700 | 1,962 | (1,738) | 4,807 |
| TOTAL REVENUES | 181,740 | 181,740 | 178,696 | (3,044) | 171,697 |
| EXPENDITURES | | | | | |
| Library | | | | | |
| Salaries | 98,500 | 98,500 | 97,638 | 862 | 111,164 |
| Employee benefits and retirement | 37,150 | 37,150 | 43,381 | (6,231) | 37,616 |
| Supplies and minor equipment | 2,540 | 2,540 | 2,507 | 33 | 2,405 |
| Professional services | 11,800 | 11,800 | 11,100 | 700 | 12,179 |
| Communications | 2,000 | 2,000 | 2,002 | (2) | 1,066 |
| Transportation and training | 750 | 750 | | 750 | |
| Insurance | 4,200 | 4,200 | 4,269 | (69) | 3,273 |
| Utilities | 11,000 | 11,000 | 13,457 | (2,457) | 10,830 |
| Repairs and maintenance | 12,000 | 12,000 | 13,051 | (1,051) | 9,303 |
| Other | 1,000 | 1,000 | 2,089 | (1,089) | 1,352 |
| Capital outlay | 16,000 | 16,000 | 15,024 | 976 | 16,009 |
| TOTAL EXPENDITURES | 196,940 | 196,940 | 204,518 | (7,578) | 205,197 |
| Deficiency of revenues under expenditures | (15,200) | (15,200) | (25,822) | (10,622) | (33,500) |
| OTHER FINANCING SOURCES | | | | | |
| Transfers in | 15,200 | 15,200 | 15,200 | | 25,200 |
| Net change in fund balances | | | (10,622) | (10,622) | (8,300) |
| FUND BALANCES, beginning | 21 | 21 | 21 | | 8,321 |
| FUND BALANCES, ending | \$ 21 | \$ 21 | \$ (10,601) | \$ (10,622) | \$ 21 |

**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, 2022
With Comparative Totals for the Year Ended December 31, 2021**

| | Budgeted Amounts | | 2022 | Variance with | 2021 |
|---|-------------------|-------------------|-------------------|--|-------------------|
| | Original | Final | Actual | Final Budget - Positive (Negative) | Actual |
| REVENUES | | | | | |
| Property Tax Levy | | | | | |
| Property tax collected | \$ 71,917 | \$ 71,917 | \$ 71,608 | \$ (309) | \$ 72,227 |
| Intergovernmental Revenues | | | | | |
| State fire aid | 33,000 | 33,000 | 43,571 | 10,571 | 38,363 |
| Charges for Services | | | | | |
| Other local governments | 32,114 | 32,114 | 36,008 | 3,894 | 35,404 |
| Fire calls | 11,500 | 11,500 | 5,930 | (5,570) | 3,145 |
| Interest Income (loss) | 1,500 | 1,500 | (1,796) | (3,296) | 3,021 |
| Donations | 9,000 | 9,000 | 84,177 | 75,177 | 80,275 |
| Miscellaneous Revenues | 3,000 | 3,000 | 720 | (2,280) | 3,469 |
| TOTAL REVENUES | <u>162,031</u> | <u>162,031</u> | <u>240,218</u> | <u>78,187</u> | <u>235,904</u> |
| EXPENDITURES | | | | | |
| Public Safety | | | | | |
| Salaries | 22,000 | 22,000 | 21,160 | 840 | 22,195 |
| Employee benefits and retirement | 13,200 | 13,200 | 17,101 | (3,901) | 12,247 |
| Supplies and minor equipment | 14,000 | 14,000 | 24,219 | (10,219) | 11,422 |
| Professional services | 3,000 | 3,000 | 1,468 | 1,532 | 3,520 |
| Communication | 2,500 | 2,500 | 4,029 | (1,529) | 3,914 |
| Transportation and training | 9,300 | 9,300 | 9,296 | 4 | 3,420 |
| Insurance | 5,500 | 5,500 | 4,534 | 966 | 3,896 |
| Utilities | 6,000 | 6,000 | 7,840 | (1,840) | 6,375 |
| Capital outlay | 14,635 | 14,635 | 8,357 | 6,278 | 13,908 |
| Repairs and maintenance | 13,500 | 13,500 | 7,791 | 5,709 | 15,638 |
| Fire relief payment | 40,000 | 40,000 | 48,071 | (8,071) | 45,363 |
| Other | 3,450 | 3,450 | 1,859 | 1,591 | 14,400 |
| TOTAL EXPENDITURES | <u>147,085</u> | <u>147,085</u> | <u>155,725</u> | <u>(8,640)</u> | <u>156,298</u> |
| Excess of revenues over expenditures | 14,946 | 14,946 | 84,493 | 69,547 | 79,606 |
| OTHER FINANCING USES | | | | | |
| Transfers out | <u>(15,000)</u> | <u>(15,000)</u> | <u>(15,000)</u> | | <u>(15,000)</u> |
| Net change in fund balances | (54) | (54) | 69,493 | 69,547 | 64,606 |
| FUND BALANCES, beginning | <u>350,192</u> | <u>350,192</u> | <u>350,192</u> | | <u>285,586</u> |
| FUND BALANCES, ending | <u>\$ 350,138</u> | <u>\$ 350,138</u> | <u>\$ 419,685</u> | <u>\$ 69,547</u> | <u>\$ 350,192</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, 2022
With Comparative Totals for the Year Ended December 31, 2021

| | Budgeted Amounts | | 2022 | Variance with | 2021 |
|---------------------------------|------------------|---------------|-----------|-----------------|---------------|
| | Original | Final | Actual | Final Budget - | Actual |
| | | | Amounts | Positive | Amounts |
| | | | | (Negative) | |
| OTHER FINANCING | | | | | |
| SOURCES (USES) | | | | | |
| Transfers out | \$ | \$ | \$ (204) | \$ (204) | \$ |
| FUND BALANCES, beginning | 204 | 204 | 204 | | 204 |
| FUND BALANCES, ending | <u>\$ 204</u> | <u>\$ 204</u> | <u>\$</u> | <u>\$ (204)</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, 2022

With Comparative Totals for the Year Ended December 31, 2021

| | Budgeted Amounts | | 2022 Actual Amounts | Variance with Final Budget - Positive (Negative) | 2021 Actual Amounts |
|---------------------------------|-------------------|-------------------|---------------------------|---|---------------------------|
| | Original | Final | | | |
| REVENUES | | | | | |
| Property Tax Levy - | | | | | |
| Special EDA taxing district | \$ 56,527 | \$ 56,527 | \$ 56,025 | \$ (502) | \$ 52,048 |
| Interest Income | 1,218 | 1,218 | 2,707 | 1,489 | 1,720 |
| Miscellaneous Revenues | | | | | 200 |
| Loan Repayment | 5,019 | 5,019 | 33,699 | 28,680 | 30,548 |
| TOTAL REVENUES | 62,764 | 62,764 | 92,431 | 29,667 | 84,516 |
| EXPENDITURES | | | | | |
| Economic Development | | | | | |
| Professional services | 46,360 | 46,360 | 40,804 | 5,556 | 40,454 |
| Revolving loans | | | 55,000 | (55,000) | 25,000 |
| TOTAL EXPENDITURES | 46,360 | 46,360 | 95,804 | (49,444) | 65,454 |
| Net change in fund balances | 16,404 | 16,404 | (3,373) | (19,777) | 19,062 |
| FUND BALANCES, beginning | 125,043 | 125,043 | 125,043 | | 105,981 |
| FUND BALANCES, ending | <u>\$ 141,447</u> | <u>\$ 141,447</u> | <u>\$ 121,670</u> | <u>\$ (19,777)</u> | <u>\$ 125,043</u> |

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CITY OF ST. CHARLES, MINNESOTA
SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

CITY OF ST. CHARLES, MINNESOTA
PROPRIETARY FUNDS
ELECTRIC FUND
Statement of Net Position
December 31, 2022 and 2021

| | 2022 | 2021 |
|--|----------------------------|----------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 606,677 | \$ 777,459 |
| Emergency cash reserve | 250,000 | 250,000 |
| Accrued interest receivable | 3,478 | |
| Accounts receivable, net | 342,720 | 255,276 |
| Accrued utility revenue | 142,457 | 172,875 |
| Advances to other funds | 10,000 | 20,000 |
| Inventory | 581,995 | 470,186 |
| Prepaid items | 51,802 | 68,820 |
| Total Current Assets | <u>1,989,129</u> | <u>2,014,616</u> |
| Capital Assets | | |
| Nondepreciable | 325,989 | 325,989 |
| Depreciable | 11,592,396 | 11,585,125 |
| Less: Accumulated depreciation | <u>5,968,927</u> | <u>5,620,871</u> |
| Capital Assets, Net | <u>5,949,458</u> | <u>6,290,243</u> |
| Total Assets | <u>7,938,587</u> | <u>8,304,859</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows from pension activity | <u>140,810</u> | <u>184,365</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u><u>\$ 8,079,397</u></u> | <u><u>\$ 8,489,224</u></u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | \$ 211,415 | \$ 164,625 |
| Accrued salaries | 6,931 | 9,794 |
| Accrued compensated absences | 53,355 | 61,080 |
| Customer deposits | 18,721 | 20,299 |
| Total Current Liabilities | <u>290,422</u> | <u>255,798</u> |
| Noncurrent Liabilities | | |
| Net pension liability | <u>455,786</u> | <u>241,967</u> |
| Total Liabilities | <u>746,208</u> | <u>497,765</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows from pension activity | <u>9,143</u> | <u>216,606</u> |
| NET POSITION | | |
| Investment in capital assets | 5,949,458 | 6,290,243 |
| Unrestricted | <u>1,374,588</u> | <u>1,484,610</u> |
| Total Net Position | <u>7,324,046</u> | <u>7,774,853</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | <u><u>\$ 8,079,397</u></u> | <u><u>\$ 8,489,224</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, 2022
With Comparative Totals for the Year Ended December 31, 2021

| | Budgeted Amounts | | 2022 | Variance with | 2021 |
|---|------------------|--------------|--------------|----------------|--------------|
| | Original | Final | Actual | Final Budget - | Actual |
| | | | Amounts | Positive | Amounts |
| | | | | (Negative) | |
| Operating Revenue | | | | | |
| Consumer sales | \$ 3,220,000 | \$ 3,220,000 | \$ 3,279,792 | \$ 59,792 | \$ 3,135,327 |
| Operating Expenses | | | | | |
| Purchased utilities | 1,420,000 | 1,420,000 | 1,927,524 | (507,524) | 1,459,729 |
| Salaries | 440,800 | 440,800 | 454,261 | (13,461) | 438,626 |
| Employee benefits and retirement | 189,900 | 189,900 | 175,209 | 14,691 | 165,885 |
| Pension adjustment | | | 49,911 | (49,911) | (19,111) |
| Gas and oil | 7,000 | 7,000 | 8,904 | (1,904) | 12,628 |
| Generation fuel | 30,000 | 30,000 | | 30,000 | 21,129 |
| Supplies and minor equipment | 11,850 | 11,850 | 13,429 | (1,579) | 11,471 |
| Professional services | 46,250 | 46,250 | 101,973 | (55,723) | 67,569 |
| Communication | 7,000 | 7,000 | 5,198 | 1,802 | 5,083 |
| Transportation and training | 3,000 | 3,000 | 5,388 | (2,388) | 12,384 |
| Insurance | 27,000 | 27,000 | 26,446 | 554 | 19,238 |
| Utilities | 11,000 | 11,000 | 11,728 | (728) | 8,803 |
| Repairs and maintenance | 277,000 | 277,000 | 278,689 | (1,689) | 374,837 |
| Depreciation and amortization | | | 348,056 | (348,056) | 352,351 |
| Bad debts | | | | | 1,200 |
| Other | 180,500 | 180,500 | 164,163 | 16,337 | 146,286 |
| Total Operating Expenses | 2,651,300 | 2,651,300 | 3,570,879 | (919,579) | 3,078,108 |
| Operating Income (Loss) | 568,700 | 568,700 | (291,087) | (859,787) | 57,219 |
| Nonoperating Revenues (Expenses) | | | | | |
| Interest income (loss) | 10,000 | 10,000 | (31,052) | (41,052) | 20,237 |
| Miscellaneous income | 20,000 | 20,000 | 6,332 | (13,668) | 23,714 |
| Interest and fiscal charges | (303,280) | (303,280) | | 303,280 | (6,933) |
| Total Nonoperating Revenues (Expenses) | (273,280) | (273,280) | (24,720) | 248,560 | 37,018 |
| INCOME (LOSS) BEFORE TRANSFERS | 295,420 | 295,420 | (315,807) | (611,227) | 94,237 |
| Transfers out | (135,000) | (135,000) | (135,000) | | (135,000) |
| CHANGE IN NET POSITION | 160,420 | 160,420 | (450,807) | (611,227) | (40,763) |
| TOTAL NET POSITION - BEGINNING OF YEAR | 7,774,853 | 7,774,853 | 7,774,853 | | 7,815,616 |
| TOTAL NET POSITION - END OF YEAR | \$ 7,935,273 | \$ 7,935,273 | \$ 7,324,046 | \$ (611,227) | \$ 7,774,853 |

CITY OF ST. CHARLES, MINNESOTA
PROPRIETARY FUNDS
WATER FUND
Statement of Net Position
December 31, 2022 and 2021

| | 2022 | 2021 |
|--|----------------------------|----------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 385,824 | \$ 377,998 |
| Accrued interest receivable | 609 | 666 |
| Special assessments receivable | | 1,852 |
| Accounts receivable, net | 50,640 | 46,909 |
| Accrued utility revenue | 18,845 | 28,233 |
| Lease receivable | 50,253 | 56,321 |
| Inventory | 30,956 | 27,640 |
| Prepaid items | 2,171 | 1,267 |
| Total Current Assets | <u>539,298</u> | <u>540,886</u> |
| Capital Assets | | |
| Non depreciable | 340,000 | 340,000 |
| Depreciable | 6,572,191 | 6,532,908 |
| Less: Accumulated depreciation | <u>3,178,867</u> | <u>3,012,639</u> |
| Capital Assets, Net | <u>3,733,324</u> | <u>3,860,269</u> |
| Total Assets | <u>4,272,622</u> | <u>4,401,155</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows from pension activity | <u>37,283</u> | <u>55,597</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u><u>\$ 4,309,905</u></u> | <u><u>\$ 4,456,752</u></u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Current maturities of bonds payable | \$ 48,678 | \$ 42,739 |
| Accounts payable | 6,954 | 17,772 |
| Accrued compensated absences | 18,037 | 20,522 |
| Accrued interest payable | 5,922 | 8,906 |
| Total Current Liabilities | <u>79,591</u> | <u>89,939</u> |
| Noncurrent Liabilities | | |
| Bonds payable, net of current maturities | 622,239 | 670,917 |
| Net pension liability | 98,980 | 72,824 |
| Total Noncurrent Liabilities | <u>721,219</u> | <u>743,741</u> |
| Total Liabilities | <u>800,810</u> | <u>833,680</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows from pension activity | 13,273 | 65,187 |
| Deferred inflows from leasing activity | 50,253 | 56,321 |
| Total Deferred Inflows of Resources | <u>63,526</u> | <u>121,508</u> |
| NET POSITION | | |
| Net investment in capital assets | 3,062,407 | 3,146,613 |
| Unrestricted | 383,162 | 354,951 |
| Total Net Position | <u>3,445,569</u> | <u>3,501,564</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | <u><u>\$ 4,309,905</u></u> | <u><u>\$ 4,456,752</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, 2022
With Comparative Totals for the Year Ended December 31, 2021**

| | Budgeted Amounts | | 2022 Actual Amounts | Variance with Final Budget - Positive (Negative) | 2021 Actual Amounts |
|---|---------------------|---------------------|---------------------------|---|---------------------------|
| | Original | Final | | | |
| Operating Revenue | | | | | |
| Consumer sales | \$ 585,990 | \$ 585,990 | \$ 592,799 | \$ 6,809 | \$ 605,253 |
| Access fees | | | 14,727 | 14,727 | 5,828 |
| Total Operating Revenues | 585,990 | 585,990 | 607,526 | 21,536 | 611,081 |
| Operating Expenses | | | | | |
| Salaries | 140,000 | 140,000 | 105,366 | 34,634 | 105,304 |
| Employee benefits and retirement | 57,700 | 57,700 | 35,212 | 22,488 | 39,185 |
| Pension adjustment | | | (7,444) | 7,444 | (6,980) |
| Supplies and minor equipment | 32,000 | 32,000 | 26,942 | 5,058 | 27,997 |
| Professional services | 40,200 | 40,200 | 44,689 | (4,489) | 31,270 |
| Communication | 7,500 | 7,500 | 6,269 | 1,231 | 5,988 |
| Transportation and training | 4,000 | 4,000 | 2,820 | 1,180 | 2,560 |
| Insurance | 3,500 | 3,500 | 3,612 | (112) | 2,448 |
| Utilities | 45,000 | 45,000 | 51,524 | (6,524) | 33,851 |
| Repairs and maintenance | 55,500 | 55,500 | 145,023 | (89,523) | 98,288 |
| Depreciation and amortization | | | 166,228 | (166,228) | 150,658 |
| Other | | | 4,700 | (4,700) | 1,791 |
| Total Operating Expenses | 385,400 | 385,400 | 584,941 | (199,541) | 492,360 |
| Operating Income | 200,590 | 200,590 | 22,585 | (178,005) | 118,721 |
| Nonoperating Revenues (Expenses) | | | | | |
| Investment income (loss) | 1,000 | 1,000 | (8,568) | (9,568) | (2,285) |
| Miscellaneous income | 4,300 | 4,300 | 7,598 | 3,298 | 10,638 |
| Interest and fiscal charges | (14,896) | (14,896) | (12,134) | 2,762 | (3,449) |
| Total Nonoperating Revenues (Expenses) | (9,596) | (9,596) | (13,104) | (3,508) | 4,904 |
| INCOME BEFORE TRANSFERS | 190,994 | 190,994 | 9,481 | (181,513) | 123,625 |
| Transfers out | | | (65,476) | (65,476) | (40,000) |
| CHANGE IN NET POSITION | 190,994 | 190,994 | (55,995) | (246,989) | 83,625 |
| TOTAL NET POSITION - BEGINNING OF YEAR | 3,501,564 | 3,501,564 | 3,501,564 | | 3,417,939 |
| TOTAL NET POSITION - END OF YEAR | <u>\$ 3,692,558</u> | <u>\$ 3,692,558</u> | <u>\$ 3,445,569</u> | <u>\$ (246,989)</u> | <u>\$ 3,501,564</u> |

CITY OF ST. CHARLES, MINNESOTA
PROPRIETARY FUNDS
SEWER FUND
Statement of Net Position
December 31, 2022 and 2021

| | 2022 | 2021 |
|--|----------------------------|----------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 694,734 | \$ 644,239 |
| Accrued interest receivable | 81 | 73 |
| Accounts receivable | 70,368 | 63,882 |
| Accrued utility revenue | 26,001 | 35,067 |
| Prepaid items | 1,234 | 1,373 |
| Total Current Assets | <u>792,418</u> | <u>744,634</u> |
| Capital Assets | | |
| Nondepreciable | 368,700 | 368,700 |
| Depreciable | 3,982,780 | 3,982,780 |
| Less: Accumulated depreciation | <u>1,670,068</u> | <u>1,586,637</u> |
| Capital Assets, Net | <u>2,681,412</u> | <u>2,764,843</u> |
| Total Assets | <u>3,473,830</u> | <u>3,509,477</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows from pension activity | <u>37,759</u> | <u>36,175</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u><u>\$ 3,511,589</u></u> | <u><u>\$ 3,545,652</u></u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Current maturities | \$ 20,000 | \$ 15,000 |
| Accounts payable | 83,755 | 38,934 |
| Accrued interest payable | 1,776 | |
| Accrued compensated absences | 4,963 | 7,066 |
| Total Current Liabilities | <u>110,494</u> | <u>61,000</u> |
| Noncurrent Liabilities | | |
| Bonds payable, net of current maturities | 305,000 | 325,000 |
| Net pension liability | 101,279 | 44,156 |
| Total Noncurrent Liabilities | <u>406,279</u> | <u>369,156</u> |
| Total Liabilities | <u>516,773</u> | <u>430,156</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows from pension activity | <u>1,769</u> | <u>39,526</u> |
| NET POSITION | | |
| Net investment in capital assets | 2,356,412 | 2,424,843 |
| Unrestricted | 636,635 | 651,127 |
| Total Net Position | <u>2,993,047</u> | <u>3,075,970</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | <u><u>\$ 3,511,589</u></u> | <u><u>\$ 3,545,652</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, 2022
With Comparative Totals for the Year Ended December 31, 2021

| | Budgeted Amounts | | 2022 Actual Amounts | Variance with Final Budget - Positive (Negative) | 2021 Actual Amounts |
|---|------------------|--------------|---------------------------|---|---------------------------|
| | Original | Final | | | |
| Operating Revenue | | | | | |
| Consumer sales | \$ 810,000 | \$ 810,000 | \$ 796,752 | \$ (13,248) | \$ 806,164 |
| Access fee | 2,400 | 2,400 | 18,179 | 15,779 | 6,628 |
| Total Operating Revenues | 812,400 | 812,400 | 814,931 | 2,531 | 812,792 |
| Operating Expenses | | | | | |
| Purchased utilities | 500,000 | 500,000 | 491,796 | 8,204 | 493,841 |
| Salaries | 95,000 | 95,000 | 108,070 | (13,070) | 99,804 |
| Employee benefits and retirement | 35,600 | 35,600 | 34,249 | 1,351 | 32,886 |
| Pension adjustment | | | 17,782 | (17,782) | (8,128) |
| Supplies and minor equipment | 5,700 | 5,700 | 5,134 | 566 | 6,188 |
| Professional services | 9,300 | 9,300 | 16,065 | (6,765) | 8,437 |
| Communication | 2,400 | 2,400 | 2,050 | 350 | 1,645 |
| Transportation and training | 3,000 | 3,000 | 7,503 | (4,503) | 6,082 |
| Insurance | 5,000 | 5,000 | 3,969 | 1,031 | 3,577 |
| Utilities | 4,000 | 4,000 | 1,028 | 2,972 | 899 |
| Repairs and maintenance | 113,000 | 113,000 | 83,896 | 29,104 | 52,699 |
| Depreciation | | | 83,431 | (83,431) | 82,536 |
| Other | 1,000 | 1,000 | 11,579 | (10,579) | 1,500 |
| Total Operating Expenses | 774,000 | 774,000 | 866,552 | (92,552) | 781,966 |
| Operating Income (Loss) | 38,400 | 38,400 | (51,621) | (90,021) | 30,826 |
| Nonoperating Revenues (Expenses) | | | | | |
| Investment income (loss) | 500 | 500 | (1,193) | (1,693) | (5,508) |
| Interest charges | | | (4,633) | (4,633) | |
| Miscellaneous income | | | | | 3,158 |
| Total Nonoperating Revenues (Expenses) | 500 | 500 | (5,826) | (6,326) | (2,350) |
| INCOME (LOSS) BEFORE TRANSFERS | 38,900 | 38,900 | (57,447) | (96,347) | 28,476 |
| Transfers out | | | (25,476) | (25,476) | |
| CHANGE IN NET POSITION | 38,900 | 38,900 | (82,923) | (121,823) | 28,476 |
| TOTAL NET POSITION - BEGINNING OF YEAR | 3,075,970 | 3,075,970 | 3,075,970 | | 3,047,494 |
| TOTAL NET POSITION - END OF YEAR | \$ 3,114,870 | \$ 3,114,870 | \$ 2,993,047 | \$ (121,823) | \$ 3,075,970 |

CITY OF ST. CHARLES, MINNESOTA
PROPRIETARY FUNDS
STORM WATER FUND
Statement of Net Position
December 31, 2022 and 2021

| | 2022 | 2021 |
|---|----------------------------|----------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 376,295 | \$ 281,649 |
| Accounts receivable | 13,474 | 13,549 |
| Accrued utility revenue | 6,014 | 5,770 |
| Total Current Assets | <u>395,783</u> | <u>300,968</u> |
| Capital Assets | | |
| Depreciable | 1,122,701 | 1,122,701 |
| Less: Accumulated depreciation | <u>307,110</u> | <u>276,011</u> |
| Capital Assets, Net | <u>815,591</u> | <u>846,690</u> |
| Total Assets | <u><u>\$ 1,211,374</u></u> | <u><u>\$ 1,147,658</u></u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | <u>\$ 9,000</u> | <u>\$</u> |
| NET POSITION | | |
| Investment in capital assets | 815,591 | 846,690 |
| Unrestricted | <u>386,783</u> | <u>300,968</u> |
| Total Net Position | <u>1,202,374</u> | <u>1,147,658</u> |
| TOTAL LIABILITIES AND NET POSITION | <u><u>\$ 1,211,374</u></u> | <u><u>\$ 1,147,658</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, 2022
With Comparative Totals for the Year Ended December 31, 2021

| | Budgeted Amounts | | 2022 | Variance with | 2021 |
|-------------------------------|------------------|--------------|--------------|----------------|--------------|
| | Original | Final | Actual | Final Budget - | Actual |
| | | | Amounts | Positive | Amounts |
| | | | | (Negative) | |
| Operating Revenue | | | | | |
| Storm water fees | \$ 160,477 | \$ 160,477 | \$ 156,159 | \$ (4,318) | \$ 156,146 |
| Operating Expenses | | | | | |
| Professional services | 3,200 | 3,200 | 1,456 | 1,744 | 490 |
| Depreciation | | | 31,099 | (31,099) | 31,099 |
| Repairs and maintenance | 100,000 | 100,000 | 68,888 | 31,112 | 138,738 |
| Total Operating Expenses | 103,200 | 103,200 | 101,443 | 1,757 | 170,327 |
| CHANGE IN NET POSITION | 57,277 | 57,277 | 54,716 | (2,561) | (14,181) |
| TOTAL NET POSITION - | | | | | |
| BEGINNING OF YEAR | 1,147,658 | 1,147,658 | 1,147,658 | | 1,161,839 |
| TOTAL NET POSITION - | | | | | |
| END OF YEAR | \$ 1,204,935 | \$ 1,204,935 | \$ 1,202,374 | \$ (2,561) | \$ 1,147,658 |

CITY OF ST. CHARLES, MINNESOTA
PROPRIETARY FUNDS
WASTE MANAGEMENT FUND
Statement of Net Position
December 31, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---|-----------------------------|-----------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 36,958 | \$ 52,403 |
| Accounts receivable | 29,764 | 28,142 |
| Accrued utility revenue | 11,928 | 14,001 |
| Total Current Assets | <u>78,650</u> | <u>94,546</u> |
| Total Assets | <u><u>\$ 78,650</u></u> | <u><u>\$ 94,546</u></u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | \$ 14,528 | \$ 14,780 |
| NET POSITION | | |
| Unrestricted | <u>64,122</u> | <u>79,766</u> |
| TOTAL LIABILITIES AND NET POSITION | <u><u>\$ 78,650</u></u> | <u><u>\$ 94,546</u></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, 2022
With Comparative Totals for the Year Ended December 31, 2021

| | Budgeted Amounts | | 2022 | Variance with | 2021 |
|---|------------------|------------|------------|--|------------|
| | Original | Final | Actual | Final Budget - Positive (Negative) | Actual |
| | | | Amounts | | Amounts |
| Operating Revenue | | | | | |
| Waste removal | \$ 282,200 | \$ 282,200 | \$ 274,630 | \$ (7,570) | \$ 269,187 |
| Compost fees | 13,500 | 13,500 | 14,635 | 1,135 | 14,329 |
| | | | | | |
| Total Operating Revenues | 295,700 | 295,700 | 289,265 | (6,435) | 283,516 |
| | | | | | |
| Operating Expenses | | | | | |
| Waste Removal | | | | | |
| Garbage removal | 268,000 | 268,000 | 268,787 | (787) | 256,028 |
| City cleanup | 11,500 | 11,500 | 8,986 | 2,514 | 4,115 |
| Compost site expense | 6,500 | 6,500 | 10,001 | (3,501) | 10,006 |
| Other | 8,600 | 8,600 | 17,135 | (8,535) | 4,562 |
| | | | | | |
| Total Operating Expenses | 294,600 | 294,600 | 304,909 | (10,309) | 274,711 |
| | | | | | |
| Operating Income (Loss) | 1,100 | 1,100 | (15,644) | (16,744) | 8,805 |
| | | | | | |
| Nonoperating Revenue | | | | | |
| Interest income | 500 | 500 | | (500) | |
| | | | | | |
| CHANGE IN NET POSITION | 1,600 | 1,600 | (15,644) | (17,244) | 8,805 |
| | | | | | |
| TOTAL NET POSITION - BEGINNING OF YEAR | 79,766 | 79,766 | 79,766 | | 70,961 |
| | | | | | |
| TOTAL NET POSITION - END OF YEAR | \$ 81,366 | \$ 81,366 | \$ 64,122 | \$ (17,244) | \$ 79,766 |

CITY OF ST. CHARLES, MINNESOTA
PROPRIETARY FUNDS
AMBULANCE FUND
Statement of Net Position
December 31, 2022 and 2021

| | 2022 | 2021 |
|--|--------------------------|--------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 162,163 | \$ 251,155 |
| Accrued interest receivable | 147 | 185 |
| Accounts receivable | 93,250 | 63,829 |
| Prepaid items | 4,771 | 3,416 |
| Total Current Assets | <u>260,331</u> | <u>318,585</u> |
| Capital Assets | | |
| Depreciable | 211,893 | 350,393 |
| Less: Accumulated depreciation | <u>204,843</u> | <u>336,274</u> |
| Capital Assets, Net | <u>7,050</u> | <u>14,119</u> |
| Total Assets | <u>267,381</u> | <u>332,704</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows from pension activity | <u>23,755</u> | <u>33,541</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u><u>\$ 291,136</u></u> | <u><u>\$ 366,245</u></u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | \$ 1,303 | \$ 7,069 |
| Noncurrent Liabilities | | |
| Net pension liability | <u>63,657</u> | <u>46,324</u> |
| Total Liabilities | <u>64,960</u> | <u>53,393</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows from pension activity | <u>8,194</u> | <u>41,465</u> |
| NET POSITION | | |
| Investment in capital assets | 7,050 | 14,119 |
| Unrestricted | <u>210,932</u> | <u>257,268</u> |
| Total Net Position | <u>217,982</u> | <u>271,387</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | <u><u>\$ 291,136</u></u> | <u><u>\$ 366,245</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, 2022
With Comparative Totals for the Year Ended December 31, 2021

| | Budgeted Amounts | | 2022 | Variance with | 2021 |
|---|-------------------|-------------------|-------------------|------------------|-------------------|
| | Original | Final | Actual | Final Budget - | Actual |
| | | | Amounts | Positive | Amounts |
| | | | | (Negative) | |
| Operating Revenue | | | | | |
| Charges for Services | | | | | |
| Ambulance fees | \$ 162,000 | \$ 162,000 | \$ 105,378 | \$ (56,622) | \$ 172,850 |
| Operating Expenses | | | | | |
| Salaries | 163,885 | 163,885 | 77,880 | 86,005 | 55,086 |
| Employee benefits and retirement | 55,900 | 55,900 | 38,605 | 17,295 | 23,239 |
| Pension adjustment | | | (6,152) | 6,152 | (1,651) |
| Supplies and minor equipment | 22,500 | 22,500 | 18,790 | 3,710 | 24,233 |
| Professional services | 14,500 | 14,500 | 28,785 | (14,285) | 17,274 |
| Communication | 4,000 | 4,000 | 3,280 | 720 | 2,922 |
| Transportation and training | 8,000 | 8,000 | 11,719 | (3,719) | 3,839 |
| Insurance | 4,000 | 4,000 | 7,861 | (3,861) | 3,051 |
| Utilities | 6,000 | 6,000 | 7,840 | (1,840) | 6,375 |
| Repairs and maintenance | 14,500 | 14,500 | 17,296 | (2,796) | 12,549 |
| Depreciation | | | 7,069 | (7,069) | 7,069 |
| Bad debts | | | 500 | (500) | 1,176 |
| Other | 5,500 | 5,500 | 1,021 | 4,479 | 1,408 |
| Total Operating Expenses | 298,785 | 298,785 | 214,494 | 84,291 | 156,570 |
| Operating Income (Loss) | (136,785) | (136,785) | (109,116) | 27,669 | 16,280 |
| Nonoperating Revenues (Expenses) | | | | | |
| Interest income (loss) | 500 | 500 | (3,157) | (3,657) | 3,669 |
| Donations | | | 12,077 | 12,077 | 8,768 |
| Miscellaneous | 13,500 | 13,500 | 4,125 | (9,375) | 4,869 |
| Gain on disposal | | | 57,666 | 57,666 | |
| Total Nonoperating Revenues (Expenses) | 14,000 | 14,000 | 70,711 | 56,711 | 17,306 |
| INCOME (LOSS) BEFORE TRANSFERS | (122,785) | (122,785) | (38,405) | 84,380 | 33,586 |
| Transfers out | (15,000) | (15,000) | (15,000) | | (15,000) |
| CHANGE IN NET POSITION | (137,785) | (137,785) | (53,405) | 84,380 | 18,586 |
| TOTAL NET POSITION - | | | | | |
| BEGINNING OF YEAR | 271,387 | 271,387 | 271,387 | | 252,801 |
| TOTAL NET POSITION - | | | | | |
| END OF YEAR | \$ 133,602 | \$ 133,602 | \$ 217,982 | \$ 84,380 | \$ 271,387 |

CITY OF ST. CHARLES, MINNESOTA
Summary of Cash and Investments
All Fund Types
December 31, 2022

CASH ON HAND

| | | |
|--------------|----|-------|
| Change funds | \$ | 1,306 |
|--------------|----|-------|

CASH IN BANK

Bremer Bank

St. Charles, Minnesota:

| | | |
|------------------|--|-----------|
| General checking | | 4,316,184 |
|------------------|--|-----------|

| | | |
|--------------|--|---------|
| Money Market | | 341,052 |
|--------------|--|---------|

INVESTMENTS

| | Rate | | Amount |
|--------------------------------|------------|----|---------|
| <u>Merchants National Bank</u> | | | |
| Certificates of Deposit | 1.0-1.6% | \$ | 219,485 |
| <u>Wells Fargo</u> | | | |
| Municipal Bonds | 2.77-3.26% | | 806,640 |
| U.S. Government Securities | 2.47-2.69% | | 108,877 |
| Money Market Fund | 2.28% | | 15,589 |

| | | |
|--------------------------|--|-----------|
| TOTAL INVESTMENTS | | 1,150,591 |
|--------------------------|--|-----------|

TOTAL CASH AND INVESTMENTS,
December 31, 2022

| | | |
|--|----|-----------|
| | \$ | 5,809,133 |
|--|----|-----------|

CITY OF ST. CHARLES, MINNESOTA
GOVERNMENTAL FUNDS
Bond Retirement Schedules
December 31, 2022

| \$650,000 G.O. Street Construction Plan Bonds, Series 2018A | | | | |
|---|---------------------|-------------------|-----------|------------------|
| Year | Principal | Interest | Total | |
| 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 |
| 2027 | 70,000 | 5,400 | | 75,400 |
| Thereafter | 145,000 | 4,425 | | 149,425 |
| Totals | \$ 470,000 | \$ 51,150 | \$ | 521,150 |
| \$1,035,000 General Obligation Bonds, Series 2019A | | | | |
| Year | Principal | Interest | Total | |
| 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 |
| 2027 | 57,240 | 8,960 | | 66,200 |
| Thereafter | 302,482 | 19,059 | | 321,541 |
| Totals | \$ 579,083 | \$ 74,698 | \$ | 653,781 |
| \$1,907,000 General Obligation Refunding Bond, Series 2021B | | | | |
| Year | Principal | Interest | Total | |
| 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 |
| 2027 | 89,000 | 26,725 | | 115,725 |
| Thereafter | 1,474,000 | 190,147 | | 1,664,147 |
| Totals | \$ 1,907,000 | \$ 364,302 | \$ | 2,271,302 |

CITY OF ST. CHARLES, MINNESOTA
GOVERNMENTAL FUNDS
Bond Retirement Schedules (Continued)
December 31, 2022

| \$4,370,000 General Obligation Bond, Series 2021A | | | | |
|---|---------------------|-------------------|---------------------|--|
| Year | Principal | Interest | Total | |
| 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 | |
| 2027 | 280,000 | 43,963 | 323,963 | |
| Thereafter | 2,985,000 | 240,922 | 3,225,922 | |
| Totals | \$ 4,370,000 | \$ 491,297 | \$ 4,861,297 | |

| \$1,955,000 General Obligation Tax Abatement Portion, Series 2021A | | | | |
|--|---------------------|-------------------|---------------------|--|
| Year | Principal | Interest | Total | |
| 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 | |
| 2027 | 125,000 | 19,669 | 144,669 | |
| Thereafter | 1,335,000 | 106,165 | 1,441,165 | |
| Totals | \$ 1,955,000 | \$ 218,233 | \$ 2,173,233 | |

| \$734,000 Equipment Certificate of Indebtedness | | | | |
|---|-------------------|-------------------|-------------------|--|
| Year | Principal | Interest | Total | |
| 2023 | \$ 65,000 | \$ 29,929 | \$ 94,929 | |
| 2024 | 67,000 | 18,112 | 85,112 | |
| 2025 | 69,000 | 16,174 | 85,174 | |
| 2026 | 70,000 | 14,193 | 84,193 | |
| 2027 | 72,000 | 12,170 | 84,170 | |
| Thereafter | 391,000 | 28,486 | 419,486 | |
| Totals | \$ 734,000 | \$ 119,064 | \$ 853,064 | |

| \$157,710 Equipment Lease Payable | | | | |
|-----------------------------------|-----------|----------|-----------|--|
| Year | Principal | Interest | Total | |
| 2023 | \$ 28,351 | \$ 7,692 | \$ 36,043 | |
| 2024 | 29,890 | 6,153 | 36,043 | |
| 2025 | 31,514 | 4,530 | 36,043 | |
| 2026 | 33,225 | 2,818 | 36,043 | |
| 2027 | 34,730 | 1,014 | 35,744 | |
| | 157,710 | 22,207 | 179,916 | |

CITY OF ST. CHARLES, MINNESOTA
BUSINESS-TYPE FUNDS
Bond Retirement Schedules
December 31, 2022

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

| Year | Principal | Interest | Total |
|---------------|-------------------|------------------|-------------------|
| 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 |
| 2027 | 32,760 | 7,240 | 40,000 |
| Thereafter | 192,518 | 18,816 | 211,334 |
| Totals | \$ 345,917 | \$ 65,417 | \$ 411,334 |

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

| Year | Principal | Interest | Total |
|---------------|-------------------|------------------|-------------------|
| 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 |
| 2027 | 20,000 | 3,413 | 23,413 |
| Thereafter | 225,000 | 19,776 | 244,776 |
| Totals | \$ 325,000 | \$ 39,016 | \$ 364,016 |

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

| Year | Principal | Interest | Total |
|---------------|-------------------|------------------|-------------------|
| 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 |
| 2027 | 20,000 | 3,413 | 23,413 |
| Thereafter | 225,000 | 19,776 | 244,776 |
| Totals | \$ 325,000 | \$ 39,016 | \$ 364,016 |

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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, 2022, and the related notes to financial statements, and have issued our report thereon dated March 16, 2023.

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
March 16, 2023