

City of East Grand Forks

Minnesota



**ANNUAL FINANCIAL
COMPREHENSIVE REPORT**
Year Ended December 31, 2022

ANNUAL FINANCIAL COMPREHENSIVE REPORT

Year ended December 31, 2022



CITY OF EAST GRAND FORKS, MINNESOTA

Prepared by Department of Administration & Finance

DAVID MURPHY
CITY ADMINISTRATOR

KARLA ANDERSON
FINANCE DIRECTOR

INTRODUCTORY SECTION



CITY OF EAST GRAND FORKS, MINNESOTA

Annual Comprehensive Financial Report

Table of Contents

December 31, 2022

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1
GFOA Certificate of Achievement for Excellence in Financial Reporting	5
Organization Chart	6
Elected Officials and Administrative Personnel	7
FINANCIAL SECTION	
Independent Auditor's Report	8
Management's Discussion and Analysis (Unaudited)	11
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	19
Statement of Activities	21
Fund Financial Statements	
Balance Sheet – Governmental Funds	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	23
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Fund	26
Statement of Net Position – Proprietary Funds	27
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	29
Statement of Cash Flows – Proprietary Funds	30
Notes to the Financial Statements	32
Required Supplementary Information	
Schedule of Changes in the City's Total OPEB Liability and Related Ratios	55
Schedule of City's Contributions to PERA Retirement Fund	56
Schedule of City's and Non-Employer Proportionate Share of the Net Pension Liability	57
Schedule of Net Pension Liability and Related Ratios – East Grand Forks Fire Department	58
Schedule of Employer Contributions – East Grand Forks Fire Department	59
Notes to the Required Supplementary Information	60
Supplementary Information	
Combining Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds	63
Combining Balance Sheet – Nonmajor Governmental Funds by Fund Type	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds by Fund Type	65

Annual Comprehensive Financial Report
Table of Contents
December 31, 2022 (continued)

Combining Balance Sheet – Nonmajor Special Revenue Funds	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	67
Combining Balance Sheet – Nonmajor Debt Service Funds	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds	69
Combining Balance Sheet – Nonmajor Capital Projects Funds	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	71
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – Nonmajor Special Revenue Funds	72
Internal Service Funds	
Internal Service Funds	80
Combining Statement of Net Position – Internal Service Funds	81
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds	82
Combining Statement of Cash Flows – Internal Service Funds	83
Other Supplementary Schedules	
Schedule of Revenues and Other Sources – Budget to Actual – General Fund	84
Schedule of Expenditures and Other Uses – Budget to Actual – General Fund	85
Combining Statement of Net Position – Discretely Presented Component Unit – by Focus	94
Statement of Revenues, Expenses and Changes in Fund Net Position – Discretely Presented Component Unit - by Focus	95
Combining Schedule of Net Position – Discretely Presented Component Unit – Economic Development Focus	96
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position – Discretely Presented Component Unit – Economic Development Focus	97
Combining Schedule of Net Position – Discretely Presented Component Unit – Housing Focus	98
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position – Discretely Presented Component Unit – Housing Focus	99
STATISTICAL SECTION (Unaudited)	
Statistical Information (Unaudited)	100
Net Position by Component – Last Ten Years	101
Changes in Net Position – Last Ten Years	102
Fund Balances of Governmental Funds – Last Ten Years	104
Changes in Fund Balances of Governmental Funds – Last Ten Years	105
Tax Revenues by Source – Last Ten Years	106
State Intergovernmental Revenues by Program – Last Ten Years	107
Tax Capacity and Estimated Market Value of all Taxable Property – Last Ten Years	108
Property Tax Rates – All Direct and Overlapping Governments – Last Ten Years	109
Principal Property Taxpayers – Current Year and Nine Years Ago	110
Property Tax Levies and Tax Collections – Last Ten Years	111

Annual Comprehensive Financial Report
Table of Contents
December 31, 2022 (continued)

Special Assessment Levies and Collections – Last Ten years	112
Ratio of Net Bonded Debt to Tax Capacity and Estimated Values, and Net Bonded Debt per Capita – Last Ten Years	113
Computation of Direct and Overlapping Debt	114
Legal Debt Margin Information – Last Ten Years	115
Computation of Legal Debt Margin	116
Construction – Last Ten Years	117
Demographic and Economic Statistics – Last Ten Years	118
Principal Employers – Current Year and Nine Years Ago	119
Demographic Statistics – U.S. Census Data	120
Full-time Employees by Function/Program – Last Ten Years	121
Operating Indicators by Function – Last Ten Years	122
Schedule of Insurance in Force	123
Miscellaneous Statistical Information	124
Significant Tax Policies	125
INDEPENDENT AUDITOR’S REPORTING REQUIREMENTS REQUIRED UNDER GOVERNMENT AUDITING STANDARDS	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	127



(This page left blank intentionally)



Administration and Finance

June 9, 2023

To the Honorable Mayor, Members of the City Council, and the Citizens of the City of East Grand Forks:

Minnesota statutes require all cities to issue an annual report on its financial position and activity prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants or the Office of State Auditor. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of East Grand Forks for the fiscal year ended December 31, 2022.

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

The City of East Grand Forks' financial statements have been audited by Brady Martz and Associates, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of East Grand Forks for the fiscal year ended December 31, 2022, are free of misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable

basis for rendering an unmodified opinion that the City of East Grand Forks' financial statements for the fiscal year ended December 31, 2022, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The City of East Grand Forks, incorporated on April 13, 1887, is in Polk County on the Minnesota and North Dakota border 70 miles south of the Canadian border. The city currently has a land area of nearly six square miles and a service population of 9,105. The City of East Grand Forks is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the governing council.

The City of East Grand Forks is governed by home rule charter city under Minnesota Statutes with a council-mayor form of government. Policy-making and legislative authority are vested in a governing council consisting of the Mayor, the council president and six other council members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing commissions, authorities, and committees, and hiring both the city administrator and city attorney. The city administrator is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the city government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Two council members and the mayor are elected at large, and five council members are elected to represent wards. Council members and the mayor serve staggered four-year terms, with elections occurring every even year. Council members for wards 1, 3, and 5, the mayor, and one at large council member are elected in one even year. Council members for wards 2 and 4 and one at large council member are elected the next even year. The council members select a council president every two years.

The City of East Grand Forks provides a full range of services, including police and fire protection; construction and maintenance of streets and infrastructure; recreational facilities, library, and senior center; water, sewer, electric, refuse, and transit services. Additionally, the city owns a 65 unit housing complex, Sunshine Terrace, and one commercial property building, the Infill Building, leased for dining and professional service activities.

The annual budget serves as the foundation for the City of East Grand Forks financial planning and control. All departments of the city submit requests for appropriation to the city administrator in July of each year. The city administrator uses these requests as the starting point for developing a proposed budget. The city administrator then presents this proposed budget to the council for review prior to August 31. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 31, the close of the City of East Grand Forks' fiscal year. Department heads may make transfers of appropriation within a department. Transfers of appropriations between funds, however, require the special approval of the city council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an annual budget has been adopted. For the general fund, this comparison is presented on page 26 as part of the basic financial statements of the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is present in the governmental fund subsection of this report, which starts on page 72.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of East Grand Forks operates.

Local economy. The City of East Grand Forks is located on the Minnesota side of the intersection of U.S. Highway 2 and I-29. The city serves as part of a regional shopping hub for northwest Minnesota and northeast North Dakota. The city's main shopping attractions are the 60,000 square-foot Cabela's retail outlet and the 65,000 square-foot Riverwalk Centre. Additionally, along the well-maintained shores of the scenic Red River of the North, the city has a popular boardwalk section where several restaurants and entertainment facilities are located. Led by American Crystal Sugar and several other potato and bean companies, agribusinesses are a major portion of the city's economy. The American Crystal Sugar plant in East Grand Forks is the second largest sugar processing plant in North America and it employs over 300 people.

The City of East Grand Forks employment picture is healthy with a 2.3% unemployment rate (Grand Forks-East Grand Forks metropolitan area), while the state and the country have unemployment rates of 3.1% and 3.7%, respectively. The City of Grand Forks, located just across the river in North Dakota, has an unemployment rate of 2.3%.

East Grand Forks has worked hard to provide more affordable housing in the community. Record low mortgage interest rates, affordable lot prices, and deferred loan/grant programs had helped the sale of lots. They sales have slowed down in 2022 with interest rate increase and construction costs. The City implemented a revolving building loan a few years back for contractors to build homes on City lots to spur lot sales. Contractors submitted their house plans along with financial data and three building loans for \$100,000 were implemented. The building loan is paid off

when the house and lot is sold, and another loan is awarded. This program has been successful and is still in effect for 2022. A few years ago, a decision was made to start using professional realtors to help sell City lots and there has been more sales since this has happened. Minnesota Heights, a 39 unit housing project was completed in August of 2013 and the housing section is fully occupied. The ground floor is commercial/retail space and a successful restaurant/bar has filled this space. Northern Pacific Apartments, another housing project with 36 units was completed in August 2014. There is not any commercial/retail space in this building. The City is working on additional affordable housing options.

FINANCIAL INFORMATION

Management of the city is responsible for establishing and maintaining internal control designed to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

This report consists of management's representations concerning the finance of the city. As a result, management assumes full responsibility for the completeness and reliability of all the information presented in this report. Management asserts that, to the best of their knowledge and belief, this financial report is complete and reliable in all material respects.

Long-term financial planning. The City has had many large projects in the past few years. The city council broke ground in August 2016 to replace the current Wastewater system, the Interconnect project. This project sends the wastewater to the City of Grand Forks, ND for treatment. The construction cost of the Interconnect project is \$7,210,029. This is the first phase of the Wastewater project that was completed in 2019. The second phase of this project, Wastewater Pond Decommissioning was completed in 2020. The total cost for the Wastewater Pond Decommissioning is \$5,038,485. Wastewater charges for customers were increased in 2013 anticipation of the improvements. The fixed rates were increased in January of 2022 to help defray maintenance, operation, and debt costs. The usage rate is tied to the water rate, which typically has an inflation factor built in the rate. The City secured funding from the MN Public Facilities Authority for \$6,933,456. The City received a grant of \$5.3 million from the State of Minnesota State 2017 bonding bill. The city Swimming Pool needed repairs. The pool was not open in the summer of 2015, to make the needed repairs. The pool was completed in June of 2016, was closed in 2017 for some more repairs and reopened in 2018. It has been operating smoothly for the past couple of years and is enjoyed by many residents and others in the area. The Council approved in December of 2015, a Special Election for a 1% city sales tax to finance the project. March 7, 2016, the City Sales tax was approved by

the voters. The State of Minnesota Legislature approved and signed the city sales tax in May of 2017. This tax was implemented with sales starting January 1, 2018. The City sales tax at 1%, of the current taxable sales, it was estimated to take approximately five years to repay. The sales tax ended September 30, 2020 for the pool project. The City will need to upgrade the cooling system at two of our three ice arenas. The City is looking at options for funding sources to finance this. A study was done in 2019 on the Ice arenas and the City looked at other Park and Recreation improvements. A request was sent to the State of Minnesota Legislature to use Local Sales Tax dollars to fund these projects. The 2023 Legislature took no action on the many requests from cities in Minnesota on using Local Sales Tax dollars to fund City projects. The City submitted for Local Sales Tax dollars in 2024 legislature and it was approved for \$14.745 million in project construction with a 1% city sales tax over 20 years. The citizens will vote on the project(s) in the general election in 2024. The City is also looking at other sources for funds, along with fundraising for these projects.

State Budget. The State of Minnesota political structures are aligned in a redistributive manner, in which a large portion of the tax burden is affixed at the state level. Cities receive formulaic disbursements of state general fund appropriations known as Local Government Aid (LGA). Historically, LGA had composed approximately one third of the city's total general fund revenues. The City's share of LGA in 2018 and in 2019 were reduced over \$87,000 each year. In 2018 the percentage of LGA was approximately 22% and 21% in 2019 of the total general fund revenues. The city addressed the past LGA cuts through a combination of increased user fees, reduced staffing through attrition, tax levy increases and freezes in non-fixed operating expenses. The 2019 Legislature addressed the LGA formula and the City received the same allocation for 2020 as we did in 2019. The LGA amount for 2021 is reduced by \$88,750. The LGA amount for 2022 had a small increase of \$1,269 and 2023 had a larger increase of \$10,299. The State of Minnesota had a large budget surplus and voted in the 2023 Legislative session to increase LGA allocation. The City will be receiving an increase of over \$226,213 for the year 2024.

Revenue. In addition to LGA cuts, the State of Minnesota in prior years limited the percentage of allowable city property tax increases to an index known as the Implicit Price Deflator (IPD). Therefore, the city had broadened its use of user fees and utility rates to compensate for the decrease in LGA funding and the corresponding cap on property tax revenues. The city increased recreation fees, street lighting fees, and storm water utility fee. The city instituted a new Greenway Maintenance Fee in 2009 to provide for the ongoing maintenance of approximately nine miles of asphalt walking and biking trails that are adjacent to the city's levee system and have made many repairs to the trails through this fund. In 2022, the fee went from \$1 per utility account to \$2. There will be an increase of 5% each year starting January 2023, to help defray infrastructure maintenance costs. The city in 2012 and 2014, adjusted the fixed sewer utility rates with the anticipation of a new \$12 million waste water project. The fee was raised to \$17 in 2014 to help fund the project and for ongoing operation and maintenance. The City increased the Storm Water-Flood Protection rates in 2015 and again in 2022 to maintain the levee system that was built after the 1997 flood,

and have used these dollars to maintain lift stations, levies and other needed items. The City had tried to hold these fees steady in the past few years. The City has only made a slight increase to recreation fees, water, and electric usage in the past year.

Fund Balance. Despite decreased state aid and a national emergency for COVID-19 outbreak, the city's General Fund balance and its total governmental funds balance meets or exceeds the recommendations prescribed by the Office of the State Auditor. The city has positive cash flow relative to its peer cities in Minnesota because of proactive fiscal management.

Capital Investment. The city has reinvested significantly in capital replacement despite fiscal challenges at the state level. The city has undertaken approximately \$22 million of street replacement, water line replacement, sewer line replacement and maintenance. The city had a mill and overlay project split into three years, 2015, 2016 and 2017 for approximately all of the city's streets that are not concrete. The Wastewater Interconnect and Pond Decommissioning were completed in 2020 for a combined total of over \$12 million, The City received a state grant of \$5.3 million for the waste water projects. The City renovated swimming pool opened in June of 2016, within the \$2.2 million budget. The City swimming pool is popular with the community and the region. The City is diligently studying what needs to be done on the City's Ice Arenas, because of the discontinuation of the R22 refrigerant that cools the system and what the future needs are for the City for other recreational improvements.

Labor. Salaries and benefits compose over half the city's General Fund budget. Five distinct unionized bargaining groups work with the city. The city has adopted a unified compensation plan for all bargaining groups that addresses the city's compliance with state Pay Equity and Comparable Worth guidelines. Cost of living allowances for 2020 were 2.5%. The city negotiated a 1.5% increase for 2021, 1.75% for 2022, 2% for 2023. The Water and Light division bargains with their employees separately and they negotiated a 2% cost of living allowance in 2022. Water and Light has bargained in 2022 for cost of living allowances for 2023 of 6%, 2024 of 5% and 2024 of 4%.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of East Grand Forks, Minnesota for its comprehensive financial report for the fiscal year ending December 31, 2021. This is the 29th year the city has received this prestigious award. To be awarded the Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfies both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program's

requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report could not be accomplished without the professional, efficient services of the staff in the Administration and Finance Office. We would like to express our appreciation to all members of the office who assisted and contributed to the preparation of this report. Due credit also should be given to the mayor and the council for their support in planning and conducting the operations of the government in a responsible and progressive manner.



David Murphy
City Administrator



Karla Anderson, CPA,
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of East Grand Forks
Minnesota**

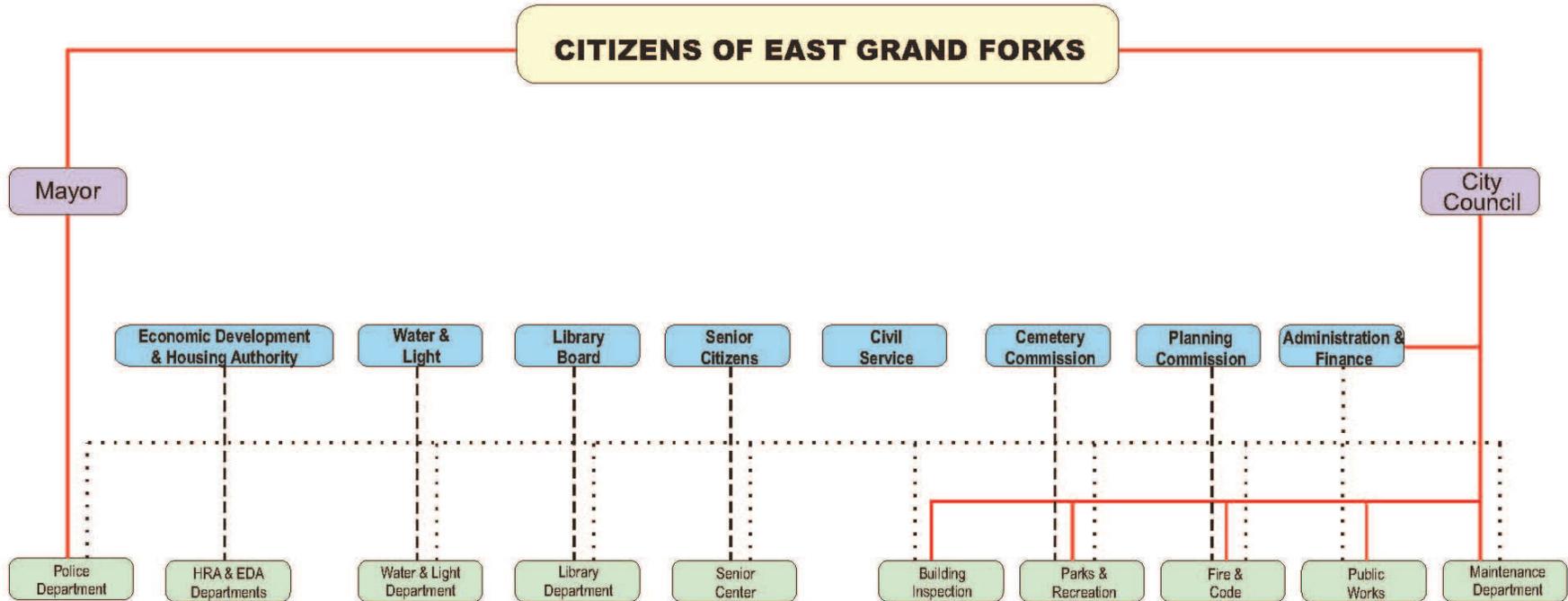
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

CITY OF EAST GRAND FORKS ORGANIZATION CHART



- Direct Responsibility
- Commissions Direct Responsibility
- Communicate Council Policy, Orders, and Budget Enforcement

<u>ELECTED OFFICIALS:</u>		<u>Term</u>	<u>Term Expires</u>
Mayor	Steven Gander	4 Years	12/31/24
Council member at Large	Brian Larson	4 Years	12/31/24
Council member at Large	Marc DeMers	4 Years	12/31/22
Council member - 1st Ward	Clarence Vetter	4 Years	12/31/24
Council member - 2nd Ward	Dale Helms	4 Years	12/31/22
Council member - 3rd Ward	Tim Riopelle	4 Years	12/31/24
Council member - 4th Ward	Timothy Johnson	4 Years	12/31/22
Council member - 5th Ward	Mark Olstad	4 Years	12/31/24

OFFICIALS NOT ELECTED:

City Administrator/Clerk-Treasurer	David Murphy
Finance Director	Karla Anderson
Police Chief	Michael Hedlund
Fire Chief	Jeff Boushee
Parks & Recreation Superintendent	Reid Huttunen
Public Works Superintendent	Jason Stordahl
City Planner	Nancy Ellis
Library Director	Charlotte Helgeson
Senior Center Director	Judy DelValle
City Attorney	Ronald Galstad
City Engineer	Widseth, Smith & Nolting
Water & Light Department	
Commissioner	Robert Beauchamp
Commissioner	Josh Grinde
Commissioner	Mike Quirk
General Manager	Keith Mykleseth
Electric Distribution Superintendent	Jeff Olson
Water Plant Superintendent	Brian Johnson



(This page left blank intentionally)

FINANCIAL SECTION



CITY OF EAST GRAND FORKS, MINNESOTA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of East Grand Forks, Minnesota

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of East Grand Forks, Minnesota, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of East Grand Forks, 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 audit in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of East Grand Forks, Minnesota and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 21 to the financial statements, the City of East Grand Forks, Minnesota changed its method of accounting for leases in 2022 due to the adoption of GASB Statement No. 87, Leases, see Note 21 to the financial statements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility 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 and *Government Auditing Standards* 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, misrepresentation, 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 the City'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the City's total OPEB liability and related ratios, schedule of City's contributions to PERA retirement fund, schedule of City's and nonemployer proportionate share of net pension liability, schedule of net pension liability and related ratios – East Grand Forks Fire Department, schedule of employer contributions – East Grand Forks Fire Department, and notes to the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the

information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2023, on our consideration of the City of East Grand Forks, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of East Grand Forks, Minnesota's internal control over financial reporting and compliance.



**BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA**

June 9, 2023



(This page left blank intentionally)

MANAGEMENT'S DISCUSSION AND ANALYSIS



CITY OF EAST GRAND FORKS, MINNESOTA

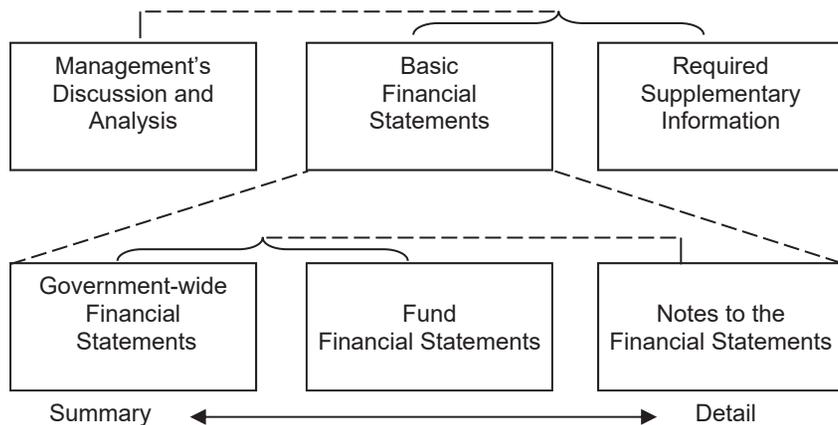
MANAGEMENT'S DISCUSSION
AND ANALYSIS

As management of the City of East Grand Forks (City), we offer readers of the City’s basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-4 of this report. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City’s basic financial statements. The City’s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

COMPONENTS OF THE ANNUAL FINANCIAL REPORT



Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of East Grand Forks’ finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the City of East Grand Forks that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, transit, community development, cemetery and culture and recreation. The business-type activities of the City include electric, water, sewage, storm water, refuse, and commercial rental property.

The government-wide financial statements can be found on pages 19-21 of this report.

Fund financial statements. The fund financial statements focus on current available resources and are organized and operate on the basis of funds, each which is defined as fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific or attaining certain objectives in accordance with special regulations, restriction or limitations. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains four major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, two capital projects funds, and one debt service fund, all of which are considered major funds. Data from the other 24 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general, special revenue, and proprietary funds. A budgetary comparison statement has been provided for the general fund and special revenue funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 22-26 of this report.

Proprietary funds. The City of East Grand Forks maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for its electric, water, sewer, refuse, storm water protection and commercial rental property operations. Internal service funds are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its central equipment and benefit accrual operations. Because both of these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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 electric, water, sewage, storm water protection, commercial properties, and refuse. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 27-31 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-54 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor funds and internal service funds can be found immediately following the footnotes. Combining and individual fund statements can be found on pages 64-71.

FINANCIAL HIGHLIGHTS

- The City's net position (assets plus deferred outflows minus liabilities and deferred inflows) decreased by 2.16% as a result of this year's operations. The net position of the City's governmental activities decreased \$3,266,666 (2.6%) and net position of the City's business type activities decreased \$1,097,965 (1.5%).
- Capital assets decreased \$4,381,767 (2.44%), with most of the decrease due to depreciation.
- The City's long-term liabilities increased \$8,478,417 (46.3%) during the fiscal year ended December 31, 2022. Governmental long-term liabilities increased \$7,758,528 (79.0%), which was due to an increase in net pension liability. Business type long-term liabilities increased \$719,889 (8.5% increased), which was due to an increase in net pension liability.
- At the close of the current fiscal year, the City's governmental funds reported total ending fund balances of \$12,796,670, a decrease of \$909,585 (6.6%).
- The General Fund's fund balance decreased \$358,156 (5.2%) to \$6,501,303. The unassigned fund balance is 54.0% of expenditures, and 52.9% of revenues.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS
NET POSITION**

	Governmental Activities		Business-type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 20,609,700	\$ 20,981,456	\$ 27,058,605	\$ 27,066,841	\$ 47,668,305	\$ 48,048,297
Capital assets	117,497,230	120,567,240	58,027,056	59,304,799	175,524,286	179,872,039
Total Assets	<u>138,106,930</u>	<u>141,548,696</u>	<u>85,085,661</u>	<u>86,371,640</u>	<u>223,192,591</u>	<u>227,920,336</u>
Deferred Outflows of Resources	7,271,264	4,092,944	872,579	1,083,397	8,143,843	5,176,341
Other liabilities	3,349,195	3,102,929	2,674,153	2,627,325	6,023,348	5,730,254
Long-term liabilities	17,585,148	9,826,620	9,209,123	8,489,234	26,794,271	18,315,854
Total Liabilities	<u>20,934,343</u>	<u>12,929,549</u>	<u>11,883,276</u>	<u>11,116,559</u>	<u>32,817,619</u>	<u>24,046,108</u>
Deferred Inflows of Resources	908,098	5,909,672	265,791	1,431,340	1,173,889	7,341,012
Net position:						
Net investment in capital assets	111,418,567	113,403,279	51,602,782	52,335,957	163,021,349	165,739,236
Restricted	10,210,452	11,581,825	-	-	10,210,452	11,581,825
Unrestricted	1,906,734	1,817,315	22,206,391	22,571,181	24,113,125	24,388,496
Total Net Position	<u>\$ 123,535,753</u>	<u>\$ 126,802,419</u>	<u>\$ 73,809,173</u>	<u>\$ 74,907,138</u>	<u>\$ 197,344,926</u>	<u>\$ 201,709,557</u>

By far the largest portion of the City’s net position (82.6%) reflects investments in capital assets (e.g. land, buildings, structures, systems, machinery, equipment and infrastructure) used to acquire those assets that are still outstanding. The City uses assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

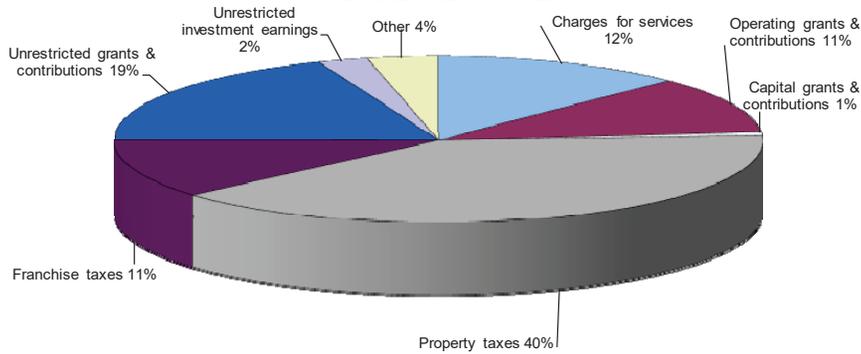
A small portion of the City’s net position (5.2%) represents resources that are subject to external restrictions on how they can be used. The remaining unrestricted net position of \$24,113,125 may be used to meet the ongoing obligations to citizens and creditors. Of the unrestricted net position, \$22,206,391 is attributable to business-type activities.

Unrestricted governmental activities net position increased \$89,419 (4.9%), while business-type activities unrestricted net position decreased \$364,790 (1.6%). Government-wide total unrestricted net position decreased \$275,371, (1.1%).

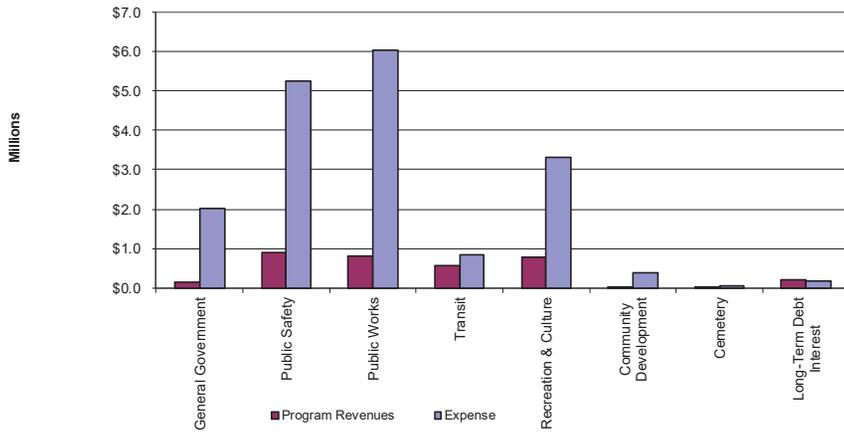
CHANGE IN NET POSITION

	Governmental		Business-type		Total	
	Activities		Activities		Government	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program revenues:						
Charges for services	\$ 1,817,082	\$ 1,535,014	\$ 22,170,278	\$ 20,094,433	\$ 23,987,360	\$ 21,629,447
Operating grants and contributions	1,559,879	1,385,529	84,064	118,457	1,643,943	1,503,986
Capital grants and contributions	89,706	949,798	32,542	-	122,248	949,798
General revenues:						
Property taxes	5,701,296	5,480,971	-	-	5,701,296	5,480,971
Franchise taxes	1,646,755	1,471,638	-	-	1,646,755	1,471,638
Unrestricted grants and contributions	2,728,494	2,322,337	-	-	2,728,494	2,322,337
Unrestricted investment earnings	360,263	139,401	(1,062,535)	(223,225)	(702,272)	(83,824)
Other	508,291	342,133	38,874	7,500	547,165	349,633
Total revenues	<u>14,411,766</u>	<u>13,626,821</u>	<u>21,263,223</u>	<u>19,997,165</u>	<u>35,674,989</u>	<u>33,623,986</u>
EXPENSES						
Program activities:						
Governmental activities:						
General government	2,027,606	1,521,091	-	-	2,027,606	1,521,091
Public safety	5,251,952	4,164,685	-	-	5,251,952	4,164,685
Public works	6,025,630	5,645,044	-	-	6,025,630	5,645,044
Transit	839,101	751,475	-	-	839,101	751,475
Recreation and culture	3,322,150	3,085,770	-	-	3,322,150	3,085,770
Community development	393,175	323,804	-	-	393,175	323,804
Cemetery	70,314	74,614	-	-	70,314	74,614
Interest on long-term debt	176,829	209,702	-	-	176,829	209,702
Business-type activities:						
Electric	-	-	15,416,597	13,295,308	15,416,597	13,295,308
Water	-	-	2,389,938	2,230,648	2,389,938	2,230,648
Sewer	-	-	2,071,588	2,276,357	2,071,588	2,276,357
Storm water	-	-	850,563	684,280	850,563	684,280
Commercial properties	-	-	87,572	96,739	87,572	96,739
Refuse	-	-	1,116,605	998,564	1,116,605	998,564
Total expenses	<u>18,106,757</u>	<u>15,776,185</u>	<u>21,932,863</u>	<u>19,581,896</u>	<u>40,039,620</u>	<u>35,358,081</u>
Excess (deficiency) before transfers	(3,694,991)	(2,149,364)	(669,640)	415,269	(4,364,631)	(1,734,095)
Transfers in (out)	<u>428,325</u>	<u>621,909</u>	<u>(428,325)</u>	<u>(621,909)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	<u>(3,266,666)</u>	<u>(1,527,455)</u>	<u>(1,097,965)</u>	<u>(206,640)</u>	<u>(4,364,631)</u>	<u>(1,734,095)</u>
Net position at beginning of the year	<u>126,802,419</u>	<u>128,329,874</u>	<u>74,907,138</u>	<u>75,113,778</u>	<u>201,709,557</u>	<u>203,443,652</u>
Net position at the end of the year	<u>\$ 123,535,753</u>	<u>\$ 126,802,419</u>	<u>\$ 73,809,173</u>	<u>\$ 74,907,138</u>	<u>\$ 197,344,926</u>	<u>\$ 201,709,557</u>

**REVENUES BY SOURCE -
GOVERNMENTAL ACTIVITIES**



**EXPENSES AND PROGRAM REVENUES -
GOVERNMENTAL ACTIVITIES**



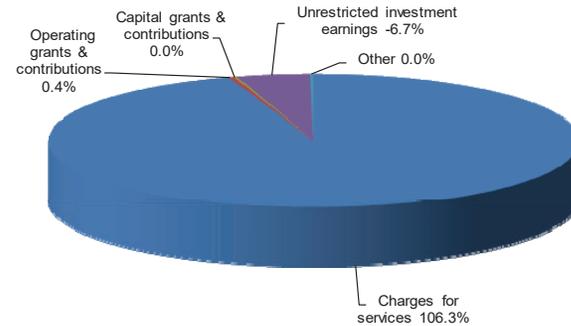
Governmental Activities. Property taxes and franchise taxes accounted for 40% and 11% of total revenues, respectively. Unrestricted grants and contributions in the form of local government aid and other State aids contributed 19% to total revenues. Charges for services brought in 12%.

Public Works (35.8%) expenses are the most significant, followed by public safety (26.4%), recreation and culture (19.8%), general government (9.6%) and transit (4.8%). Interest on long-term debt and community development expenses accounted for 1.3% and 2.0% of total expenses, respectively.

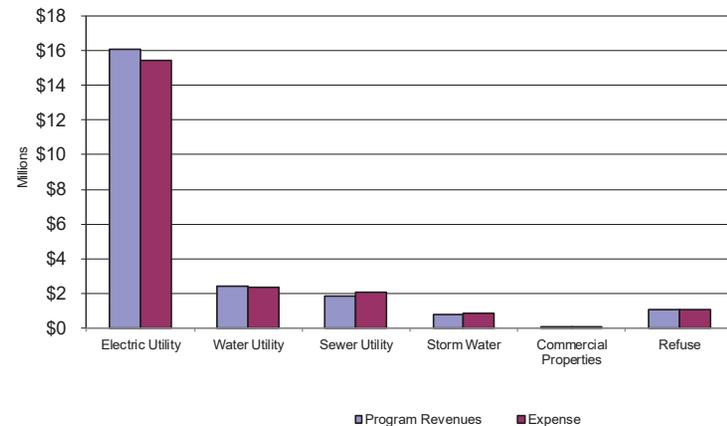
Governmental revenues increased \$687,345 (5.0%) in the current year.

Governmental activities expenses increased \$2,330,572 (12.9%) in the current year. The most significant changes in program expenses were within public safety.

**REVENUES BY SOURCE -
BUSINESS-TYPE ACTIVITIES**



**EXPENSES AND PROGRAM REVENUES -
BUSINESS-TYPE EXPENSES**



Business-type activities. Business-type activities decreased the City’s net position by \$1,097,965 from the prior fiscal year.

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

Governmental funds. The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of 2022, the City’s governmental funds reported total ending fund balances of \$12,796,670, a decrease of \$909,585 in comparison with the prior year. About 46% of the total ending fund balances constituted unassigned fund balances of \$5,911,105, which are considered available for appropriation. The remainder of the fund balances is restricted to indicate that it is not available for new spending because it has already been restricted by legislative or outside sources or is considered nonspendable.

At the end of the current year, the General Fund reported a fund balance of \$6,501,303, decreasing \$358,156 from the previous year. General fund revenues were \$395,955 (5.69%) more than in the prior fiscal year and expenditures increased by \$522,643 (4.62%). General taxes, including property taxes and franchise fees, increased \$395,955 (5.69%). Intergovernmental revenue increased \$248,195 (9.21%) and charges for services increased \$264,746 (22.54%).

The Capital Projects Fund experienced a \$85,147 fund balance increase over the prior year due to transfers in and current projects in excess of current year contributions and collections of special assessments.

The Current City Projects Fund decreased by \$79,811 from the prior year fund balance due to expenditures greater than transfers and intergovernmental revenues in the current year.

The 2017 Assessment Bonds Fund (ABF) fund balance decreased \$134,238 as assessment collections were less than debt payments.

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

The electric utility’s net position decreased \$863,911 (2.7%). Operating revenues increased \$1,824,436 (12.8%) to \$16,038,189. Wholesale purchased power costs increased \$1,625,567 (16.1%). Transfers out were \$428,325. Other factors of the changes in income from operations have previously been discussed in the government-wide financial analysis of business-type activities.

The water utility’s net position increased \$46,840 (0.3%) in the current year. Operating revenue decreased \$168,150 (6.5%) and operating expenses increased \$159,292 (7.1%) from the prior year. Other significant factors of the changes in income from operations have been previously discussed in the government-wide financial analysis of business-type activities.

The sewer utility’s net position decreased \$185,673 (1.1%) due to higher expenses than revenues during the year.

The storm water utilities net position decreased \$41,597 primarily due to operating losses.

The Commercial Properties Fund contains the operations of one commercial property, the Infill Building. Net position decreased \$768.

The Refuse Fund net position decreased \$52,856. Operating revenue increased \$5,404 from the prior year. Operating expenses increased \$88,078 from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund revenues were \$404,118 more than budget and General Fund expenditures overall were less than budget by \$232,709.

The General Fund year end fund balances since 2012 are as follows:

2012	\$ 3,195,155	2016	\$ 4,596,019	2020	\$ 6,815,105
2013	3,178,595	2017	5,431,535	2021	6,859,459
2014	2,948,560	2018	6,019,602	2022	6,452,973
2015	2,776,298	2019	6,524,064		

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

(Net of accumulated depreciation)

	Governmental		Business-type		Total	
	Activities		Activities		Government	
	2022	2021	2022	2021	2022	2021
Land	\$ 31,203,471	\$ 31,203,471	\$ 630,302	\$ 630,302	\$ 31,833,773	\$ 31,833,773
Construction in progress	1,141,957	280,902	353,037	1,411,075	1,494,994	1,691,977
Building, structures, & improvements	52,229,018	53,966,245	56,061,064	56,361,860	108,290,082	110,328,105
Machinery and equipment	4,919,233	5,509,427	982,653	901,562	5,901,886	6,410,989
Infrastructure	27,975,179	29,607,195	-	-	27,975,179	29,607,195
Right to use lease asset	28,372	-	-	-	28,372	-
Total	\$ 117,497,230	\$ 120,567,240	\$ 58,027,056	\$ 59,304,799	\$ 175,524,286	\$ 179,872,039

Capital assets. The City’s investment in capital assets for its governmental and business-type activities at December 31, 2022 totaled \$175,524,286 (net of accumulated depreciation/amortization). This investment in capital assets included land, construction in progress, structures, systems, machinery and equipment, infrastructure and right to use assets.

Additional information on the City’s capital assets can be found in note 5 to these financial statements.

LONG-TERM DEBT

	Governmental		Business-type		Total	
	Activities		Activities		Government	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 3,556,637	\$ 4,459,863	\$ -	\$ -	\$ 3,556,637	\$ 4,459,863
General obligation PFA Improv bonds	2,389,000	2,498,000	6,404,000	6,942,971	8,793,000	9,440,971
General obligation cert of indebtedness	41,484	190,545	-	-	41,484	190,545
Total	\$ 5,987,121	\$ 7,148,408	\$ 6,404,000	\$ 6,942,971	\$ 12,391,121	\$ 14,091,379

Long-term debt. The City’s outstanding debt, including bonds and certificates of indebtedness, totaled \$12,391,121 at December 31, 2022. Of this total, \$5,987,121 (48.3%) is in governmental activities and \$6,404,000 (51.7%) is in business-type activities.

Additional information on the City’s long-term liabilities can be found in Note 7 to these financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The unemployment rate for the Polk County, Minnesota area for December 31, 2022 was 3.1%, which is slightly above the state average (3.0%) and slightly below the national average (3.7%). The Grand Forks County unemployment rate was 2.3%. The Grand Forks-East Grand Forks metropolitan statistical area unemployment rate was 2.3%. The City of Grand Forks, located in Grand Forks County, is located across the Red River of the North and has a population of approximately 61,000.

- On March 13, 2020, a national emergency was declared for the COVID-19 outbreak in the United States of America. The event has been declared over; however, it is still affecting the economy and financial markets. The City received American Rescue Plan Act dollars in 2021 and 2022, as Revenue Recapture. In 2021 and 2022 these dollars were used to replace lead water service lines to property owners in the City of East Grand Forks. In 2022, we also used it for infrastructure repairs and plan to use the remaining dollars for infrastructure and facility repairs and improvements to Park and Recreation areas. The State of Minnesota presently has a surplus budget. The Legislature passed a bill to increase funding for Local Government Aid(LGA) in 2024. There was an increase of \$1,269 in 2022. There was \$10,299 increase for 2023. The 2024 increase will be \$226,213. LGA was about 18% of the General Fund Revenue in 2022.
- The City's electric utility continues to experience increases in wholesale power costs. The costs have been passed to the customer through monthly power adjustments. The Western Area Power Administration (WAPA) did not raise wholesale power costs in 2021 or 2022, but did increase wholesale power costs in 2023 by 16.37% mainly due to the additional drought adder charge for both demand and energy. The electric utility purchases approximately 44.03% of its wholesale power supply from WAPA. There have not been any power supply interruptions and none are expected.
- The City was inversely impacted due to the COVID-19 outbreak, financial markets, supply chain disruption and inflation both directly and indirectly, utility was the most recognizable increase. Estimates on how this will affect future costs have not be determined and will vary based on the duration and the increase to inflation. Estimates of the effect cannot be determined at the time of the report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those interested in the government's finances. Questions concerning any information in the report or requests for additional information should be addressed to the Office of Administration and Finance, City of East Grand Forks, 600 DeMers Avenue NW, East Grand Forks, MN 56721.

BASIC FINANCIAL STATEMENTS



CITY OF EAST GRAND FORKS, MINNESOTA



(This page left blank intentionally)

Statement of Net Position
December 31, 2022

CITY OF EAST GRAND FORKS

	Primary Government		Total	Component Unit
	Governmental Activities	Business-type Activities		EDA
ASSETS				
Cash and cash equivalents	\$ 4,755,369	\$ 4,743,106	\$ 9,498,475	\$ 748,174
Investments	9,791,816	17,570,729	27,362,545	3,513,946
Accrued interest receivable	39,023	32,253	71,276	-
Accounts receivable, net	209,297	2,348,884	2,558,181	-
Notes receivable, net	86,571	-	86,571	1,420,373
Taxes receivable - property	353,311	-	353,311	-
Taxes receivable - other	195,532	-	195,532	-
Special assessments receivable	3,380,147	-	3,380,147	-
Pledges receivable	135,000	-	135,000	-
Internal balances (net)	261,808	(261,808)	-	-
Due from other government units	319,743	89,618	409,361	-
Prepaid items	105,156	12,768	117,924	-
Land held for resale	176,804	-	176,804	779,877
Lease receivable	216,459	178,290	394,749	-
Materials and supplies	10,367	1,858,741	1,869,108	-
Restricted cash and investments	-	134,250	134,250	-
Net pension asset - VFD	573,297	-	573,297	-
Customer acquisition costs	-	351,774	351,774	-
Capital assets:				
Nondepreciable	32,345,428	983,340	33,328,768	50,300
Depreciable, net	85,151,802	57,043,716	142,195,518	2,831,459
TOTAL ASSETS	138,106,930	85,085,661	223,192,591	9,344,129
DEFERRED OUTFLOWS OF RESOURCES				
Cost Sharing Defined Benefit - Pensions	7,236,825	852,581	8,089,406	64,958
Deferred Outflows of Resources - OPEB	34,439	19,998	54,437	1,112
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,271,264	872,579	8,143,843	66,070
LIABILITIES				
Accounts payable	446,887	1,594,490	2,041,377	21,618
Retainage payable	62,827	20,274	83,101	-
Accrued wages payable	398,738	66,900	465,638	5,659
Due to other government units	347,051	56,937	403,988	5,566
Accrued interest payable	73,647	32,797	106,444	-
Customer deposits	-	134,250	134,250	25,549
Unearned revenue	704,440	-	704,440	-
Noncurrent liabilities:				
Due within one year	1,315,605	768,505	2,084,110	8,215
Due in more than one year	5,499,719	6,227,069	11,726,788	14,763
Net pension liability	11,754,721	2,790,030	14,544,751	212,574
Other postemployment benefit liability	330,708	192,024	522,732	10,668
TOTAL LIABILITIES	20,934,343	11,883,276	32,817,619	304,602
DEFERRED INFLOWS OF RESOURCES				
Cost Sharing Defined Benefit - Pensions	628,192	61,689	689,881	4,698
Deferred Inflows of Resources - OPEB	51,957	30,168	82,125	1,676
Leases	227,949	173,934	401,883	-
TOTAL DEFERRED INFLOWS OF RESOURCES	908,098	265,791	1,173,889	6,374

See Notes to the Financial Statements

Statement of Net Position
December 31, 2022 (Continued)

CITY OF EAST GRAND FORKS

	Primary Government		Total	Component Unit
	Governmental Activities	Business-type Activities		EDA
NET POSITION				
Net investment in capital assets	111,418,567	51,602,782	163,021,349	2,881,759
Restricted for:				
Capital Projects	2,585,338	-	2,585,338	-
Community Growth	72,491	-	72,491	-
State Aid Street	389,805	-	389,805	-
New Home Incentive	300,357	-	300,357	-
Sales Tax Pool	399,745	-	399,745	-
Cemetery	5,322	-	5,322	-
Insect Control	285,749	-	285,749	-
Perpetual Care	278,619	-	278,619	-
Greenway Maintenance	17,347	-	17,347	-
Seized Property	23,232	-	23,232	-
Grants	367,239	-	367,239	-
1997 Downtown Development	16,112	-	16,112	-
08 PFA Loan 23rd Street	171,693	-	171,693	-
Building Improvements	23,125	-	23,125	-
Debt Service	5,198,278	-	5,198,278	-
Library - Nonexpendable	76,000	-	76,000	-
Unrestricted	1,906,734	22,206,391	24,113,125	6,217,464
TOTAL NET POSITION	\$ 123,535,753	\$ 73,809,173	\$ 197,344,926	\$ 9,099,223

See Notes to the Financial Statements



(This page left blank intentionally)

Statement of Activities
For the Year Ended December 31, 2022

CITY OF EAST GRAND FORKS

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	
Governmental activities:								
General government	\$ 2,027,606	\$ 159,975	\$ 1,790	\$ -	\$ (1,865,841)	\$ -	\$ (1,865,841)	\$ -
Public safety	5,251,952	481,162	407,490	-	(4,363,300)	-	(4,363,300)	-
Public works	6,025,630	373,381	364,803	87,206	(5,200,240)	-	(5,200,240)	-
Transit	839,101	-	577,752	-	(261,349)	-	(261,349)	-
Recreation and culture	3,322,150	775,126	9,978	-	(2,537,046)	-	(2,537,046)	-
Community development	393,175	2,283	-	2,500	(388,392)	-	(388,392)	-
Cemetery	70,314	25,155	-	-	(45,159)	-	(45,159)	-
Interest on long-term debt	176,829	-	198,066	-	21,237	-	21,237	-
Total governmental activities	18,106,757	1,817,082	1,559,879	89,706	(14,640,090)	-	(14,640,090)	-
Business-type activities								
Electric Utility	15,416,597	16,038,189	-	25,341	-	646,933	646,933	-
Water Utility	2,389,938	2,424,122	-	7,201	-	41,385	41,385	-
Sewer Utility	2,071,588	1,861,368	-	-	-	(210,220)	(210,220)	-
Storm Water	850,563	711,861	84,064	-	-	(54,638)	(54,638)	-
Commercial Properties	87,572	75,570	-	-	-	(12,002)	(12,002)	-
Refuse	1,116,605	1,059,168	-	-	-	(57,437)	(57,437)	-
Total business-type activities	21,932,863	22,170,278	84,064	32,542	-	354,021	354,021	-
Total primary government	\$ 40,039,620	\$ 23,987,360	\$ 1,643,943	\$ 122,248	(14,640,090)	354,021	(14,286,069)	-
Component unit:								
Community development	\$ 797,647	\$ 526,478	\$ -	\$ -				(271,169)
General Revenues:								
Property taxes					5,701,296	-	5,701,296	-
Franchise taxes					1,646,755	-	1,646,755	-
Unrestricted grants and contributions					2,728,494	-	2,728,494	-
Unrestricted investment income (loss)					360,263	(1,062,535)	(702,272)	42,969
Other					464,368	7,322	471,690	239,746
Gain on sale of asset					43,923	31,552	75,475	-
Transfers					428,325	(428,325)	-	-
Total general revenues and transfers					11,373,424	(1,451,986)	9,921,438	282,715
Change in Net Position					(3,266,666)	(1,097,965)	(4,364,631)	11,546
Net Position - January 1					126,802,419	74,907,138	201,709,557	9,087,677
Net Position - December 31					\$ 123,535,753	\$ 73,809,173	\$ 197,344,926	\$ 9,099,223

See Notes to the Financial Statements

**Balance Sheet
Governmental Funds
As of December 31, 2022**

CITY OF EAST GRAND FORKS

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Current City Projects Fund</u>	<u>2017 Assessment Bonds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 1,042,758	\$ 277,719	\$ -	\$ 186,232	\$ 2,502,387	\$ 4,009,096
Investments	5,318,891	850,485	-	-	3,264,941	9,434,317
Interest receivable	39,023	-	-	-	-	39,023
Accounts receivable	19,711	-	181,932	-	7,654	209,297
Taxes receivable - property taxes	353,311	-	-	-	-	353,311
Taxes receivable - other	195,532	-	-	-	-	195,532
Special assessments receivable	1,090	1,196,828	-	570,265	1,611,964	3,380,147
Pledges receivable	-	-	-	-	135,000	135,000
Due from other funds	403,229	283,748	-	-	18,745	705,722
Due from other government units	189,799	422	-	1,976	127,546	319,743
Land held for resale	-	-	-	-	176,804	176,804
Lease receivable	216,459	-	-	-	-	216,459
Notes receivable	-	-	-	-	86,571	86,571
Prepaid items	105,156	-	-	-	-	105,156
Materials and supplies	10,367	-	-	-	-	10,367
TOTAL ASSETS	\$ 7,895,326	\$ 2,609,202	\$ 181,932	\$ 758,473	\$ 7,931,612	\$ 19,376,545
LIABILITIES						
Accounts payable	\$ 220,389	\$ 23,864	\$ 68,437	\$ -	\$ 134,194	\$ 446,884
Retainage payable	-	-	36,600	-	26,227	62,827
Accrued wages payable	397,683	-	-	-	1,055	398,738
Due to other funds	119,651	-	283,748	-	120,129	523,528
Due to other government units	73,950	-	3,000	-	270,101	347,051
Unearned revenue	-	-	-	-	704,440	704,440
Total Liabilities	811,673	23,864	391,785	-	1,256,146	2,483,468
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue -						
Property taxes and spec. assessments	354,401	1,196,828	-	570,265	1,611,964	3,733,458
Pledges	-	-	-	-	135,000	135,000
Leases	227,949	-	-	-	-	227,949
Total Deferred Inflows of Resources	582,350	1,196,828	-	570,265	1,746,964	4,096,407
FUND BALANCE						
Nonspendable	115,523	-	-	-	76,000	191,523
Restricted	-	1,388,510	-	188,208	5,117,324	6,694,042
Unassigned	6,385,780	-	(209,853)	-	(264,822)	5,911,105
Total Fund Balance	6,501,303	1,388,510	(209,853)	188,208	4,928,502	12,796,670
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 7,895,326	\$ 2,609,202	\$ 181,932	\$ 758,473	\$ 7,931,612	\$ 19,376,545

See Notes to the Financial Statements

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
As of December 31, 2022**

CITY OF EAST GRAND FORKS

Total fund balances - governmental funds \$ 12,796,670

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

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

Land	\$ 31,203,471	
Construction in progress	1,141,957	
Buildings, structures and improvements	84,528,185	
Machinery and equipment	7,917,592	
Infrastructure	57,558,432	
Accumulated depreciation and amortization	<u>(66,753,839)</u>	115,595,798

Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds. 3,868,458

Volunteer Fire Department Net Pension Asset 573,297

Internal service funds are used by management to charge the costs of central equipment and compensated absences to individual funds.
These assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

Cash and cash equivalents	746,270	
Investments	357,499	
Machinery and equipment	4,320,952	
Accumulated depreciation	(2,419,520)	
Due from other funds	79,614	
Accrued interest payable	(665)	
Compensated absences payable	(799,488)	
Revenue bonds payable	(40,000)	
Premium on revenue bond	<u>(1,484)</u>	2,243,178

Net deferred outflows/(inflows) of resources relating to the cost sharing defined benefit plans and other postemployment benefits in the governmental activities are not financial resources and, therefore, are not reported as deferred outflows (inflows) of resources in the governmental funds.

Deferred outflows of resources	7,271,264	
Deferred inflows of resources	<u>(680,149)</u>	6,591,115

Long-term liabilities of the governmental funds, including bonds, certificates of participation, equipment certificates of indebtedness, notes and loans payable, lease liabilities and accrued interest payable, are not due in the current period and therefore are not reported in the funds.

Long-term liabilities	(5,974,352)	
Accrued interest payable	(72,982)	
Net pension liability	(11,754,721)	
Other post employment benefit obligations	<u>(330,708)</u>	<u>(18,132,763)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 123,535,753

See Notes to the Financial Statements

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022**

CITY OF EAST GRAND FORKS

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Current City Projects Fund</u>	<u>2017 Assessment Bonds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
General taxes	\$ 7,348,051	\$ -	\$ -	\$ -	\$ -	\$ 7,348,051
Special assessments	1,554	223,266	-	225,374	583,133	1,033,327
Licenses and permits	107,019	-	-	-	-	107,019
Intergovernmental	2,943,525	-	181,932	-	1,152,400	4,277,857
Charges for services	1,439,469	-	-	-	168,840	1,608,309
Fines and forfeitures	80,312	-	-	-	-	80,312
Interest and other revenues	155,180	12,758	-	1,593	159,559	329,090
Total revenues	<u>12,075,110</u>	<u>236,024</u>	<u>181,932</u>	<u>226,967</u>	<u>2,063,932</u>	<u>14,783,965</u>
Expenditures:						
Current:						
General government	1,617,420	-	-	-	-	1,617,420
Public safety	4,683,245	-	-	-	-	4,683,245
Public works	1,696,737	-	-	-	101,016	1,797,753
Transit	-	-	-	-	697,219	697,219
Recreation and culture	2,689,489	-	-	-	475	2,689,964
Community development	273,942	-	-	-	119,234	393,176
Cemetery	-	-	-	-	48,858	48,858
Other expenditures	325,944	-	-	-	-	325,944
Capital outlay	530,860	313,202	620,280	-	769,722	2,234,064
Debt service:						
Principal retirement	11,401	-	-	325,000	659,000	995,401
Interest and fiscal agent charges	-	13,696	-	36,205	167,421	217,322
Total expenditures	<u>11,829,038</u>	<u>326,898</u>	<u>620,280</u>	<u>361,205</u>	<u>2,562,945</u>	<u>15,700,366</u>
Excess (deficiency) of revenues over expenditures	<u>246,072</u>	<u>(90,874)</u>	<u>(438,348)</u>	<u>(134,238)</u>	<u>(499,013)</u>	<u>(916,401)</u>
Other financing sources (uses):						
Proceeds from sale of capital assets	9,435	-	-	-	34,488	43,923
Issuance of lease	6,102	-	-	-	-	6,102
Transfers in	123,850	176,021	358,537	-	570,299	1,228,707
Transfers out	(743,615)	-	-	-	(528,301)	(1,271,916)
Total other financing sources (uses)	<u>(604,228)</u>	<u>176,021</u>	<u>358,537</u>	<u>-</u>	<u>76,486</u>	<u>6,816</u>
Net change in fund balances	(358,156)	85,147	(79,811)	(134,238)	(422,527)	(909,585)
Fund balance at beginning of year	<u>6,859,459</u>	<u>1,303,363</u>	<u>(130,042)</u>	<u>322,446</u>	<u>5,351,029</u>	<u>13,706,255</u>
Fund balance at end of year	<u>\$ 6,501,303</u>	<u>\$ 1,388,510</u>	<u>\$ (209,853)</u>	<u>\$ 188,208</u>	<u>\$ 4,928,502</u>	<u>\$ 12,796,670</u>

See Notes to the Financial Statements

**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**

CITY OF EAST GRAND FORKS

Net change in fund balances - total governmental funds		\$ (909,585)
Amounts reported for the governmental activities in the statement of activities are different because:		
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays	\$ 1,335,452	
Depreciation	<u>(4,028,637)</u>	(2,693,185)
Issuance of leases is an other financing source in the governmental funds, but the repayment increases long-term liabilities in the statement of net position.		
		(6,102)
Lease payments are reported in governmental funds as expenditures. However, in the statement of activities, those assets are set up as lease assets and amortized over the life of the lease along with interest expenses. In the current period, this resulted in the following differences:		
Amortization expense - leases	(11,744)	
Interest expense - leases	<u>785</u>	(10,959)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		995,401
Change in net pension asset.		
		96,367
Change in net pension liability.		
		(8,787,885)
Change in deferred outflows and inflows of resources related to net pension liability.		
		8,412,457
Change in deferred outflows and inflows of resources related to other postemployment benefits.		
		(4,614)
Revenue in the statement of activities that does not provide current financial resources are not reported as revenues in the governmental funds.		
Unavailable Revenue - December 31, 2021	(4,636,251)	
Unavailable Revenue - December 31, 2022	<u>3,868,458</u>	(767,793)
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 the governmental funds.		
Amortization of bond premiums	28,226	
Other postemployment benefit obligations	<u>(19,793)</u>	8,433
Changes in long-term debt interest payable.		
		10,049
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities on the statement of activities.		
		<u>390,750</u>
Change in net position of governmental activities		<u>\$ (3,266,666)</u>

See Notes to the Financial Statements



(This page left blank intentionally)

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual - General Fund
For the Year Ended December 31, 2022**

CITY OF EAST GRAND FORKS

	<u>Original and Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
General taxes	\$ 7,523,261	\$ 7,349,605	\$ (173,656)
Licenses and permits	99,625	107,019	7,394
Intergovernmental	2,603,750	2,943,525	339,775
Charges for services	1,264,356	1,439,469	175,113
Fines and forfeitures	118,000	80,312	(37,688)
Interest and other revenues	62,000	155,180	93,180
Total revenues	<u>11,670,992</u>	<u>12,075,110</u>	<u>404,118</u>
Expenditures:			
Current:			
General government	1,492,865	1,617,420	(124,555)
Public safety	4,779,351	4,683,245	96,106
Public works	1,612,927	1,696,737	(83,810)
Recreation and culture	2,875,923	2,689,489	186,434
Community development	305,142	273,942	31,200
Other expenditures	319,500	325,944	(6,444)
Debt service - principal	-	11,401	(11,401)
Capital outlay	676,039	530,860	145,179
Total expenditures	<u>12,061,747</u>	<u>11,829,038</u>	<u>232,709</u>
Excess (Deficiency) of revenues over expenditures	<u>(390,755)</u>	<u>246,072</u>	<u>636,827</u>
Other financing sources (uses)			
Proceeds from sale of capital asset	-	9,435	9,435
Issuance of leases	-	6,102	6,102
Transfers in	229,945	123,850	(106,095)
Transfers out	(310,266)	(743,615)	(433,349)
Total other financing sources (uses)	<u>(80,321)</u>	<u>(604,228)</u>	<u>(523,907)</u>
Net change in fund balances	(471,076)	(358,156)	112,920
Fund balance at beginning of year	<u>6,859,459</u>	<u>6,859,459</u>	<u>-</u>
Fund balance at end of year	<u>\$ 6,388,383</u>	<u>\$ 6,501,303</u>	<u>\$ 112,920</u>

See Notes to the Financial Statements

**Statement of Net Position
Proprietary Funds
As of December 31, 2022**

CITY OF EAST GRAND FORKS

	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds	
	Electric	Water	Sewage	Storm Water	Commercial Properties	Nonmajor (Refuse)		Totals
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 2,861,599	\$ 987,755	\$ 207,113	\$ 202,702	\$ 125,770	\$ 358,167	\$ 4,743,106	\$ 746,270
Investments	14,388,432	-	2,015,251	745,189	421,857	-	17,570,729	357,499
Restricted cash and investments:								
Cash in customer deposits	134,250	-	-	-	-	-	134,250	-
Interest receivable	31,807	-	-	-	446	-	32,253	-
Accounts receivable (net)	2,322,494	22,672	-	-	-	3,718	2,348,884	-
Materials and supplies	983,160	875,581	-	-	-	-	1,858,741	-
Prepaid items	6,514	6,254	-	-	-	-	12,768	-
Lease receivable	-	-	-	-	178,290	-	178,290	-
Due from other funds	166,099	281,284	245,185	93,079	-	138,980	924,627	79,614
Due from other government units	5,554	-	-	84,064	-	-	89,618	-
Total current assets	<u>20,899,909</u>	<u>2,173,546</u>	<u>2,467,549</u>	<u>1,125,034</u>	<u>726,363</u>	<u>500,865</u>	<u>27,893,266</u>	<u>1,183,383</u>
Noncurrent assets:								
Capital assets:								
Land	322,818	44,000	257,184	-	6,300	-	630,302	-
Buildings and systems	32,571,568	29,881,571	30,871,128	16,567,467	1,472,900	-	111,364,634	-
Machinery and equipment	4,867,300	102,052	1,221,128	588,314	-	992,061	7,770,855	4,320,952
Construction in progress	210,247	142,791	-	-	-	-	353,038	-
Total capital assets	37,971,933	30,170,414	32,349,440	17,155,781	1,479,200	992,061	120,118,829	4,320,952
Less accumulated depreciation	(24,236,533)	(17,950,179)	(10,871,983)	(7,310,921)	(815,019)	(907,138)	(62,091,773)	(2,419,520)
Total capital assets (net)	13,735,400	12,220,235	21,477,457	9,844,860	664,181	84,923	58,027,056	1,901,432
Customer acquisition costs	268,106	83,668	-	-	-	-	351,774	-
Total noncurrent assets	14,003,506	12,303,903	21,477,457	9,844,860	664,181	84,923	58,378,830	1,901,432
TOTAL ASSETS	<u>34,903,415</u>	<u>14,477,449</u>	<u>23,945,006</u>	<u>10,969,894</u>	<u>1,390,544</u>	<u>585,788</u>	<u>86,272,096</u>	<u>3,084,815</u>
Deferred outflows of resources								
Cost sharing defined benefit - PERA	503,428	211,114	64,960	24,361	-	48,718	852,581	-
Deferred outflows of resources - OPEB	11,665	5,555	1,111	-	-	1,667	19,998	-
Total deferred outflows of resources	<u>515,093</u>	<u>216,669</u>	<u>66,071</u>	<u>24,361</u>	<u>-</u>	<u>50,385</u>	<u>872,579</u>	<u>-</u>

See Notes to the Financial Statements

**Statement of Net Position
Proprietary Funds
As of December 31, 2022 (Continued)**

CITY OF EAST GRAND FORKS

	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds	
	Electric	Water	Sewage	Storm Water	Commercial Properties	Nonmajor (Refuse)		Totals
LIABILITIES								
Current liabilities:								
Accounts payable	1,286,883	124,608	63,291	21,797	528	97,383	1,594,490	-
Retainage payable	-	20,274	-	-	-	-	20,274	-
Due to other funds	1,031,844	39,977	7,610	85,554	1,185	20,265	1,186,435	-
Due to other government units	54,683	2,234	20	-	-	-	56,937	-
Accrued interest payable	-	-	32,797	-	-	-	32,797	665
Accrued wages payable	39,499	17,777	6,084	-	-	3,540	66,900	-
Customer deposits	134,250	-	-	-	-	-	134,250	-
Compensated absences payable - current	142,786	35,456	14,673	-	-	17,590	210,505	267,089
G.O. revenue bonds payable - current	-	-	558,000	-	-	-	558,000	40,000
Total current liabilities	<u>2,689,945</u>	<u>240,326</u>	<u>682,475</u>	<u>107,351</u>	<u>1,713</u>	<u>138,778</u>	<u>3,860,588</u>	<u>307,754</u>
Noncurrent liabilities:								
Compensated absences payable	253,842	63,032	28,483	-	-	35,712	381,069	532,399
Net pension liability	1,647,446	690,865	212,573	79,716	-	159,430	2,790,030	-
Total other postemployment benefit liability	112,014	53,340	10,668	-	-	16,002	192,024	-
G.O. revenue bonds payable, net	-	-	5,846,000	-	-	-	5,846,000	1,484
Total noncurrent liabilities	<u>2,013,302</u>	<u>807,237</u>	<u>6,097,724</u>	<u>79,716</u>	<u>-</u>	<u>211,144</u>	<u>9,209,123</u>	<u>533,883</u>
TOTAL LIABILITIES	<u>4,703,247</u>	<u>1,047,563</u>	<u>6,780,199</u>	<u>187,067</u>	<u>1,713</u>	<u>349,922</u>	<u>13,069,711</u>	<u>841,637</u>
Deferred inflows of resources								
Cost sharing defined benefit - PERA	36,427	15,275	4,700	1,763	-	3,524	61,689	-
Deferred inflows of resources - OPEB	17,598	8,380	1,676	-	-	2,514	30,168	-
Leases	-	-	-	-	173,934	-	173,934	-
Total deferred inflows of resources	<u>54,025</u>	<u>23,655</u>	<u>6,376</u>	<u>1,763</u>	<u>173,934</u>	<u>6,038</u>	<u>265,791</u>	<u>-</u>
NET POSITION								
Net investment in capital assets	13,735,400	12,199,961	15,073,457	9,844,860	664,181	84,923	51,602,782	1,859,948
Unrestricted	16,925,836	1,422,939	2,151,045	960,565	550,716	195,290	22,206,391	383,230
TOTAL NET POSITION	<u>\$ 30,661,236</u>	<u>\$ 13,622,900</u>	<u>\$ 17,224,502</u>	<u>\$ 10,805,425</u>	<u>\$ 1,214,897</u>	<u>\$ 280,213</u>	<u>\$ 73,809,173</u>	<u>\$ 2,243,178</u>

See Notes to the Financial Statements



(This page left blank intentionally)

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2022**

CITY OF EAST GRAND FORKS

	Business-Type Activities – Enterprise Funds						Totals	Governmental Activities - Internal Service Funds
	Electric	Water	Sewage	Storm Water	Commercial Properties	Nonmajor (Refuse)		
Operating revenues:								
Electric charges	\$ 16,038,189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,038,189	\$ -
Water charges	-	2,424,122	-	-	-	-	2,424,122	-
Sewer charges	-	-	1,861,368	-	-	-	1,861,368	-
Rental charges	-	-	-	-	75,570	-	75,570	-
Refuse charges	-	-	-	-	-	1,020,963	1,020,963	-
Storm water charges	-	-	-	711,861	-	-	711,861	-
Other	-	-	-	-	-	38,205	38,205	349,266
Total operating revenues	<u>16,038,189</u>	<u>2,424,122</u>	<u>1,861,368</u>	<u>711,861</u>	<u>75,570</u>	<u>1,059,168</u>	<u>22,170,278</u>	<u>349,266</u>
Operating expenses:								
Purchased power	10,093,506	-	-	-	-	-	10,093,506	-
Operations and maintenance	2,204,293	1,421,168	1,047,105	434,906	47,281	1,028,082	6,182,835	-
Administration	768,945	349,616	113,759	-	-	31,504	1,263,824	-
Compensated absences	-	-	-	-	-	-	-	35,585
Depreciation and amortization	995,012	619,154	813,827	370,210	40,291	27,056	2,865,550	399,094
Tax and tax equivalents	1,354,841	-	-	-	-	-	1,354,841	-
Total operating expenses	<u>15,416,597</u>	<u>2,389,938</u>	<u>1,974,691</u>	<u>805,116</u>	<u>87,572</u>	<u>1,086,642</u>	<u>21,760,556</u>	<u>434,679</u>
Operating income (loss)	<u>621,592</u>	<u>34,184</u>	<u>(113,323)</u>	<u>(93,255)</u>	<u>(12,002)</u>	<u>(27,474)</u>	<u>409,722</u>	<u>(85,413)</u>
Nonoperating revenues (expenses)								
Interest income	(1,112,999)	242	24,547	9,860	11,234	4,581	(1,062,535)	2,411
Interest expense	-	-	(96,897)	(45,447)	-	(29,963)	(172,307)	2,218
Gain (loss) on asset disposal	30,480	5,213	-	(4,141)	-	-	31,552	-
Intergovernmental	-	-	-	84,064	-	-	84,064	-
Miscellaneous	-	-	-	7,322	-	-	7,322	-
Total nonoperating revenues (expenses)	<u>(1,082,519)</u>	<u>5,455</u>	<u>(72,350)</u>	<u>51,658</u>	<u>11,234</u>	<u>(25,382)</u>	<u>(1,111,904)</u>	<u>4,629</u>
Income (loss) before transfers	<u>(460,927)</u>	<u>39,639</u>	<u>(185,673)</u>	<u>(41,597)</u>	<u>(768)</u>	<u>(52,856)</u>	<u>(702,182)</u>	<u>(80,784)</u>
Transfers in	-	-	-	-	-	-	-	471,534
Transfers out	(428,325)	-	-	-	-	-	(428,325)	-
Capital contribution	<u>25,341</u>	<u>7,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,542</u>	<u>-</u>
Change in net position	<u>(863,911)</u>	<u>46,840</u>	<u>(185,673)</u>	<u>(41,597)</u>	<u>(768)</u>	<u>(52,856)</u>	<u>(1,097,965)</u>	<u>390,750</u>
Total net position - January 1	<u>31,525,147</u>	<u>13,576,060</u>	<u>17,410,175</u>	<u>10,847,022</u>	<u>1,215,665</u>	<u>333,069</u>	<u>74,907,138</u>	<u>1,852,428</u>
Total net position - December 31	<u>\$ 30,661,236</u>	<u>\$ 13,622,900</u>	<u>\$ 17,224,502</u>	<u>\$ 10,805,425</u>	<u>\$ 1,214,897</u>	<u>\$ 280,213</u>	<u>\$ 73,809,173</u>	<u>\$ 2,243,178</u>

See Notes to the Financial Statements

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022**

CITY OF EAST GRAND FORKS

	Business-Type Activities – Enterprise Funds						Governmental Activities - Internal Service Funds	
	Electric	Water	Sewage	Storm Water	Commercial Properties	Nonmajor (Refuse)		Totals
Cash flows from operating activities:								
Cash received from customers and users	\$ 15,265,553	\$ 2,350,623	\$ 1,861,368	\$ 716,550	\$ 70,768	\$ 1,056,443	\$ 21,321,305	\$ -
Cash received from interfund activities	744,602	76,515	-	-	-	29,816	850,933	349,266
Cash paid to suppliers for goods and services	(10,900,660)	(1,333,003)	(801,453)	(247,405)	(39,826)	(868,986)	(14,191,333)	-
Cash paid for interfund activities	(79,652)	(122,367)	(62,686)	10,615	(6,236)	-	(260,326)	-
Cash paid to employees	(2,019,864)	(823,579)	(302,296)	(117,946)	(860)	(170,973)	(3,435,518)	(50,382)
Cash paid for taxes and tax equivalents	(1,354,841)	-	-	-	-	-	(1,354,841)	-
Other operating revenues (expenses)	-	-	-	91,386	-	-	91,386	-
Net cash provided (used) by operating activities	<u>1,655,138</u>	<u>148,189</u>	<u>694,933</u>	<u>453,200</u>	<u>23,846</u>	<u>46,300</u>	<u>3,021,606</u>	<u>298,884</u>
Cash flows from noncapital financing activities:								
Transfers from (to) other funds	(428,325)	-	-	-	-	-	(428,325)	471,534
Interfund receivable	263,488	8,581	-	-	-	-	272,069	(13,646)
Interfund payable	(65,266)	(30,813)	-	(32,140)	-	(45,776)	(173,995)	-
Net cash provided (used) by noncapital financing activities	<u>(230,103)</u>	<u>(22,232)</u>	<u>-</u>	<u>(32,140)</u>	<u>-</u>	<u>(45,776)</u>	<u>(330,251)</u>	<u>457,888</u>
Cash flows from capital and related financing activities:								
Proceeds from disposal of capital assets	30,480	10,190	-	-	-	-	40,670	-
Acquisition of capital assets	(610,681)	(701,205)	(81,109)	(171,389)	-	-	(1,564,384)	-
Principal payments on long-term debt	-	-	(538,971)	-	-	-	(538,971)	(145,000)
Interest and fiscal charges on bonds	-	-	(100,272)	(45,447)	-	(29,963)	(175,682)	(3,050)
Net cash used by capital and related financing activities	<u>(580,201)</u>	<u>(691,015)</u>	<u>(720,352)</u>	<u>(216,836)</u>	<u>-</u>	<u>(29,963)</u>	<u>(2,238,367)</u>	<u>(148,050)</u>
Cash flows from investing activities:								
Interest received on investments	(1,120,388)	242	(159,787)	(64,187)	(31,925)	4,581	(1,371,464)	2,411
Proceeds from sales and maturities of investments	-	-	-	-	-	-	-	88,478
Purchase of investments	(312,166)	-	347,998	11,297	(13,904)	-	33,225	-
Net cash provided (used) by investing activities	<u>(1,432,554)</u>	<u>242</u>	<u>188,211</u>	<u>(52,890)</u>	<u>(45,829)</u>	<u>4,581</u>	<u>(1,338,239)</u>	<u>90,889</u>
Net increase (decrease) in cash and cash equivalents	(587,720)	(564,816)	162,792	151,334	(21,983)	(24,858)	(885,251)	699,611
Cash and cash equivalents - January 1	<u>3,583,569</u>	<u>1,552,571</u>	<u>44,321</u>	<u>51,368</u>	<u>147,753</u>	<u>383,025</u>	<u>5,762,607</u>	<u>46,659</u>
Cash and cash equivalents - December 31	<u>\$ 2,995,849</u>	<u>\$ 987,755</u>	<u>\$ 207,113</u>	<u>\$ 202,702</u>	<u>\$ 125,770</u>	<u>\$ 358,167</u>	<u>\$ 4,877,356</u>	<u>\$ 746,270</u>

See Notes to the Financial Statements

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022 (Continued)

CITY OF EAST GRAND FORKS

	Business-Type Activities – Enterprise Funds						Governmental Activities - Internal Service Funds	
	Electric	Water	Sewage	Storm Water	Commercial Properties	Nonmajor (Refuse)		Totals
Reconciliation of operating income to net cash provided (used) by operating activities:								
Operating income (loss)	\$ 621,592	\$ 34,184	\$ (113,323)	\$ (93,255)	\$ (12,002)	\$ (27,474)	\$ 409,722	\$ (85,413)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:								
Depreciation and amortization	995,012	619,154	813,827	370,210	40,291	27,056	2,865,550	399,094
Miscellaneous revenue	-	-	-	91,386	-	-	91,386	-
Changes in assets and liabilities:								
Accounts receivable	(18,735)	3,016	-	-	(446)	(2,725)	(18,890)	-
Interfund receivable	5,554	-	(18,243)	(22,132)	-	537	(34,284)	-
Materials and supplies	33,950	(620,438)	-	-	-	-	(586,488)	-
Prepaid items	1,153	(2,734)	-	-	-	-	(1,581)	-
Lease receivable	-	-	-	-	(178,290)	-	(178,290)	-
Due from other government units	51	-	-	4,689	-	-	4,740	-
Accounts payable	(61,442)	79,339	3,277	20,055	256	4,311	45,796	-
Retainage payable	-	(5,598)	-	-	-	-	(5,598)	-
Interfund payable	8,323	-	(487)	77,481	118	29,973	115,408	-
Accrued wages payable	1,909	922	281	(156)	(15)	138	3,079	-
Accrued compensated absences	(32,679)	(5,275)	(4,329)	-	-	3,461	(38,822)	(14,797)
Due to other government units	(177)	(970)	20	-	-	-	(1,127)	-
Customer deposits	(9,350)	-	-	-	-	-	(9,350)	-
Net pension liability	769,741	322,795	99,321	37,246	-	74,491	1,303,594	-
Total other postemployment benefit liability	6,704	3,192	638	-	-	958	11,492	-
Deferred pension inflows	(793,472)	(332,747)	(102,383)	(38,394)	-	(76,788)	(1,343,784)	-
Deferred pension outflows	125,441	52,605	16,185	6,070	-	12,139	212,440	-
Deferred OPEB inflows	2,509	1,195	239	-	-	358	4,301	-
Deferred OPEB outflows	(946)	(451)	(90)	-	-	(135)	(1,622)	-
Deferred lease inflows	-	-	-	-	173,934	-	173,934	-
Net cash provided (used) by operating activities	<u>\$ 1,655,138</u>	<u>\$ 148,189</u>	<u>\$ 694,933</u>	<u>\$ 453,200</u>	<u>\$ 23,846</u>	<u>\$ 46,300</u>	<u>\$ 3,021,606</u>	<u>\$ 298,884</u>
Cash and cash equivalents are shown on the balance sheet under the following captions:								
Cash and cash equivalents	\$ 2,861,599	\$ 987,755	\$ 207,113	\$ 202,702	\$ 125,770	\$ 358,167	\$ 4,743,106	\$ 746,270
Restricted assets:								
Cash in customer deposits	134,250	-	-	-	-	-	134,250	-
Total cash and cash equivalents - December 31	<u>\$ 2,995,849</u>	<u>\$ 987,755</u>	<u>\$ 207,113</u>	<u>\$ 202,702</u>	<u>\$ 125,770</u>	<u>\$ 358,167</u>	<u>\$ 4,877,356</u>	<u>\$ 746,270</u>

See Notes to the Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of East Grand Forks, Minnesota (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units, as applied by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting entity

The City of East Grand Forks was incorporated April 13, 1887 and is a home rule charter city under Minnesota Statutes with a Council-Mayor form of government. The seven-member council and mayor are elected on staggered, four-year terms in each even-numbered year. The council consists of two at-large members and five ward members.

In accordance with GASB Statement No. 61, *The Financial Reporting Entity Omnibus*, the financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from it. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic statements because of the significance of their operational or financial relationships to the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and the City is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or if there is a potential for the organization to provide specific financial benefits to or impose specific burdens on the City.

As a result of applying the component unit definition criteria above, one organization has been defined in accordance with GASB Statement No. 61 and is presented in this report as follows:

Discretely Presented Component Unit

Economic Development Authority (EDA). The EDA promotes economic development through the use of various city, state and federal programs. The entire governing board of the authority was appointed by the City Council. Although it is legally separate from the City, the EDA is reported as if it were part of the City because its sole purpose is to provide services for the City's businesses and residents.

The majority of operating funds for economic development programs is provided through tax increment financing and local government aid. Any bonded debt issued by the EDA would be general obligation debt.

Complete financial statements of the component unit may be obtained at the Office of Administration and Finance, City of East Grand Forks, 600 DeMers Avenue NW, East Grand Forks, MN 56721.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of inter-fund 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. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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. 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 operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. Measurement focus, basis of accounting, and financial statement presentation

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

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 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 revenue 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, including lease liabilities, as well as expenditures related to claims and judgments, are recorded when payment is due. Sick leave payable, except for the Electric and Water Funds, are recorded as liabilities in an Internal Service Fund.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current period is considered 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.

Since governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustments necessary to reconcile ending net position and the change in net position.

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

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 needed.

Major Governmental Funds – The major governmental funds reported by the City are as follows:

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

Capital Projects Fund. This capital projects fund accounts for construction of infrastructure projects financed by special assessments, state grants and city funds.

Current City Projects Fund. This capital projects fund is used to account for locally funded projects with multiple year construction periods.

2017 Assessment Bonds Fund. This fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs. Debt issued for and serviced by enterprise funds is not included in this fund.

Major Proprietary Funds – The City reports the following major proprietary funds:

Electric Fund. This enterprise fund accounts for the operations of the city-owned electric distribution system.

Water Fund. This enterprise fund accounts for the operations of the city-owned water treatment and distribution system.

Sewage Fund. This enterprise fund accounts for the operations of the city-owned sewage collection and treatment system.

Storm Water Fund. This enterprise fund accounts for the operations of the city-owned storm water system.

Commercial Properties Fund. This enterprise fund accounts for the operations of two city-owned commercial rental properties.

Additionally, the City reports the following fund type:

Internal Service Funds. The operations of the Benefit Accrual Fund and the Central Equipment Fund are reported in internal service funds because they provide services to other departments of the City on a cost reimbursement basis.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of (franchise) taxes, which are reported as taxes and tax equivalents, and other 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 of 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 expense from non-operating 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 include cost of sales and services, administrative expenses, depreciation, and taxes and tax equivalents. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity

1. Cash (including cash equivalents) and investments

Cash balances from all funds, except the Electric and Water Fund, are combined to the extent available for investments authorized by state statutes. Earnings from such investments are allocated to respective funds on the basis of applicable cash balance participation by each fund. Likewise, the Electric and Water Fund are combined for investment purposes.

Investments for the City, as well as for its component units, are reported at fair value. The Minnesota Municipal Investment Pool is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under Rule 2.a.7. The fair value of the City's position in this pool is the same value as the pool shares.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments with original maturities of three months or less.

2. Fair Value Measurements

The City accounts for all assets and liabilities that are being measured and reported on a fair value basis in accordance with GAAP. GAAP defines fair value, established a framework for measuring fair value and expands disclosure about fair value measurements.

When fair value measurements are required, various data is used in determining those values. This statement requires that assets and liabilities that are arrived at fair value must be classified and disclosed in the following levels based on the nature of the data used.

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

3. Receivables

Account (trade) receivables are carried at original billing amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a regular basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

A receivable is considered past due if any portion of the receivable balance is outstanding for more than 30 days. Interest is charged on receivables that are outstanding for more than 30 days. Accrual of interest is not suspended until a receivable is determined to be uncollectible.

Interest receivable is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

Revenue is recorded when it is measurable and available.

4. Short-term inter-fund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term inter-fund loans are classified as "inter-fund receivables/ payables".

5. Materials & supplies inventory

Materials and supplies are valued at average cost method. The consumption method is used to account for inventories. Inventory costs are recorded as expenditures when individual inventory items are consumed. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. The net change in restricted fund balances is not presented because the combined statements of revenues, expenditures, and changes in fund balances reflects the changes in total fund balances rather than just the unrestricted fund balances.

6. Prepaid items

Payments made to vendors for services that will benefit periods beyond December 31, 2022, are recorded as prepaid items and are recorded as expenses/expenditures when consumed, rather than when purchased.

7. Restricted assets

The Water Fund maintains customer deposit accounts that are restricted assets. These deposits are applied against the customer's account when services to them are discontinued.

8. Capital assets (property, plant, and equipment)

Capital assets, including property, plant, and 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 \$5,000 and an estimated useful life in excess of two

years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Right-to-use lease assets are measured as discussed in number 6 below. Donated capital assets are recorded at estimated 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 asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested debt proceeds over the same period.

Property, plant and equipment and right-to-use leases are capitalized when acquired, and depreciation/amortization is provided using the straight-line method applied over the following estimated useful lives of the assets:

Buildings, Structures & Improvements	10-50 Years
Infrastructure	20-50 Years
Machinery and Equipment	5-15 Years
Lease Assets	5 Years

GASB Statement No. 34 requires the City to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipes (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 related depreciation has historically been reported in the financial statements.

9. Customer acquisition costs

The Water and Light Department purchases electric and water service territories. Accordingly, under GAAP, as codified by FASB, *Goodwill and Other Intangible Assets*, the Department will periodically reassess the useful life of these costs (and all other capital asset costs) to determine if any impairment losses should be recognized.

10. Compensated absences

The City compensates all employees upon termination for unused vacation pay and for unused sick pay, up to a limit of 1,280 hours. Vacation is accrued as an expenditure or expense as earned in all funds. Accumulated sick leave in the proprietary funds are recorded as expenses and liabilities in those funds as the benefits accrue to their employees.

Fund	Liability	Accumulated Hours	
		Sick	Vacation
Electric	\$ 396,628	7,673	2,031
Water	94,488	2,041	897
Sewage	43,156	1,005	332
Refuse	53,302	1,273	800

Additionally, the EDA has accrued a liability of \$22,978 for 544 accumulated sick and vacation leave hours. All other accrued sick leave expenses are charged to specific funds and departments, with the liability maintained in a Benefit Accrual Fund.

The Benefit Accrual Fund, an internal service fund, was added to pay for those benefits actually used by governmental fund employees or employees which split their time between proprietary and governmental funds. A liability for unpaid accumulated sick leave of \$799,488 is recorded in this fund, reflecting 25,106 accumulated sick leave hours. Sick leave hours exceeding the eligible reimbursement limit of 1,280 hours totaled 177. Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of governmental activities. The general fund is generally used to liquidate compensated absences in the governmental activities.

11. 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 effective interest method. Bonds payable are reported net of applicable bond premium or discount.

In the governmental fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the 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 actual debt proceeds received, are reported as debt service expenditures.

12. Leases

At the commencement of a lease, 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 lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a

straight-line basis over its useful life. Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long term debt on the statement of net position.

The City is a lessor of the City owned Infill Building. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable. See Note 21 for more information.

13. Fund balance

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources.

Below are the classifications:

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

Restricted – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by law through constitutional provisions or enabling legislation.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Assigned – consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City's intended use. These constraints are established by the City Council. Pursuant to Council resolution, the City's Clerk-Treasurer is authorized to establish assignments of fund balance.

Unassigned – is the residual classification for the general fund and also reflects negative residual amounts in other funds.

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

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

14. Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the City's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term

debt attributable to the acquisition, construction, or improvement of those assets. Restricted Net Position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted Net Position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted component of net position.

15. Net Position Flow Assumption

Sometimes the government will fund outlays for particular purposes for both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

16. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resource (expense/expenditure) until then. The City has two items that qualify for reporting in this category named *Cost sharing defined benefit pension plan* and *Other Postemployment Benefits* which represents actuarial differences within the PERA pension plan as well as amounts paid to the plan after the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue – property taxes and special assessments, are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has an item, leases, which is reported in both the governmental funds balance sheet and the statement of net position. The other item, *Cost Sharing Defined Benefit Pension Plan* and *Other Postemployment Benefits* which represent actuarial differences within the PERA pension plan and other postemployment benefits and are reported only on the statement of net position.

17. Comparative data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data has not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

18. Property taxes

Property tax levies are set by the City Council in October each year and are certified to the county for collection the following year. In Minnesota, counties act as collection agents for all property taxes.

The county spreads the levies over all taxable property in the City. Such taxes become receivables of the City as of January 1.

Property taxes are payable in equal installments by property owners to the county as follows: Personal Property - February 28 and June 30; and Real Property - May 15 and October 15.

The county remits the collections to the City and other taxing districts three times a year, in January, July and December.

Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable. The receivable is fully offset by deferred revenue as it is not available to finance current expenditures.

Taxes payable on homestead property (as defined by Minnesota Statutes) are partially reduced by a homestead credit. This credit is paid to the City by the state in lieu of taxes levied against homestead property. The state remits this credit in December each year.

19. Special assessments receivables

Special assessments are levied against the benefited properties for the assessable costs of special assessment improvement projects in accordance with Minnesota Statutes. The City usually adopts the assessment rolls when the individual projects are complete or substantially complete. The assessments are collectible over a term of years generally consistent with the term of years of the related bond issue.

Collection of annual installments (including interest) is handled by the county in the same manner as property taxes. Property owners are allowed to prepay total future installments without interest or prepayment penalties.

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be

excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale and the first proceeds of that sale (after costs, penalties, and expenses of sale) are remitted to the City in payment of delinquent special assessments. Generally, the City will collect the full amount of its special assessments not adjusted by City Council or court action. Pursuant to state statutes, a property shall be subject to tax forfeit sale after three years of delinquency except for homestead, agricultural or seasonal recreational property, which is subject to sale after five years.

Special assessments receivable includes the following components:

Delinquent - amounts billed to property owners but not paid.

Deferred - assessment installments which will be billed to property owners in future years.

Unremitted special assessment amounts collected by Polk County are recorded in due from other government units.

20. Power cost

The wholesale power suppliers bill monthly on meter readings taken at the end of each month. The expense related to power delivered is the accrued amount billed by the supplier.

21. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Ultimate results could differ from those estimates.

22. 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 is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted by Council resolution for the General and Special Revenue Funds with the exception of the Sales Tax Pool fund and the Economic and Community Development Fund, which adopts project length budgets. The City did not adopt a Sales Tax Pool fund or ARPA fund budget in 2022.

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

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 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 30, the budget is legally enacted through the passage of a budget resolution.
4. Management may not legally exceed budgeted expenditures at the department level. Monitoring of budgets is maintained at the sub-department level (i.e., police administration, police investigations, police patrols, etc.) and the category level (i.e., personal services; supplies; other services and charges; capital outlay) within each department. Management can alter the budget at the category or activity level within their department but cannot exceed the total budgeted expenditures for the department that was approved by the City Council. Management cannot amend the budget at the department level. During the year, no formal supplementary appropriations were made. However, the City Council approves all payments of vouchers and payroll at its regular meetings held twice a month, even though budgets may have been exceeded.
5. All budgeted appropriations lapse at the end of the fiscal year. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the department level.

B. Excess of Expenditures over Appropriations

For the year ended December 31, 2022, expenditures were over appropriations in the Community and Economic Growth and Greenway Maintenance funds by \$11,947 and \$10,072, respectively.

C. Deficit Fund Equity

At December 31, 2022, there are three governmental funds with a deficit fund balance; the \$209,853 deficit fund balance in the Current City Projects fund, and the \$269,801 deficit fund balance in the Transit fund. In addition, the Benefit Accrual internal service fund has a deficit of \$128,773. These will be eliminated with future revenues and transfers from governmental and enterprise funds.

NOTE 3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash, cash equivalents, and investments at December 31, 2022 are classified in the accompanying financial statements as follows:

	Primary Government	Component Unit
Statement of net position:		
Cash and cash equivalents	\$ 9,498,475	\$ 748,174
Investments	27,362,545	3,513,946
Restricted cash and cash equivalents	134,250	-
Total cash and investments	<u>\$ 36,995,270</u>	<u>\$ 4,262,120</u>

Cash and investments at December 31, 2022 consist of the following:

	Primary Government	Component Unit
Cash:		
Cash on hand	\$ 1,150	\$ -
Deposit with financial institutions	9,616,410	748,174
Cash equivalents:		
Money Market Funds	15,165	-
Investments:		
Various	27,362,545	3,513,946
Total cash, cash equivalents, and investments	<u>\$ 36,995,270</u>	<u>\$ 4,262,120</u>

The 4M Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities and Exchange Commission (SEC); however, it follows the same regulatory rules of the SEC under rule 2a-7. The reported value of the pool is the same as the fair value of the pool share. The 4M Fund is administered by PMA Financial Network, with RBC Capital Markets as investment advisor and fund representative. Financial

statements of the 4M Fund can be obtained by contacting the 4M Fund at 5301 Kyler Avenue NE, Second Floor, Albertville, MN 55301.

Investments Authorized by Minnesota Statutes and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by Minnesota state statute. The City's investment policy does not restrict investment types beyond the limits set forth by state statute. The table also identifies any provisions in state statutes that address interest rate risk, credit risk, and concentration risk. This table also applies to investments of debt proceeds held by bond trustee that are governed by provisions of debt agreements and similarly restricted by state statute.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Investment in One Issuer</u>
U.S. treasury obligations	None	None	None
U.S. agency securities	None	None	None
Banker's acceptances	None	None	None
Commercial paper	270 days	None	None
Negotiable certificates of deposit	None	None	\$250,000
Non-negotiable certificates of deposit	None	None	None
MN state or municipal obligations	None	None	None
Repurchase agreements	None	None	None

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of December 31, 2022, the City's investments in U.S. Agencies are rated AAA by Standard & Poor's and AAA by Moody's Investors Service. The City's investments in negotiable certificates of deposit are below the F.D.I.C. \$250,000 insurance limit per institution. Non-negotiable certificates of deposits exceeding \$250,000 per institution must be collateralized by the limits defined in the custodial credit risk section of this footnote. The City's investment in the 4M – Local Government Investment Pool is a common law trust organized and existing under the laws of the State of Minnesota, in accordance with the provisions of the Minnesota Joint Powers Act. This requires it meets all of the requirements of Rule 2a-7 of the Securities and Exchange Commission. The general objective of the Fund is to provide a high yield for the participants while maintaining liquidity and preserving capital investing only in instruments authorized by Minnesota Statutes, which govern the temporary

investment of municipality monies. In addition, the fixed rate/fixed term portion of the program is also structured with safety of principal as the major objective. Subject to the power of the participants to amend the Declaration of Trust, the Board of Directors of the League of Minnesota Cities serves as the Board of Trustees of the Trust. The City has recently adopted an investment policy.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. One way the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments.

The City also manages this risk by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide cash flow and liquidity for operations. Further, the City purchases some securities that have interest rates that step-up over time. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

Investment Type	Fair Value	Weighted Average Maturity (in years)	Fair Value Level
Federal Farm Credit Bank	\$ 909,328	3.8	1
Federal Home Loan Bank	2,133,946	5.35	1
Non-negotiable certificates of deposit	27,833,217	3.13	N/A
Total Investments	<u>\$ 30,876,491</u>		
Portfolio weighted average maturity		4.09	

There are five Federal Farm Credit Bank investments, the last one matures on August 19, 2027 and has credit ratings of AAA and AA+ from the Moody's and S&P rating agencies, respectively.

Concentration of Credit Risk

State statutes contain no limitations on the amount that can be invested in any one issuer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside

party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to cover the value of its investment or collateral securities that are in possession of another party. Minnesota statutes do not contain legal requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: Minnesota statutes require that all City deposits be protected by insurance, surety bond, or collateral. The market value of the collateral must be a minimum of 110% of deposits not covered by insurance or bonds (140% in the case of mortgage-backed collateral). Authorized collateral includes the legal investment described earlier, as well as certain first mortgage notes, and certain other state or local obligations. Minnesota statutes require that securities pledged as collateral be held in safekeeping by the clerk-treasurer or in a financial institution. The City has no formal policy relating to custodial credit risk. The City was not exposed to custodial credit risk as of December 31, 2022.

NOTE 4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At December 31, 2022, there are interfund balances that are generally short-term loans used to cover temporary cash deficits in various funds. The interfund transfers generally are made for the purposes of debt service payments made from a debt service fund but funded from an operating fund or subsidy transfers. There were no significant transfers during the fiscal year that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.

Transfers. The following interfund transfers are reflected in the fund financial statements at December 31, 2022:

Transfer In	Transfer Out	Amount
General Fund	Nonmajor Governmental Fund	\$ 45,526 (1)
General Fund	Electric Fund	78,325 (1)
Capital Projects Fund	General Fund	35,000 (1)
Capital Projects Fund	Nonmajor Governmental Fund	141,021 (1)
Current City Projects Fund	General Fund	16,781 (1)
Current City Projects Fund	Nonmajor Governmental Fund	341,753 (1)
Nonmajor Governmental Fund	Electric Fund	350,000 (1)
Nonmajor Governmental Fund	General Fund	220,299 (1)
Internal Service Fund	General Fund	471,534 (2)
		<u>\$ 1,700,239</u>

1. Transfer share of debt service payments, capital and project expenses, and wages.
2. Transfer to replenish benefit accrual fund

Due From Other Funds. The following due from other funds are reflected on the financial statements at December 31, 2022:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 120,000 (1)
Capital Projects Fund	Current City Projects Fund	283,748 (1)
Electric Fund	General Fund	119,651 (2)
Electric Fund	Nonmajor Governmental Funds	129 (2)
Electric Fund	Water Fund	11,317 (2)
Water Fund	Electric Fund	281,285 (2)
General Fund	Electric Fund	254,569 (2)
General Fund	Water Fund	28,660 (2)
Nonmajor Governmental Funds	Electric Fund	18,747 (2)
Refuse Fund	Electric Fund	138,981 (2)
Sewage Fund	Electric Fund	245,185 (2)
Storm Water Fund	Electric Fund	93,078 (2)
Central Equipment	Storm Water Fund	59,436 (2)
Central Equipment	Refuse Fund	20,178 (2)
Electric Fund	Commercial Properties	1,185 (2)
Electric Fund	Sewage Fund	7,610 (2)
Electric Fund	Storm Water Fund	26,118 (2)
Electric Fund	Refuse Fund	87 (2)
		<u>\$ 1,709,964</u>

1. The purpose of this Interfund receivable is to maintain a positive cash balance at year end.
2. The purpose of this Interfund receivable is to cover year end utility billings between funds.

NOTE 5. CAPITAL ASSETS

Capital asset activities for the year ended December 31, 2022, were as follows:

	As Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Nondepreciable capital assets				
Land	\$ 31,203,471	\$ -	\$ -	\$ 31,203,471
Construction in progress	280,902	956,728	(95,673)	1,141,957
Total	<u>31,484,373</u>	<u>956,728</u>	<u>(95,673)</u>	<u>32,345,428</u>
Depreciable capital assets:				
Buildings, structures, and improvements	84,511,984	16,201	-	84,528,185
Machinery and equipment	12,037,118	209,502	(48,192)	12,198,428
Infrastructure	57,315,840	242,592	-	57,558,432
Total	<u>153,864,942</u>	<u>468,295</u>	<u>(48,192)</u>	<u>154,285,045</u>
Total capital assets	<u>185,349,315</u>	<u>1,425,023</u>	<u>(143,865)</u>	<u>186,630,473</u>
Less accumulated depreciation for:				
Buildings, structures and improvements	(30,545,739)	(1,785,244)	31,816	(32,299,167)
Machinery and equipment	(6,527,691)	(767,879)	16,375	(7,279,195)
Infrastructure	(27,708,645)	(1,874,608)	-	(29,583,253)
Total accumulated depreciation	<u>(64,782,075)</u>	<u>(4,427,731)</u>	<u>48,191</u>	<u>(69,161,615)</u>
Total capital assets, being depreciated, net	<u>120,567,240</u>	<u>(3,002,708)</u>	<u>(95,674)</u>	<u>117,468,858</u>
Lease Assets				
Equipment	34,014	6,102	-	40,116
Total lease assets, being amortized	<u>34,014</u>	<u>6,102</u>	<u>-</u>	<u>40,116</u>
Less accumulated amortization for				
Equipment	-	(11,744)	-	(11,744)
Total accumulated amortization	<u>-</u>	<u>(11,744)</u>	<u>-</u>	<u>(11,744)</u>
Total lease assets being amortized, net	<u>34,014</u>	<u>(5,642)</u>	<u>-</u>	<u>28,372</u>
Governmental activities capital assets, net	<u>\$ 120,601,254</u>	<u>\$ (3,008,350)</u>	<u>\$ (95,674)</u>	<u>\$ 117,497,230</u>
	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Nondepreciable capital assets				
Land	\$ 630,302	\$ -	\$ -	\$ 630,302
Construction in progress	1,411,075	353,037	(1,411,075)	353,037
Total	<u>2,041,377</u>	<u>353,037</u>	<u>(1,411,075)</u>	<u>983,339</u>
Depreciable capital assets:				
Buildings, structures, and improvements	109,832,313	2,314,532	(5,232)	112,141,613
Machinery and equipment	6,718,420	340,432	(64,976)	6,993,876
Total	<u>116,550,733</u>	<u>2,654,964</u>	<u>(70,208)</u>	<u>119,135,489</u>
Total capital assets	<u>118,592,110</u>	<u>3,008,001</u>	<u>(1,481,283)</u>	<u>120,118,828</u>
Less accumulated depreciation for:				
Buildings, structures, and improvements	(53,470,453)	(2,615,327)	5,231	(56,080,549)
Machinery and equipment	(5,816,858)	(250,223)	55,858	(6,011,223)
Total accumulated depreciation	<u>(59,287,311)</u>	<u>(2,865,550)</u>	<u>61,089</u>	<u>(62,091,772)</u>
Total business-type activities capital assets, net	<u>\$ 59,304,799</u>	<u>\$ 142,451</u>	<u>\$ (1,420,194)</u>	<u>\$ 58,027,056</u>

Depreciation/amortization was charged to function/programs of the City as follows:

Governmental Activities:	
General Government	\$ 211,652
Public Safety	437,945
Public Works	2,926,558
Culture and Recreation	699,982
Transit	141,882
Cemetery	21,456
Total Depreciation and Amortization Expenses - Governmental Activities	<u>\$ 4,439,475</u>
Business-Type Activities:	
Electric Fund	\$ 995,012
Water Fund	619,154
Sewer Fund	813,827
Storm Water Fund	370,210
City Mall Fund	40,291
Refuse Fund	27,056
Total Depreciation Expenses - Business-Type Activities	<u>\$ 2,865,550</u>

Governmental Activities depreciation expense includes Internal Service fund depreciation of \$399,094.

Discretely presented component unit

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Nondepreciable capital assets				
Land	\$ 50,300	\$ -	\$ -	\$ 50,300
Construction in progress	-	-	-	-
Total	<u>50,300</u>	<u>-</u>	<u>-</u>	<u>50,300</u>
Depreciable capital assets:				
Buildings, structures, and improvements	5,694,609	-	-	5,694,609
Machinery and equipment	174,258	-	-	174,258
Total	<u>5,868,867</u>	<u>-</u>	<u>-</u>	<u>5,868,867</u>
Total capital assets	<u>5,919,167</u>	<u>-</u>	<u>-</u>	<u>5,919,167</u>
Less accumulated depreciation for:				
Buildings, structures and improvements	(2,742,537)	(145,820)	-	(2,888,357)
Machinery and equipment	(144,184)	(4,867)	-	(149,051)
Total accumulated depreciation	<u>(2,886,721)</u>	<u>(150,687)</u>	<u>-</u>	<u>(3,037,408)</u>
Total governmental activities capital assets, net	<u>\$ 3,032,446</u>	<u>\$ (150,687)</u>	<u>\$ -</u>	<u>\$ 2,881,759</u>

NOTE 6. LEASES

The City has entered into lease agreements with various tenants in the City owned Infill Building. Tenant payments are based on square foot annually. Lease terms are from one to six years. The following is the total lease-related revenue for the year ended December 31, 2022:

Lease-related Revenue

Lease Revenue	
Building	\$ 165,571
Land	11,793
Total Lease Revenue	<u>\$ 177,364</u>
Interest Revenue	14,553
Variable & Other Revenue	-
Total	<u>\$ 191,917</u>

The following is a schedule by years of future minimum rental receipts required under the leases:

Maturity Analysis	Principal	Interest	Total Receipts
2023	\$ 179,546	\$ 10,825	\$ 190,371
2024	150,437	5,910	156,347
2025	45,486	1,322	46,808
2026	19,280	145	19,425
Total Future Receipts	<u>\$ 394,749</u>	<u>\$ 18,202</u>	<u>\$ 412,951</u>

NOTE 7. LONG-TERM LIABILITIES.

GENERAL OBLIGATION BONDS. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. In addition, general obligation bonds have been issued to refund general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds, except for refunding issues. General obligation bonds currently outstanding are as follows:

Governmental activities

General Obligation Improvement Bonds:	Final Maturity	Interest Rates	Issue Amount	Outstanding 12/31/22
12/01/12	02/01/34	2.0%-2.75%	\$ 660,000	\$ 425,000
12/01/15	02/01/31	2.0%-4.0%	870,000	280,000
12/1/15 Refunding	02/01/25	2.0%-4.0%	2,095,000	550,000
12/1/15 Refunding	02/01/27	2.0%-4.0%	760,000	225,000
2017A Improvement and Refunding	02/01/28	2.3%-3.0%	3,950,000	1,870,000
				<u>3,350,000</u>
MN PFA-Transportation	08/20/38	3.645%	3,466,577	2,389,000
GO Certificate of Indebtedness	02/01/23	2.0%-4.0%	265,000	40,000
Total governmental activities				<u>\$ 5,779,000</u>

Business-type activities

Revenue bonds:	Maturity	Rates	Amount	12/31/22
MN PFA - Clean Water	08/20/28	2.687%	\$ 4,012,598	\$ 1,469,000
MN PFA - Clean Water	08/20/36	1.039%	6,721,426	4,935,000
Total business-type activities				<u>\$ 6,404,000</u>

Special assessment bonds are backed by the full faith and credit of the City. Currently all governmental activities general obligation bonds are supported by special assessments.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 1,038,000	\$ 172,797	\$ 558,000	\$ 90,746
2024	887,000	140,418	568,000	81,175
2025	816,000	113,826	577,000	71,400
2026	405,000	96,321	588,000	61,434
2027	400,000	85,002	598,000	51,238
2028-2032	1,094,000	303,535	2,032,000	139,610
2033-2037	946,000	134,331	1,483,000	38,715
2038	193,000	7,034	-	-
Total	<u>\$ 5,779,000</u>	<u>\$ 1,053,264</u>	<u>\$ 6,404,000</u>	<u>\$ 534,318</u>

The City leases various office equipment. The maturity dates of the leases range from 2023 to 2026. The following is the total lease expenditure for the year ended December 31, 2022.

Lease expense

Amortization expense by class of underlying asset	
Equipment	\$ 11,744
Total amortization expense	11,744
Interest on lease liabilities	979
Variable lease expense	-
Total	<u>\$ 12,723</u>

Annual debt service requirements to maturity for leases are as follows:

Maturity Analysis	Principal	Interest	Total Payments
2023	\$ 10,516	\$ 710	\$ 11,226
2024	10,068	408	10,476
2025	7,728	125	7,853
2026	403	2	405
Total Future Payments	<u>\$ 28,715</u>	<u>\$ 1,245</u>	<u>\$ 29,960</u>

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended December 31, 2022:

	As Restated Beginning Balance	Additions/ Proceeds	Reductions/ Payments	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation	\$ 4,225,000	\$ -	\$ (875,000)	\$ 3,350,000	\$ 885,000
Unamortized premium	234,863	-	(28,226)	206,637	-
Total	<u>4,459,863</u>	<u>-</u>	<u>(903,226)</u>	<u>3,556,637</u>	<u>885,000</u>
G.O. Transportation Improvement Bonds	2,498,000	-	(109,000)	2,389,000	113,000
Certificates of indebtedness	185,000	-	(145,000)	40,000	40,000
Unamortized premium	5,545	-	(4,061)	1,484	-
Leases	34,014	6,102	(11,401)	28,715	10,516
Compensated absences	814,285	207,375	(222,172)	799,488	267,089
Governmental Activities Total:	<u>7,996,707</u>	<u>213,477</u>	<u>(1,394,860)</u>	<u>6,815,324</u>	<u>1,315,605</u>
Business-type activities:					
Bonds payable:					
G.O. Clean Water Improvement Bonds	1,692,000	-	(223,000)	1,469,000	229,000
G.O. Wastewater Improvement Bonds	5,250,971	-	(315,971)	4,935,000	329,000
Compensated absences	630,396	682,942	(721,764)	591,574	210,505
Business-type activities total	<u>7,573,367</u>	<u>682,942</u>	<u>(1,260,735)</u>	<u>6,995,574</u>	<u>768,505</u>
Government-wide Total	<u>\$ 15,570,074</u>	<u>\$ 896,419</u>	<u>\$ (2,655,595)</u>	<u>\$ 13,810,898</u>	<u>\$ 2,084,110</u>

Compensated absences and leases are generally liquidated by the fund in which it was earned.

Discretely presented component unit – Economic Development and Housing Authority (EDA)

CHANGES IN LONG-TERM LIABILITIES. Long-term liability activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions/ Proceeds	Reductions/ Payments	Ending Balance	Due Within One Year
Component Unit activities:					
Compensated absences	\$ 21,688	\$ 23,227	\$ (21,937)	\$ 22,978	\$ 8,215
Component Unit activities total	<u>\$ 21,688</u>	<u>\$ 23,227</u>	<u>\$ (21,937)</u>	<u>\$ 22,978</u>	<u>\$ 8,215</u>

NOTE 8. RISK MANAGEMENT AND LITIGATION

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the past several years, the City obtained coverage from commercial insurance companies and has effectively managed risk through various employee education and prevention programs.

Additionally, the City self-insures the electric distribution assets in the Electric Fund because the deductible for such coverage is \$50,000 per loss for maximum coverage of \$500,000 per loss.

All risk management activities are accounted for in the appropriate fund. Expenditures and claims are recognized when it is probable that a loss has occurred, the amount of the loss can be reasonably estimated, and the loss amount exceeds insurance coverage. In determining claims, events that might create claims, but for which none have been reported, are considered.

The City attorney estimates that the amount of actual or potential claims against the City as of December 31, 2022 will not materially affect the financial condition of the City.

Workers' compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to LMCIT. If deemed necessary, LMCIT may require the City to pay supplemental assessments. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. The City's coverage is retrospectively rated, where final premiums are determined after loss experience is known. Property, casualty, and liability insurances are provided by LMCIT through a pooled self-insurance program.

An analysis of claims activities for the last three fiscal periods ended December 31 is presented below:

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Paid Losses	\$ 125,056	\$ 21,162	\$ 58,593
Paid Expenses	-	-	49,126
Reserve Losses	38,647	11,190	50,000
Reserve Expenses	25,000	-	51,143
Total Incurred	188,703	32,351	208,862
Deductible Recovery	(6,000)	(6,520)	(8,000)

The City's commercial insurance carrier has no set reserve losses or reserve expenses for claims filed after December 31, 2022, for incidents occurring prior to that date.

There were no significant reductions in insurance from the previous year and there were no settlements in excess of insurance coverage in each of the past three years.

NOTE 9. CLAIMS AND CONTINGENCIES

Grant Awards

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures

financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government.

As of December 31, 2022, significant amounts of grant expenditures have not been audited, but the City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

Additionally, unearned revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

NOTE 10. DEFINED BENEFIT PENSION PLANS

PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION- STATE-WIDE PLAN

A. Plan Description

The City participates in the following cost-sharing multi-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 Plan

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

2. Public Employees Police & Fire Plan

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

B. Benefits Provided

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

1. 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% for each of the first ten years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. Police and Fire Plan Benefits

Benefits for the Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for the Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

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

C. Contributions

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

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2022 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2022 were \$380,810. The City's contributions were equal to the required contributions for each year as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire members were required to contribute 11.8% of their annual covered salary in fiscal year 2022 and the City was required to contribute 17.7% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2022, were \$463,074. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2022, the City reported a liability of \$5,314,342 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$155,875. The net pension liability is generally liquidated by the fund in which it was allocated.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0671% at the end of the measurement period and 0.0663% for the beginning of the period.

	Primary Government	Component Unit
City's proportionate share of the net pension liability	\$ 5,201,090	\$ 113,252
State of Minnesota's proportionate share of the net pension liability associated with the City	149,640	6,235
Total	\$ 5,350,730	\$ 119,487

For the year ended December 31, 2022, the City recognized pension expense of \$721,913 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$23,291 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.

Notes to the Financial Statements
December 31, 2022 (Continued)

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

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Primary Government	Component Unit	Primary Government	Component Unit
Differences between expected and actual economic experience	\$ 42,613	\$ 1,776	\$ 53,946	\$ 2,246
Difference between projected and actual investment earnings	112,904	4,704	-	-
Changes in actuarial assumptions	1,141,273	47,553	20,905	871
Changes in proportion	79,423	3,309	37,953	1,581
Contributions paid to PERA subsequent to the measurement date	182,789	7,616	-	-
Total	\$ 1,559,002	\$ 64,958	\$ 112,804	\$ 4,698

The \$190,405 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 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	
	Primary Government	Component Unit
2023	\$ 486,646	\$ 20,277
2024	459,545	19,148
2025	(144,158)	(6,007)
2026	461,376	19,226

2. Police and Fire Fund Pension Costs

At December 31, 2022, the City reported a liability of \$9,442,983 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 proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.2170% at the end of the measurement period and 0.2248% for the beginning of the period. The net pension liability is generally liquidated by the fund in which it was allocated.

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

The \$9 million direct state was paid on October 1, 2021. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2022, the City recognized pension expense of \$577,032 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$80,026 as grant revenue for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City also recognized \$19,530 for the year ended December 31, 2022 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 586,412	\$ -
Difference between projected and actual investment earnings	43,357	-
Changes in actuarial assumptions	5,629,441	60,407
Changes in proportion	39,657	215,496
Contributions paid to PERA subsequent to the measurement date	231,537	-
Total	\$ 6,530,404	\$ 275,903

The \$231,537 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 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	\$ 1,152,822
2024	1,151,972
2025	1,005,581
2026	1,944,949
2027	767,640

E. 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 Equity	35.50%	5.10%
Private Markets	25.00%	5.90%
Fixed Income	25.00%	0.75%
International Equity	16.50%	5.30%

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.50%. This assumption is based on a review of inflation and investment 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 6.50% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan and 2.25% for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% 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% after one year of service to 3.0% after 27 years of service. In

the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% 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 slightly adjusted 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 and was 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 changed from 6.50% to 5.40%.

Changes in Plan Provisions:

- There have been no changes in plan provisions since the prior valuation.

G. Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the Police and Fire Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in fiscal year ended June 30, 2061 for the Police and Fire Fund, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69% (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% for the Police and Fire Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.50% applied to all years of projected benefits through the point of asset depletion and 3.69% thereafter.

H. Pension Liability Sensitivity

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

	1% Decrease (5.5%)	Current (6.5%)	1% Increase (7.5%)
Primary Government	\$ 8,058,511	\$ 5,101,768	\$ 2,676,783
Component Unit	335,771	212,574	111,533
Total General Employees Fund	\$ 8,394,282	\$ 5,314,342	\$ 2,788,316

	1% Decrease (4.4%)	Current (5.4%)	1% Increase (6.4%)
Police and Fire Fund	\$ 14,290,290,743	\$ 9,442,983	\$ 5,523,859

I. Pension Plan Fiduciary Net Position

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

NOTE 11. DEFINED CONTRIBUTION PLAN - STATEWIDE

Six City Council members and the mayor are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The defined contribution plan is a tax qualified plan under section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected

official's employer. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of one percent (0.25%) of the assets in each member's account annually.

Total contributions made by the City during the fiscal year 2022 were:

Amount		Percentage of Covered Payroll		Required Rates
Employees	Employer	Employees	Employer	
\$ 1,980	\$ 1,980	5.00%	5.00%	5.00%

NOTE 12. EAST GRAND FORKS FIRE DEPARTMENT PENSION PLAN

Plan Description

The East Grand Forks Fire Department Pension Plan is the administrator of a single employer lump-sum defined benefit pension plan available to firefighters, retired and active, of the City of East Grand Forks. The plan operates under the provisions of Minn. Stat. §§ 69.051 and 69.80. The assets of the fund are dedicated to providing pension benefits to the plan members.

Plan Membership

At January 1, 2022, the membership of the Department consisted of:

Active Members	30
Vested Terminated and Transfer Members	4
Total Members	34

Benefit Provisions

Twenty Year Service Pension

Each member who is at least 50 years of age; has retired from the East Grand Forks Fire Department, has served at least twenty (20) years of active service with such department before retirement; shall be entitled to a lump sum service pension in the amount of \$4,500 for each completed full year of service (including each year over 20) but not exceeding the maximum amount per year of service allowed by law for the minimum average amount of available financing per firefighter as prescribed by law.

Disability Benefits

If a member of this Association shall become totally and permanently disabled to the extent that a physician or surgeon acceptable to the board of trustees shall certify that such disability will permanently prevent said member from performing their duties in the East Grand Forks Fire Department, the Department shall pay to such member the sum of \$4,500 for each year that they have served as an active member of said fire department. If a member who has received such disability pension should subsequently recover and return to active duty in the East Grand Forks Fire Department, any amount paid to them as a disability pension shall be deducted from their retirement pension.

Death Benefits

Upon the death of any member of the Department who is in good standing at the time of their death, the Department shall pay to the surviving spouse, if any, and if no surviving spouse, to surviving child or children, if any, and if no child or children survive, to the estate of such deceased member the sum of \$4,500 for each year that they served as an active member of the East Grand Forks Fire Department.

Pension Costs

At December 31, 2022, the City reported a net pension asset of \$573,297 for the plan. The net pension asset was measured as of December 31, 2021. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by applying an actuarial formula to specific census data certified by the fire department as of December 31, 2021. The following table presents the changes in net pension liability (asset) during the year.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at previous Measurement Date 12/31/21	\$ 1,066,202	\$ 1,543,131	\$ (476,929)
Changes for the year:			
Service cost	45,616	-	45,616
Interest	50,911	-	50,911
Assumption changes	-	-	-
Plan changes	141,799	-	141,799
Nonemployer contributions	-	76,184	(76,184)
Projected investment return	-	74,258	(74,258)
Gain or Loss	(36,442)	152,744	(189,186)
Benefit payments	(187,211)	(187,211)	-
Administrative expense	-	(4,934)	4,934
Net changes	<u>14,673</u>	<u>111,041</u>	<u>(96,368)</u>
Balance at current Measurement Date 12/31/22	<u>\$ 1,080,875</u>	<u>\$ 1,654,172</u>	<u>\$ (573,297)</u>

For the year ended December 31, 2022, the City recognized pension expense of \$(3,736).

At December 31, 2022, the City reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual liability	\$ -	\$ 43,394
Net difference between projected and actual investment earnings	-	257,780
Changes in assumptions	-	-
Total	<u>\$ -</u>	<u>\$ 301,174</u>

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

Year Ending 31-Dec	Pension Expense Amount
2023	\$ (78,950)
2024	(96,772)
2025	(63,174)
2026	(34,436)
2027	(3,888)
Thereafter	(23,954)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2022, based on the measurement date of December 31, 2021, and using the following actuarial assumptions.

- Investment rate of return is 5.0%;
- Inflation rate is 2.5%;
- Entry age normal in accordance with the requirements of GASB 67;

Long-Term Expected Rate of Return

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per the actuary's investment consulting practice as of December 31, 2022.

Asset Class	Portfolio Weight	Expected Class Return
Cash	9.00%	1.80%
Fixed Income	34.00%	3.00%
Equities	57.00%	6.80%

Discount Rate

The discount rate used to measure the total pension liability was 5.0%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at the actual statutory contribution rate. Based on those assumptions, the Association's net position was projected to be available to make all projected future benefit payments of the 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.

Sensitivity Analysis

The following presents the net pension liability calculated using the discount rate of 5.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.0%) or one-percentage-point higher (6.0%) than the current rate:

1% Decrease (4.0%)	Current (5.0%)	1% Increase (6.0%)
\$ (537,073)	\$ (573,297)	\$ (607,592)

NOTE 13. CONCENTRATION OF SALES AND REVENUES

American Crystal Sugar Company is the largest customer of the Water and Electric Fund. The company's power purchases account for approximately 44% of the Electric Fund's operating revenue; the company's water purchases account for approximately 24% of the Water Fund's operating revenue. The City collected \$620,743 in franchise fees from the Electric Fund for sales to American Crystal. The fee, calculated at \$.0085 per KWH sold, is classified as general tax revenue in the General Fund and is classified as tax and tax equivalent expense in the Electric Fund.

NOTE 14. FUND BALANCE

	General Fund	Capital Projects Fund	Current City Projects Fund	2017 Assessment Bond	Nonmajor Governmental Funds
Fund Balances:					
Nonspendable:					
Materials and Supplies	\$ 10,367	\$ -	\$ -	\$ -	\$ -
Prepaid Items	105,156	-	-	-	-
Campbell Library	-	-	-	-	76,000
Total	<u>115,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,000</u>
Restricted:					
Debt Service	-	-	-	188,208	2,901,488
Capital Projects	-	1,388,510	-	-	-
Community Growth	-	-	-	-	72,491
State Aid Street	-	-	-	-	389,805
New Home Incentive	-	-	-	-	300,357
Sales Tax Pool	-	-	-	-	399,745
Cemetery	-	-	-	-	5,322
Insect Control	-	-	-	-	285,749
Perpetual Care	-	-	-	-	278,619
Greenway Maintenance	-	-	-	-	17,347
Seized Property	-	-	-	-	23,232
Grants	-	-	-	-	232,239
1997 Downtown Development	-	-	-	-	16,112
08 PFA Loan 23rd Street	-	-	-	-	171,693
Building Improvements	-	-	-	-	23,125
Total	<u>-</u>	<u>1,388,510</u>	<u>-</u>	<u>188,208</u>	<u>5,117,324</u>
Unassigned:	<u>6,385,780</u>	<u>-</u>	<u>(209,853)</u>	<u>-</u>	<u>(264,822)</u>
TOTAL FUND BALANCE	<u>\$6,501,303</u>	<u>\$ 1,388,510</u>	<u>\$ (209,853)</u>	<u>\$ 188,208</u>	<u>\$ 4,928,502</u>

NOTE 15. COMMITTED CONTRACTS

The City has entered into an agreement to acquire electric service territory from Red River Valley Power Coop (RRVPC). The agreement, entered into January 2003, will be in effect as long as agreed upon by both parties. The City paid RRVPC \$982 during 2022 for electricity sold to the customers in the annexed service territory.

The City entered into an agreement in 2004 with PKM to acquire electric service territory. The City will pay PKM ½ cent per kilowatt hour sold on every meter in the newly acquired area for 10 years. There were payments totaling \$2,584 on this agreement for 2022. The City entered into another agreement in 2017 with PKM to acquire electric service territory. The City will pay PKM \$.006 kilowatt per hour sold

on every meter in the newly acquired area for 10 years. There were no payments on this agreement in 2022.

The City entered into a joint membership agreement with the Minnesota Municipal Power Agency (MMPA) in 2004. The agreement is in effect until December 31, 2040 and requires the City to purchase all required power above the Western Area Power Association (WAPA) allocation from MMPA.

As of December 31, 2022, the City had construction commitments for Civic Center Arena Project and the Fire hall Roof project. The Civic Center Arena Project contract is for \$388,100 and has a remaining commitment of \$36,000. The Fire Hall contract is for \$524,530 and has a remaining commitment of \$26,226.

NOTE 16. CONDUIT DEBT OBLIGATION

The City has issued Industrial Development Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of commercial and industrial facilities which are deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issue. The City is not obligated in any manner for the payment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2022, one series of Industrial Revenue Bonds were outstanding with a remaining principal balance of \$8,000,000.

NOTE 17. ARBITRAGE REBATE

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary date of the bond issue. As of December 31, 2022, there are no amounts for arbitrage rebates.

NOTE 18. NEW PRONOUNCEMENTS

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The statement provides definitions of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to

provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 99, *Omnibus 2022*, provides guidance on the following accounting matters:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.

- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statement.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, provides guidance on accounting and financial reporting requirements for accounting changes and error corrections. Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in

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

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences*, provides guidance on the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Management has not yet determined what effect these statements will have on the entity’s financial statements.

NOTE 19. OTHER POSTEMPLOYMENT BENEFITS

Plan Description:

Other postemployment benefits provided by the City include allowing retirees to continue their health insurance coverage through the City group plan at their own

cost. This plan was established under the authority of the City Council and is of the single employer defined benefit plan. Any amendments to the plan must be approved by the City Council. There is not a separate audited plan financial report.

Benefits Provided:

The City provides healthcare benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the retiree.

Funding Policy:

The City Council establishes employer contribution rates for plan participants and determines how the plan will be funded as part of the budgetary process each year. Retirees pay the full budgeted rates for coverage under the medical plan. The City Council has chosen to fund the healthcare benefits on a pay as you go basis. As such, the City has no assets accumulated in a GASB-compliance trust.

Employees Covered by Benefit Term:

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

Inactive plan members or beneficiaries currently receiving benefit payments	7
Active plan members	99
Total Members	<u>106</u>

Total OPEB Liability:

The City's total OPEB liability of \$533,401 was measured as of January 1, 2022 and was determined by an actuarial valuation as of that date. The OPEB liability is generally liquidated by the fund in which it was allocated.

Actuarial Assumptions:

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0%
Salary increases	vary by service and contract group
Healthcare cost trend rates	6.50% as of January 1, 2021 grading to 5% over 6 years and then to 4% over the next 48 years

Mortality rates were based on the RP-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale.

The discount rate is based on the estimated yield of 20-year AA-rated municipal bonds. The overall single discount rate is 2.0%.

In January 1, 2022 actuarial valuation, the entry age, level percentage of pay actuarial cost method was used.

Changes in the Total OPEB Liability

	Total OPEB Liability	
	Primary Government	Component Unit
Balance at 12/31/2021	\$ 491,447	\$ 10,030
Changes for the year:		
Service Cost	47,607	972
Interest Cost	10,514	215
Benefit Payments	(26,836)	(548)
Net Changes	31,286	638
Balance at 12/31/2022	<u>\$ 522,733</u>	<u>\$ 10,668</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1 percent) or one percentage point higher (3 percent) than the current rate:

	Department Total OPEB Liability		
	1% Decrease (1%)	Current (2%)	1% Increase (3%)
Primary Government	\$ 563,114	\$ 522,733	\$ 582,200
Component Unit	11,492	10,668	11,882
Total	<u>\$ 574,606</u>	<u>\$ 533,401</u>	<u>\$ 594,082</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB Liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates of 6.50%, gradually decreasing over 6 years to an ultimate rate of 5.0%.

Notes to the Financial Statements
December 31, 2022 (Continued)

	Department Healthcare Cost Trend Rates		
	(5.5% decreasing to 4.0% over 6 years)	(6.5% decreasing to 5.0% over 6 years)	(7.5% decreasing to 6.0% over 6 years)
Primary Government	\$ 458,872	\$ 522,733	\$ 601,259
Component Unit	9,365	10,668	12,271
Total	\$ 468,237	\$ 533,401	\$ 613,530

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended December 31, 2022, the City recognized OPEB expense of \$43,953. Pension liabilities are generally liquidated by the fund in which the liability is earned. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Primary Government	Component Unit	Primary Government	Component Unit
Changes in actuarial assumptions	\$ 19,871	\$ 407	\$ 7,056	\$ 145
Difference between expected and actual economic experience	-	-	75,068	1,532
Employer contributions paid subsequent to the measurement date	34,566	705	-	-
Total	\$ 54,437	\$ 1,112	\$ 82,124	\$ 1,677

\$35,271 reported as deferred outflows of resources related to OPEB resulting from City contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ending 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	
	Primary Government	Component Unit
2023	\$ (15,048)	\$ (307)
2024	(15,048)	(307)
2025	(15,048)	(307)
2026	(15,037)	(307)
2027	(1,037)	(21)
Thereafter	(1,035)	(21)

NOTE 20. TAX ABATEMENTS

In accordance with Minnesota Statutes 469.1812 through 469.1815, the statute authorizes Property Tax Abatement for Community Development purposes. The City of East Grand Forks authorized a two-year Tax Rebate for New Home Construction through the year 2026. The program applies to owner-occupied single-family dwellings, including town homes and twin homes. The abatement is for the first two

years where payment of taxes are based upon the full value of the new dwelling. The City's amount for 2022 is \$45,526.

NOTE 21. CHANGE IN ACCOUNTING PRINCIPLES

The City implemented GASB Statement No. 87, Leases in the year ended December 31, 2022. GASB Statement No. 87 established a single model for lease accounting based on the foundation principle that leases are financings of the right to use an underlying asset.

The adoption of GASB 87 resulted in the recognition of a right to use leased asset and lease liability of \$34,014. Results for periods prior to December 31, 2021 continue to be reported in accordance with the City's historical accounting treatment. See Notes 5, 6 and 7 for expanded disclosures regarding the City's leases.



(This page left blank intentionally)

**Schedule of Changes in the City's
Total OPEB Liability and Related Ratios
Last 10 Years**

CITY OF EAST GRAND FORKS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service Cost	\$ 48,579	\$ 47,164	\$ 35,836	\$ 34,792	\$ 39,358
Interest	10,729	19,377	18,288	19,185	18,916
Changes in Actuarial Assumptions	-	27,048	-	(14,425)	-
Difference between projected and actual investment earnings	-	(35,500)	-	(99,940)	-
Benefit Payments	<u>(27,384)</u>	<u>(38,340)</u>	<u>(35,831)</u>	<u>(45,148)</u>	<u>(45,962)</u>
Net Change in Total OPEB Liability	31,924	19,749	18,293	(105,536)	12,312
Total OPEB Liability - Beginning	<u>501,477</u>	<u>481,728</u>	<u>463,435</u>	<u>568,971</u>	<u>556,659</u>
Total OPEB Liability - Ending	<u>\$ 533,401</u>	<u>\$ 501,477</u>	<u>\$ 481,728</u>	<u>\$ 463,435</u>	<u>\$ 568,971</u>
 Covered Payroll	 \$ 7,338,628	 \$ 7,124,882	 \$ 6,599,847	 \$ 6,407,618	 \$ 6,376,059
 City's Total OPEB Liability as a Percentage of a Covered Payroll	 7.27%	 7.04%	 7.30%	 7.23%	 8.92%

The City implemented GASB No 75 for the fiscal year ended December 31, 2018. Information from prior years is not available.

**Schedule of City's Contributions to PERA Retirement Fund
Last 10 Years**

CITY OF EAST GRAND FORKS

	Fiscal Year Ended December 31	Statutorily Required Contributions	Contributions in Relation to the		Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a % of Covered Payroll
			Statutorily Required Contributions	Statutorily Required Contributions			
General Employees Fund	2015	\$ 296,341	\$ 296,341	\$ -	\$ 3,951,212	7.50%	
	2016	318,174	318,174	-	4,240,440	7.50%	
	2017	329,665	329,665	-	4,395,536	7.50%	
	2018	330,577	330,577	-	4,407,691	7.50%	
	2019	353,808	353,808	-	4,717,438	7.50%	
	2020	372,333	372,333	-	4,964,456	7.50%	
	2021	368,253	368,253	-	4,910,034	7.50%	
	2022	380,810	380,810	-	5,077,466	7.50%	
Police and Fire Fund	2015	\$ 372,285	\$ 372,285	\$ -	\$ 2,298,054	16.20%	
	2016	376,199	376,199	-	2,321,891	16.20%	
	2017	392,706	392,706	-	2,424,109	16.20%	
	2018	399,268	399,268	-	2,464,617	16.20%	
	2019	436,592	436,592	-	2,575,764	16.95%	
	2020	476,870	476,870	-	2,694,177	17.70%	
	2021	466,522	466,522	-	2,635,716	17.70%	
	2022	463,074	463,074	-	2,616,238	17.70%	

The amounts presented for each fiscal year were determined as of the City's year end which is December 31.

The City implemented GASB Statement No. 68 for its year ended December 31, 2015. Information for the prior years is not available.

**Schedule of City's and Non-Employer Proportionate Share of the Net Pension Liability
Last 10 Years**

CITY OF EAST GRAND FORKS

	Fiscal Year Ended December 31	City's	City's	State's	Total	City's Covered	City's	Plan Fiduciary
		Proportionate Share of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability Associated with the City		Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Net Position as a Percentage of the Total Pension Liability
General Employees Fund	2015	0.0660%	\$ 3,420,463	\$ -	\$ 3,420,463	\$ 3,812,160	89.7%	78.20%
	2016	0.0650%	5,277,678	68,982	5,346,660	4,007,733	131.7%	68.90%
	2017	0.0682%	4,353,844	54,725	4,408,569	4,201,635	103.6%	75.90%
	2018	0.0659%	3,655,862	119,810	3,775,672	4,428,547	82.6%	79.53%
	2019	0.0645%	3,566,061	110,829	3,676,890	4,562,565	78.2%	80.23%
	2020	0.0676%	4,052,929	125,006	4,177,935	4,840,947	83.7%	79.06%
	2021	0.0663%	2,831,307	86,431	2,917,738	4,937,245	57.3%	87.00%
	2022	0.0671%	5,314,342	155,875	5,470,217	4,993,750	106.4%	76.67%
Police and Fire Fund	2015	0.2390%	\$ 2,715,599	\$ -	\$ 2,715,599	\$ 2,131,642	127.4%	86.61%
	2016	0.2410%	9,671,749	-	9,671,749	2,317,136	417.4%	63.90%
	2017	0.2320%	3,132,276	-	3,132,276	2,370,623	132.1%	85.40%
	2018	0.2322%	2,475,013	-	2,475,013	2,446,747	101.2%	88.84%
	2019	0.2391%	2,545,461	-	2,545,461	2,520,191	101.0%	89.26%
	2020	0.2258%	2,976,286	70,110	3,046,396	2,634,971	113.0%	87.19%
	2021	0.2248%	1,735,218	78,008	1,813,226	2,664,947	65.1%	93.66%
	2022	0.2170%	9,442,983	412,559	9,855,542	2,625,977	359.6%	70.53%

The amounts presented for each fiscal year were determined as of the measurement date of the City's net pension liability which is June 30, of the previous year for PERA.

The City implemented GASB Statement No. 68 for its year ended December 31, 2015. Information for the prior years is not available.

See Notes to the Required Supplementary Information

**Schedule of Net Pension Liability and Related Ratios – East Grand Forks Fire Department
Last 10 Years**

CITY OF EAST GRAND FORKS

Fiscal Year	2022	2021	2020	2019	2018
Total Pension Liability					
Service Cost	\$ 45,616	\$ 44,503	\$ 49,539	\$ 45,806	\$ 44,689
Interest Cost	50,911	51,295	44,535	43,604	46,800
Plan Changes	141,799	-	104,176	53,981	-
Gain or Loss	-	-	(13,006)	-	-
Benefit Payments	-	(21,994)	(68,000)	(189,039)	(123,980)
Net Change in Total Pension Liability	238,326	73,804	117,244	(45,648)	(32,491)
Total Pension Liability - Beginning	1,066,202	992,398	875,154	920,802	953,293
Total Pension Liability - Ending	\$ 1,304,528	\$ 1,066,202	\$ 992,398	\$ 875,154	\$ 920,802
Plan Fiduciary Net Position					
Nonemployer Contributions	\$ 76,184	\$ 73,100	\$ 69,887	\$ 70,691	\$ 69,476
Net Investment Income	74,258	65,537	53,405	58,131	55,569
Gain or Loss	189,186	143,701	167,970	(89,114)	86,866
Benefit Payments	-	(21,994)	(68,000)	(189,039)	(123,980)
Pension Plan Administrative Expense	(4,934)	(4,805)	(5,652)	(4,982)	(4,543)
Net Change in Plan Fiduciary Net Position	334,694	255,539	217,610	(154,313)	83,388
Plan Fiduciary Net Position - Beginning	1,543,131	1,287,592	1,069,982	1,224,295	1,140,907
Plan Fiduciary Net Position - Ending	\$ 1,877,825	\$ 1,543,131	\$ 1,287,592	\$ 1,069,982	\$ 1,224,295
Net Pension Liability - Ending	\$ (573,297)	\$ (476,929)	\$ (295,194)	\$ (194,828)	\$ (303,493)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	143.95%	144.73%	129.75%	122.26%	132.96%
Covered Payroll *	\$ -	\$ -	\$ -	\$ -	\$ -

Notes:

The City implemented GASB No. 68 for the year ended December 31, 2018.
Information for prior years is not available.

* Because all active plan members are volunteers, there is no actual payroll.

See Notes to the Required Supplementary Information

**Schedule of Employer Contributions – East Grand Forks Fire Department
Last 10 Years**

CITY OF EAST GRAND FORKS

<u>Fiscal Year Ended December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll*</u>
2013	\$ 56,850	\$ 56,850	-	
2014	58,794	58,794	-	
2015	65,147	65,147	-	
2016	68,281	68,281	-	
2017	67,476	67,476	-	
2018	68,691	68,691	-	
2019	68,887	68,887	-	
2020	71,845	71,845	-	
2021	74,184	74,184	-	
2022	78,285	78,285	-	

*Because all active plan members are volunteers, there is no actual payroll.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	1/1/2022
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period:	
Normal cost	20 Years
Prior service cost	10 Years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	N/A
Includes inflation	N/A
Cost-of-living adjustments	None

See Notes to the Required Supplementary Information

NOTE 1. DEFINED BENEFIT PLANS

PERA

General Employees Fund

2022 Changes - Changes in Plan Provisions: There were no changes in plan provisions since the previous valuation. *Changes in Actuarial Assumptions:* The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 Changes - Changes in Plan Provisions: There were no changes in plan provisions since the previous valuation. *Changes in Actuarial Assumptions:* The investment return and single discount rates were changed from 7.50 percent to 6.50 percent for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 Changes - Changes in Plan Provisions: Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020. *Changes in Actuarial Assumptions:* The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 Changes - Changes in Plan Provisions: The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031. *Changes in Actuarial Assumptions:* The mortality projection scale was changed from MP-2017 to MP-2018.

2018 Changes - Changes in Plan Provisions: The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions. *Changes in Actuarial Assumptions:* The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 Changes - Changes in Plan Provisions: The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031. *Changes in Actuarial Assumptions:* The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 Changes - Changes in Plan Provisions: There have been no changes since the prior valuation. *Changes in Actuarial Assumptions:* The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years. The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 Changes - Changes in Plan Provisions: On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6 million, which meets the special funding situation definition, was due September 2015. **Changes in Actuarial Assumptions:** The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

Police and Fire Fund

2022 Changes - Changes in Plan Provisions: There were no changes in plan provisions since the previous valuation. **Changes in Actuarial Assumptions:** The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021. The single discount rate changed from 6.5% to 5.4%.

2021 Changes - Changes in Plan Provisions: There were no changes in plan provisions since the previous valuation. **Changes in Actuarial Assumptions:** The investment return and single discount rates were changed from 7.50 percent to 6.50 percent for financial reporting purposes. The inflation assumption was changed from 2.50 percent to 2.25 percent. The payroll growth assumption was changed from 3.25 percent to 3.00 percent. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020. The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020). Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates. Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements. Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations. Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities. Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020 Changes - Changes in Plan Provisions: There have been no changes since the prior valuation. **Changes in Actuarial Assumptions:** The mortality projection scale was changed from MP-2018 to MP-2019.

2019 Changes - Changes in Plan Provisions: There have been no changes since the prior valuation. **Changes in Actuarial Assumptions:** The mortality projection scale was changed from MP-2017 to MP-2018.

2018 Changes - Changes in Plan Provisions: Postretirement benefit increases were changed to 1.00 percent for all years, with no trigger. An end date of July 1, 2048 was added to the existing \$9.0 million state contribution. New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier. Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020. Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions. **Changes in Actuarial Assumptions:** The mortality projection scale was changed from MP-2016 to MP-2017.

2017 Changes - Changes in Plan Provisions: There have been no changes since the prior valuation. **Changes in Actuarial Assumptions:** Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

discount rate changed from 7.90 percent to 5.60 percent. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 Changes - Changes in Plan Provisions: The postretirement benefit increases to be paid after the attainment of the 90.00 percent funding threshold was changed from inflation up to 2.50 percent, to a fixed rate of 2.50 percent *Changes in Actuarial Assumptions:* The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2037 and 2.50 percent per year thereafter.

NOTE 2. OTHER POSTEMPLOYMENT BENEFITS

2022 Changes -

- None

2021 Changes -

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for others) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale.
- The inflation rate was changed from 2.50% to 2.00%.
- The discount rate was changed from 3.80% to 2.00%.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The retirement and withdrawal rates for non-public-safety employees were updated to reflect the latest experience study.
- These changes increase the liability \$27,037.



(This page left blank intentionally)

NONMAJOR GOVERNMENTAL FUNDS



CITY OF EAST GRAND FORKS, MINNESOTA

SPECIAL REVENUE FUNDS are used to account for revenues derived from specific taxes or other earmarked revenue sources. They are usually required by statute, charter provisions, or local ordinance to finance particular functions or activities of government.

Community and Economic Growth Fund This fund is used to account for various programs that promote community and economic growth. These programs often have external revenue sources with spending restrictions.

ARPA This fund is used to account for the receipt and disbursement of the American Rescue Plan Act.

State Aid Street This fund is used to account for the receipt and disbursement of Minnesota State Aid for streets.

Transit This fund is used to account for providing contracted transportation services to the community. The services are contracted from the City of Grand Forks, which are funded mostly by state and federal grants.

New Home Incentive This fund is used to account for the disbursement of deferred loans for new home construction to residents that meet certain income limits. The fund is supported with proceeds from the sale of city owned residential lots.

Sales Tax Pool Fund This fund is used to account for sales tax proceeds for the renovation of the City pool.

Cemetery Fund This fund is used to account for the activities of the Cemetery Fund, which is funded by revenue from plot sales.

Insect Control This fund is used to account for the activities of the Insect Control Fund, supported by \$1.00 per month from each utility customer.

Perpetual Care Fund This fund is used to accumulate resources to maintain the cemetery operations after all the plots are sold. A portion of the revenue from each plot sold is attributed to this fund.

Greenway Maintenance Fund This fund is used to accumulate fee revenue to pay for improvements to the Cities greenway areas.

Seized Property Fund This fund is used to accumulate the receipt and sale of seized property.

DEBT SERVICE FUNDS are used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs. Debt issued for and serviced by an enterprise fund is not included in this category.

General obligation bond debt service funds presently established are as follows: 2012 Improvement & Refunding, 12-1-01, 4-1-04, 12-1-03, 3-1-06, 2007, 2015, and 12-1-04.

CAPITAL PROJECTS FUNDS are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Grants This fund is used to better track grant revenue and expenses for budgeting purposes.

1997 Downtown Development Projects This fund is used to account for the construction of new and public facilities, which is primarily funded with a United States Housing and Urban Development grant.

08 PFA Loan 23rd Street Project This fund is used to account for street improvements financed by a PFA bond issue.

Building Improvement Projects This fund is used to account for City building improvements.

PERMANENT FUNDS are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

Campbell – Olson Fund This fund is used to account for the principal and interest on endowments for the benefit of the library.

**Combining Balance Sheet
Nonmajor Governmental Funds by Fund Type
As of December 31, 2022**

CITY OF EAST GRAND FORKS

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Nonmajor Permanent Campbell- Olson Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 1,475,887	\$ 456,357	\$ 489,164	\$ 80,979	\$ 2,502,387
Investments	827,356	2,437,585	-	-	3,264,941
Accounts receivable	7,654	-	-	-	7,654
Due from other funds	18,745	-	-	-	18,745
Due from other government units	120,000	7,546	-	-	127,546
Special assessments receivable:					
Deferred	-	1,611,964	-	-	1,611,964
Notes receivable	86,571	-	-	-	86,571
Pledges receivable	-	-	135,000	-	135,000
Land held for resale	176,804	-	-	-	176,804
Total Assets	<u>\$ 2,713,017</u>	<u>\$ 4,513,452</u>	<u>\$ 624,164</u>	<u>\$ 80,979</u>	<u>\$ 7,931,612</u>
LIABILITIES					
Accounts payable	\$ 114,426	\$ -	\$ 19,768	\$ -	\$ 134,194
Retainage payable	-	-	26,227	-	26,227
Accrued wages payable	1,055	-	-	-	1,055
Due to other funds	120,129	-	-	-	120,129
Due to other government units	270,101	-	-	-	270,101
Unearned revenue	704,440	-	-	-	704,440
Total Liabilities	<u>1,210,151</u>	<u>-</u>	<u>45,995</u>	<u>-</u>	<u>1,256,146</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes and Spec. Assessments	-	1,611,964	-	-	1,611,964
Unavailable Revenue - Pledges	-	-	135,000	-	135,000
Total Deferred Inflows of Resources	<u>-</u>	<u>1,611,964</u>	<u>135,000</u>	<u>-</u>	<u>1,746,964</u>
FUND BALANCES					
Nonspendable	-	-	-	76,000	76,000
Restricted	1,772,667	2,901,488	443,169	-	5,117,324
Unassigned	(269,801)	-	-	4,979	(264,822)
Total Fund Balances	<u>1,502,866</u>	<u>2,901,488</u>	<u>443,169</u>	<u>80,979</u>	<u>4,928,502</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,713,017</u>	<u>\$ 4,513,452</u>	<u>\$ 624,164</u>	<u>\$ 80,979</u>	<u>\$ 7,931,612</u>

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds by Fund Type
For the Year Ended December 31, 2022**

CITY OF EAST GRAND FORKS

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Nonmajor Permanent Campbell- Olson Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:					
Intergovernmental	\$ 942,555	\$ -	\$ 209,845	\$ -	\$ 1,152,400
Special assessments	-	583,133	-	-	583,133
Charges for services	168,840	-	-	-	168,840
Interest and other revenues	54,406	29,139	75,144	870	159,559
Total revenues	<u>1,165,801</u>	<u>612,272</u>	<u>284,989</u>	<u>870</u>	<u>2,063,932</u>
Expenditures:					
Current:					
Public works	101,016	-	-	-	101,016
Recreation and culture	-	-	-	475	475
Transit	697,219	-	-	-	697,219
Community development	119,234	-	-	-	119,234
Cemetery	48,858	-	-	-	48,858
Capital outlay	112,512	-	657,210	-	769,722
Debt service:					
Principal retirement	-	550,000	109,000	-	659,000
Interest and fiscal agent fees	-	76,369	91,052	-	167,421
Total expenditures	<u>1,078,839</u>	<u>626,369</u>	<u>857,262</u>	<u>475</u>	<u>2,562,945</u>
Excess (deficiency) of revenues over expenditures	<u>86,962</u>	<u>(14,097)</u>	<u>(572,273)</u>	<u>395</u>	<u>(499,013)</u>
Other financing sources (uses):					
Proceeds from sale of capital asset	34,488	-	-	-	34,488
Transfers in	128,783	91,516	350,000	-	570,299
Transfers out	(499,644)	-	(28,657)	-	(528,301)
Total other financing sources (uses)	<u>(336,373)</u>	<u>91,516</u>	<u>321,343</u>	<u>-</u>	<u>76,486</u>
Net change in fund balances	(249,411)	77,419	(250,930)	395	(422,527)
Fund balance at beginning of year	1,752,277	2,824,069	694,099	80,584	5,351,029
Fund balance at end of year	<u>\$ 1,502,866</u>	<u>\$ 2,901,488</u>	<u>\$ 443,169</u>	<u>\$ 80,979</u>	<u>\$ 4,928,502</u>

**Combining Balance Sheet
Nonmajor Special Revenue Funds
As of December 31, 2022**

CITY OF EAST GRAND FORKS

	Community and Economic Growth	ARPA	State Aid Street	Transit	New Home Incentive	Sales Tax Pool Fund	Cemetery	Insect Control	Perpetual Care	Greenway Maintenance	Seized Property	Total
ASSETS												
Cash and cash equivalents	\$ 72,491	\$ 795,140	\$ 389,805	\$ -	\$ 59,860	\$ 9,745	\$ -	\$ 77,397	\$ 43,368	\$ 4,849	\$ 23,232	\$ 1,475,887
Investments	-	-	-	-	-	390,000	-	202,105	235,251	-	-	827,356
Accounts receivable	-	-	-	874	-	-	6,780	-	-	-	-	7,654
Due from other funds	-	-	-	-	-	-	-	6,247	-	12,498	-	18,745
Due from other government units	-	-	-	120,000	-	-	-	-	-	-	-	120,000
Notes receivable (net)	-	-	-	-	86,571	-	-	-	-	-	-	86,571
Land held for resale	-	-	-	-	176,804	-	-	-	-	-	-	176,804
Total Assets	<u>\$ 72,491</u>	<u>\$ 795,140</u>	<u>\$ 389,805</u>	<u>\$ 120,874</u>	<u>\$ 323,235</u>	<u>\$ 399,745</u>	<u>\$ 6,780</u>	<u>\$ 285,749</u>	<u>\$ 278,619</u>	<u>\$ 17,347</u>	<u>\$ 23,232</u>	<u>\$ 2,713,017</u>
LIABILITIES												
Accounts payable	\$ -	\$ 90,700	\$ -	\$ -	\$ 22,878	\$ -	\$ 848	\$ -	\$ -	\$ -	\$ -	\$ 114,426
Accrued wages payable	-	-	-	574	-	-	481	-	-	-	-	1,055
Due to other funds	-	-	-	120,000	-	-	129	-	-	-	-	120,129
Due to other government units	-	-	-	270,101	-	-	-	-	-	-	-	270,101
Unearned revenue	-	704,440	-	-	-	-	-	-	-	-	-	704,440
Total Liabilities	<u>-</u>	<u>795,140</u>	<u>-</u>	<u>390,675</u>	<u>22,878</u>	<u>-</u>	<u>1,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,210,151</u>
FUND BALANCES												
Restricted	72,491	-	389,805	-	300,357	399,745	5,322	285,749	278,619	17,347	23,232	1,772,667
Unassigned	-	-	-	(269,801)	-	-	-	-	-	-	-	(269,801)
Total fund balances	<u>72,491</u>	<u>-</u>	<u>389,805</u>	<u>(269,801)</u>	<u>300,357</u>	<u>399,745</u>	<u>5,322</u>	<u>285,749</u>	<u>278,619</u>	<u>17,347</u>	<u>23,232</u>	<u>1,502,866</u>
Total liabilities and fund balances	<u>\$ 72,491</u>	<u>\$ 795,140</u>	<u>\$ 389,805</u>	<u>\$ 120,874</u>	<u>\$ 323,235</u>	<u>\$ 399,745</u>	<u>\$ 6,780</u>	<u>\$ 285,749</u>	<u>\$ 278,619</u>	<u>\$ 17,347</u>	<u>\$ 23,232</u>	<u>\$ 2,713,017</u>

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

CITY OF EAST GRAND FORKS

	Community and Economic Growth	ARPA	State Aid Street	Transit	New Home Incentive	Sales Tax Pool Fund	Cemetery	Insect Control	Perpetual Care	Greenway Maintenance	Seized Property	Total
Revenues:												
Intergovernmental	\$ -	\$ 176,640	\$ 188,163	\$ 577,752	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 942,555
Charges for services	-	-	-	-	-	-	25,155	46,876	-	96,809	-	168,840
Other revenue:												
Interest revenue	918	-	8,355	-	5,306	-	-	2,885	2,834	-	-	20,298
Sale of Seized Property	-	-	-	-	-	-	-	-	-	-	23,232	23,232
Other	-	-	-	876	10,000	-	-	-	-	-	-	10,876
Total revenues	918	176,640	196,518	578,628	15,306	-	25,155	49,761	2,834	96,809	23,232	1,165,801
Expenditures:												
Current:												
Public works	-	90,700	-	-	-	-	-	10,316	-	-	-	101,016
Community development	21,947	-	-	-	97,287	-	-	-	-	-	-	119,234
Transit	-	-	-	697,219	-	-	-	-	-	-	-	697,219
Cemetery	-	-	-	-	-	-	48,858	-	-	-	-	48,858
Capital outlay	-	85,940	-	-	-	-	-	16,500	-	10,072	-	112,512
Total expenditures	21,947	176,640	-	697,219	97,287	-	48,858	26,816	-	10,072	-	1,078,839
Excess (deficiency) of revenues over expenditures	(21,029)	-	196,518	(118,591)	(81,981)	-	(23,703)	22,945	2,834	86,737	23,232	86,962
Other financing sources (uses):												
Proceeds from sale of capital asset	-	-	-	-	13,688	-	6,406	-	14,394	-	-	34,488
Transfers in	-	-	-	113,912	-	-	14,871	-	-	-	-	128,783
Transfers out	-	-	(454,118)	-	(45,526)	-	-	-	-	-	-	(499,644)
Total other financing sources (uses)	-	-	(454,118)	113,912	(31,838)	-	21,277	-	14,394	-	-	(336,373)
Net change in fund balances	(21,029)	-	(257,600)	(4,679)	(113,819)	-	(2,426)	22,945	17,228	86,737	23,232	(249,411)
Fund balance at beginning of year	93,520	-	647,405	(265,122)	414,176	399,745	7,748	262,804	261,391	(69,390)	-	1,752,277
Fund balance at end of year	\$ 72,491	\$ -	\$ 389,805	\$ (269,801)	\$ 300,357	\$ 399,745	\$ 5,322	\$ 285,749	\$ 278,619	\$ 17,347	\$ 23,232	\$ 1,502,866

**Combining Balance Sheet
Nonmajor Debt Service Funds
As of December 31, 2022**

CITY OF EAST GRAND FORKS

	<u>2012 Improvement & Refunding Bonds</u>	<u>12-1-01 Assessment Bonds</u>	<u>04-1-04 Assessment Bonds</u>	<u>12-1-03 Assessment Bonds</u>	<u>3-1-06 Assessment Bonds</u>	<u>2007 Assessment Bonds</u>	<u>2015 Assessment Bonds</u>	<u>12-1-04 Assessment Bonds</u>	<u>Total</u>
ASSETS									
Cash and cash equivalents	\$ 45,045	\$ 57,005	\$ 23,592	\$ 33,952	\$ 20,153	\$ 81,856	\$ 36,644	\$ 158,110	\$ 456,357
Investments	265,874	464,908	232,452	348,975	165,876	887,198	72,302	-	2,437,585
Due from other government units	4	5,700	-	1,460	-	5	371	6	7,546
Special assessments receivable:									
Deferred	404,333	35,968	-	39,879	150,082	452,259	212,610	316,833	1,611,964
Total assets	<u>\$ 715,256</u>	<u>\$ 563,581</u>	<u>\$ 256,044</u>	<u>\$ 424,266</u>	<u>\$ 336,111</u>	<u>\$ 1,421,318</u>	<u>\$ 321,927</u>	<u>\$ 474,949</u>	<u>\$ 4,513,452</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue-special assessments	\$ 404,333	\$ 35,968	\$ -	\$ 39,879	\$ 150,082	\$ 452,259	\$ 212,610	\$ 316,833	\$ 1,611,964
Total deferred inflows of resources	<u>404,333</u>	<u>35,968</u>	<u>-</u>	<u>39,879</u>	<u>150,082</u>	<u>452,259</u>	<u>212,610</u>	<u>316,833</u>	<u>1,611,964</u>
FUND BALANCES									
Restricted	310,923	527,613	256,044	384,387	186,029	969,059	109,317	158,116	2,901,488
Total fund balances	<u>310,923</u>	<u>527,613</u>	<u>256,044</u>	<u>384,387</u>	<u>186,029</u>	<u>969,059</u>	<u>109,317</u>	<u>158,116</u>	<u>2,901,488</u>
Total deferred inflows of resources and fund balances	<u>\$ 715,256</u>	<u>\$ 563,581</u>	<u>\$ 256,044</u>	<u>\$ 424,266</u>	<u>\$ 336,111</u>	<u>\$ 1,421,318</u>	<u>\$ 321,927</u>	<u>\$ 474,949</u>	<u>\$ 4,513,452</u>

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2022**

CITY OF EAST GRAND FORKS

	2012 Improvement & Refunding Bonds	12-1-01 Assessment Bonds	04-1-04 Assessment Bonds	12-1-03 Assessment Bonds	3-1-06 Assessment Bonds	2007 Assessment Bonds	2015 Assessment Bonds	12-1-04 Assessment Bonds	Total
Revenues:									
Special assessments	\$ 57,128	\$ 21,555	\$ -	\$ 56,465	\$ 45,464	\$ 185,438	\$ 111,798	\$ 105,285	\$ 583,133
Other revenue:									
Interest on investments	3,127	5,936	2,746	4,240	1,790	9,545	1,298	457	29,139
Total revenues	<u>60,255</u>	<u>27,491</u>	<u>2,746</u>	<u>60,705</u>	<u>47,254</u>	<u>194,983</u>	<u>113,096</u>	<u>105,742</u>	<u>612,272</u>
Expenditures:									
Debt service:									
Principal retirement	30,000	-	-	-	40,000	200,000	110,000	170,000	550,000
Interest and fiscal agent fees	11,438	-	-	-	7,775	25,105	11,200	20,851	76,369
Total expenditures	<u>41,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,775</u>	<u>225,105</u>	<u>121,200</u>	<u>190,851</u>	<u>626,369</u>
Net change in fund balances	18,817	27,491	2,746	60,705	(521)	(30,122)	(8,104)	(85,109)	(14,097)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	91,516	91,516
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,516</u>	<u>91,516</u>
Net change in fund balances	18,817	27,491	2,746	60,705	(521)	(30,122)	(8,104)	6,407	77,419
Fund balance at beginning of year	<u>292,106</u>	<u>500,122</u>	<u>253,298</u>	<u>323,682</u>	<u>186,550</u>	<u>999,181</u>	<u>117,421</u>	<u>151,709</u>	<u>2,824,069</u>
Fund balance at end of year	<u>\$ 310,923</u>	<u>\$ 527,613</u>	<u>\$ 256,044</u>	<u>\$ 384,387</u>	<u>\$ 186,029</u>	<u>\$ 969,059</u>	<u>\$ 109,317</u>	<u>\$ 158,116</u>	<u>\$ 2,901,488</u>

Combining Balance Sheet
 Nonmajor Capital Projects Funds
 As of December 31, 2022

CITY OF EAST GRAND FORKS

	Grants	1997 Downtown Development	08 PFA Loan 23rd Street Project	Building Improvements	Total
ASSETS					
Cash and cash equivalents	\$ 235,108	\$ 18,262	\$ 171,693	\$ 64,101	\$ 489,164
Pledges receivable	135,000	-	-	-	135,000
Total assets	<u>\$ 370,108</u>	<u>\$ 18,262</u>	<u>\$ 171,693</u>	<u>\$ 64,101</u>	<u>\$ 624,164</u>
LIABILITIES					
Accounts payable	\$ 2,869	\$ 2,150	\$ -	\$ 14,749	\$ 19,768
Retainage payable	-	-	-	26,227	26,227
Total liabilities	<u>2,869</u>	<u>2,150</u>	<u>-</u>	<u>40,976</u>	<u>45,995</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - Pledges	135,000	-	-	-	135,000
Total deferred inflows of resources	<u>135,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,000</u>
FUND BALANCES					
Restricted	232,239	16,112	171,693	23,125	443,169
Total fund balances	<u>232,239</u>	<u>16,112</u>	<u>171,693</u>	<u>23,125</u>	<u>443,169</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 370,108</u>	<u>\$ 18,262</u>	<u>\$ 171,693</u>	<u>\$ 64,101</u>	<u>\$ 624,164</u>

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

CITY OF EAST GRAND FORKS

	Grants	1997 Downtown Development	08 PFA Loan 23rd Street Project	Building Improvements	Total
Revenues:					
Intergovernmental	\$ 11,779	\$ -	\$ 198,066	\$ -	\$ 209,845
Other income	74,896	248	-	-	75,144
Total revenues	<u>86,675</u>	<u>248</u>	<u>198,066</u>	<u>-</u>	<u>284,989</u>
Expenditures:					
Capital outlay:	66,137	11,902	-	579,171	657,210
Debt service:					
Principal retirement	-	-	109,000	-	109,000
Interest and fiscal agent charges	-	-	91,052	-	91,052
Total expenditures	<u>66,137</u>	<u>11,902</u>	<u>200,052</u>	<u>579,171</u>	<u>857,262</u>
Excess (deficiency) of revenues over expenditures	<u>20,538</u>	<u>(11,654)</u>	<u>(1,986)</u>	<u>(579,171)</u>	<u>(572,273)</u>
Other financing sources (uses):					
Transfers in	-	-	-	350,000	350,000
Transfers out	-	-	-	(28,657)	(28,657)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>321,343</u>	<u>321,343</u>
Net change in fund balances	20,538	(11,654)	(1,986)	(257,828)	(250,930)
Fund balance at beginning of year	<u>211,701</u>	<u>27,766</u>	<u>173,679</u>	<u>280,953</u>	<u>694,099</u>
Fund balance at end of year	<u>\$ 232,239</u>	<u>\$ 16,112</u>	<u>\$ 171,693</u>	<u>\$ 23,125</u>	<u>\$ 443,169</u>

Community and Economic Growth Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget to Actual
 For the Year Ended December 31, 2022

CITY OF EAST GRAND FORKS

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Other revenues:			
Interest revenue	\$ -	\$ 918	\$ 918
Total revenues	<u>-</u>	<u>918</u>	<u>918</u>
Expenditures:			
Community development:			
Professional services	10,000	21,947	(11,947)
Total expenditures	<u>10,000</u>	<u>21,947</u>	<u>(11,947)</u>
Net changes in fund balances	(10,000)	(21,029)	(11,029)
Fund balance at beginning of year	93,520	93,520	-
Fund balance at end of year	<u>\$ 83,520</u>	<u>\$ 72,491</u>	<u>\$ (11,029)</u>

State Aid Street Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget to Actual
 For the Year Ended December 31, 2022

CITY OF EAST GRAND FORKS

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 160,000	\$ 188,163	\$ 28,163
Other revenues:			
Interest revenue	300	8,355	8,055
Total revenue	<u>160,300</u>	<u>196,518</u>	<u>36,218</u>
Expenditures:			
Public works:			
Contractual services	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>160,300</u>	<u>196,518</u>	<u>36,218</u>
Other financing uses:			
Transfers out	<u>(135,815)</u>	<u>(454,118)</u>	<u>(318,303)</u>
Total other financing uses	<u>(135,815)</u>	<u>(454,118)</u>	<u>(318,303)</u>
Net changes in fund balances	24,485	(257,600)	(282,085)
Fund balance at beginning of year	<u>647,405</u>	<u>647,405</u>	<u>-</u>
Fund balance at end of year	<u>\$ 671,890</u>	<u>\$ 389,805</u>	<u>\$ (282,085)</u>

Transit Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual
For the Year Ended December 31, 2022

CITY OF EAST GRAND FORKS

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 843,100	\$ 577,752	\$ (265,348)
Other revenues:			
Other	-	876	876
Total revenues	<u>843,100</u>	<u>578,628</u>	<u>(264,472)</u>
Expenditures:			
Transit:			
Contractual services	697,694	697,219	475
Total expenditures	<u>697,694</u>	<u>697,219</u>	<u>475</u>
Excess (deficiency) of revenues over expenditures	<u>145,406</u>	<u>(118,591)</u>	<u>(263,997)</u>
Other financing sources:			
Transfers in	144,594	113,912	(30,682)
Total other financing sources	<u>144,594</u>	<u>113,912</u>	<u>(30,682)</u>
Net changes in fund balances	290,000	(4,679)	(294,679)
Fund balance at beginning of year	<u>(265,122)</u>	<u>(265,122)</u>	<u>-</u>
Fund balance at end of year	<u>\$ 24,878</u>	<u>\$ (269,801)</u>	<u>\$ (294,679)</u>

**New Home Incentive Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual
For the Year Ended December 31, 2022**

CITY OF EAST GRAND FORKS

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Interest revenue	\$ -	\$ 5,306	\$ 5,306
Other revenues	50,000	10,000	(40,000)
Total revenues	<u>50,000</u>	<u>15,306</u>	<u>(34,694)</u>
Expenditures:			
Community development:			
Supplies	600	-	600
Contractual services	1,200	9,021	(7,821)
Other expenditures	354,600	88,266	266,334
Total expenditures	<u>356,400</u>	<u>97,287</u>	<u>259,113</u>
Excess (deficiency) of revenues over expenditures	<u>(306,400)</u>	<u>(81,981)</u>	<u>224,419</u>
Other financing sources (uses):			
Proceeds from sale of capital asset	42,000	13,688	(28,312)
Transfers out	(82,695)	(45,526)	37,169
Total other financing sources (uses)	<u>(40,695)</u>	<u>(31,838)</u>	<u>8,857</u>
Net changes in fund balances	(347,095)	(113,819)	233,276
Fund balance at beginning of year	414,176	414,176	-
Fund balance at end of year	<u>\$ 67,081</u>	<u>\$ 300,357</u>	<u>\$ 233,276</u>

Cemetery Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual
For the Year Ended December 31, 2022

CITY OF EAST GRAND FORKS

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Charges for services	\$ 19,500	\$ 25,155	\$ 5,655
Total revenues	<u>19,500</u>	<u>25,155</u>	<u>5,655</u>
Expenditures:			
Cemetery:			
Personal services	37,774	26,379	11,395
Supplies	2,000	2,321	(321)
Contractual services	8,000	7,892	108
Capital Outlay	20,000	-	20,000
Other expenditures	<u>14,100</u>	<u>12,266</u>	<u>1,834</u>
Total expenditures	<u>81,874</u>	<u>48,858</u>	<u>33,016</u>
Excess (deficiency) of revenues over expenditures	<u>(62,374)</u>	<u>(23,703)</u>	<u>38,671</u>
Other financing sources:			
Proceeds from sale of capital asset	20,000	6,406	(13,594)
Transfers in	<u>22,374</u>	<u>14,871</u>	<u>(7,503)</u>
Total other financing sources	<u>42,374</u>	<u>21,277</u>	<u>(21,097)</u>
Net changes in fund balances	(20,000)	(2,426)	17,574
Fund balance at beginning of year	7,748	7,748	-
Fund balance at end of year	<u>\$ (12,252)</u>	<u>\$ 5,322</u>	<u>\$ 17,574</u>

Insect Control Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual
For the Year Ended December 31, 2022

CITY OF EAST GRAND FORKS

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Charges for services	\$ 47,000	\$ 46,876	\$ (124)
Other revenue:			
Interest revenue	-	2,885	2,885
Total revenues	<u>47,000</u>	<u>49,761</u>	<u>2,761</u>
Expenditures:			
Public Works:			
Personal services	11,515	6,149	5,366
Supplies	30,000	1,702	28,298
Other expenditures	5,700	2,465	3,235
Capital Outlay	<u>16,500</u>	<u>16,500</u>	<u>-</u>
Total expenditures	<u>63,715</u>	<u>26,816</u>	<u>36,899</u>
Net changes in fund balances	(16,715)	22,945	39,660
Fund balance at beginning of year	262,804	262,804	-
Fund balance at end of year	<u>\$ 246,089</u>	<u>\$ 285,749</u>	<u>\$ 39,660</u>

Perpetual Care Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual
For the Year Ended December 31, 2022

CITY OF EAST GRAND FORKS

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Other revenue:			
Interest revenue	\$ 1,000	\$ 2,834	\$ 1,834
Total revenues	<u>1,000</u>	<u>2,834</u>	<u>1,834</u>
Other financing sources (uses):			
Proceeds from sale of capital asset	15,000	14,394	(606)
Transfers out	<u>(20,000)</u>	<u>-</u>	<u>20,000</u>
Total other financing sources (uses)	<u>(5,000)</u>	<u>14,394</u>	<u>19,394</u>
Net change in fund balances	(4,000)	17,228	21,228
Fund balance at beginning of year	261,391	261,391	-
Fund balance at end of year	<u>\$ 257,391</u>	<u>\$ 278,619</u>	<u>\$ 21,228</u>

Greenway Maintenance Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual
For the Year Ended December 31, 2022

CITY OF EAST GRAND FORKS

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Charges for services	\$ 94,000	\$ 96,809	\$ 2,809
Total revenues	<u>94,000</u>	<u>96,809</u>	<u>2,809</u>
Expenditures:			
Public Works:			
Capital Outlay	-	10,072	(10,072)
Total expenditures	<u>-</u>	<u>10,072</u>	<u>(10,072)</u>
Net change in fund balances	94,000	86,737	(7,263)
Fund balance at beginning of year	(69,390)	(69,390)	-
Fund balance at end of year	<u>\$ 24,610</u>	<u>\$ 17,347</u>	<u>\$ (7,263)</u>



(This page left blank intentionally)

INTERNAL SERVICE FUNDS



CITY OF EAST GRAND FORKS, MINNESOTA

INTERNAL SERVICE

INTERNAL SERVICE FUNDS are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Benefit Accrual Fund This fund is used to account for the expenses associated with accrual of fringe benefits, primarily sick leave accumulations.

Central Equipment Fund This fund is used to account for purchases of capital equipment and the subsequent rental of that equipment to various city departments.

**Combining Statement of Net Position
Internal Service Funds
As of December 31, 2022**

CITY OF EAST GRAND FORKS

	<u>Benefit Accrual</u>	<u>Central Equipment</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 529,480	\$ 216,790	\$ 746,270
Investments	143,220	214,279	357,499
Due from other funds	-	79,614	79,614
Total current assets	<u>672,700</u>	<u>510,683</u>	<u>1,183,383</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	-	4,320,952	4,320,952
Less accumulated depreciation	-	(2,419,520)	(2,419,520)
Capital assets (net)	-	1,901,432	1,901,432
TOTAL ASSETS	<u>672,700</u>	<u>2,412,115</u>	<u>3,084,815</u>
LIABILITIES			
Current Liabilities:			
Compensated absences payable- current	267,089	-	267,089
Accrued interest payable	-	665	665
G.O. revenue bonds payable - current	-	40,000	40,000
Total current liabilities	<u>267,089</u>	<u>40,665</u>	<u>307,754</u>
Noncurrent liabilities:			
Compensated absences payable - net current portion	532,399	-	532,399
Notes payable - net current portion	-	1,484	1,484
Total noncurrent liabilities	<u>532,399</u>	<u>1,484</u>	<u>533,883</u>
TOTAL LIABILITIES	<u>799,488</u>	<u>42,149</u>	<u>841,637</u>
NET POSITION			
Net investment in capital assets	-	1,859,948	1,859,948
Unrestricted	(126,788)	510,018	383,230
TOTAL NET POSITION	<u>\$ (126,788)</u>	<u>\$ 2,369,966</u>	<u>\$ 2,243,178</u>

**Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2022**

CITY OF EAST GRAND FORKS

	<u>Benefit Accrual</u>	<u>Central Equipment</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ -	\$ 349,266	\$ 349,266
Total operating revenues	<u>-</u>	<u>349,266</u>	<u>349,266</u>
Operating expenses:			
Compensated absences	35,585	-	35,585
Depreciation	-	399,094	399,094
Total operating expenses	<u>35,585</u>	<u>399,094</u>	<u>434,679</u>
Operating income (loss)	<u>(35,585)</u>	<u>(49,828)</u>	<u>(85,413)</u>
Nonoperating revenues (expenses):			
Interest revenue	2,411	-	2,411
Interest expense	-	2,218	2,218
Total nonoperating revenues (expenses)	<u>2,411</u>	<u>2,218</u>	<u>4,629</u>
Income (loss) before transfers	(33,174)	(47,610)	(80,784)
Transfers in	<u>471,534</u>	<u>-</u>	<u>471,534</u>
Change in net position	438,360	(47,610)	390,750
Net position at beginning of year	<u>(565,148)</u>	<u>2,417,576</u>	<u>1,852,428</u>
Net position at end of year	<u>\$ (126,788)</u>	<u>\$ 2,369,966</u>	<u>\$ 2,243,178</u>

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2022**

CITY OF EAST GRAND FORKS

	<u>Benefit Accrual</u>	<u>Central Equipment</u>	<u>Total</u>
Cash flow from operating activities:			
Receipts from interfund service provided	\$ -	\$ 349,266	\$ 349,266
Payments for compensated absences	<u>(50,382)</u>	<u>-</u>	<u>(50,382)</u>
Net cash provided (used) by operating activities	<u>(50,382)</u>	<u>349,266</u>	<u>298,884</u>
Cash flows from noncapital financing activities:			
Transfers in	471,534	-	471,534
Interfund receivable	<u>-</u>	<u>(13,646)</u>	<u>(13,646)</u>
Net cash provided by noncapital financing activities	<u>471,534</u>	<u>(13,646)</u>	<u>457,888</u>
Cash flows from capital financing activities:			
Principal payments on long-term debt	-	(145,000)	(145,000)
Interest payments on long-term debt	<u>-</u>	<u>(3,050)</u>	<u>(3,050)</u>
Net cash used by capital financing activities	<u>-</u>	<u>(148,050)</u>	<u>(148,050)</u>
Cash flows from investing activities:			
Interest on investments	2,411	-	2,411
Proceeds from sales and maturities of investments	<u>88,478</u>	<u>-</u>	<u>88,478</u>
Net cash provided by investing activities	<u>90,889</u>	<u>-</u>	<u>90,889</u>
Increase (decrease) in cash and cash equivalents	512,041	187,570	699,611
Cash and cash equivalents - January 1	<u>17,439</u>	<u>29,220</u>	<u>46,659</u>
Cash and cash equivalents - December 31	<u>\$ 529,480</u>	<u>\$ 216,790</u>	<u>\$ 746,270</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (35,585)	\$ (49,828)	\$ (85,413)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	-	399,094	399,094
Changes in assets and liabilities:			
Compensated absences	<u>(14,797)</u>	<u>-</u>	<u>(14,797)</u>
Net cash provided (used) by operating activities	<u>\$ (50,382)</u>	<u>\$ 349,266</u>	<u>\$ 298,884</u>

OTHER SUPPLEMENTARY SCHEDULES



CITY OF EAST GRAND FORKS, MINNESOTA



(This page left blank intentionally)

**Schedule of Revenues and Other Sources
Budget to Actual – General Fund
For the Year Ended December 31, 2022**

CITY OF EAST GRAND FORKS

	<u>Original and Final Budget</u>	<u>Current Year Actual</u>	<u>Variance with Final Budget</u>	<u>Prior Year Actual</u>
Taxes:				
Property taxes	\$ 6,000,070	\$ 5,646,759	\$ (353,311)	\$ 5,436,780
Mobile home taxes	2,000	2,834	834	4,161
Hotel/Motel taxes	36,000	51,703	15,703	40,030
Franchise taxes	1,483,691	1,646,755	163,064	1,471,638
Special assessments	1,500	1,554	54	1,041
Total Taxes	<u>7,523,261</u>	<u>7,349,605</u>	<u>(173,656)</u>	<u>6,953,650</u>
Licenses and permits:				
Liquor and malt licenses	49,575	56,533	6,958	39,642
Tobacco licenses	350	500	150	350
Pet licenses	1,000	710	(290)	1,000
Other licenses	4,000	4,554	554	4,677
Building permits	40,000	38,728	(1,272)	52,478
Excavation permits	1,500	1,794	294	2,216
Plumbing permits	1,200	920	(280)	1,040
Other permits	2,000	3,280	1,280	2,855
Total Licenses and Permits	<u>99,625</u>	<u>107,019</u>	<u>7,394</u>	<u>104,258</u>
Intergovernmental:				
Federal grants	25,000	25,565	565	19,249
Local government aid	2,223,326	2,223,326	-	2,222,057
Police state aid	207,135	214,519	7,384	194,576
Fire state aid	73,000	78,285	5,285	76,184
Ambulance subsidy	21,939	21,939	-	21,939
Other	53,350	379,891	326,541	161,325
Total Intergovernmental	<u>2,603,750</u>	<u>2,943,525</u>	<u>339,775</u>	<u>2,695,330</u>
Charges for services:				
General government	15,585	22,619	7,034	22,474
Rescue unit	250,000	258,232	8,232	256,132

**Schedule of Revenues and Other Sources
Budget to Actual – General Fund
For the Year Ended December 31, 2022 (Continued)**

CITY OF EAST GRAND FORKS

	<u>Original and Final Budget</u>	<u>Current Year Actual</u>	<u>Variance with Final Budget</u>	<u>Prior Year Actual</u>
Charges for services (continued):				
Police services	59,150	57,864	(1,286)	85,104
Protective inspection services	-	65	65	1,035
Rural fire service	57,571	59,664	2,093	56,906
Public safety - other	1,000	1,793	793	1,604
Streets and highways	750	(836)	(1,586)	860
Street lights	211,000	220,470	9,470	216,384
Swimming pool	60,500	66,642	6,142	72,288
Summer recreation programs	73,100	77,414	4,314	77,084
Winter recreation programs	138,700	128,633	(10,067)	115,813
Recreation - other	202,000	347,970	145,970	82,464
Senior Center	6,000	11,739	5,739	6,112
City hall rent	38,000	39,784	1,784	38,284
Blue Line Arena rent	8,000	2,553	(5,447)	2,029
VFW arena rent	35,000	39,983	4,983	35,731
Civic center rent	105,000	96,436	(8,564)	99,264
Zoning	500	615	115	965
Library	2,500	7,829	5,329	4,190
Total charges for services	<u>1,264,356</u>	<u>1,439,469</u>	<u>175,113</u>	<u>1,174,723</u>
Fines and forfeits:				
Court fines	80,000	66,816	(13,184)	74,715
Parking fines	2,000	1,235	(765)	870
Other fines	-	-	-	40
Impound fees	6,000	5,479	(521)	7,325
Sale of seized property	30,000	6,782	(23,218)	58,166
Total fines and forfeits	<u>118,000</u>	<u>80,312</u>	<u>(37,688)</u>	<u>141,116</u>
Miscellaneous revenues:				
Interest revenue	17,000	68,369	51,369	(64,451)
Donations	8,000	7,325	(675)	11,417
Insurance dividends and proceeds	15,000	68,080	53,080	57,256
Other	22,000	11,406	(10,594)	33,409
Total miscellaneous	<u>62,000</u>	<u>155,180</u>	<u>93,180</u>	<u>37,631</u>
Total revenues	<u>11,670,992</u>	<u>12,075,110</u>	<u>404,118</u>	<u>11,106,708</u>
Other financing sources:				
Proceeds from sale of capital asset	-	9,435	9,435	14,390
Issuance of leases	-	6,102	6,102	-
Transfers in	229,945	123,850	(106,095)	326,209
Total other financing sources	<u>229,945</u>	<u>139,387</u>	<u>(90,558)</u>	<u>340,599</u>
Total revenues and other financing sources	<u>\$ 11,900,937</u>	<u>\$ 12,214,497</u>	<u>\$ 313,560</u>	<u>\$ 11,447,307</u>

**Schedule of Expenditures and Other Uses
Budget to Actual – General Fund
For the Year Ended December 31, 2022**

CITY OF EAST GRAND FORKS

	<u>Original and Final Budget</u>	<u>Current Year Actual</u>	<u>Variance with Final Budget</u>	<u>Prior Year Actual</u>
General government:				
Council:				
Personal services	\$ 47,313	\$ 46,713	\$ 600	\$ 42,820
Other expenditures	6,931	6,141	790	1,854
Total	<u>54,244</u>	<u>52,854</u>	<u>1,390</u>	<u>44,674</u>
Ordinances and proceedings:				
Contractual services	1,000	435	565	593
Total	<u>1,000</u>	<u>435</u>	<u>565</u>	<u>593</u>
Mayor:				
Personal services	10,834	10,814	20	9,913
Supplies	186	-	186	-
Contractual services	773	288	485	207
Other expenditures	8,000	7,692	308	7,267
Total	<u>19,793</u>	<u>18,794</u>	<u>999</u>	<u>17,387</u>
Elections:				
Personal services	17,770	12,620	5,150	20
Other expenditures	9,190	11,541	(2,351)	9,987
Total	<u>26,960</u>	<u>24,161</u>	<u>2,799</u>	<u>10,007</u>
City administration:				
Personal services	464,340	468,058	(3,718)	444,522
Supplies	7,450	3,646	3,804	3,408
Contractual services	29,500	30,828	(1,328)	20,422
Other expenditures	30,100	15,168	14,932	15,331
Total	<u>531,390</u>	<u>517,700</u>	<u>13,690</u>	<u>483,683</u>
Accounting and auditing:				
Contractual services	55,000	42,459	12,541	55,960
Total	<u>55,000</u>	<u>42,459</u>	<u>12,541</u>	<u>55,960</u>
City assessor:				
Contractual services	30,000	29,048	952	29,064
Total	<u>30,000</u>	<u>29,048</u>	<u>952</u>	<u>29,064</u>
City attorney:				
Contractual services	285,000	277,556	7,444	315,705
Other expenditures	2,500	-	2,500	-
Total	<u>287,500</u>	<u>277,556</u>	<u>9,944</u>	<u>315,705</u>
Planning and zoning:				
Personal services	42,523	43,179	(656)	41,907
Contractual services	82,000	96,761	(14,761)	93,496
Other expenditures	4,315	2,635	1,680	2,592
Total	<u>128,838</u>	<u>142,575</u>	<u>(13,737)</u>	<u>137,995</u>

**Schedule of Expenditures and Other Uses
Budget to Actual – General Fund
For the Year Ended December 31, 2022 (Continued)**

CITY OF EAST GRAND FORKS

	<u>Original and Final Budget</u>	<u>Current Year Actual</u>	<u>Variance with Final Budget</u>	<u>Prior Year Actual</u>
General government (continued):				
Civil service commission:				
Personal Services	4,674	3,660	1,014	3,176
Total	<u>4,674</u>	<u>3,660</u>	<u>1,014</u>	<u>3,176</u>
Finance and accounting:				
Personal services	141,537	142,128	(591)	138,281
Other expenditures	6,856	4,664	2,192	3,317
Total	<u>148,393</u>	<u>146,792</u>	<u>1,601</u>	<u>141,598</u>
Building:				
Personal services	12,623	19,051	(6,428)	12,357
Supplies	2,500	3,490	(990)	2,112
Contractual services	19,700	18,214	1,486	18,866
Other expenditures	170,250	320,631	(150,381)	189,643
Capital outlay	600	-	600	183
Total	<u>205,673</u>	<u>361,386</u>	<u>(155,713)</u>	<u>223,161</u>
Summary:				
Current	1,492,865	1,617,420	(124,555)	1,462,820
Capital outlay	600	-	600	183
Total general government	<u>\$ 1,493,465</u>	<u>\$ 1,617,420</u>	<u>\$ (123,955)</u>	<u>\$ 1,463,003</u>
Public safety:				
Police:				
Personal services	\$ 2,836,428	\$ 2,816,095	\$ 20,333	\$ 2,753,153
Supplies	112,800	111,194	1,606	74,740
Contractual services	187,500	153,495	34,005	183,005
Other expenditures	31,380	28,371	3,009	42,392
Capital outlay	99,000	71,491	27,509	93,361
Total	<u>3,267,108</u>	<u>3,180,646</u>	<u>86,462</u>	<u>3,146,651</u>
Fire:				
Personal services	1,188,070	1,198,484	(10,414)	1,183,852
Supplies	3,000	1,677	1,323	1,757
Contractual services	167,591	155,425	12,166	240,121
Other expenditures	11,500	11,614	(114)	8,509
Capital outlay	44,000	45,721	(1,721)	-
Total	<u>1,414,161</u>	<u>1,412,921</u>	<u>1,240</u>	<u>1,434,239</u>

**Schedule of Expenditures and Other Uses
Budget to Actual – General Fund
For the Year Ended December 31, 2022 (Continued)**

CITY OF EAST GRAND FORKS

	<u>Original and Final Budget</u>	<u>Current Year Actual</u>	<u>Variance with Final Budget</u>	<u>Prior Year Actual</u>
Public safety (continued):				
Building inspection:				
Personal services	72,074	66,086	5,988	64,994
Supplies	300	687	(387)	178
Contractual services	90,600	29,134	61,466	54,429
Other expenditures	1,950	1,479	471	1,362
Total	<u>164,924</u>	<u>97,386</u>	<u>67,538</u>	<u>120,963</u>
Traffic engineering:				
Personal services	20,108	26,389	(6,281)	46,342
Supplies	10,850	5,634	5,216	10,168
Contractual services	34,200	43,821	(9,621)	30,480
Other expenditures	2,000	8,613	(6,613)	4,114
Total	<u>67,158</u>	<u>84,457</u>	<u>(17,299)</u>	<u>91,104</u>
Animal control:				
Contractual services	9,000	13,325	(4,325)	9,455
Total	<u>9,000</u>	<u>13,325</u>	<u>(4,325)</u>	<u>9,455</u>
COVID -19				
Supplies	-	11,722	(11,722)	2,945
Total	<u>-</u>	<u>11,722</u>	<u>(11,722)</u>	<u>2,945</u>
Summary:				
Current	4,779,351	4,683,245	96,106	4,711,996
Capital outlay	143,000	117,212	25,788	93,361
Total public safety	<u>\$ 4,922,351</u>	<u>\$ 4,800,457</u>	<u>\$ 121,894</u>	<u>\$ 4,805,357</u>
Public works:				
Administration:				
Personal services	\$ 192,049	\$ 202,071	\$ (10,022)	\$ 195,193
Supplies	1,400	1,002	398	1,202
Contractual services	4,500	2,959	1,541	3,110
Other expenditures	12,739	9,338	3,401	1,917
Total	<u>210,688</u>	<u>215,370</u>	<u>(4,682)</u>	<u>201,422</u>
Streets:				
Personal services	274,443	262,915	11,528	291,417
Supplies	4,500	2,708	1,792	3,493
Contractual services	2,000	-	2,000	390
Other expenditures	27,000	24,604	2,396	35,434
Capital outlay	243,218	243,218	-	225,004
Total	<u>551,161</u>	<u>533,445</u>	<u>17,716</u>	<u>555,738</u>

**Schedule of Expenditures and Other Uses
Budget to Actual – General Fund
For the Year Ended December 31, 2022 (Continued)**

CITY OF EAST GRAND FORKS

	<u>Original and Final Budget</u>	<u>Current Year Actual</u>	<u>Variance with Final Budget</u>	<u>Prior Year Actual</u>
Public works (continued):				
Engineering services:				
Other professional services	70,000	96,964	(26,964)	103,819
Total	<u>70,000</u>	<u>96,964</u>	<u>(26,964)</u>	<u>103,819</u>
Downtown parking lots:				
Personal services	9,465	312	9,153	1,499
Total	<u>9,465</u>	<u>312</u>	<u>9,153</u>	<u>1,499</u>
Ice and snow removal:				
Personal services	147,038	182,259	(35,221)	62,101
Supplies	450	-	450	197
Contractual services	99,700	93,695	6,005	62,513
Other expenditures	600	2,275	(1,675)	250
Total	<u>247,788</u>	<u>278,229</u>	<u>(30,441)</u>	<u>125,061</u>
Equipment:				
Supplies	73,100	91,314	(18,214)	46,619
Contractual services	258,893	274,713	(15,820)	188,375
Other expenditures	500	308	192	-
Capital outlay	25,000	15,295	9,705	52,602
Total	<u>357,493</u>	<u>381,630</u>	<u>(24,137)</u>	<u>287,596</u>
Equipment building:				
Supplies	13,700	12,163	1,537	12,000
Contractual services	51,600	52,071	(471)	47,895
Other expenditures	800	188	612	5
Total	<u>66,100</u>	<u>64,422</u>	<u>1,678</u>	<u>59,900</u>
City shop:				
Personal services	191,087	192,864	(1,777)	179,217
Charged back	(90,000)	(86,010)	(3,990)	(86,159)
Supplies	255,000	310,248	(55,248)	191,659
Charged back	(255,000)	(257,343)	2,343	(183,786)
Other expenditures	3,000	3,957	(957)	733
Total	<u>104,087</u>	<u>163,716</u>	<u>(59,629)</u>	<u>101,664</u>

**Schedule of Expenditures and Other Uses
Budget to Actual – General Fund
For the Year Ended December 31, 2022 (Continued)**

CITY OF EAST GRAND FORKS

	<u>Original and Final Budget</u>	<u>Current Year Actual</u>	<u>Variance with Final Budget</u>	<u>Prior Year Actual</u>
Public works (continued):				
Street lighting:				
Contractual services	114,000	105,370	8,630	119,131
Total	<u>114,000</u>	<u>105,370</u>	<u>8,630</u>	<u>119,131</u>
Street cleaning:				
Personal services	29,773	30,317	(544)	34,316
Contractual services	58,739	58,740	(1)	58,740
Total	<u>88,512</u>	<u>89,057</u>	<u>(545)</u>	<u>93,056</u>
Weed control:				
Personal services	49,851	20,865	28,986	34,077
Supplies	1,000	343	657	889
Other expenditures	11,000	5,527	5,473	10,825
Capital outlay	500	-	500	340
Total	<u>62,351</u>	<u>26,735</u>	<u>35,616</u>	<u>46,131</u>
Summary:				
Current	1,612,927	1,696,737	(83,810)	1,417,071
Capital outlay	268,718	258,513	10,205	277,946
Total public works	<u>\$ 1,881,645</u>	<u>\$ 1,955,250</u>	<u>\$ (73,605)</u>	<u>\$ 1,695,017</u>
Recreation and culture:				
Parks and recreation administration				
Personal services	\$ 282,513	\$ 282,617	\$ (104)	\$ 267,764
Supplies	3,400	2,518	882	1,583
Contractual services	13,300	9,787	3,513	10,996
Other expenditures	2,950	2,323	627	816
Total	<u>302,163</u>	<u>297,245</u>	<u>4,918</u>	<u>281,159</u>
Playgrounds:				
Personal services	13,456	14,710	(1,254)	11,970
Supplies	500	485	15	1,067
Other expenditures	1,000	1,458	(458)	1,321
Total	<u>14,956</u>	<u>16,653</u>	<u>(1,697)</u>	<u>14,358</u>

**Schedule of Expenditures and Other Uses
Budget to Actual – General Fund
For the Year Ended December 31, 2022 (Continued)**

CITY OF EAST GRAND FORKS

	<u>Original and Final Budget</u>	<u>Current Year Actual</u>	<u>Variance with Final Budget</u>	<u>Prior Year Actual</u>
Recreation and culture (continued):				
Swimming pool:				
Personal services	91,197	87,912	3,285	111,855
Supplies	20,250	21,829	(1,579)	15,044
Contractual services	8,000	8,387	(387)	13,970
Other expenditures	43,750	44,521	(771)	32,632
Capital outlay	10,000	18,170	(8,170)	-
Total	<u>173,197</u>	<u>180,819</u>	<u>(7,622)</u>	<u>173,501</u>
Tennis:				
Personal services	4,844	4,584	260	4,423
Supplies	1,000	317	683	504
Other expenditures	300	-	300	11,077
Total	<u>6,144</u>	<u>4,901</u>	<u>1,243</u>	<u>16,004</u>
Skating rinks:				
Personal services	10,227	3,783	6,444	-
Supplies	1,000	-	1,000	-
Total	<u>11,227</u>	<u>3,783</u>	<u>7,444</u>	<u>-</u>
Hockey:				
Personal services	56,516	45,859	10,657	51,718
Supplies	3,500	542	2,958	4,330
Other expenditures	17,000	18,851	(1,851)	16,872
Total	<u>77,016</u>	<u>65,252</u>	<u>11,764</u>	<u>72,920</u>
Figure skating:				
Personal services	51,134	54,311	(3,177)	49,598
Supplies	3,000	468	2,532	1,355
Other expenditures	7,000	6,188	812	4,133
Total	<u>61,134</u>	<u>60,967</u>	<u>167</u>	<u>55,086</u>
Baseball:				
Personal services	47,404	44,788	2,616	46,808
Supplies	19,500	15,331	4,169	22,990
Other expenditures	14,000	12,505	1,495	14,720
Total	<u>80,904</u>	<u>72,624</u>	<u>8,280</u>	<u>84,518</u>
Softball:				
Personal services	21,530	24,742	(3,212)	20,193
Supplies	4,500	905	3,595	378
Other expenditures	1,500	393	1,107	946
Total	<u>27,530</u>	<u>26,040</u>	<u>1,490</u>	<u>21,517</u>

**Schedule of Expenditures and Other Uses
Budget to Actual – General Fund
For the Year Ended December 31, 2022 (Continued)**

CITY OF EAST GRAND FORKS

	<u>Original and Final Budget</u>	<u>Current Year Actual</u>	<u>Variance with Final Budget</u>	<u>Prior Year Actual</u>
Recreation and culture (continued):				
Civic center:				
Personal services	169,798	180,744	(10,946)	149,958
Supplies	17,000	15,950	1,050	10,231
Contractual services	136,865	130,494	6,371	144,310
Other expenditures	2,400	1,082	1,318	229
Total	<u>326,063</u>	<u>328,270</u>	<u>(2,207)</u>	<u>304,728</u>
VFW arena:				
Personal services	135,073	126,144	8,929	121,191
Supplies	16,700	12,867	3,833	16,408
Contractual services	101,500	134,571	(33,071)	142,931
Other expenditures	1,600	1,460	140	812
Total	<u>254,873</u>	<u>275,042</u>	<u>(20,169)</u>	<u>281,342</u>
Library:				
Personal services	570,588	477,869	92,719	413,250
Supplies	9,200	10,408	(1,208)	6,916
Other expenditures	175,440	157,524	17,916	133,508
Capital outlay	8,471	6,002	2,469	5,302
Total	<u>763,699</u>	<u>651,803</u>	<u>111,896</u>	<u>558,976</u>
Senior Center:				
Personal services	97,560	88,765	8,795	84,335
Supplies	4,700	4,034	666	3,194
Other expenditures	35,500	31,346	4,154	37,422
Total	<u>137,760</u>	<u>124,145</u>	<u>13,615</u>	<u>124,951</u>
Blue Line Arena:				
Personal services	18,533	11,813	6,720	11,049
Supplies	4,000	735	3,265	507
Contractual services	52,000	49,260	2,740	38,386
Total	<u>74,533</u>	<u>61,808</u>	<u>12,725</u>	<u>49,942</u>
Park areas:				
Personal services	226,106	180,849	45,257	183,991
Supplies	47,500	51,310	(3,810)	35,847
Contractual services	109,724	98,673	11,051	114,860
Other expenditures	4,250	1,085	3,165	1,697
Capital outlay	50,000	2,307	47,693	-
Total	<u>437,580</u>	<u>334,224</u>	<u>103,356</u>	<u>336,395</u>
Campground-Recreation Area:				
Personal services	111,115	129,092	(17,977)	94,529
Supplies	8,000	4,906	3,094	4,349
Contractual services	73,000	76,495	(3,495)	54,586
Other expenditures	3,500	1,899	1,601	522
Total	<u>195,615</u>	<u>212,392</u>	<u>(16,777)</u>	<u>153,986</u>
Summary:				
Current	2,875,923	2,689,489	186,434	2,524,081
Capital outlay	68,471	26,479	41,992	5,302
Total Recreation and culture	<u>\$ 2,944,394</u>	<u>\$ 2,715,968</u>	<u>\$ 228,426</u>	<u>\$ 2,529,383</u>

**Schedule of Expenditures and Other Uses
Budget to Actual – General Fund
For the Year Ended December 31, 2022 (Continued)**

CITY OF EAST GRAND FORKS

	<u>Original and Final Budget</u>	<u>Current Year Actual</u>	<u>Variance with Final Budget</u>	<u>Prior Year Actual</u>
Community Development:				
Residential tax abatement	\$ 82,695	\$ 45,526	\$ 37,169	\$ 77,694
General community development	<u>222,447</u>	<u>228,416</u>	<u>(5,969)</u>	<u>179,749</u>
Total	<u>305,142</u>	<u>273,942</u>	<u>31,200</u>	<u>257,443</u>
Summary:				
Current	<u>305,142</u>	<u>273,942</u>	<u>31,200</u>	<u>257,443</u>
Total community development	<u>\$ 305,142</u>	<u>\$ 273,942</u>	<u>\$ 31,200</u>	<u>\$ 257,443</u>
Debt service				
Principal payments on lease	<u>\$ -</u>	<u>\$ 11,401</u>	<u>\$ (11,401)</u>	<u>\$ -</u>
Other expenditures:				
Workers compensation	\$ 6,500	\$ 5,991	\$ 509	\$ 6,219
General liability and other insurance	205,000	206,928	(1,928)	199,659
Promotional (Lodging)	36,000	49,119	(13,119)	38,029
Memberships and dues	25,000	25,212	(212)	24,203
Miscellaneous	47,000	38,694	8,306	22,062
Contributed capital outlay	147,250	78,325	68,925	240,521
Capital outlay	<u>48,000</u>	<u>50,331</u>	<u>(2,331)</u>	<u>25,499</u>
Total	<u>514,750</u>	<u>454,600</u>	<u>60,150</u>	<u>556,192</u>
Summary:				
Current	319,500	325,944	(6,444)	290,172
Capital outlay	<u>195,250</u>	<u>128,656</u>	<u>66,594</u>	<u>266,020</u>
Total other expenditures	<u>\$ 514,750</u>	<u>\$ 454,600</u>	<u>\$ 60,150</u>	<u>\$ 556,192</u>
Total expenditures	<u>\$ 12,061,747</u>	<u>\$ 11,829,038</u>	<u>\$ 232,709</u>	<u>\$ 11,306,395</u>
Other financing uses:				
Transfers out	<u>\$ 310,266</u>	<u>\$ 743,615</u>	<u>\$ (433,349)</u>	<u>\$ 96,556</u>
Total other financing uses	<u>310,266</u>	<u>743,615</u>	<u>(433,349)</u>	<u>96,556</u>
Total expenditures and other financing uses	<u>\$ 12,372,013</u>	<u>\$ 12,572,653</u>	<u>\$ (200,640)</u>	<u>\$ 11,402,951</u>

**Combining Statement of Net Position
Discretely Presented Component Unit – by Focus
As of December 31, 2022**

CITY OF EAST GRAND FORKS

	<u>Housing</u>	<u>Economic Development</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 531,084	\$ 217,090	\$ 748,174
Investments	1,378,946	2,135,000	3,513,946
Notes receivable (current portion)	-	248,626	248,626
Total current assets	<u>1,910,030</u>	<u>2,600,716</u>	<u>4,510,746</u>
Noncurrent assets:			
Capital assets:			
Land	50,300	-	50,300
Buildings and systems	5,694,609	-	5,694,609
Machinery and equipment	164,509	9,749	174,258
Total capital assets	<u>5,909,418</u>	<u>9,749</u>	<u>5,919,167</u>
Less accumulated depreciation	<u>(3,027,659)</u>	<u>(9,749)</u>	<u>(3,037,408)</u>
Total capital assets (net)	<u>2,881,759</u>	<u>-</u>	<u>2,881,759</u>
Land held for resale	-	779,877	779,877
Notes receivable (net current portion)	-	1,232,702	1,232,702
Allowance for uncollectible	-	(60,955)	(60,955)
Total noncurrent assets	<u>-</u>	<u>1,951,624</u>	<u>1,951,624</u>
TOTAL ASSETS	<u>4,791,789</u>	<u>4,552,340</u>	<u>9,344,129</u>
Deferred outflows of resources			
Cost sharing defined benefit - PERA	32,479	32,479	64,958
Deferred outflows of resources - OPEB	556	556	1,112
Total deferred outflows of resources	<u>33,035</u>	<u>33,035</u>	<u>66,070</u>
LIABILITIES			
Current liabilities:			
Accounts payable	15,090	6,528	21,618
Accrued wages payable	2,468	3,191	5,659
Due to other government units	5,316	240	5,556
Compensated absences payable - current	2,910	5,305	8,215
Total current liabilities	<u>25,784</u>	<u>15,264</u>	<u>41,048</u>
Noncurrent liabilities:			
Customer deposits	25,549	-	25,549
Compensated absences payable (net current)	5,229	9,534	14,763
Net pension liability	106,287	106,287	212,574
Total other postemployment benefit liability	<u>5,334</u>	<u>5,334</u>	<u>10,668</u>
Total noncurrent liabilities	<u>142,399</u>	<u>121,155</u>	<u>263,554</u>
Deferred inflows of resources			
Cost sharing defined benefit - PERA	2,349	2,349	4,698
Deferred inflows of resources - OPEB	838	838	1,676
Total deferred inflows of resources	<u>3,187</u>	<u>3,187</u>	<u>6,374</u>
NET POSITION			
Net investment in capital assets	2,881,759	-	2,881,759
Unrestricted	<u>1,771,695</u>	<u>4,445,769</u>	<u>6,217,464</u>
TOTAL NET POSITION	<u>\$ 4,653,454</u>	<u>\$ 4,445,769</u>	<u>\$ 9,099,223</u>

**Statement of Revenues, Expenses and Changes in Fund Net Position
Discretely Presented Component Unit – by Focus
For the Year Ended December 31, 2022**

CITY OF EAST GRAND FORKS

	<u>Housing</u>	<u>Economic Development</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 498,102	\$ 28,376	\$ 526,478
Other	8,974	229,277	238,251
Total operating revenues	<u>507,076</u>	<u>257,653</u>	<u>764,729</u>
Operating expenses:			
Community development:			
Administration	435,186	171,349	606,535
Depreciation	150,687	-	150,687
Other:			
Business development	-	40,425	40,425
Total operating expenses	<u>585,873</u>	<u>211,774</u>	<u>797,647</u>
Operating income (loss)	<u>(78,797)</u>	<u>45,879</u>	<u>(32,918)</u>
Nonoperating revenues:			
Interest revenue	19,353	23,616	42,969
Miscellaneous revenue	-	1,495	1,495
Total nonoperating revenues	<u>19,353</u>	<u>25,111</u>	<u>44,464</u>
Change in net position	(59,444)	70,990	11,546
Net position at beginning of year	<u>4,712,898</u>	<u>4,374,779</u>	<u>9,087,677</u>
Net position at end of year	<u>\$ 4,653,454</u>	<u>\$ 4,445,769</u>	<u>\$ 9,099,223</u>

**Combining Schedule of Net Position
Discretely Presented Component Unit – Economic Development Focus
As of December 31, 2022**

CITY OF EAST GRAND FORKS

	<u>General</u>	<u>TIF #1-1 Triangle</u>	<u>TIF #1-2 E. DeMers</u>	<u>IRP Loan</u>	<u>DRLF Loan</u>	<u>DEED MIF</u>	<u>Total</u>
ASSETS							
Current assets:							
Cash and cash equivalents	\$ -	\$ -	\$ 36,347	\$ 31,533	\$ 132,916	\$ 16,294	\$ 217,090
Investments	-	-	335,000	255,000	1,545,000	-	2,135,000
Notes receivable (current portion)	-	-	12,196	47,116	174,606	14,708	248,626
Total current assets	-	-	383,543	333,649	1,852,522	31,002	2,600,716
Noncurrent assets:							
Capital assets:							
Machinery and equipment	9,749	-	-	-	-	-	9,749
Total capital assets	9,749	-	-	-	-	-	9,749
Less accumulated depreciation	(9,749)	-	-	-	-	-	(9,749)
Total capital assets (net)	-	-	-	-	-	-	-
Land held for resale	-	737,877	42,000	-	-	-	779,877
Notes receivable (net current portion)	260,141	-	-	171,669	702,802	98,090	1,232,702
Allowance for uncollectible	-	-	-	-	(60,955)	-	(60,955)
Total noncurrent assets	260,141	737,877	42,000	171,669	641,847	98,090	1,951,624
TOTAL ASSETS	260,141	737,877	425,543	505,318	2,494,369	129,092	4,552,340
Deferred outflows of resources							
Cost sharing defined benefit - PERA	32,479	-	-	-	-	-	32,479
Deferred outflows of resources - OPEB	556	-	-	-	-	-	556
Total deferred outflows of resources	33,035	-	-	-	-	-	33,035
LIABILITIES							
Current liabilities:							
Accounts payable	6,528	-	-	-	-	-	6,528
Accrued wages payable	3,191	-	-	-	-	-	3,191
Due to other governments	240	-	-	-	-	-	240
Compensated absences payable - current	5,305	-	-	-	-	-	5,305
Total current liabilities	15,264	-	-	-	-	-	15,264
Noncurrent liabilities:							
Compensated absences payable (net current)	9,534	-	-	-	-	-	9,534
Net pension liability	106,287	-	-	-	-	-	106,287
Total other postemployment liability	5,334	-	-	-	-	-	5,334
Total noncurrent liabilities	121,155	-	-	-	-	-	121,155
Total liabilities	136,419	-	-	-	-	-	136,419
Deferred inflows of resources							
Cost sharing defined benefit - PERA	2,349	-	-	-	-	-	2,349
Deferred inflows of resources - OPEB	838	-	-	-	-	-	838
Total deferred inflows of resources	3,187	-	-	-	-	-	3,187
NET POSITION							
Unrestricted	153,570	737,877	425,543	505,318	2,494,369	129,092	4,445,769
TOTAL NET POSITION	\$ 153,570	\$ 737,877	\$ 425,543	\$ 505,318	\$2,494,369	\$ 129,092	\$4,445,769

**Combining Schedule of Revenues, Expenses and Changes in Fund Net Position
Discretely Presented Component Unit – Economic Development Focus
For the Year Ended December 31, 2022**

CITY OF EAST GRAND FORKS

	<u>General</u>	<u>TIF #1-1 Triangle</u>	<u>TIF #1-2 E. DeMers</u>	<u>IRP Loan</u>	<u>DRLF Loan</u>	<u>DEED MIF</u>	<u>Total</u>
Operating revenues:							
Charges for services:							
Interest on loans	\$ -	\$ -	\$ -	\$ 777	\$ 26,393	\$ 1,206	\$ 28,376
Other revenues:							
Business development	-	-	862	-	-	-	862
Other	228,415	-	-	-	-	-	228,415
Total operating revenues	<u>228,415</u>	<u>-</u>	<u>862</u>	<u>777</u>	<u>26,393</u>	<u>1,206</u>	<u>257,653</u>
Operating expenses:							
Administration	171,349	-	-	-	-	-	171,349
Business development	37,871	-	-	-	(6,907)	9,461	40,425
Total operating expenses	<u>209,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,907)</u>	<u>9,461</u>	<u>211,774</u>
Operating income (loss)	<u>19,195</u>	<u>-</u>	<u>862</u>	<u>777</u>	<u>33,300</u>	<u>(8,255)</u>	<u>45,879</u>
Nonoperating revenues:							
Interest revenue	-	-	4,119	2,611	16,886	-	23,616
Miscellaneous revenue	10	-	-	-	1,485	-	1,495
Total nonoperating revenues	<u>10</u>	<u>-</u>	<u>4,119</u>	<u>2,611</u>	<u>18,371</u>	<u>-</u>	<u>25,111</u>
Income (loss) before transfers	19,205	-	4,981	3,388	51,671	(8,255)	70,990
Transfers in	-	39,777	-	-	-	-	39,777
Transfers out	-	-	(39,777)	-	-	-	(39,777)
Change in net position	19,205	39,777	(34,796)	3,388	51,671	(8,255)	70,990
Net position at beginning of year	<u>134,365</u>	<u>698,100</u>	<u>460,339</u>	<u>501,930</u>	<u>2,442,698</u>	<u>137,347</u>	<u>4,374,779</u>
Net position at end of year	<u>\$ 153,570</u>	<u>\$ 737,877</u>	<u>\$ 425,543</u>	<u>\$ 505,318</u>	<u>\$ 2,494,369</u>	<u>\$ 129,092</u>	<u>\$ 4,445,769</u>

**Combining Schedule of Net Position
Discretely Presented Component Unit – Housing Focus
As of December 31, 2022**

CITY OF EAST GRAND FORKS

	<u>Sunshine Terrace</u>	<u>Housing Loan</u>	<u>Town Square</u>	<u>Totals</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 108,558	\$ 237,134	\$ 185,392	\$ 531,084
Investments	1,378,946	-	-	1,378,946
Total current assets	<u>1,487,504</u>	<u>237,134</u>	<u>185,392</u>	<u>1,910,030</u>
Noncurrent Assets:				
Capital assets:				
Land	50,300	-	-	50,300
Buildings and systems	5,694,609	-	-	5,694,609
Machinery and equipment	164,509	-	-	164,509
Total capital assets	<u>5,909,418</u>	<u>-</u>	<u>-</u>	<u>5,909,418</u>
Less accumulated depreciation	<u>(3,027,659)</u>	<u>-</u>	<u>-</u>	<u>(3,027,659)</u>
Total capital assets (net)	<u>2,881,759</u>	<u>-</u>	<u>-</u>	<u>2,881,759</u>
Total noncurrent assets	<u>2,881,759</u>	<u>-</u>	<u>-</u>	<u>2,881,759</u>
TOTAL ASSETS	<u>4,369,263</u>	<u>237,134</u>	<u>185,392</u>	<u>4,791,789</u>
Deferred outflows of resources				
Cost sharing defined benefit - PERA	32,479	-	-	32,479
Deferred outflows of resources - OPEB	556	-	-	556
Total deferred outflows of resources	<u>33,035</u>	<u>-</u>	<u>-</u>	<u>33,035</u>
LIABILITIES				
Current liabilities:				
Accounts payable	15,090	-	-	15,090
Accrued wages payable	2,468	-	-	2,468
Due to other funds	5,316	-	-	5,316
Compensated absences payable - current	2,910	-	-	2,910
Total current liabilities	<u>25,784</u>	<u>-</u>	<u>-</u>	<u>25,784</u>
Noncurrent liabilities:				
Customer deposits	25,549	-	-	25,549
Compensated absences payable (net current)	5,229	-	-	5,229
Net pension liability	106,287	-	-	106,287
Total other postemployment benefit liability	<u>5,334</u>	<u>-</u>	<u>-</u>	<u>5,334</u>
Total noncurrent liabilities	<u>142,399</u>	<u>-</u>	<u>-</u>	<u>142,399</u>
TOTAL LIABILITIES	<u>168,183</u>	<u>-</u>	<u>-</u>	<u>168,183</u>
Deferred inflows of resources				
Cost sharing defined benefit - PERA	2,349	-	-	2,349
Deferred inflows of resources - OPEB	838	-	-	838
Total deferred inflows of resources	<u>3,187</u>	<u>-</u>	<u>-</u>	<u>3,187</u>
NET POSITION				
Net investment in capital assets	2,881,759	-	-	2,881,759
Unrestricted	1,349,169	237,134	185,392	1,771,695
TOTAL NET POSITION	<u>\$ 4,230,928</u>	<u>\$ 237,134</u>	<u>\$ 185,392</u>	<u>\$ 4,653,454</u>

**Combining Schedule of Revenues, Expenses and Changes in Fund Net Position
Discretely Presented Component Unit – Housing Focus
For the Year Ended December 31, 2022**

CITY OF EAST GRAND FORKS

	<u>Sunshine Terrace</u>	<u>Housing Loan</u>	<u>Town Square</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 498,102	\$ -	\$ -	\$ 498,102
Other	<u>8,974</u>	<u>-</u>	<u>-</u>	<u>8,974</u>
Total operating revenues	<u>507,076</u>	<u>-</u>	<u>-</u>	<u>507,076</u>
Operating expenses:				
Community development:				
Personal services	98,580	-	-	98,580
Supplies	7,402	-	-	7,402
Contractual services	151,990	-	-	151,990
Depreciation	150,687	-	-	150,687
Other expenditures	<u>177,214</u>	<u>-</u>	<u>-</u>	<u>177,214</u>
Total operating expenses	<u>585,873</u>	<u>-</u>	<u>-</u>	<u>585,873</u>
Operating income (loss)	<u>(78,797)</u>	<u>-</u>	<u>-</u>	<u>(78,797)</u>
Nonoperating revenues:				
Interest revenue	<u>14,036</u>	<u>2,545</u>	<u>2,772</u>	<u>19,353</u>
Total nonoperating revenues	<u>14,036</u>	<u>2,545</u>	<u>2,772</u>	<u>19,353</u>
Change in net position	(64,761)	2,545	2,772	(59,444)
Net position at beginning of year	<u>4,295,689</u>	<u>234,589</u>	<u>182,620</u>	<u>4,712,898</u>
Net position at end of year	<u>\$ 4,230,928</u>	<u>\$ 237,134</u>	<u>\$ 185,392</u>	<u>\$ 4,653,454</u>



(This page left blank intentionally)

STATISTICAL SECTION



CITY OF EAST GRAND FORKS, MINNESOTA

The Statistical Section is included to provide financial statement users with additional historical perspective, context, and detail for them to use in evaluating the information contained within the financial statements, notes to the financial statements, and required supplementary information with the goal of providing the user a better understanding of the City's economic condition.

Contents**Financial Trends**

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

- Net Position by Component
- Changes in Net Position
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

- Tax Revenues by Source
- State Intergovernmental Revenues by Program
- Tax Capacity and Estimated Market Value of all Taxable Property
- Property Tax Rates - All Direct and Overlapping Governments
- Principal Property Taxpayers
- Property Tax Levies and Tax Collections
- Special Assessment Levies and Collections

Debt Capacity

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

- Ratio of Net Bonded Debt to Tax Capacity and Estimated Values, and Net Bonded Debt per Capita
- Computation of Direct and Overlapping Debt
- Legal Debt Margin Information
- Computation of Legal Debt Margin

Demographic and Economic Information

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

- Construction
- Demographic and Economic Statistics
- Principal Employers
- Demographic Statistics U.S. Census Data

Operating Information

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

- Full-time Employees by Function/Program
- Operating Indicators by Function
- Schedule of Insurance in Force
- Miscellaneous Statistical Information
- Significant Tax Policies

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



(This page left blank intentionally)

**Net Position by Component
Last Ten Years**
(Accrual basis of accounting)

CITY OF EAST GRAND FORKS

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Governmental activities										
Net investment in capital assets	\$ 117,234,890	\$ 116,911,181	\$ 114,210,487	\$ 118,579,744	\$ 116,652,177	\$ 117,249,450	\$ 116,317,785	\$ 115,003,576	\$ 113,403,279	\$ 111,418,567
Restricted	7,660,112	8,957,932	13,061,790	10,764,788	12,941,049	12,483,478	11,850,506	12,349,366	11,581,825	10,210,452
Unrestricted	7,298,268	6,540,397	1,041,983	(1,346,405)	(2,267,633)	(528,273)	653,859	976,932	1,817,315	1,906,734
Total governmental activities net position	<u>\$132,193,270</u>	<u>\$132,409,510</u>	<u>\$128,314,260</u>	<u>\$127,998,127</u>	<u>\$127,325,593</u>	<u>\$129,204,655</u>	<u>\$128,822,150</u>	<u>\$128,329,874</u>	<u>\$126,802,419</u>	<u>\$123,535,753</u>
Business-type activities										
Net investment in capital assets	\$ 49,494,333	\$ 49,290,648	\$ 47,340,484	\$ 49,138,750	\$ 49,242,841	\$ 52,177,632	\$ 53,596,678	\$ 53,716,308	\$ 52,335,957	\$ 51,602,782
Unrestricted	16,609,284	17,889,666	17,271,336	17,307,983	18,911,475	19,731,246	21,110,837	21,397,470	22,571,181	22,206,391
Total business-type activities net position	<u>\$ 66,103,617</u>	<u>\$ 67,180,314</u>	<u>\$ 64,611,820</u>	<u>\$ 66,446,733</u>	<u>\$ 68,154,316</u>	<u>\$ 71,908,878</u>	<u>\$ 74,707,515</u>	<u>\$ 75,113,778</u>	<u>\$ 74,907,138</u>	<u>\$ 73,809,173</u>
Primary government										
Net investment in capital assets	\$ 166,729,223	\$ 166,201,829	\$ 161,550,971	\$ 167,718,494	\$ 165,895,018	\$ 169,427,082	\$ 169,914,463	\$ 168,719,884	\$ 165,739,236	\$ 163,021,349
Restricted	7,660,112	8,957,932	13,061,790	10,764,788	12,941,049	12,483,478	11,850,506	12,349,366	11,581,825	10,210,452
Unrestricted	23,907,552	24,430,063	18,313,319	15,961,578	16,643,842	19,202,973	21,764,696	22,374,402	24,388,496	24,113,125
Total primary government net position	<u>\$198,296,887</u>	<u>\$199,589,824</u>	<u>\$192,926,080</u>	<u>\$194,444,860</u>	<u>\$195,479,909</u>	<u>\$201,113,533</u>	<u>\$203,529,665</u>	<u>\$203,443,652</u>	<u>\$201,709,557</u>	<u>\$197,344,926</u>

Changes in Net Position
Last Ten Years
(Accrual basis of accounting)

CITY OF EAST GRAND FORKS

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Expenses										
Governmental activities:										
General government	\$ 1,000,841	\$ 1,300,311	\$ 1,421,703	\$ 2,813,025	\$ 1,509,524	\$ 1,342,550	\$ 1,673,184	\$ 1,482,469	\$ 1,521,091	\$ 2,027,606
Public safety	3,841,070	3,919,550	4,250,080	4,408,879	4,194,432	4,413,214	4,712,127	5,422,717	4,164,685	5,251,952
Public works	2,759,795	4,896,908	4,080,295	3,849,162	4,741,124	5,259,137	4,983,919	5,231,154	5,645,044	6,025,630
Transit	343,947	385,912	387,385	409,700	467,747	506,202	830,716	939,616	751,475	839,101
Recreation and culture	2,636,031	2,748,617	2,638,367	2,919,265	2,899,898	2,495,130	2,905,261	3,005,154	3,085,770	3,322,150
Community development	122,563	132,490	109,984	531,305	410,613	509,748	287,297	602,997	323,804	393,175
Cemetery	299,909	43,389	50,317	68,904	68,978	71,304	69,227	62,996	74,614	70,314
Interest on long-term debt	502,385	458,606	504,927	381,875	488,843	369,483	291,521	244,977	209,702	176,829
Total governmental activities expenses	<u>11,506,541</u>	<u>13,885,783</u>	<u>13,443,058</u>	<u>15,382,115</u>	<u>14,781,159</u>	<u>14,966,768</u>	<u>15,753,252</u>	<u>16,992,080</u>	<u>15,776,185</u>	<u>18,106,757</u>
Business-type activities										
Electric utility	13,182,980	13,796,998	13,603,441	13,646,481	14,034,533	14,217,687	13,686,747	11,734,175	13,295,308	15,416,597
Water utility	2,152,305	2,290,490	2,176,802	2,397,668	2,257,695	2,297,615	2,369,405	2,703,771	2,230,648	2,389,938
Sewer utility	918,483	868,049	885,940	951,449	1,062,574	1,513,841	1,797,530	2,048,509	2,276,357	2,071,588
Commercial properties	335,128	346,560	1,697,935	63,549	73,689	76,146	78,291	79,805	96,739	87,572
Storm water	561,522	621,122	606,720	614,981	562,484	609,428	753,368	889,915	684,280	850,563
Refuse collection	912,945	906,560	946,497	1,115,119	944,928	1,028,401	1,016,395	993,390	998,564	1,116,605
Total business-type activities expenses	<u>18,063,363</u>	<u>18,829,779</u>	<u>19,917,335</u>	<u>18,789,247</u>	<u>18,935,903</u>	<u>19,743,118</u>	<u>19,701,736</u>	<u>18,449,565</u>	<u>19,581,896</u>	<u>21,932,863</u>
Total primary government expenses	<u>\$ 29,569,904</u>	<u>\$ 32,715,562</u>	<u>\$ 33,360,393</u>	<u>\$ 34,171,362</u>	<u>\$ 33,717,062</u>	<u>\$ 34,709,886</u>	<u>\$ 35,454,988</u>	<u>\$ 35,441,645</u>	<u>\$ 35,358,081</u>	<u>\$ 40,039,620</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 77,324	\$ 64,999	\$ 62,347	\$ 71,145	\$ 200,787	\$ 160,092	\$ 174,975	\$ 161,679	\$ 156,212	\$ 159,975
Public safety	301,040	308,152	308,678	302,641	459,527	462,094	501,446	466,917	541,895	481,162
Public works	298,163	305,410	315,286	315,553	313,607	317,059	318,600	315,898	322,840	373,381
Recreation and culture	514,163	382,199	516,167	554,879	553,589	691,104	625,337	504,236	491,051	775,126
Community development	106,024	1,417	1,103	2,212	2,143	2,029	1,622	716	976	2,283
Cemetery	39,295	7,875	21,310	13,945	14,311	7,594	19,193	19,695	22,040	25,155
Operating grants and contributions	3,753,816	3,001,462	3,158,208	3,221,755	1,107,433	2,305,017	1,509,949	2,643,388	1,385,529	1,559,879
Capital grants and contributions	532,698	377,027	16,883	1,150,836	1,371,508	1,506,801	6,768	741,315	949,798	89,706
Total governmental activities program revenues	<u>5,622,523</u>	<u>4,448,541</u>	<u>4,399,982</u>	<u>5,632,966</u>	<u>4,022,905</u>	<u>5,451,790</u>	<u>3,157,890</u>	<u>4,853,844</u>	<u>3,870,341</u>	<u>3,466,667</u>

Changes in Net Position
Last Ten Years (Continued)
(Accrual basis of accounting)

CITY OF EAST GRAND FORKS

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Business-type activities:										
Charges for services:										
Electric utility	13,587,455	14,329,858	14,304,963	14,096,598	14,255,245	15,024,875	14,689,006	12,681,376	14,213,753	16,038,189
Water utility	2,700,640	2,691,644	2,646,805	2,490,088	2,615,520	2,600,636	2,317,806	2,344,906	2,592,272	2,424,122
Sewer utility	1,428,483	1,659,431	1,629,153	1,647,609	1,660,340	1,668,778	1,632,242	1,615,642	1,664,566	1,861,368
Commercial properties	176,714	192,156	109,489	64,842	66,318	66,189	68,611	73,169	75,134	75,570
Storm water	233,105	235,222	286,021	479,086	482,463	485,348	486,107	487,305	494,944	711,861
Refuse collection	850,212	868,003	914,545	1,039,110	1,011,456	1,042,996	1,044,029	1,034,899	1,053,764	1,059,168
Operating grants and contributions	15,427	15,000	-	-	-	-	-	180,573	118,457	84,064
Capital grants and contributions	-	-	-	-	486,277	2,903,474	1,857,467	52,782	-	32,542
Total business-type activities program revenues	<u>18,992,036</u>	<u>19,991,314</u>	<u>19,890,976</u>	<u>19,817,333</u>	<u>20,577,619</u>	<u>23,792,296</u>	<u>22,095,268</u>	<u>18,470,652</u>	<u>20,212,890</u>	<u>22,286,884</u>
Total primary government program revenues	<u>\$ 24,614,559</u>	<u>\$ 24,439,855</u>	<u>\$ 24,290,958</u>	<u>\$ 25,450,299</u>	<u>\$ 24,600,524</u>	<u>\$ 29,244,086</u>	<u>\$ 25,253,158</u>	<u>\$ 23,324,496</u>	<u>\$ 24,083,231</u>	<u>\$ 25,753,551</u>
Net (expense)/revenue										
Governmental activities	\$ (5,884,018)	\$ (9,437,242)	\$ (9,043,076)	\$ (9,749,149)	\$ (10,758,254)	\$ (9,514,978)	\$ (12,595,362)	\$ (12,138,236)	\$ (11,905,844)	\$ (14,640,090)
Business-type activities	928,673	1,161,535	(26,359)	1,028,086	1,641,716	4,049,178	2,393,532	21,087	630,994	354,021
Total primary government net expense	<u>\$ (4,955,345)</u>	<u>\$ (8,275,707)</u>	<u>\$ (9,069,435)</u>	<u>\$ (8,721,063)</u>	<u>\$ (9,116,538)</u>	<u>\$ (5,465,800)</u>	<u>\$ (10,201,830)</u>	<u>\$ (12,117,149)</u>	<u>\$ (11,274,850)</u>	<u>\$ (14,286,069)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 2,982,817	\$ 4,970,612	\$ 4,071,021	\$ 5,384,765	\$ 4,494,800	\$ 3,948,855	\$ 5,112,790	\$ 5,316,585	\$ 5,480,971	\$ 5,701,296
Franchise taxes	1,430,795	1,466,924	1,431,503	1,411,787	1,531,556	1,614,958	1,616,436	1,378,386	1,471,638	1,646,755
Sales taxes	-	-	-	-	-	802,604	1,002,469	779,080	-	-
Unrestricted grants and contributions	361,744	1,597,294	1,101,345	1,077,233	2,629,546	3,505,420	2,623,301	2,643,907	2,322,337	2,728,494
Investment earnings	229,366	174,674	84,835	125,608	494,906	56,116	810,552	651,837	139,401	360,263
Other	140,017	888,472	1,045,580	1,021,419	797,628	1,010,547	694,937	688,512	342,133	508,291
Transfers	249,639	555,506	1,103,174	385,154	137,284	287,877	352,372	187,653	621,909	428,325
Total governmental activities	<u>5,394,378</u>	<u>9,653,482</u>	<u>8,837,458</u>	<u>9,405,966</u>	<u>10,085,720</u>	<u>11,226,377</u>	<u>12,212,857</u>	<u>11,645,960</u>	<u>10,378,389</u>	<u>11,373,424</u>
Business-type activities										
Investment earnings	(246,259)	470,668	273,526	237,847	194,186	169,612	757,277	565,004	(223,225)	(1,062,535)
Gain on sale	-	-	-	8,249	-	-	-	-	-	31,552
Capital contributions	-	-	-	258,293	-	-	-	-	-	-
Other	-	-	-	7,500	8,965	7,500	200	7,825	7,500	7,322
Transfers	(249,639)	(555,506)	(1,259,323)	(385,154)	(137,284)	(287,877)	(352,372)	(187,653)	(621,909)	(428,325)
Total business-type activities	<u>(495,898)</u>	<u>(84,838)</u>	<u>(985,797)</u>	<u>126,735</u>	<u>65,867</u>	<u>(110,765)</u>	<u>405,105</u>	<u>385,176</u>	<u>(837,634)</u>	<u>(1,451,986)</u>
Total primary government	<u>\$ 4,898,480</u>	<u>\$ 9,568,644</u>	<u>\$ 7,851,661</u>	<u>\$ 9,532,701</u>	<u>\$ 10,151,587</u>	<u>\$ 11,115,612</u>	<u>\$ 12,617,962</u>	<u>\$ 12,031,136</u>	<u>\$ 9,540,755</u>	<u>\$ 9,921,438</u>
Changes in Net Position										
Governmental activities	\$ (489,640)	\$ 216,240	\$ (205,618)	\$ (343,183)	\$ (672,534)	\$ 1,711,399	\$ (382,505)	\$ (492,276)	\$ (1,527,455)	\$ (3,266,666)
Business-type activities	432,775	1,076,697	(1,012,156)	1,154,821	1,707,583	3,938,413	2,798,637	406,263	(206,640)	(1,097,965)
Total primary government	<u>\$ (56,865)</u>	<u>\$ 1,292,937</u>	<u>\$ (1,217,774)</u>	<u>\$ 811,638</u>	<u>\$ 1,035,049</u>	<u>\$ 5,649,812</u>	<u>\$ 2,416,132</u>	<u>\$ (86,013)</u>	<u>\$ (1,734,095)</u>	<u>\$ (4,364,631)</u>

**Fund Balances of Governmental Funds
Last Ten Years**
(Modified Accrual basis of accounting)

CITY OF EAST GRAND FORKS

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Fund										
Nonspendable	\$ 33,820	\$ 90,799	\$ 18,438	\$ 18,834	\$ 24,249	\$ 18,546	\$ 13,710	\$ 7,644	\$ 31,254	\$ 115,523
Assigned	-	-	824,534	-	-	-	-	-	-	-
Unassigned	<u>3,144,775</u>	<u>2,857,761</u>	<u>1,910,902</u>	<u>4,577,185</u>	<u>5,407,286</u>	<u>6,001,056</u>	<u>6,510,353</u>	<u>6,807,461</u>	<u>6,828,205</u>	<u>6,385,780</u>
Total general fund	<u>\$ 3,178,595</u>	<u>\$ 2,948,560</u>	<u>\$ 2,753,874</u>	<u>\$ 4,596,019</u>	<u>\$ 5,431,535</u>	<u>\$ 6,019,602</u>	<u>\$ 6,524,063</u>	<u>\$ 6,815,105</u>	<u>\$ 6,859,459</u>	<u>\$ 6,501,303</u>
All other governmental funds										
Nonspendable	\$ 221,958	\$ 209,754	\$ 202,219	\$ 76,000	\$ 76,000	\$ 76,000	\$ 76,000	\$ 76,000	\$ 76,000	\$ 76,000
Restricted	5,937,406	5,101,261	7,867,046	5,185,436	7,000,958	5,844,071	6,186,397	7,366,290	7,235,350	6,694,042
Unassigned	<u>(1,594,585)</u>	<u>(534,491)</u>	<u>(443,018)</u>	<u>(2,902,243)</u>	<u>(2,051,907)</u>	<u>(1,315,136)</u>	<u>(369,488)</u>	<u>(253,476)</u>	<u>(464,554)</u>	<u>(474,675)</u>
Total all other governmental funds	<u>\$ 4,564,779</u>	<u>\$ 4,776,524</u>	<u>\$ 7,626,247</u>	<u>\$ 2,359,193</u>	<u>\$ 5,025,051</u>	<u>\$ 4,604,935</u>	<u>\$ 5,892,909</u>	<u>\$ 7,188,814</u>	<u>\$ 6,846,796</u>	<u>\$ 6,295,367</u>

**Changes in Fund Balances of Governmental Funds
Last Ten Years**

(Modified accrual basis of accounting)

CITY OF EAST GRAND FORKS

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues										
General Taxes	\$ 3,925,470	\$ 4,548,543	\$ 4,682,355	\$ 5,261,885	\$ 6,026,359	\$ 7,279,298	\$ 7,731,694	\$ 7,474,051	\$ 6,952,609	\$ 7,348,051
Special Assessments	1,603,911	1,284,961	1,245,386	1,500,017	1,534,432	1,448,823	1,266,385	1,344,335	1,196,278	1,033,327
Licenses and Permits	131,642	119,602	128,766	141,650	141,454	110,687	120,630	107,263	104,258	107,019
Intergovernmental	4,648,258	4,909,773	4,164,660	4,874,995	3,693,302	5,751,681	4,042,333	5,490,221	4,168,810	4,277,857
Charges for Services	1,336,009	1,070,052	1,228,243	1,272,883	1,259,032	1,408,655	1,364,979	1,252,704	1,292,590	1,608,309
Fines and Forfeitures	107,304	110,954	96,018	134,397	143,477	120,626	155,566	110,300	141,116	80,312
Investment Earnings & Other Revenues	226,369	350,201	378,562	790,796	387,111	511,322	805,672	590,196	65,757	329,090
Total Revenues	<u>11,978,963</u>	<u>12,394,086</u>	<u>11,923,990</u>	<u>13,976,623</u>	<u>13,185,167</u>	<u>16,631,092</u>	<u>15,487,259</u>	<u>16,369,070</u>	<u>13,921,418</u>	<u>14,783,965</u>
Expenditures										
General Government	989,127	960,902	996,073	1,082,021	1,074,528	1,191,847	1,286,762	1,311,421	1,462,820	1,617,420
Public Safety	3,635,336	3,681,664	4,008,399	4,094,298	4,213,347	4,323,543	4,476,947	5,316,358	4,711,996	4,683,245
Public Works	1,417,606	1,563,762	1,263,546	1,285,161	1,272,744	1,409,335	1,441,427	1,436,234	1,480,007	1,797,753
Transit	311,685	350,484	353,824	373,701	422,206	435,960	727,424	829,958	600,149	697,219
Culture and Recreation	2,065,514	2,084,534	2,041,966	2,244,883	2,284,037	2,395,072	2,575,444	2,385,162	2,527,567	2,689,964
Community Development	122,563	132,491	109,985	531,305	410,613	509,749	287,296	602,997	323,804	393,176
Cemetery	53,936	43,389	44,799	56,943	79,324	53,398	50,240	43,616	63,002	48,858
Other	243,466	240,002	261,263	241,159	395,249	260,466	295,204	268,812	290,172	325,944
Capital Outlay	2,126,674	2,493,270	4,178,606	3,684,508	2,721,705	3,527,284	1,433,153	1,419,489	2,325,379	2,234,064
Debt Service										
Principal	999,000	1,096,000	709,000	3,858,000	841,000	2,519,000	1,207,000	1,206,000	1,015,000	995,401
Interest	495,591	459,405	449,626	401,875	409,402	398,866	326,295	282,303	248,323	217,322
Other Charges	11,891	-	57,745	-	62,055	3,100	-	-	-	-
Total All Other Governmental Funds	<u>12,472,389</u>	<u>13,105,903</u>	<u>14,474,832</u>	<u>17,853,854</u>	<u>14,186,210</u>	<u>17,027,620</u>	<u>14,107,192</u>	<u>15,102,350</u>	<u>15,048,219</u>	<u>15,700,366</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(493,426)</u>	<u>(711,817)</u>	<u>(2,550,842)</u>	<u>(3,877,231)</u>	<u>(1,001,043)</u>	<u>(396,528)</u>	<u>1,380,067</u>	<u>1,266,720</u>	<u>(1,126,801)</u>	<u>(916,401)</u>
Other Financing Sources (Uses)										
Transfers In	1,333,855	1,634,691	4,539,727	2,912,888	1,137,270	1,180,691	683,759	649,433	1,307,581	1,228,707
Transfers Out	(1,084,216)	(1,079,187)	(3,236,555)	(2,527,734)	(900,269)	(923,814)	(331,387)	(461,780)	(685,672)	(1,271,916)
Long-term Debt Issued	-	-	3,725,000	-	2,375,000	-	-	-	-	-
Refunding Debt Issued	-	-	-	-	1,575,000	-	-	-	-	-
Premium on Long-term Debt	-	-	172,980	-	199,307	-	-	-	-	-
Contributions	-	-	42,050	-	-	-	-	-	-	-
Insurance Proceeds	-	-	-	-	144,099	186,558	-	-	-	-
Lease Issuance	-	-	-	-	-	-	-	-	-	6,102
Sale of Capital Assets	-	138,023	106,060	40,118	72,010	121,044	59,996	132,574	207,228	43,923
Total Other Financing Sources (Uses)	<u>249,639</u>	<u>693,527</u>	<u>5,349,262</u>	<u>425,272</u>	<u>4,602,417</u>	<u>564,479</u>	<u>412,368</u>	<u>320,227</u>	<u>829,137</u>	<u>6,816</u>
Net Change in Fund Balances	<u>\$ (243,787)</u>	<u>\$ (18,290)</u>	<u>\$ 2,798,420</u>	<u>\$ (3,451,959)</u>	<u>\$ 3,601,374</u>	<u>\$ 167,951</u>	<u>\$ 1,792,435</u>	<u>\$ 1,586,947</u>	<u>\$ (297,664)</u>	<u>\$ (909,585)</u>
Debt Service as % of Noncapital Expenditures	15.6%	13.5%	11.0%	30.1%	10.6%	21.3%	11.8%	10.6%	9.2%	8.4%

**Tax Revenues by Source
Last Ten Years**

(Modified accrual basis of accounting)

CITY OF EAST GRAND FORKS

<u>Year</u>	<u>Property Taxes</u>	<u>Electric Franchise (1)</u>	<u>Gas Franchise(2)</u>	<u>Cable TV Franchise(3)</u>	<u>Other</u>	<u>Total</u>
2013	\$2,486,461	\$1,190,744	\$ 87,544	\$ 135,245	\$ 25,476	\$3,925,470
2014	3,062,285	1,216,484	110,593	139,847	19,334	4,548,543
2015	3,219,544	1,203,368	84,168	143,967	31,308	4,682,355
2016	3,803,949	1,194,587	68,520	148,679	46,149	5,261,884
2017	4,453,551	1,304,715	77,863	148,978	41,252	6,026,359
2018	4,815,813	1,383,262	87,882	143,814	45,924	6,476,695
2019	5,069,878	1,394,826	88,520	133,090	42,911	6,729,225
2020	5,279,713	1,184,113	73,123	121,150	36,873	6,694,972
2021	5,436,780	1,268,543	84,883	118,211	44,192	6,952,609
2022	5,646,259	1,352,038	180,487	114,230	54,538	7,347,552
Change 2013-2022	127.1%	13.5%	106.2%	-15.5%	114.1%	87.2%

Notes:

General Fund only.

(1) The electric franchise fee is \$.0085 per kwh sold by the city-owned utility.

(2) The gas franchise fee is 3% of gross revenues generated by NSP/Xcel Energy.

(3) The cable franchise fee is 5% of gross revenues.

Source:

Administration and Finance

**State Intergovernmental Revenues by Program
Last Ten Years**
(Modified accrual basis of accounting)

CITY OF EAST GRAND FORKS

<u>Year</u>	<u>Local Government Aid</u>	<u>Market Value Credit</u>	<u>Disparity Reduction Credit</u>	<u>Police State Aid</u>	<u>PERA and Fire Aid</u>	<u>Total</u>
2013	\$ 2,471,550	\$ 61	\$ 514,600	\$ 150,801	\$ 74,518	\$ 3,211,530
2014	2,514,149	-	620,651	145,338	74,482	3,354,620
2015	2,520,671	784	686,780	144,226	80,835	3,433,296
2016	2,492,055	56	682,499	179,157	83,969	3,437,736
2017	2,491,273	-	862,776	183,341	87,164	3,624,554
2018	2,399,237	-	829,698	169,652	84,379	3,482,966
2019	2,310,807	-	864,597	199,983	88,575	3,463,962
2020	2,310,807	-	857,298	207,135	71,845	3,447,085
2021	2,222,057	-	811,344	194,576	76,184	3,304,161
2022	2,223,326	-	778,629	214,519	78,285	3,294,759
Change 2013-2022	-10.0%	-100.0%	51.3%	42.3%	5.1%	2.6%

Notes: General Fund only.

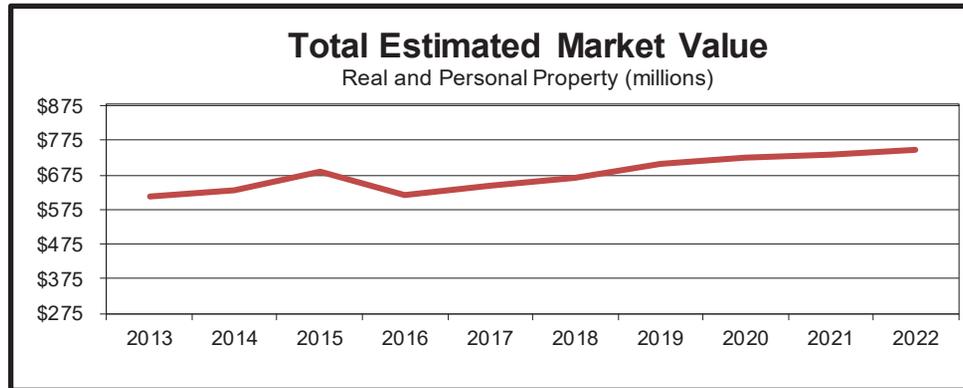
Source: Administration and Finance

**Tax Capacity and Estimated Market Value of all Taxable Property
Last Ten Years**
(Unaudited)

CITY OF EAST GRAND FORKS

Year	Real Property		Personal Property		Total		Direct Tax Rate	Tax Cap % of Mkt Value
	Tax Capacity	Estimated Market Value	Tax Capacity	Estimated Market Value	Tax Capacity	Estimated Market Value		
2013	\$ 4,898,069	\$ 607,213,600	\$ 63,080	\$ 3,239,100	\$ 4,961,149	\$ 610,452,700	58.98	0.8%
2014	5,085,984	628,323,900	64,158	3,293,000	5,150,142	631,616,900	57.53	0.8%
2015	5,504,832	682,547,100	70,198	3,600,700	5,575,030	686,147,800	55.81	0.8%
2016	6,522,297	612,179,400	70,198	3,600,700	6,592,495	615,780,100	61.28	1.1%
2017	6,894,302	640,767,200	77,183	3,951,600	6,971,485	644,718,800	64.48	1.1%
2018	7,192,028	664,363,600	77,455	3,967,800	7,269,483	668,331,400	68.53	1.1%
2019	7,609,999	704,248,200	70,082	3,628,600	7,680,081	707,876,800	67.09	1.1%
2020	7,828,869	722,071,500	76,029	3,935,900	7,904,898	726,007,400	71.36	1.1%
2021	7,965,215	731,129,900	85,604	4,386,700	8,050,819	735,516,600	71.21	1.1%
2022	8,044,989	741,107,000	72,934	3,755,300	8,117,923	744,862,300	74.15	1.1%

Source: County Assessor



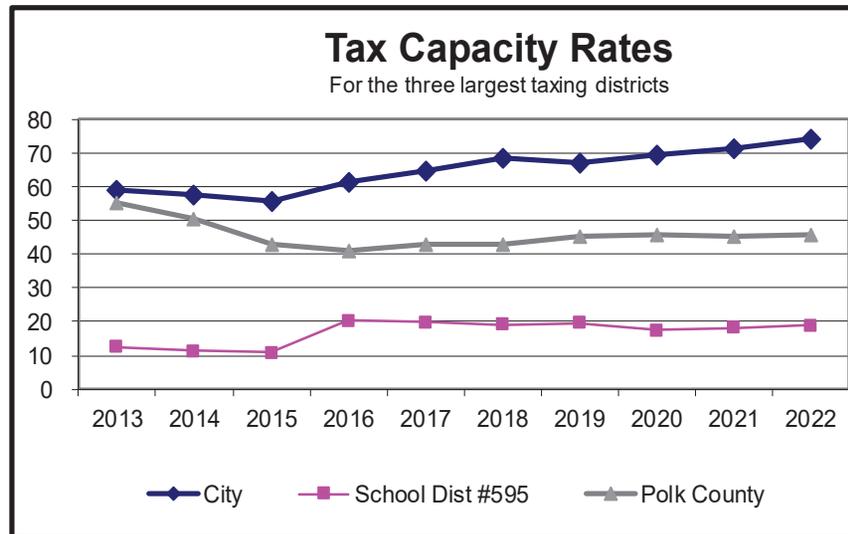
Note: The county assessor is occasionally required to make city wide adjustments to estimated market values. The State of Minnesota will instruct the county assessor to make these type of adjustments when data comparing actual sales to assessed values warrant such actions.

**Property Tax Rates – All Direct and Overlapping Governments
Last Ten Years**
(Unaudited)

CITY OF EAST GRAND FORKS

Year	General	Debt	Tax Rates per \$1,000 of Tax Capacity						Total
			Total City	School Dist #595	Polk County	Watershed Value	NWRDC	Ambulance District	
2013	55.70	3.28	58.98	12.52	54.99	5.38	0.25	0.93	133.05
2014	55.04	2.49	57.53	11.37	50.61	5.28	0.24	0.90	125.93
2015	53.39	2.42	55.81	10.80	42.99	3.68	0.19	0.83	114.31
2016	59.05	2.23	61.28	20.27	41.11	3.98	0.19	0.74	127.57
2017	60.56	3.92	64.48	19.76	42.86	4.14	0.20	0.66	132.10
2018	64.08	4.45	68.53	19.10	42.90	5.11	0.20	0.65	136.48
2019	61.21	5.89	67.09	19.50	45.05	5.31	0.21	0.60	137.76
2020	64.53	4.67	69.20	17.36	45.64	4.06	0.21	0.59	137.06
2021	66.54	4.67	71.21	18.17	45.39	4.09	0.21	0.58	139.65
2022	69.46	4.69	74.15	18.83	45.73	4.11	0.22	0.58	143.62

Source: County Auditor



Notes: State paid tax credits comprise the difference between the city's gross and net tax levies.

Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

CITY OF EAST GRAND FORKS

<u>Taxpayer</u>	<u>2022</u>			<u>2013</u>		
	<u>Tax Capacity</u>	<u>Rank</u>	<u>% of Total Tax Capacity of \$8,117,923</u>	<u>Tax Capacity</u>	<u>Rank</u>	<u>% of Total Tax Capacity of \$4,961,149</u>
American Crystal Sugar Co	\$ 353,100	1	4.35%	\$ 473,660	1	9.55%
Burlington Northern Tax Dept	117,628	2	1.45%	62,692	3	1.26%
Green Acres II LLP	115,086	3	1.42%	51,223	8	1.03%
Pierce Investments LLC	106,665	4	1.31%	72,594	2	1.46%
GMR East Grand Forks LLC	97,866	5	1.21%			
SPT Prairie 210 Demers Avenue LLC	85,430	6	1.05%			
Riverview Terrace LLC	83,438	7	1.03%	51,131	7	1.03%
Valley Markets	80,316	8	0.99%	53,770	6	1.08%
EVI MN Heights LLC	75,564	9	0.93%			
Proll LLC	68,360	10	0.84%			
Xcel Energy				60,368	4	1.22%
Cabela's				56,034	5	1.13%
City of EGF				40,092	9	0.81%
Town Square				21,104	10	0.43%
	<u>\$ 1,183,453</u>		<u>14.58%</u>	<u>\$ 942,668</u>		<u>19.00%</u>

Note: Tax capacity is calculated by multiplying the estimated market value by property classification rates prescribed by Minnesota state law.
Total includes rounding errors.

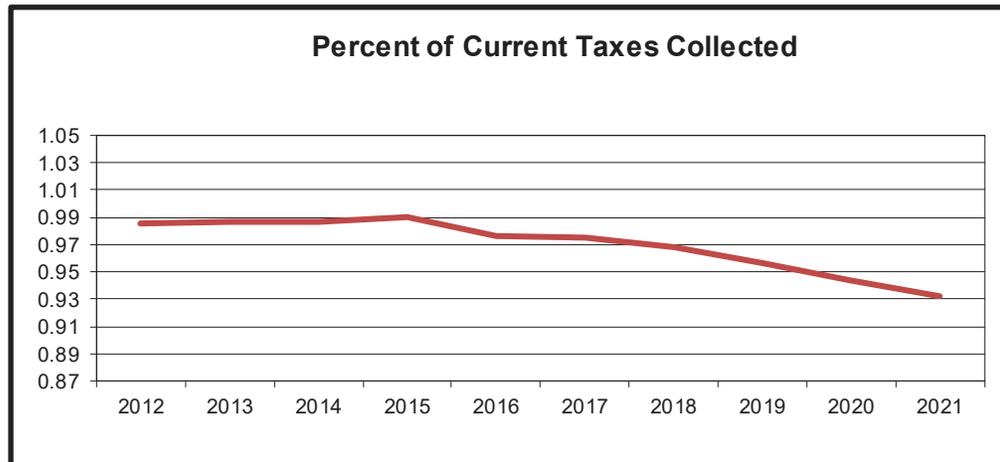
Source: County Auditor

**Property Tax Levies and Tax Collections
Last Ten Years**
(Unaudited)

Levy Year (1)	Collected Within the Year of Levy		Percent of Levy	Collections in Subsequent Years	Total Tax Collection	Total as % of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a % of Levy
	Net Tax Levy	Current Tax Collection						
2012	\$2,476,976	\$2,440,098	98.5%	\$ 46,363	\$2,486,461	100.4%	\$ 96,723	3.9%
2013	2,424,552	2,391,898	98.7%	49,735	2,441,633	100.7%	111,449	4.6%
2014	2,515,399	2,483,433	98.7%	35,907	2,519,341	100.2%	97,795	3.9%
2015	3,121,752	3,089,866	99.0%	22,896	3,112,762	99.7%	70,068	2.2%
2016	4,527,998	4,420,906	97.6%	30,561	4,451,467	98.3%	76,531	1.7%
2017	4,912,878	4,792,886	97.6%	31,361	4,824,247	98.2%	88,631	1.8%
2018	5,183,086	5,018,098	96.8%	51,780	5,069,878	97.8%	113,209	2.2%
2019	5,442,241	5,206,297	95.7%	73,416	5,279,713	97.0%	162,528	3.0%
2020	5,714,353	5,394,904	94.4%	41,876	5,436,780	95.1%	277,573	4.9%
2021	6,000,070	5,591,854	93.2%	54,405	5,646,259	94.1%	353,311	5.9%

(1) Collection year is one year later (i.e., Levy Year 2020 Collection Year 2021)

Source: County Auditor



**Special Assessment Levies and Collections
Last Ten Years**
(Unaudited)

CITY OF EAST GRAND FORKS

<u>Year</u>	<u>Special Assessment Billings</u>	<u>Special Assessment Collections</u>		<u>Uncertified (2) Special Assessments</u>	<u>Prepayment of Special Assessments</u>	<u>Prepayment Ratio (3) as a % of Uncertified</u>	<u>Total Special Assessments Collected</u>
		<u>Amount(1)</u>	<u>% of Billings</u>				
2013	\$ 1,432,775	\$ 1,413,281	98.6%	\$ 6,803,225	\$ 156,586	2.2%	\$ 1,569,867
2014	1,150,497	1,133,817	98.6%	6,739,704	161,588	2.3%	1,295,405
2015	1,080,944	1,081,464	100.0%	6,184,225	164,769	2.6%	1,246,233
2016	1,112,629	1,118,284	100.5%	6,570,326	381,734	5.5%	1,500,018
2017	1,186,246	1,176,146	99.1%	6,555,362	361,292	5.2%	1,537,438
2018	1,292,363	1,284,441	99.4%	6,365,898	167,892	2.6%	1,452,333
2019	1,188,961	1,176,494	99.0%	5,634,588	93,687	1.6%	1,270,181
2020	1,105,273	1,090,174	98.6%	5,209,226	255,315	4.7%	1,345,489
2021	998,500	1,004,486	100.6%	4,184,512	60,249	1.4%	1,064,735
2022	994,469	983,295	98.9%	3,378,041	44,549	1.3%	1,027,844

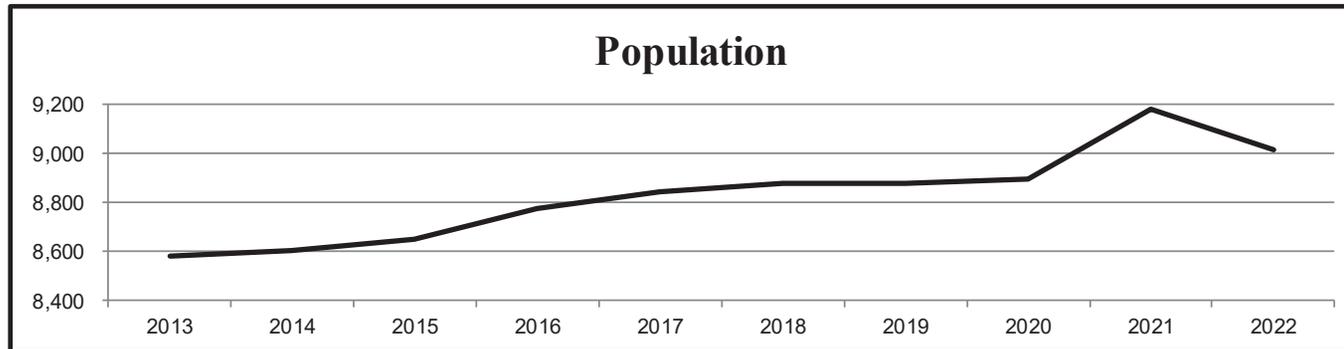
Source: Administration and Finance

- Notes:
- (1) Includes current and delinquent assessments, and assessments collected by the general fund after debt service obligations have been satisfied (miscellaneous revenues - other).
 - (2) In 2004, the city deferred \$3,197,276 on city-owned residentially zoned property, which will be assessed as the lots are sold.
 - (3) Prepayment ratio is calculated by dividing the prepayments by the sum of uncertified special assessments and prepayments.

**Ratio of Net Bonded Debt to Tax Capacity and Estimated Values, and Net Bonded Debt per Capita
Last Ten Years**
(Unaudited)

CITY OF EAST GRAND FORKS

Year	Popu- lation(1)	Tax Capacity	Bonded Debt Type			Total Gross Bonded Debt	Less Amount for Retirement	Net Bonded Debt	As a % of Tax Capacity	Estimated Market Values	Bonded Debt Per Capita
			Governmental		Business						
			G.O. Improvement Bonds	Certificate of Indebtedness	G.O. Revenue Bonds						
2013	8,581	4,961,149	\$ 8,245,169	\$ 4,138,538	\$3,276,000	\$ 7,414,538	\$2,450,443	\$ 4,964,095	149.5%	2.2%	864
2014	8,601	5,150,142	7,231,200	3,961,311	3,096,000	7,057,311	2,227,211	4,830,100	137.0%	0.8%	821
2015	8,651	5,575,030	10,782,089	3,786,086	2,911,000	6,697,086	5,393,270	1,303,816	120.1%	0.2%	774
2016	8,774	6,592,495	6,737,279	3,871,119	5,658,815	9,529,934	2,505,321	7,024,613	144.6%	1.1%	1,086
2017	8,843	6,971,485	10,098,675	3,646,788	8,365,346	12,012,134	4,624,130	7,388,004	172.3%	1.1%	1,358
2018	8,876	7,269,483	7,669,203	3,423,727	7,840,347	18,933,277	3,264,438	15,668,839	260.4%	2.3%	2,133
2019	8,875	7,680,081	6,556,313	3,182,666	7,306,347	10,489,013	3,256,338	7,232,675	136.6%	1.0%	1,182
2020	8,893	7,904,898	5,398,088	2,937,606	7,104,245	10,041,851	3,315,131	6,726,720	127.0%	0.9%	1,129
2021	9,179	8,050,819	4,459,863	2,688,545	6,942,971	9,631,516	3,146,515	6,485,001	119.6%	0.9%	1,050
2022	9,015	8,117,923	3,556,637	2,430,484	6,404,000	8,834,484	3,089,696	5,744,788	108.8%	0.8%	980



Notes: (1) The annual population estimates are obtained from the state demographer. When current year populations are not available, previous year estimates are carried forward.

Source: Administration and Finance and Polk County Auditor

**Computation of Direct and Overlapping Debt
As of December 31, 2022
(Unaudited)**

CITY OF EAST GRAND FORKS

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Overlapping Debt</u>	<u>Amount Applicable to City</u>
DIRECT DEBT:				
City of East Grand Forks	<u>\$ 5,987,121</u>	<u>100.0%</u>		<u>\$ 5,987,121</u>
OVERLAPPING DEBT:				
I.S.D. 595	25,860,000	49.4%	\$ 12,774,840	
Polk County	<u>25,550,000</u>	<u>11.3%</u>	<u>2,887,150</u>	
Total Overlapping Debt				<u>15,661,990</u>
Total direct and overlapping debt				<u>\$ 21,649,111</u>

Source: Taxable value data used to estimate applicable percentages provided by Polk County.

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

(1) The percentage overlapping debt applicable is estimated using taxable property values. Applicable percentages are estimated by determining the portion of the county's taxable value that is within the City's boundaries and dividing it by the county's total taxable valuation.



(This page left blank intentionally)

Legal Debt Margin Information
Last Ten Years
(Unaudited)

CITY OF EAST GRAND FORKS

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Estimated market value	\$ 610,452,700	\$ 631,616,900	\$ 686,147,800	\$ 615,780,100	\$ 644,718,800	\$ 668,331,400	\$ 707,876,800	\$ 726,007,400	\$ 735,516,600	\$ 744,862,300
Total debt	\$ 15,650,000	\$ 14,279,000	\$ 17,285,000	\$ 16,084,815	\$ 21,765,346	\$ 18,596,347	\$ 16,715,347	\$ 15,167,245	\$ 13,850,971	\$ 12,163,971
Deductions:										
Bonds:										
G.O. Improvement Bonds	8,260,000	7,245,000	10,610,000	6,575,000	9,775,000	7,350,000	6,240,000	5,135,000	4,225,000	3,350,000
Certificates of indebtedness	875,000	780,000	690,000	865,000	730,000	605,000	465,000	325,000	185,000	40,000
G.O. Clean Water Improvement Bonds	3,276,000	3,096,000	2,911,000	2,721,000	2,526,000	2,326,000	2,120,000	1,909,000	1,692,000	1,469,000
G.O. Transportation Improvement Bonds	3,239,000	3,158,000	3,074,000	2,986,000	2,895,000	2,801,000	2,704,000	2,603,000	2,498,000	2,389,000
G.O. Wastewater Improvement Bonds				2,937,815	5,839,346	5,514,347	5,186,347	5,195,245	5,250,971	4,935,000
Debt service funds:										
Cash, securities, and restricted cash	2,414,922	2,202,530	5,371,084	2,483,795	3,014,680	3,242,696	3,259,448	3,290,148	3,138,533	3,080,174
Less amount applicable to excluded bonds	(2,414,922)	(2,202,530)	(5,371,084)	(2,483,795)	(3,014,680)	(3,242,696)	(3,259,448)	(3,290,148)	(3,138,533)	(3,080,174)
Total net debt applicable to debt limit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt limit is 2% of estimated market value	\$ 12,209,054	\$ 12,632,338	\$ 13,722,956	\$ 12,315,602	\$ 12,894,376	\$ 13,366,628	\$ 14,157,536	\$ 14,520,148	\$ 14,710,332	\$ 14,897,246
Legal Debt Margin	\$ 12,209,054	\$ 12,632,338	\$ 13,722,956	\$ 12,315,602	\$ 12,894,376	\$ 13,366,628	\$ 14,157,536	\$ 14,520,148	\$ 14,710,332	\$ 14,897,246
Total net debt applicable to limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

COMPUTATION OF LEGAL DEBT MARGIN

Note (A): Minnesota Statutes 475.53 et seq.

Limit on Net Debt

"Subdivision 1. Generally, except as otherwise provided in sections 475.51 to 475.74, no municipality, except a school district or a city of the first class, shall incur or be subject to a net debt in excess of 3% of the estimated market value of taxable property in the municipality"

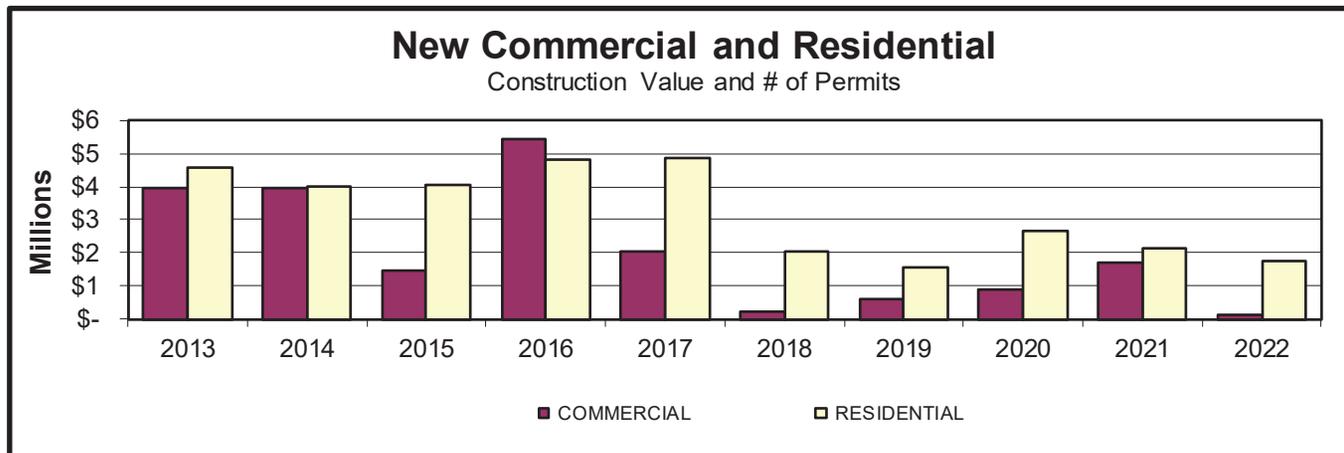
Note (B): Minnesota Statutes 475.51

Subdivision 4. 'Net Debt' means the amount remaining after deducting from its gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt, and the aggregate of the principal of the following:

- (1) Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.
- (2) Warrants or orders having no definite or fixed maturity.
- (3) Obligations payable wholly from the income from revenue-producing conveniences.
- (4) Obligations issued to create or maintain a permanent improvement revolving fund.
- (5) Obligations issued for the acquisition and betterment of public water-works systems and public lighting, heating, or power systems, and of any combination thereof or for any other public convenience from which revenue is or may be derived.

Year	CONSTRUCTION (1)				Total
	COMMERCIAL		RESIDENTIAL		
	Permits	Value	Permits	Value	
2013	2	3,974,000	22	4,568,000	8,542,000
2014	2	3,965,000	17	3,993,700	7,958,700
2015	5	1,493,000	16	4,046,951	5,539,951
2016	3	5,430,459	18	4,832,228	10,262,687
2017	4	2,059,021	19	4,876,287	6,935,308
2018	1	222,419	11	2,028,460	2,250,879
2019	1	619,587	5	1,565,541	2,185,128
2020	3	882,143	19	2,681,968	3,564,111
2021	3	1,724,515	8	2,135,445	3,859,960
2022	1	123,000	6	1,745,664	1,868,664

Source: City Planner



Notes: (1) Only new construction permits.

Demographic and Economic Statistics
Last Ten Years
(Unaudited)

CITY OF EAST GRAND FORKS

Calendar Year	Population (1)	Personal Income (thousands of dollars)	Per Capita Personal Income (1)	Median Age (2)	Population 25 yrs & over-Bachelor's degree or higher (1)	School Enrollment (3)	Unemployment Rate (1)
2013	*8,581	na	na	na	na	2,212	3.0%
2014	*8,601	na	25885	35	2,098	2,239	3.1%
2015	*8,651	na	24,764	35	2,111	2,281	2.8%
2016	*8,774	na	26,658	35	2,509	2,340	2.5%
2017	*8,843	na	27,315	35	2,595	2,393	2.7%
2018	*8,876	na	27,940	34	2,698	2,535	2.5%
2019	*8,875	na	28,748	34	2,751	2,553	2.5%
2020	8,893	na	30,073	34	2,792	2,676	3.6%
2021	9,176	na	28,913	35	2,441	2,751	3.0%
2022	*9,105	na	31,046	35	2,367	2,640	2.3%

Data Sources: (1) State of Minnesota Demographic Center.
 (2) U.S. Census Data.
 (3) East Grand Forks Public School District, East Grand Forks private schools.
 *Estimated Projection

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

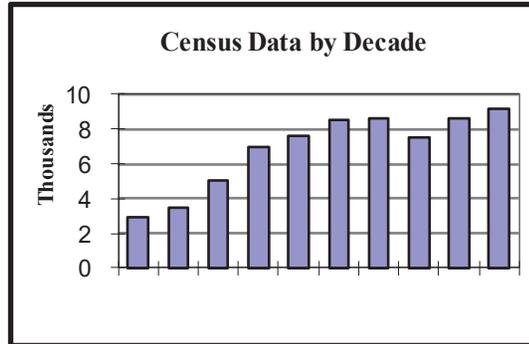
CITY OF EAST GRAND FORKS

<u>Taxpayer</u>	<u>2022</u>			<u>Taxpayer</u>	<u>2013</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employment 2,991</u>		<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employment 2,550</u>
ISD 595	340	1	11.37%	ISD 595	307	1	12.0%
American Crystal	320	2	10.70%	American Crystal	303	2	11.9%
R. J. Zavoral and Sons, Inc.	151	3	5.05%	Northland College-NTC-EGF	295	3	11.6%
City of East Grand Forks	98	4	3.28%	Cabela's	158	4	6.2%
Northland College-NTC-EGF	79	5	2.64%	Valley Markets	138	5	5.4%
Valley Markets	70	6	2.34%	R.J. Zavoral and Sons, Inc.	115	6	4.5%
Northern Valley	70	7	2.34%	City of East Grand Forks	83	7	3.3%
Sanford	59	8	1.97%	Blue Moose	80	8	3.1%
Sacred Heart	56	9	1.87%	Northern Valley	70	9	2.7%
Mayo Manufacturing Inc.	35	10	1.17%	Sacred Heart	52	10	2.0%
	<u>1,278</u>		<u>42.73%</u>		<u>1,601</u>		<u>62.8%</u>

Source: Various businesses contact via phone or email.

Population Changes:

1930	2,922
1940	3,511
1950	5,049
1960	6,988
1970	7,607
1980	8,537
1990	8,658
2000	7,501
2010	8,601
2020	9,176



Population Characteristic:	2010 (1)	% Total	2020	% Total
Under 18	2,490	29%	2,478	27%
18 and Over	6,111	71%	6,698	73%
	8,601	100%	9,176	100%

Miscellaneous:	2010	2020
Median Age:	35.00 Years	34.50 Years
Household Size:	2.33 People	3.26 People
Number of Households:	3,488.00 Units	3,831.00 Units

Notes: (1) In 2010, data was categorized by being either Under 20, or 20 and Over
 2020 data is now categorized as either Under 18, or 18 and Over

**Full-time Employees by Function/Program
Last Ten Years**
(Unaudited)

CITY OF EAST GRAND FORKS

<u>Function</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Government:										
Administration and Finance	5	5	5	5	5	5	5	5	5	5
EDA-Community Develop	-	2	3	4	4	4	4	4	4	4
Public Safety:										
Building Official	2	-	-	-	-	-	-	-	-	-
Fire	10	10	9	10	11	11	10	10	10	10
Police	22	23	25	25	25	25	25	24	23	23
Public Works:										
Administration	-	-	-	3	3	3	3	3	3	3
Refuse	5	5	5	5	4	4	4	4	4	4
Sewage	2	2	2	2	3	3	3	3	3	3
Streets	6	6	6	5	6	6	6	6	6	6
Culture and Recreation:										
Administration	3	3	2	3	2	2	3	3	3	3
Parks	1	2	2	2	2	2	2	2	2	2
Arenas	3	3	3	3	2	3	3	3	3	3
Library	3	3	3	3	4	4	4	4	3	4
Senior center	1	1	1	1	1	1	1	1	1	1
Water and Light										
Administration	5	5	4	7	6	6	7	6	6	6
Electric	12	12	12	13	13	12	12	13	13	13
Water	8	8	8	8	9	9	9	8	8	8
Total	88	90	90	99	100	100	101	99	97	98

Note: Excludes seasonal and part-time positions.

Source: Administration and Finance

Operating Indicators by Function
Last Ten Years
(Unaudited)

CITY OF EAST GRAND FORKS

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
On Sale Liquor license by entity	13	13	12	13	14	14	15	15	14	14
Off Sale Liquor license by entity	3	3	2	3	5	5	4	4	4	4
Number of AP checks written	2,980	2,980	2,476	2,547	2,538	2,513	2,487	2,331	2,167	2,014
Police										
DUI arrests	67	98	105	87	182	147	170	39	77	73
Traffic violations	716	600	802	667	721	840	742	526	560	559
No. of dog/cat licenses	38	99	113	129	108	70	115	101	96	79
Fire										
No. of rescue & EMS incidents	887	736	798	826	906	907	921	686	791	849
No. of fire calls	136	99	102	105	90	104	145	31	43	31
Building Official										
Building permits issued	253	285	287	425	460	377	337	348	266	289
Other permits issued	288	189	1,106	195	1	0	1	0	0	0
Refuse collection										
Refuse collected annually (tons)	4,232	4,265	4,365	4,280	4,297	4,350	4,335	4,256	4,553	4,668
Recyclables collected annually (tons)	667	530	399	443	448	509	478	488	455	418
Recreation and culture										
Number of summer registrants	475	620	545	556	537	583	570	425	604	595
Number of winter registrants	576	480	490	475	475	469	471	440	460	445
Attendance for general swim	9,853	9,853	0	10,531	0	14,452	16,002	14,614	21,925	19,334
Library										
Volumes in collection	54,496	55,071	50,422	49,230	50,936	50,243	49,900	49,620	49,471	42,510
Total volumes borrowed	37,423	34,929	30,051	29,388	26,842	33,446	36,154	26,314	31,188	31,675
Water										
Annual tap water billed (millions)	360	337	322	300	312	304	274	266	286	260
Average number of monthly meters	2,843	2,867	2,888	2,906	2,924	2,940	2,957	2,965	2,987	2,996
Electric										
Annual Kwhs billed (millions)	159	161	157	157	156	165	162	140	150	159
Maximum Demand Kwhs (millions)	33.12	33.10	32.30	33.78	36	34	34	30	31	34
Cemetery										
No. of Lots Sold	40	40	57	45	47	49	42	34	31	32
No. of Interments	41	24	26	40	42	37	43	43	29	37
No. of Columbarium Niches								8	16	8
Transit										
Total route miles	16	16	16	16	16	26	26	26	20	20
Passengers	36,453	37,426	31,586	27,563	22,883	28,665	26,318	13,401	15,700	25,504

Source: Various city departments

**Schedule of Insurance in Force
As of December 31, 2022
(Unaudited)**

CITY OF EAST GRAND FORKS

<u>Name of Company</u>	<u>Policy Number</u>	<u>Policy Period</u>	<u>Type of Coverage</u>	<u>Liability Limits</u>
PROPERTY				
League of Minnesota Cities (C&H Insurance)	CMC 1000404-5	1/1/22-1/1/23	General Limit of Coverage excluding flood.	\$137,578,461 \$50,000,000 Terrorism Activity \$500,000 Valuable Papers per location
League of Minnesota Cities (C&H Insurance)	CMC 1000404-5	1/1/22-1/1/23	Boiler and Machinery (Equipment Breakdown)	\$100,000,000
BONDS				
League of Minnesota Cities (C&H Insurance)	CMC 1000404-5	1/1/22-1/1/23	Public Officials	\$250,000
League of Minnesota Cities (C&H Insurance)	CMC 1000404-5	1/1/22-1/1/23	Commercial Bond/Crime	\$250,000
LIABILITY				
League of Minnesota Cities (C&H Insurance)	CMC 1000404-5	1/1/22-1/1/23	General/Public Officials Liability	\$2,000,000 Per Occurrence
League of Minnesota Cities (C&H Insurance)	CMC 1000404-5	1/1/22-1/1/23	General Auto Liability	\$2,000,000 Per Occurrence
League of Minnesota Cities (C&H Insurance)	CMC 1000404-5	1/1/22-1/1/23	General Liability	\$2,000,000 Per Occurrence
League of Minnesota Cities (C&H Insurance)	VA 1000922-5	1/13/22-1/12/23	Accident Plan for Volunteers	\$500,000 Per Accident
OPEN MEETING LAW				
League of Minnesota Cities (C&H Insurance)	OML1000405-5	1/1/22-1/1/23	Open Meeting Law Defense Cost Reimbursement	\$50,000 Per City Official \$250,000 aggregate
WORKERS COMPENSATION				
League of Minnesota Cities (Berkley Risk Administrators)	WC1000923-5	1/13/22-1/13/23	Workers Compensation	\$1,500,000 Bodily Injury Each Occurrence \$1,500,000 Bodily Injury by Disease

Source: League of Minnesota Cities Insurance Trust.

Miscellaneous Statistical Information
(Unaudited)

CITY OF EAST GRAND FORKS

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Number of employees	83	81	90	99	100	100	101	99	97	97
Area in square miles	6	6	6	6	6	6	6	6	6	6
Developed	5	5	5	5	5	5	5	5	5	5
Undeveloped	1	1	1	1	1	1	1	1	1	1
Miles of streets	70	70	70	70	70	70	70	70	70	70
Culture and Recreation:										
Senior Center	1	1	1	1	1	1	1	1	1	1
Library	1	1	1	1	1	1	1	1	1	1
Arenas	3	3	3	3	3	3	3	3	3	3
Parks	12	14	14	14	17	17	17	17	17	17
Park acreage owned	278	278	278	278	157	157	157	157	157	157
Park acreage developed	218	218	218	218	146	146	146	146	146	146
Red River State Recreation Area Campground Acreage	103	103	103	103	103	103	103	103	103	103
Red River State Recreation Area Campground Sites	113	113	113	113	113	113	113	113	113	113
Greenway Acres in East Grand Forks	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Tennis Courts	2	3	3	3	3	1	1	1	-	-
Pickle Ball Courts	-	2	2	2	2	5	5	5	8	8
Fire Protection:										
Number of stations	2	2	2	2	2	2	2	2	2	2
Number of vehicles	11	14	14	14	13	14	14	11	10	11
Number of full-time Firefighters	10	10	10	10	11	10	10	10	10	10
Number of volunteer Firefighters	14	24	24	24	19	21	18	19	21	21
Fire Insurance Rating	4	4	4	4	4	3	3	3	3	3
Police Protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of police officers	20	22	22	22	22	22	23	23	22	22
Number of patrol units	5	5	5	5	5	5	6	6	6	6
Sewage System:										
Miles of force mains	8	9	9	9	10	10	10	10	10	10
Miles of sewer mains	45	40	40	40	46	46	46	46	46	46
Miles of storm sewers	53	54	54	54	55	55	55	55	55	55
Number of lift stations	12	12	12	12	13	13	13	13	13	13
Number of storm sewer lift stations	14	14	14	14	13	13	13	13	13	13
Water System:										
Miles of water mains	52	52	52	52	58	60	60	60	60	60
Number of fire hydrants	461	461	461	461	494	494	494	494	494	494
Gallons of storage capacity	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Daily treatment capacity	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Towers and reservoirs	4	4	4	4	4	4	4	4	4	4
Electric System:										
Number of substations	4	3	3	3	3	3	3	3	3	3
Miles of distribution lines	60.3	60.3	60.3	60.3	104.0	105.0	105.0	105.0	105.0	105.0
Peak Demand in MW	31.61	33.10	33.10	33.10	36.11	34.30	34.07	30.38	30.99	34.19
Public Education Facilities/Services Not Included In Reporting Entity:										
Number of elementary schools	2	2	2	2	2	2	2	2	2	2
Number of middle schools	1	1	1	1	1	1	1	1	1	1
Number of senior high schools	1	1	1	1	1	1	1	1	1	1
Northland Community & Technical College	1	1	1	1	1	1	1	1	1	1
Bond rating	A1	A1	A1	A1	A1	Aa3	Aa3	Aa3	Aa3	Aa3

**SIGNIFICANT MINNESOTA TAX POLICIES
DECEMBER 31, 2022**

GENERAL

All non-exempt property in Minnesota is subject to taxation by local taxing districts. The tax levied on a property is determined by computing its tax capacity, which is the property's market value multiplied by the appropriate class rates. The taxes on a property are computed by multiplying the tax rate by the property's tax capacity. The tax rate is determined by the County Auditor, dividing each tax levy by the taxing jurisdiction adjusted net tax capacity.

Properties are physically reviewed by assessors at least once every four years.

The Minnesota Department of Revenue analyzes sales of properties annually, comparing sales prices with the local assessor's market value. This establishes a sales ratio. The sales ratio is also used in determining municipal and school district state aids.

The assessor's market value is multiplied by the appropriate class rates to arrive at the Adjusted Net Tax Capacity (taxable value). The class rates vary by class of property. The schedule below shows some of the major classes of property and their applicable class rate:

TYPE OF PROPERTY	2022 TAXES <u>PAYABLE</u>
<u>Residential Homestead</u>	
First \$500,000	1.00%
Over \$500,000	1.25%
<u>Commercial/Industrial</u>	
First \$150,000	1.50%
Over \$150,000	2.00%
<u>Rentals</u>	
Regular (4 or more units)	1.25%
Low income per unit:	
First \$162,000	0.75%
Over \$162,000	0.25%

Property Tax Refund. Residential property tax credits are gauged by percentages of the net property tax to household income: homeowners may receive up to a \$3,140 refund.

Special Refund. Residential property taxpayers may be entitled to a special property tax refund if the net property tax on their homestead increased by more than 12% from 2022-2023, and the increase was \$100 or more. The refund is 60% of the amount of tax paid that exceeds the 12% increase up to \$1,000.

Source: 2022 Property Tax Refund Booklet and Minnesota Department of Revenue website.

TAX RATES AND LEVIES

Tax Limitation by Statute:

The City Tax Levy is pursuant to the limitations instituted by Minnesota Statute 275.70.

Debt Service, certain special levies and special assessments for local improvements are not included in the above limitation.

Taxes Due Date:

January 2nd of the following year

Taxes Delinquent Date:

Personal Property, amounts less than \$50.00 - May 1; Amounts over \$50.00 First Half, May 15; Second Half, October 15.

Real Estate - First Half, May 15; Second Half, October 15.

No Discount Allowed

Penalties for Late Payments:

If the tax is not paid by the due date of the installment, a late penalty will be assessed at the percentage rate provided by law. The following table shows the rate of penalty if the tax installment remains unpaid on the 16th of each month:

Penalty Month of:	May	June	July	Aug	Sep	Oct	Nov	Dec
On Homestead Property:								
1st half installment	2%	4%	5%	6%	7%	8%	8%	8%
2nd half installment						2%	4%	5%
Both unpaid						5%	6%	7%
On Non-Homestead Property								
1st half installment	4%	8%	9%	10%	11%	12%	12%	12%
2nd half installment						4%	8%	9%
Both unpaid						8%	10%	12%

On the first Monday in January, following the year in which taxes were due, the penalty will increase to a maximum of:

Homestead	10%	Non-Homestead	14%
-----------	-----	---------------	-----

Tax Sale can take place any time after Judgment has been in effect for 5 years on Homestead Properties and 3 years on Non-Homestead Properties; with a handful of exceptions.

Taxes are certified to Polk County and collected by the county treasurer and remitted to the city.

Source: County Auditor, Polk County.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and
Members of the City Council
City of East Grand Forks, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of East Grand Forks, Minnesota, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of East Grand Forks' basic financial statements, and have issued our report thereon dated June 9, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of East Grand Forks, Minnesota's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of East Grand Forks' financial statements are free from material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that the City of East Grand Forks, 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's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

June 9, 2023



(This page left blank intentionally)