

Minnesota

*Comprehensive
Annual Financial Report*

For the fiscal year December 31, 2012

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CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

Comprehensive Annual Financial Report
For Year Ended
December 31, 2012

Prepared by
Finance Department

Diana Lund
Finance Director

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CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

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CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

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INTRODUCTORY SECTION

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CITY OF RAMSEY
ANOKA COUNTY, MINNESOTA

City Council and Other Officials
Year Ended December 31, 2012

CITY COUNCIL

Robert Ramsey
Randy Backous
David Elvig
Colin McGlone
Sarah Strommen
Jason Tossey
Jeff Wise

Mayor
Councilmember
Councilmember
Councilmember
Councilmember
Councilmember
Councilmember

CITY OFFICIALS

Kurt Ulrich

City Administrator

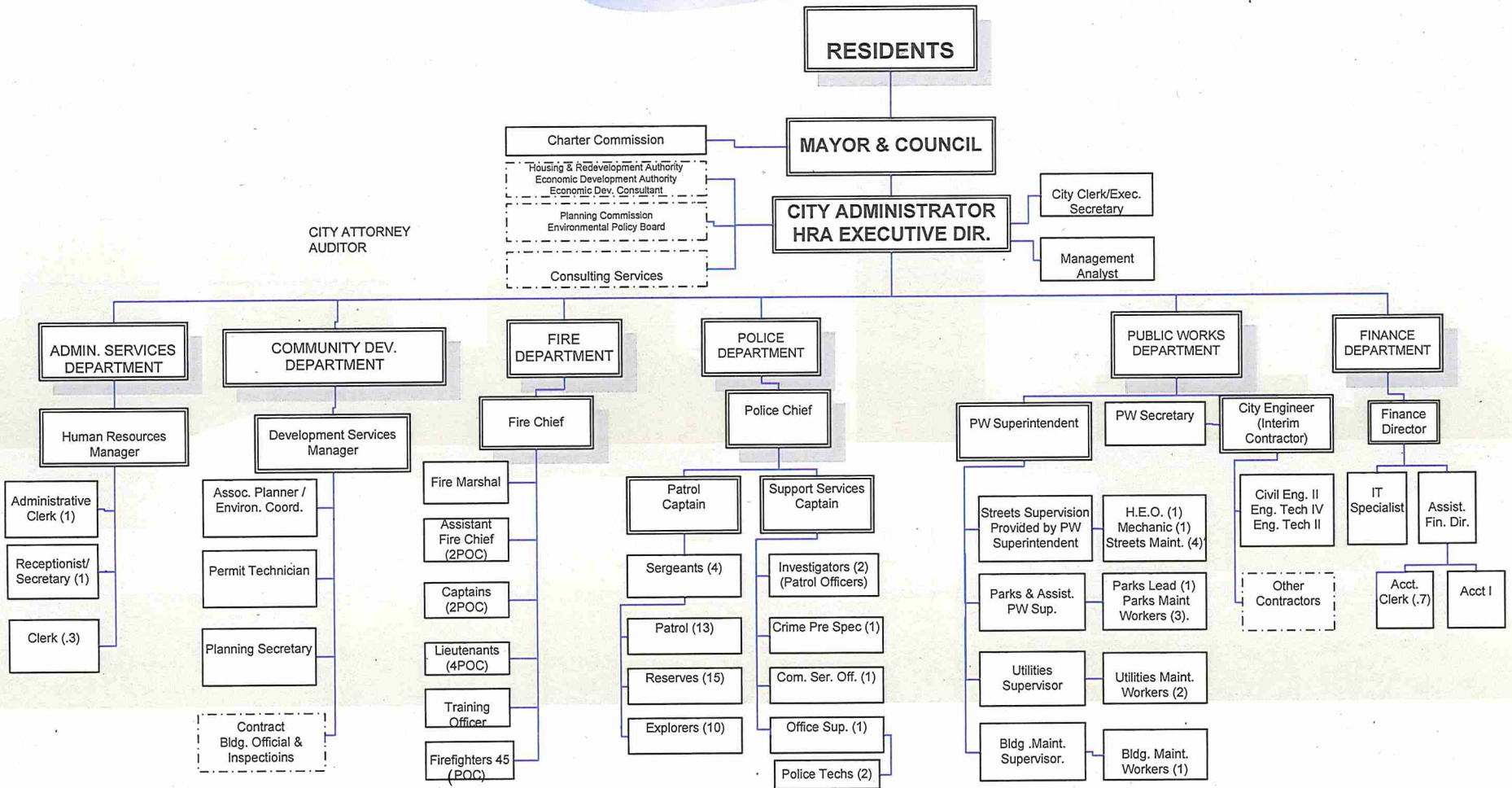
DEPARTMENT HEADS

Dean Kapler
Diana Lund
James Way

Fire Chief
Finance Director
Chief of Police

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CITY OF RAMSEY ORGANIZATIONAL CHART



Eff. Oct. 2012

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City of Ramsey

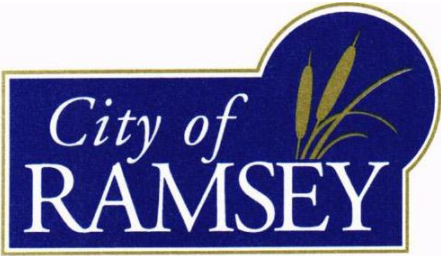
Mission Statement

The City Council, Commissions and Staff strive to provide to the citizens of Ramsey, governance which is fiscally stable and provides services at levels and in a manner desired by the citizens. Further, the City Council intends to provide leadership for a proactive organization provided for the benefit of all local constituencies.

Primary Objectives

- To provide pro-active delivery of municipal services to the citizens for a cost at or below the metropolitan median for delivery of similar services.
- To provide increased aesthetics and amenities in industrial, commercial and residential neighborhoods.
- To provide increased park and natural resource opportunities to the public.
- To provide a consistent level of service to the community in the areas of public works, public safety and general operations.
- To collaborate with other levels of government and service providers to increase the level and quality of service to the community.
- To ensure responsiveness to the public and to foster an atmosphere of communication within and outside of the organization.
- Actively promote economic development in an effort to expand the tax base and quality employment opportunities.

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7550 Sunwood Drive NW • Ramsey, Minnesota 55303
City Hall: 763-427-1410 • Fax: 763-427-5543
www.cityoframsey.com

June 25, 2013

Honorable Mayor and Members of the City Council
City of Ramsey, Minnesota

The comprehensive annual financial report (CAFR) of the City of Ramsey, Minnesota (the City) for the fiscal year ended December 31, 2012 is hereby submitted. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Minnesota Statutes and the City Charter require an annual audit of all accounts, financial records, and transactions of the City by independent certified public accountants. The accompanying financial statements have been audited by the firm of Malloy, Montague, Karnowski, Radosevich & Co., P.A., Independent Certified Public Accountants. The firm is engaged by the City Council to render an opinion on the City's financial statements in accordance with accounting principles generally accepted in the United States of America, and an unqualified opinion has been issued. The independent auditor's report is located at the front of the financial section of this report.

Accounting principles generally accepted in the United States of America require 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's MD&A can be found immediately following the report of the auditors.

PROFILE OF THE CITY

Ramsey is located in the southwestern part of Anoka County and is situated approximately 25 miles from Minneapolis. The City has 28.8 square miles within its corporate boundaries and is bordered by two major rivers, the Mississippi River along the southern border and the Rum River along the east.

Ramsey was incorporated as a city in 1974, and is organized as a Home Rule City under a City Charter originally adopted in 1984. The City Council consists of a Mayor and six Councilmembers, and is elected at large on a nonpartisan basis. Elections are held in November of each even numbered year. The terms of office are four years for the Mayor and four years for Councilmembers. The City Council is responsible for enacting ordinances, resolutions, and regulations governing the City, and appointing the City Administrator, City Attorney, and members of the various advisory boards and commissions.

Because the City Council acts as the Board of Directors of the Ramsey Economic Development Authority (EDA) and the Ramsey Housing and Redevelopment Authority (HRA), these organizations are included as blended component units in these financial statements.

The City provides a variety of municipal services. These include a full-time police department, a volunteer fire department, engineering services, street and park maintenance, building inspections, planning and zoning, public improvements, general administrative services, and public water and sewer utilities in the urban service areas.

The City adopts an annual budget for the General Fund, EDA Special Revenue Fund, and HRA Special Revenue Fund. Legal level of control is at the function level. Department heads may transfer resources within a department as they see fit. Transfers between functions, however, need special approval from the City Council.

LOCAL ECONOMY

The City has an unemployment rate of 5.2% in comparison to the state average of 6.4%. Ramsey has an employed labor force of 14,060. Anoka County, in which Ramsey is located, has an employed labor force of 190,356 and an unemployment rate of 5.6%.

There are approximately 8,072 single-family homes and 1,525 multifamily units located within the City. In addition, there were 65 single-family homes constructed in 2012.

The City has two major industrial parks with a combined capacity of 320 acres and 25 businesses. Currently both industrial parks are near capacity. In addition, the city is actively developing a new city center known as The COR (Center of Ramsey). The development vision for this 400 acre area located in the heart of Ramsey is for it to become the region's center of retail, restaurants, service and office space, outdoor entertainment and parks, community amenities and housing.

LONG-TERM FINANCIAL PLANNING

The City of Ramsey prepares a five year capital improvement plan in an attempt to anticipate major capital expenditures in advance of the year in which they are budgeted.

The City has a policy to maintain unrestricted General Fund balance in an amount equal to 50% of the following years adopted operating budget. This policy is designed to establish a fund balance at a level which is sufficient to avoid issuing debt to meet current operating needs.

RELEVANT FINANCIAL POLICIES

The City has a comprehensive set of financial policies that provide the basic framework for the overall fiscal management of the City. The City had no unusual occurrences affecting these policies.

For the fiscal year ended December 31, 2012, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement changed how governmental entities present a statement of net position, replacing "net assets" with "net position" as the terminology used to describe the difference between the other elements of the statement of net position.

MAJOR INITIATIVES

Since 1990, the City has been attempting to provide improved services to a dramatically increasing number of households in a time of fiscal constraints at the state level. From the 1990 census to the 2010 projection, Ramsey's population has increased by 95%. At the same time, aids from the state of Minnesota have decreased.

In 2012, The City's Housing and Redevelopment Authority (HRA) continued its work on Ramsey's downtown development The COR. Construction on the Ramsey Station for the Minnesota Northstar commuter rail is complete and the station is now operational. The Ramsey Station is a key component for the success of projects within The COR, thus it has been the city's top priority for transportation improvements.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting (CAEFR) to the City for its CAFR for the year ended December 31, 2011. This was the eighteenth consecutive year the City has received this prestigious award. Also, the City had previously received the award from 1981 through 1988, after which the City did not participate in the program for several years.

The CAEFR is valid for a period of one year only. We believe our current CAFR continues to meet the CAEFR Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

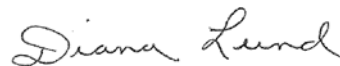
ACKNOWLEDGMENT

The 2012 CAFR of the City meets the highest professional standards and was prepared in a timely and cost-effective manner. This could never have been accomplished without the excellent work of the entire Finance Department. We would like to express our appreciation to the Finance Department and all members of the City's staff who contributed to its preparation.

Respectfully submitted,



Kurt Ulrich
City Administrator



Diana Lund
Finance Director

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Ramsey
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Moynell

President

Jeffrey R. Emer

Executive Director

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the City Council and Management
City of Ramsey, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ramsey, Minnesota (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

(continued)

OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and the Housing and Redevelopment Authority Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual fund statements and schedules, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Malloy, Montague, Karmowski, Radosevich, & Co., P.A.

Minneapolis, Minnesota
June 10, 2013

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CITY OF RAMSEY

Management's Discussion and Analysis Year Ended December 31, 2012

As management of the City of Ramsey, Minnesota (the City), we have provided readers of the City's financial statements with this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other information in addition to the basic financial statements themselves.

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

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows, as applicable, (excluding Fiduciary Funds), 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. delinquent taxes and special assessments).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by property 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 include general government, public safety, highways and streets, and culture and recreation. The business-type activities of the City include enterprises for water, sewer, street light, recycling, and storm water utilities.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City are 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 the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Governmental Funds (continued)

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

The fund financial statements present information for each Major Governmental Fund in separate columns. Data from the Nonmajor Governmental Funds are combined into a single, aggregated presentation. Individual Fund data for each of these Nonmajor Governmental Funds is provided in the form of combining statements elsewhere in this report. The City adopts an annual appropriated budget for the General Fund, the Economic Development Authority Special Revenue Fund and the Housing and Redevelopment Authority Special Revenue Fund. Budget-to-actual comparisons are provided in this financial report for these funds.

Proprietary Funds – The City maintains two different types of Proprietary Funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses one Internal Service Fund to accumulate and allocate costs internally among the various city functions. Because the Internal Service Fund is predominantly used by governmental functions, it is included within governmental activities in the city-wide financial statements.

Fiduciary Funds – Fiduciary Funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources for those funds are not available to support the City's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

Notes to Basic Financial Statements – The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide post-employment benefits to its employees. Required supplementary information can be found following the notes to basic financial statements.

Combining and individual fund statements and schedules for Nonmajor Funds are presented immediately following the required supplementary information. Statistical tables are presented following these statements and schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$142,260,253 at the close of December 2012.

By far, the largest portion of the City's net position (65 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following is a summary of the City's net position:

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and other assets	\$ 37,508,556	\$ 45,991,067	\$ 27,577,456	\$ 23,870,643	\$ 65,086,012	\$ 69,861,710
Capital assets, net of depreciation	64,638,822	63,894,321	50,843,868	51,748,092	115,482,690	115,642,413
Total assets	\$ 102,147,378	\$ 109,885,388	\$ 78,421,324	\$ 75,618,735	\$ 180,568,702	\$ 185,504,123
Liabilities						
Current and other liabilities	\$ 832,139	\$ 1,864,642	\$ 90,724	\$ 106,583	\$ 922,863	\$ 1,971,225
Long-term liabilities	37,385,586	31,688,639	-	-	37,385,586	31,688,639
Total liabilities	\$ 38,217,725	\$ 33,553,281	\$ 90,724	\$ 106,583	\$ 38,308,449	\$ 33,659,864
Net position						
Net investment in capital assets	\$ 41,998,822	\$ 39,794,321	\$ 50,843,868	\$ 51,748,092	\$ 92,842,690	\$ 91,542,413
Restricted	14,632,006	22,103,948	-	-	14,632,006	22,103,948
Unrestricted	7,298,825	14,433,838	27,486,732	23,764,060	34,785,557	38,197,898
Total net position	\$ 63,929,653	\$ 76,332,107	\$ 78,330,600	\$ 75,512,152	\$ 142,260,253	\$ 151,844,259

The City's financial position is the product of many factors. For example, the determination of the City's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation amounts. A conservative versus a liberal approach to depreciation estimates, as well as capitalization policies, will produce a very significant difference in the calculated amounts.

The City has taken a conservative financial approach, carefully analyzing revenues and expenditures/expenses to assure operation of a balanced budget. The ongoing management of revenue and expenditures/expenses has resulted in an upgraded bond rating. In November 2009, Standard and Poor's (S&P) upgraded the City's bond rating from an AA- to an AA+ and reaffirmed the rating in December 2011 and March 2012. This has also allowed the City to continue to provide quality public services at a tax rate that is affordable.

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

The following is a summary of the City's changes in net position:

	Changes in Net Position					
	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Program revenues						
Charges for services	\$ 2,303,722	\$ 1,979,537	\$ 4,578,453	\$ 4,151,812	\$ 6,882,175	\$ 6,131,349
Operating grants and contributions	2,008,709	298,077	57,239	50,279	2,065,948	348,356
Capital grants and contributions	3,866,331	4,187,265	1,315,030	88,349	5,181,361	4,275,614
General revenues						
Property taxes	11,454,519	11,671,760	-	-	11,454,519	11,671,760
General grants and contributions	9,175	120,932	-	-	9,175	120,932
Sale of capital assets	-	14,716	-	-	-	14,716
Investment earnings	474,076	903,786	320,894	460,228	794,970	1,364,014
Total revenues	<u>20,116,532</u>	<u>19,176,073</u>	<u>6,271,616</u>	<u>4,750,668</u>	<u>26,388,148</u>	<u>23,926,741</u>
Expenses						
General government	18,976,842	5,559,732	-	-	18,976,842	5,559,732
Public safety	4,218,066	4,307,045	-	-	4,218,066	4,307,045
Highways and streets	5,659,428	6,129,272	-	-	5,659,428	6,129,272
Culture and recreation	1,216,583	1,267,292	-	-	1,216,583	1,267,292
Water utility	-	-	1,228,012	1,358,050	1,228,012	1,358,050
Sewer utility	-	-	1,152,760	1,149,318	1,152,760	1,149,318
Street Light utility	-	-	165,651	163,758	165,651	163,758
Recycling utility	-	-	302,936	302,947	302,936	302,947
Storm Water utility	-	-	496,309	410,666	496,309	410,666
Interest and fiscal charges	2,555,567	1,302,228	-	-	2,555,567	1,302,228
Total expenses	<u>32,626,486</u>	<u>18,565,569</u>	<u>3,345,668</u>	<u>3,384,739</u>	<u>35,972,154</u>	<u>21,950,308</u>
Changes in net position before transfers	(12,509,954)	610,504	2,925,948	1,365,929	(9,584,006)	1,976,433
Transfers	107,500	1,199,585	(107,500)	(1,199,585)	-	-
Changes in net position	<u>(12,402,454)</u>	<u>1,810,089</u>	<u>2,818,448</u>	<u>166,344</u>	<u>(9,584,006)</u>	<u>1,976,433</u>
Net Position - beginning	<u>76,332,107</u>	<u>74,522,018</u>	<u>75,512,152</u>	<u>75,345,808</u>	<u>151,844,259</u>	<u>149,867,826</u>
Net Position - ending	<u>\$ 63,929,653</u>	<u>\$ 76,332,107</u>	<u>\$ 78,330,600</u>	<u>\$ 75,512,152</u>	<u>\$ 142,260,253</u>	<u>\$ 151,844,259</u>

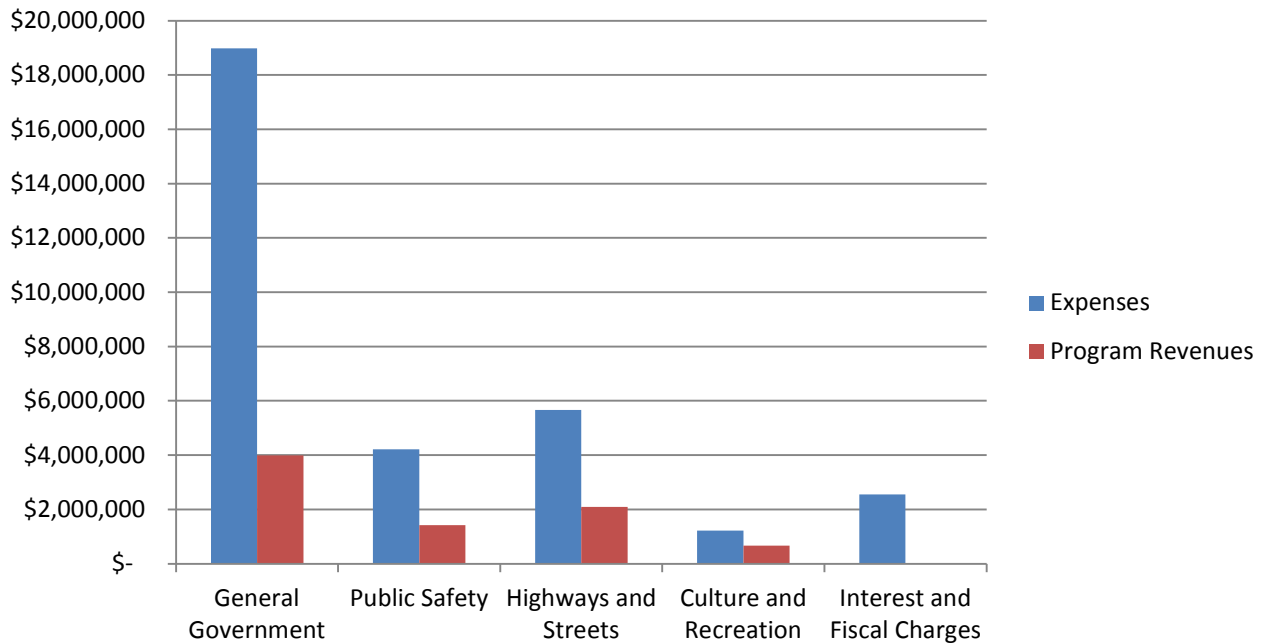
Governmental Activities – Governmental activities account for the \$12,402,454 million decrease in the City's net position. The general government function experienced a \$13,417,110 increase (approx. 241 percent) in expenses. The increase in governmental expenditures was primarily due to non-capital administrative expenditures (legal, development and financial) in relationship to the development of The COR. Projects within The COR associated with these expenditures include the Northstar Commuter Rail Station and contributions appropriated to The Residence at the COR apartment building. Property taxes decreased \$217,241 (approximately 2%) during the year. This percentage change reflects the current economy that still sees a large number of foreclosures and job loss. Investment earnings also decreased \$429,700 or 48% as a result of a less favorable investment environment due to financial markets. Charges for services increased by 16%, or \$324,185. Operating grants and contributions increased approximately \$1,700,000 due to county funding received for non-capital public improvements. Capital grants and contributions decreased 8% or \$320,934 due to a reduction in public improvement activity. The highways and streets function experienced nearly a \$470,000 decrease (8%) in expenses. This decrease is due to a reduction in public improvement projects from the prior year.

Business-Type Activities – Business-type activities, which are the City’s utility operations of water, sewer, street light, recycling, and storm water, increased the City’s net position by \$2,818,448. Key elements of this increase are as follows.

- Transfers had a significant change from the previous year. In 2011 there was a \$1,199,585 transfer out of the proprietary funds. The water fund transferred \$1 million to the debt service fund to help offset the municipal center debt so that the total amount did not need to be levied in a year with decreasing market values and weakened economy. A similar transfer was not completed in 2012.
- There was a 30% decrease in investment earnings as a result of a less favorable investment environment due to financial markets.
- Capital grants and contributions increased \$1,226,681 due to trunk charge contributions made from the developer of the Residence and the COR apartment building constructed in 2012.

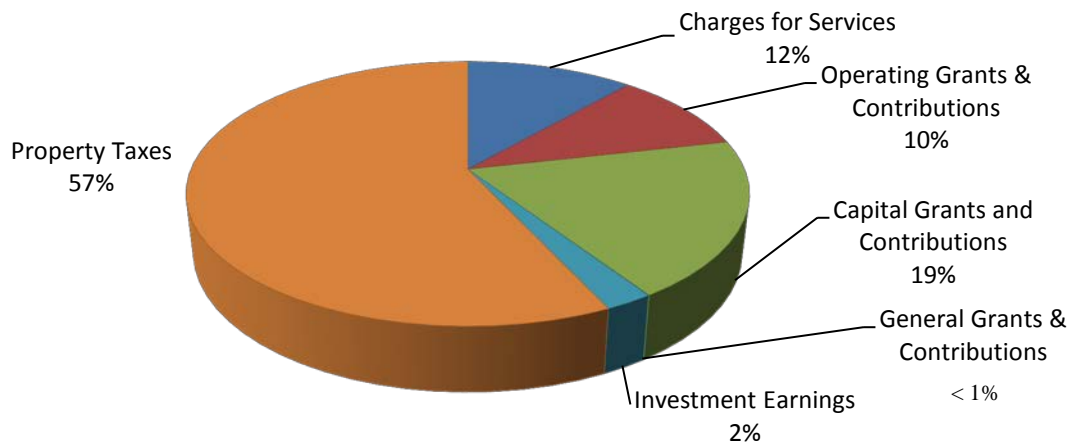
Governmental Activities – The following graphs illustrate the City’s governmental activities:

Expenses and Program Revenues – Governmental Activities



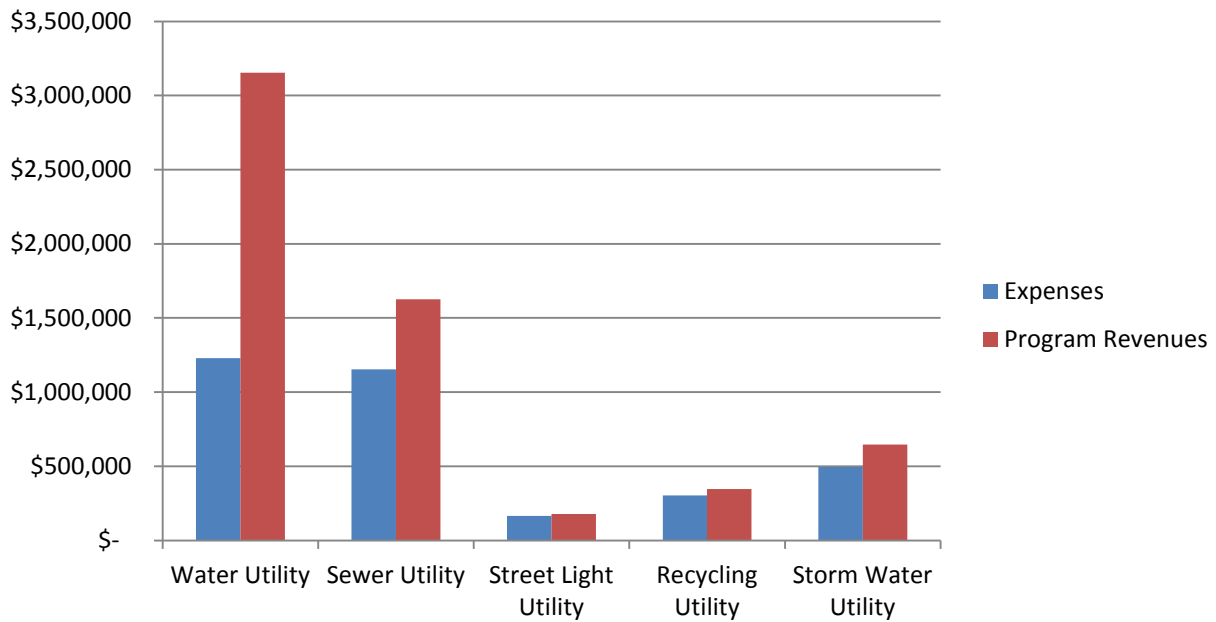
The graphs show the governmental activities and their income clearly reflect the need for property taxes to supplement the activities of the City. The trend of property taxes shows an increasing reliance on this source as the state has withdrawn their support that was previously received as local government aid and market value homestead credit.

Revenue by Source – Governmental Activities

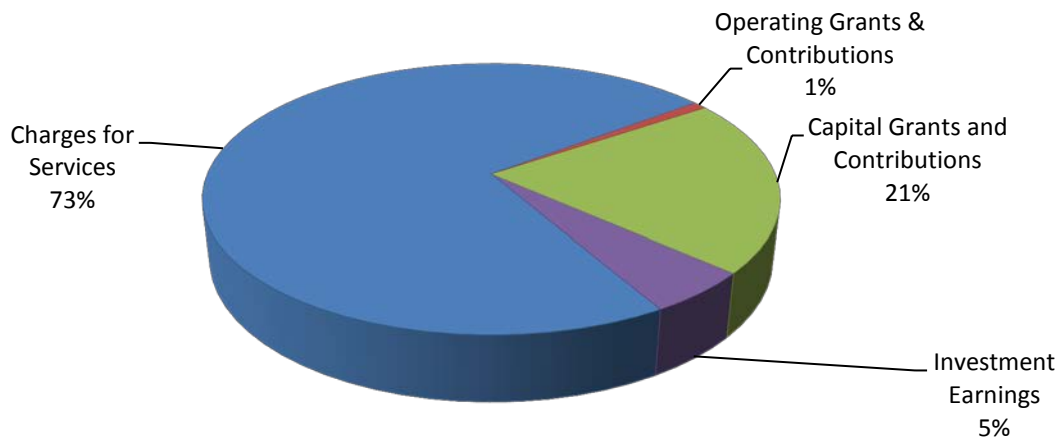


Business-Type Activities – The following graphs illustrate the City’s business-type activities:

Expenses and Program Revenues – Business-Type Activities



Revenues By Source – Business-Type Activities



The business-type activities, which represent the Utility Funds, all received revenues in excess of expenses. Charges for services are the main source of revenue (73%) for all Utility Funds.

Governmental Funds – At the end of the fiscal year, the City’s Governmental Funds reported combined ending fund balances of \$34,783,575, a decrease of \$7,156,687 in comparison with the prior year. The decrease was attributable to the current refunding activity of the Series 2012A/2005A Lease Revenue Bond.

General Fund – The General Fund operating results can be summarized as follows:

	Original Budget	Final Budget	Actual	Over (Under) Final Budget	% Over (Under) Budget
Revenue	\$ 8,593,459	\$ 8,539,908	\$ 8,544,434	\$ 4,526	0.1%
Expenditures	9,648,075	9,139,362	9,098,542	(40,820)	-0.4%
Excess (deficiency) of revenue over expenditures	(1,054,616)	(599,454)	(554,108)	45,346	
Other financing sources (uses)	1,054,616	946,616	890,759	(55,857)	
Net change in fund balances	\$ –	\$ 347,162	336,651	\$ (10,511)	
Fund balances					
Beginning of year			6,388,632		
End of year			\$ 6,725,283		

The actual operating results ended close to the amount projected in the final budget. The change in budget from the original to the final can be attributed to decisions made by city council throughout the year. To maximize savings, positions that were vacant were not refilled.

Tax Increment Fund – This Special Revenue Fund had a year-end fund balance of \$1,146,330 which reflects a \$7,669,923 decrease from 2011. The decrease was due to the expenditures related to development projects located in The COR (Tax Increment District #14). Projects include the Northstar Commuter Rail Station, an addition to the municipal parking ramp, and The Residence at the COR apartment building.

Housing and Redevelopment Authority Fund – This Special Revenue Fund had a year-end fund balance of \$8,259,754. The decrease of \$75,753 is attributed to costs associated with marketing and developing The COR.

2012A/2005A G.O. Improvement Bond Refund – This Debt Service Fund had a year-end fund balance of \$959,891. The decrease of \$1,195,570 is attributed to bond issuance Series 2012A. The Series 2012A bonds were issued to full net advance refund \$17,040,000 of the \$19,200,000 Public Facility Lease Revenue Bonds Series 2005A, dated June 1, 2005, issued by the Economic Development Authority of the city of Ramsey. Concurrent with this issuance, the ground lease entered into between the Economic Development Authority and the City was terminated with the city acquiring the Municipal Center Facility (financed from proceeds of the Series 2005A Lease Revenue Bonds). The 2012A bonds allow the city to reduce annual debt service costs and extend the final repayment term.

Public Improvement Revolving Fund – This Capital Project Fund saw an overall increase in fund balance of \$408,159 which is attributed to the funds share of pooled interest earnings, an increase in special assessments, and decrease highway and streets expenditures.

Landfill Fund – This Capital Project Fund showed an overall decrease in fund balance of \$963,744, which is attributed to the city covering for the development of The COR, a public improvement initiative benefiting the city. This fund was originally established to account for certain landfill-related revenue and the expenditures the City may incur in relation to the landfill. The landfill is now closed and per state statute, funds may be used for expenditures related to improvements that provide a benefit to the entire city.

Equipment Revolving Fund – This Capital Project Fund reported a year-end fund balance of \$1,780,818. The decrease of \$1,495,418 in fund balance was largely attributed to a transfer out for the purchase of capital equipment.

Public Improvement Revolving The COR Capital Project Fund – This capital project fund increased overall fund balance \$152,520. The city received \$696,000 in grant revenue from the State of Minnesota for the municipal center parking ramp expansion and Northstar Commuter Rail Station which attributed to the increase in fund balance.

Armstrong / Bunker Street Improvement Fund – This Capital Project Fund reported a zero fund balance. This fund is used to account for all costs associated with the construction of public improvements related to the Armstrong Blvd and Bunker Blvd project which was completed and closed in 2012.

Sunwood Drive Realignment – This Capital Project Fund reported a \$1,074,576 fund balance. This fund is used to account for all costs associated with the realignment of Sunwood Drive to better accommodate development parcels located within the COR and prepare for the future Armstrong Blvd interchange. The city received \$1,700,000 in funding from the county to offset the cost related to the Armstrong Blvd interchange as this is a county road.

Proprietary Funds – The City’s Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail. The City’s Enterprise Funds had a combined net position balance of \$78,330,600 at December 31, 2012. The financial activities of these funds have been summarized in previous charts within this discussion.

The Enterprise Funds consist of the Water Utility Fund, Sewer Utility Fund, Street Light Utility Fund, Recycling Utility Fund, and Storm Water Utility Fund. The growth in the assets reflect the ongoing expansion and provision of services to the various service areas of the utilities.

Capital Assets – The City’s investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of December 31, 2012 are as follows:

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$ 6,772,024	\$ 6,772,024	\$ 868,513	\$ 868,513	\$ 7,640,537	\$ 7,640,537
Construction in progress	5,083,805	4,153,721	373,055	123,781	5,456,860	4,277,502
Buildings and structures	25,748,275	25,763,775	6,058,847	6,058,847	31,807,122	31,822,622
Improvements other than buildings	7,338,905	7,346,628	11,596,024	11,445,595	18,934,929	18,792,223
Office equipment	683,468	691,719	-	-	683,468	691,719
Motor vehicles	3,804,697	3,766,466	-	-	3,804,697	3,766,466
Machinery and equipment	4,712,773	4,694,542	540,275	540,275	5,253,048	5,234,817
Infrastructure	27,640,699	25,412,900	-	-	27,640,699	25,412,900
Water and sewer lines	-	-	45,346,485	45,346,485	45,346,485	45,346,485
	<u>81,784,646</u>	<u>78,601,775</u>	<u>64,783,199</u>	<u>64,383,496</u>	<u>146,567,845</u>	<u>142,985,271</u>
Less accumulated depreciation	<u>17,145,824</u>	<u>14,707,454</u>	<u>13,939,331</u>	<u>12,635,404</u>	<u>31,085,155</u>	<u>27,342,858</u>
Total capital assets, net of depreciation	<u>\$ 64,638,822</u>	<u>\$ 63,894,321</u>	<u>\$ 50,843,868</u>	<u>\$ 51,748,092</u>	<u>\$ 115,482,690</u>	<u>\$ 115,642,413</u>
Depreciation expense	<u>\$ 2,606,322</u>	<u>\$ 2,519,597</u>	<u>\$ 1,303,928</u>	<u>\$ 1,297,690</u>	<u>\$ 3,910,250</u>	<u>\$ 3,817,287</u>

The City’s investment in capital assets for its governmental and business-type activities as of December 31, 2012 amounts to over \$115 million (net of accumulated depreciation).

The governmental activities show an increase of approximately \$744,500 in capital assets. This increase is attributable to greater construction in progress resulting from the nearly completed municipal center parking ramp expansion and public improvement road projects. Depreciation for business-type activities surpassed current year additions causing a reduction in business-type capital assets. Additional details of capital asset activity for the year can be found in Note 4 of the notes to basic financial statements.

Long-Term Liabilities – The Debt Service Funds account for the accumulation of resources to finance all of the City’s general obligation bonds. The revenue sources for these funds include annual tax levies and special assessments. At year-end, major debt service fund balance was \$959,891 and non-major debt service fund balance was \$4,658,740 for a total of \$5,618,631 in fund balance for these funds.

The following table summarizes the City's long-term liabilities:

	Governmental Activities	
	2012	2011
Bonds	\$ 36,345,000	\$ 30,505,000
Capital equipment certificates	-	170,000
Compensated absences	760,944	798,892
Other Post-Employment Benefits (OPEB)	279,642	214,747
Total	\$ 37,385,586	\$ 31,688,639

During the current fiscal year, The City saw an increase of nearly \$5.7 million in bonds and certificates. The City issued two new bond series during the current fiscal year. The series 2012A bonds were issued as a general obligation improvement bond with the intent to refund series 2005A public facility lease bonds. The series 2012B bonds were issued as a taxable general obligation tax increment bond. The proceeds from this issuance will pay for certain qualified costs related to the construction of The Residence at The COR Apartments located within tax increment district 14. The compensated absence liability decreased \$37,948 due to significant staffing reductions as a result of voluntary retirement and/or termination. Other Post-Employment Benefits (OPEB) increased \$64,895 due to an increase in the annual required contribution as actuarially determined with the parameters of GASB Statement Nos. 43 and 45.

State statutes limit the amount of general obligation debt a governmental entity may issue to three percent of its total assessed valuation. The current debt limitation for the City is \$57,200,676.

The City has sufficient funds on hand to make all required bond payments, and anticipates an ongoing stream of revenue to make future bond payments.

Additional details of the long-term debt activity for the year can be found in Note 5 of the notes to basic financial statements.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Ramsey is currently 5.2%, which is a decrease from a rate of 6.7% a year ago. The state of Minnesota shows an average unemployment rate of 6.4%, whereas, nationally the unemployment rate is 8.4%.
- The number of foreclosures in the City of Ramsey increased from 109 units in 2011 to 146 in 2012. In comparison, the State of Minnesota saw a decrease in foreclosures from 21,298 in 2011 to 17,895 in 2012.
- Inflationary trends in the region compare favorably to national indices.
- The city is expecting steady residential and commercial growth within the next three years, spurred by the completion of the Ramsey Station for the Minnesota Northstar commuter rail.

All of these factors were considered in preparing the City of Ramsey's budget for the 2013 fiscal year.

The storm water utility rates were increased for the 2013 budget year. The storm water utilities will increase an average of 5%. The increased rates are to not only offset current maintenance costs and depreciation, but to help finance 2013 storm utility projects. Additionally, there was a \$1 increase in the special assessment fee for unpaid items assessed. This increase will offset inflationary administration costs.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional information should be addressed by writing to the City of Ramsey, 7550 Sunwood Drive Northwest, Ramsey, MN 55303 or by calling (763) 427-1410.

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BASIC FINANCIAL STATEMENTS

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CITY OF RAMSEY

Statement of Net Position
December 31, 2012

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and temporary investments	\$ 24,805,201	\$ 19,894,189	\$ 44,699,390
Receivables			
Unremitted taxes	64,408	–	64,408
Delinquent taxes	454,736	–	454,736
Delinquent special assessments	16,702	34,622	51,324
Deferred special assessments	1,118,876	297,774	1,416,650
Accounts	64,335	1,211,783	1,276,118
Interest	173,492	–	173,492
Internal balances	(6,090,392)	6,090,392	–
Due from other governmental units	48,544	–	48,544
Prepays	4,042	48,696	52,738
Land held for resale	13,029,517	–	13,029,517
Restricted assets – temporarily restricted			
Cash and investments for debt service	3,819,095	–	3,819,095
Capital assets			
Land	6,772,024	868,513	7,640,537
Construction in progress	5,083,805	373,055	5,456,860
Buildings and structures	25,748,275	6,058,847	31,807,122
Improvements other than buildings	7,338,905	11,596,024	18,934,929
Office equipment	683,468	–	683,468
Motor vehicles	3,804,697	–	3,804,697
Machinery and equipment	4,712,773	540,275	5,253,048
Infrastructure	27,640,699	–	27,640,699
Water and sewer lines	–	45,346,485	45,346,485
Less accumulated depreciation	(17,145,824)	(13,939,331)	(31,085,155)
Total capital assets, net of depreciation	<u>64,638,822</u>	<u>50,843,868</u>	<u>115,482,690</u>
Total assets	<u>\$ 102,147,378</u>	<u>\$ 78,421,324</u>	<u>\$ 180,568,702</u>
Liabilities			
Accounts and contracts payable	\$ 461,263	\$ 64,090	\$ 525,353
Salaries and benefits payable	233,172	–	233,172
Accrued interest payable	100,133	–	100,133
Due to other governmental units	37,571	26,274	63,845
Unearned revenue	–	360	360
Long-term liabilities			
Due within one year	1,809,614	–	1,809,614
Due in more than one year	35,575,972	–	35,575,972
Total long-term liabilities	<u>37,385,586</u>	<u>–</u>	<u>37,385,586</u>
Total liabilities	38,217,725	90,724	38,308,449
Net Position			
Net investment in capital assets	41,998,822	50,843,868	92,842,690
Restricted for			
Capital improvements	828,049	–	828,049
Debt service	2,465,739	–	2,465,739
Economic development	1,366,641	–	1,366,641
Housing redevelopment	8,272,003	–	8,272,003
Lawful gambling	162,477	–	162,477
Public safety	65,451	–	65,451
Solid waste management	166,785	–	166,785
Tax increment	1,304,861	–	1,304,861
Unrestricted	<u>7,298,825</u>	<u>27,486,732</u>	<u>34,785,557</u>
Total net position	<u>63,929,653</u>	<u>78,330,600</u>	<u>142,260,253</u>
Total liabilities and net position	<u>\$ 102,147,378</u>	<u>\$ 78,421,324</u>	<u>\$ 180,568,702</u>

See notes to basic financial statements

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CITY OF RAMSEY

Statement of Activities
Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$18,976,842	\$ 416,152	\$ 1,762,855	\$ 1,814,393	\$ (14,983,442)	\$ -	\$ (14,983,442)
Public safety	4,218,066	1,177,840	243,630	1,293	(2,795,303)	-	(2,795,303)
Highways and streets	5,659,428	81,159	1,547	2,012,696	(3,564,026)	-	(3,564,026)
Culture and recreation	1,216,583	628,571	677	37,949	(549,386)	-	(549,386)
Interest and fiscal charges	2,555,567	-	-	-	(2,555,567)	-	(2,555,567)
Total governmental activities	32,626,486	2,303,722	2,008,709	3,866,331	(24,447,724)	-	(24,447,724)
Business-type activities							
Water utility	1,228,012	2,131,460	7,074	1,014,359	-	1,924,881	1,924,881
Sewer utility	1,152,760	1,324,342	-	300,671	-	472,253	472,253
Street light utility	165,651	179,124	-	-	-	13,473	13,473
Recycling utility	302,936	296,358	50,165	-	-	43,587	43,587
Storm water utility	496,309	647,169	-	-	-	150,860	150,860
Total business-type activities	3,345,668	4,578,453	57,239	1,315,030	-	2,605,054	2,605,054
Total governmental and business-type activities	\$35,972,154	\$ 6,882,175	\$ 2,065,948	\$ 5,181,361	(24,447,724)	2,605,054	(21,842,670)
		General revenues					
		Property taxes			11,454,519	-	11,454,519
		General grants and contributions			9,175	-	9,175
		Investment earnings			474,076	320,894	794,970
		Transfers			107,500	(107,500)	-
		Total general revenues and transfers			12,045,270	213,394	12,258,664
		Change in net position			(12,402,454)	2,818,448	(9,584,006)
		Net position – beginning			76,332,107	75,512,152	151,844,259
		Net position – ending			\$ 63,929,653	\$ 78,330,600	\$ 142,260,253

See notes to basic financial statements

CITY OF RAMSEY
Balance Sheet
Governmental Funds
December 31, 2012

	General	Special Revenue Funds		Debt Service Fund
		Tax Increment	Housing and Redevelopment Authority	2012A/2005A G.O. Improvement Bond Refund
Assets				
Cash and temporary investments	\$ 7,952,380	\$ 1,145,344	\$ 495,400	\$ 955,474
Cash and investments held by trustee	—	—	—	—
Receivables				
Unremitted taxes	35,390	20,194	1,852	4,417
Delinquent taxes	238,886	158,532	12,249	27,190
Delinquent special assessments	—	—	—	—
Deferred special assessments	—	—	—	—
Accounts	16,773	—	—	—
Interest	173,492	—	—	—
Due from other funds	—	—	—	—
Due from other governmental units	25,119	—	—	—
Prepays	4,042	—	—	—
Land held for resale	—	—	12,408,367	—
Advances to other funds	—	—	—	—
Total assets	\$ 8,446,082	\$ 1,324,070	\$ 12,917,868	\$ 987,081
Liabilities and Fund Balances				
Liabilities				
Accounts and contracts payable	\$ 183,253	\$ 7,174	\$ 51,961	\$ —
Salaries and benefits payable	233,172	—	—	—
Due to other governmental units	24,029	12,035	—	—
Due to other funds	—	—	—	—
Deferred revenue	238,886	158,531	12,249	27,190
Advances from other funds	1,041,459	—	4,593,904	—
Total liabilities	1,720,799	177,740	4,658,114	27,190
Fund balances:				
Nonspendable	4,042	—	—	—
Restricted	—	1,146,330	8,259,754	959,891
Committed	—	—	—	—
Assigned	142,419	—	—	—
Unassigned	6,578,822	—	—	—
Total fund balances	6,725,283	1,146,330	8,259,754	959,891
Total liabilities and fund balances	\$ 8,446,082	\$ 1,324,070	\$ 12,917,868	\$ 987,081

See notes to basic financial statements

Capital Project Funds

Public Improvement Revolving	Landfill	Equipment Revolving	Public Improvement Revolving The COR	Armstrong/ Bunker Street Improvement	Sunwood Drive Realignment	Nonmajor	Totals
\$ 2,161,629	\$ 1,977,890	\$ 1,780,818	\$ -	\$ -	\$ 1,186,707	\$ 6,745,042	\$ 24,400,684
-	-	-	-	-	-	3,819,095	3,819,095
-	-	-	-	-	-	2,555	64,408
1	-	-	-	-	-	17,878	454,736
16,702	-	-	-	-	-	-	16,702
1,118,876	-	-	-	-	-	-	1,118,876
-	-	-	-	-	-	47,562	64,335
-	-	-	-	-	-	-	173,492
78,100	-	-	-	-	-	67,500	145,600
-	-	-	11,672	-	-	11,753	48,544
-	-	-	-	-	-	-	4,042
-	-	-	-	-	-	621,150	13,029,517
-	157,467	-	-	-	-	-	157,467
<u>\$ 3,375,308</u>	<u>\$ 2,135,357</u>	<u>\$ 1,780,818</u>	<u>\$ 11,672</u>	<u>\$ -</u>	<u>\$ 1,186,707</u>	<u>\$ 11,332,535</u>	<u>\$ 43,497,498</u>
\$ 2,203	\$ -	\$ -	\$ 37,076	\$ -	\$ 112,131	\$ 65,691	\$ 459,489
-	-	-	-	-	-	-	233,172
-	-	-	-	-	-	1,426	37,490
-	-	-	78,100	-	-	67,500	145,600
1,135,579	-	-	-	-	-	17,878	1,590,313
-	-	-	-	-	-	612,496	6,247,859
1,137,782	-	-	115,176	-	112,131	764,991	8,713,923
-	-	-	-	-	-	-	4,042
-	-	-	-	-	-	7,240,316	17,606,291
-	-	-	-	-	-	946,312	946,312
2,237,526	2,135,357	1,780,818	-	-	1,074,576	2,734,104	10,104,800
-	-	-	(103,504)	-	-	(353,188)	6,122,130
<u>2,237,526</u>	<u>2,135,357</u>	<u>1,780,818</u>	<u>(103,504)</u>	<u>-</u>	<u>1,074,576</u>	<u>10,567,544</u>	<u>34,783,575</u>
<u>\$ 3,375,308</u>	<u>\$ 2,135,357</u>	<u>\$ 1,780,818</u>	<u>\$ 11,672</u>	<u>\$ -</u>	<u>\$ 1,186,707</u>	<u>\$ 11,332,535</u>	<u>\$ 43,497,498</u>

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CITY OF RAMSEY

Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2012

Total fund balances – Governmental Funds \$ 34,783,575

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in Governmental Funds.

Cost of capital assets	81,784,646
Less accumulated depreciation	(17,145,824)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bonds	(36,345,000)
Compensated absences payable	(760,944)

Certain revenues (including delinquent taxes and special assessments) are included in net position, but are excluded from fund balances until they are available to liquidate liabilities of the current period.

1,590,313

Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.

(100,133)

Net other postemployment benefit obligations reported in the statement of net position do not require the use of current financial resources and are not reported as liabilities in governmental funds until actually due.

(279,642)

Internal Service Funds are used to manage insurance-related activity. The assets and liabilities of the Internal Service Funds (including capital assets) are included in governmental activities in the Statement of Net Position.

402,662

Total net position – governmental activities

\$ 63,929,653

See notes to basic financial statements

CITY OF RAMSEY

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2012

	Special Revenue Fund			Debt Service Fund
	General	Tax Increment	Housing and Redevelopment Authority	2012A/2005A G.O. Improvement Bond Refund
Revenue				
Property taxes	\$ 7,023,839	\$ 2,703,765	\$ 367,053	\$ 902,192
Special assessments	–	–	–	–
Licenses and permits	534,910	–	–	–
Intergovernmental revenue	311,840	–	236	–
Charges for services	488,849	–	–	–
Fines and forfeits	75,562	–	–	–
Other revenue				
Investment earnings	95,720	81,374	7,421	15,415
Miscellaneous	13,714	120,000	152,664	–
Total revenue	<u>8,544,434</u>	<u>2,905,139</u>	<u>527,374</u>	<u>917,607</u>
Expenditures				
Current				
General government	2,251,476	14,494,981	330,000	68
Public safety	3,860,697	–	–	–
Highways and streets	1,700,988	–	–	–
Culture and recreation	835,678	–	–	–
Capital outlay	342,245	221,024	–	–
Debt service				
Principal retirement	–	–	–	685,000
Interest and fiscal charges	107,458	–	–	2,031,109
Total expenditures	<u>9,098,542</u>	<u>14,716,005</u>	<u>330,000</u>	<u>2,716,177</u>
Excess (deficiency) of revenue over expenditures	(554,108)	(11,810,866)	197,374	(1,798,570)
Other financing sources (uses)				
Bonds issued	–	6,825,738	–	–
Refunding bonds issued	–	–	–	16,875,000
Proceeds on sale of capital assets	–	–	–	–
Payments on refunded bonds	–	–	–	(17,227,352)
Premiums/Discounts on bonds issued	–	–	–	352,352
Transfers in	1,072,543	–	–	603,000
Transfers (out)	(181,784)	(2,684,795)	(273,127)	–
Total other financing sources (uses)	<u>890,759</u>	<u>4,140,943</u>	<u>(273,127)</u>	<u>603,000</u>
Net change in fund balances	336,651	(7,669,923)	(75,753)	(1,195,570)
Fund balances				
Beginning of year	<u>6,388,632</u>	<u>8,816,253</u>	<u>8,335,507</u>	<u>2,155,461</u>
End of year	<u>\$ 6,725,283</u>	<u>\$ 1,146,330</u>	<u>\$ 8,259,754</u>	<u>\$ 959,891</u>

See notes to basic financial statements

Capital Project Funds							
Public Improvement Revolving	Landfill	Equipment Revolving	Public Improvement Revolving The COR	Armstrong/ Bunker Street Improvement	Sunwood Drive Realignment	Nonmajor	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 548,954	\$ 11,545,803
363,449	-	-	-	-	-	73,405	436,854
-	-	-	-	-	-	-	534,910
-	-	-	764,408	-	1,700,000	959,611	3,736,095
-	-	-	-	-	-	1,192,551	1,681,400
-	-	-	-	-	-	-	75,562
34,496	56,421	48,968	-	-	-	128,217	468,032
14,056	-	139,519	102,149	-	-	1,367,127	1,909,229
412,001	56,421	188,487	866,557	-	1,700,000	4,269,865	20,387,885
-	940,371	-	-	-	-	274,616	18,291,512
-	-	-	-	-	-	-	3,860,697
6,807	-	-	159,795	395,614	1,779,474	348,737	4,391,415
-	-	-	-	-	-	774	836,452
-	-	-	970,940	-	1,167,514	668,405	3,370,128
-	-	-	-	-	-	800,000	1,485,000
-	-	-	-	-	6,795	535,814	2,681,176
6,807	940,371	-	1,130,735	395,614	2,953,783	2,628,346	34,916,380
405,194	(883,950)	188,487	(264,178)	(395,614)	(1,253,783)	1,641,519	(14,528,495)
-	-	-	-	-	-	494,262	7,320,000
-	-	-	-	-	-	-	16,875,000
-	-	-	-	-	-	11,753	11,753
-	-	-	-	-	-	-	(17,227,352)
-	-	-	-	-	-	(67,445)	284,907
985,810	-	17,926	416,698	135,345	2,361,579	644,826	6,237,727
(982,845)	(79,794)	(1,701,831)	-	-	-	(226,051)	(6,130,227)
2,965	(79,794)	(1,683,905)	416,698	135,345	2,361,579	857,345	7,371,808
408,159	(963,744)	(1,495,418)	152,520	(260,269)	1,107,796	2,498,864	(7,156,687)
1,829,367	3,099,101	3,276,236	(256,024)	260,269	(33,220)	8,068,680	41,940,262
<u>\$ 2,237,526</u>	<u>\$ 2,135,357</u>	<u>\$ 1,780,818</u>	<u>\$ (103,504)</u>	<u>\$ -</u>	<u>\$ 1,074,576</u>	<u>\$ 10,567,544</u>	<u>\$ 34,783,575</u>

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CITY OF RAMSEY

Reconciliation of the Statement of
Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended December 31, 2012

Total net change in fund balances – Governmental Funds \$ (7,156,687)

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

Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlays	3,370,128
Disposals	(19,305)
Depreciation expense	(2,606,322)

Issuance of long-term debt provides current financial resources to governmental funds, while repayment of long-term liabilities is an expenditure in the Governmental Funds. Neither transaction, however, has any effect on net position.

Issuance of new debt	(24,195,000)
Repayment of principal on long-term debt	18,525,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the Governmental Funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

28,054

Certain revenues (including delinquent taxes and special assessments) are included in the change in net position, but are excluded from the change in fund balances until they are available to liquidate liabilities of the current period.

(352,391)

Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in the fund balances.

Governmental activities – compensated absences payable	37,948
--	--------

Net other postemployment benefit obligations reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds until actually due.

(64,895)

Internal Service Funds are used to charge the cost of certain activities, such as insurance to individual funds. This amount represents the change in net position of the Internal Service Fund, which is reported with governmental activities.

31,016

Change in net position – governmental activities \$ (12,402,454)

See notes to basic financial statements

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CITY OF RAMSEY

Statement of Revenue, Expenditures, and Changes in Fund Balances
 General Fund – Budget and Actual
 Year Ended December 31, 2012

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Property taxes	\$ 7,090,150	\$ 7,023,839	\$ 7,023,839	\$ –
Licenses and permits	436,320	531,710	534,910	3,200
Intergovernmental revenue	305,300	320,772	311,840	(8,932)
Charges for services	543,189	491,953	488,849	(3,104)
Fines and forfeits	108,000	74,720	75,562	842
Other revenue				
Investment earnings	80,000	80,000	95,720	15,720
Miscellaneous	30,500	16,914	13,714	(3,200)
Total revenue	<u>8,593,459</u>	<u>8,539,908</u>	<u>8,544,434</u>	<u>4,526</u>
Expenditures				
Current				
General government	2,289,678	2,263,075	2,251,476	(11,599)
Public safety	4,110,418	3,883,892	3,860,697	(23,195)
Highways and streets	1,813,874	1,709,207	1,700,988	(8,219)
Culture and recreation	880,740	833,486	835,678	2,192
Capital outlay	340,252	342,244	342,245	1
Debt service				
Interest and fiscal charges	213,113	107,458	107,458	–
Total expenditures	<u>9,648,075</u>	<u>9,139,362</u>	<u>9,098,542</u>	<u>(40,820)</u>
Excess (deficiency) of revenue over expenditures	(1,054,616)	(599,454)	(554,108)	45,346
Other financing sources (uses)				
Transfers in	1,054,616	1,054,616	1,072,543	17,927
Transfers (out)	–	(108,000)	(181,784)	(73,784)
Total other financing sources (uses)	<u>1,054,616</u>	<u>946,616</u>	<u>890,759</u>	<u>(55,857)</u>
Net change in fund balances	<u>\$ –</u>	<u>\$ 347,162</u>	336,651	<u>\$ (10,511)</u>
Fund balances				
Beginning of year			<u>6,388,632</u>	
End of year			<u>\$ 6,725,283</u>	

See notes to basic financial statements

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CITY OF RAMSEY

Statement of Revenue, Expenditures, and Changes in Fund Balances
Housing and Redevelopment Authority – Budget and Actual
Year Ended December 31, 2012

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Property taxes	\$ 368,532	\$ 367,053	\$ 367,053	\$ –
Intergovernmental revenue	–	–	236	236
Other revenue				
Investment earnings	2,500	2,500	7,421	4,921
Miscellaneous	–	152,664	152,664	–
Total revenue	<u>371,032</u>	<u>522,217</u>	<u>527,374</u>	<u>5,157</u>
Expenditures				
Current				
General government	<u>507,411</u>	<u>344,975</u>	<u>330,000</u>	<u>(14,975)</u>
	<u>507,411</u>	<u>344,975</u>	<u>330,000</u>	<u>(14,975)</u>
Excess (deficiency) of revenue over expenditures	(136,379)	177,242	197,374	20,132
Other financing sources (uses)				
Transfers in/(out)	<u>–</u>	<u>(273,127)</u>	<u>(273,127)</u>	<u>–</u>
Net change in fund balances	<u>\$ (136,379)</u>	<u>\$ (95,885)</u>	<u>(75,753)</u>	<u>\$ 20,132</u>
Fund balances				
Beginning of year			<u>8,335,507</u>	
End of year			<u>\$ 8,259,754</u>	

See notes to basic financial statements

CITY OF RAMSEY

Statement of Net Position
 Proprietary Funds
 Year Ended December 31, 2012

Assets	Business-Type Activities – Enterprise Funds		
	Water Utility	Sewer Utility	Street Light Utility
Current assets			
Cash and temporary investments	\$ 11,057,142	\$ 6,612,345	\$ 1,248,358
Receivables			
Delinquent special assessments	17,311	17,311	–
Deferred special assessments	149,102	148,672	–
Accounts and interest	441,952	407,172	60,319
Prepays	–	48,696	–
Total current assets	<u>11,665,507</u>	<u>7,234,196</u>	<u>1,308,677</u>
Noncurrent assets			
Advances to other Funds	2,909,448	3,180,944	–
Capital assets			
Land	868,513	–	–
Construction in progress	–	–	–
Buildings and structures	6,058,847	–	–
Improvements other than buildings	–	–	731,725
Machinery and equipment	134,188	378,167	–
Water and sewer lines	24,117,279	21,229,206	–
	<u>31,178,827</u>	<u>21,607,373</u>	<u>731,725</u>
Less accumulated depreciation	6,449,117	5,343,725	347,030
Net capital assets	<u>24,729,710</u>	<u>16,263,648</u>	<u>384,695</u>
Total noncurrent assets	<u>27,639,158</u>	<u>19,444,592</u>	<u>384,695</u>
Total assets	<u>\$ 39,304,665</u>	<u>\$ 26,678,788</u>	<u>\$ 1,693,372</u>
Liabilities and Net Position			
Current liabilities			
Accounts and contracts payable	\$ 16,276	\$ 18,182	\$ 19,800
Due to other governmental units	26,274	–	–
Unearned revenue	–	–	360
Total current liabilities	<u>42,550</u>	<u>18,182</u>	<u>20,160</u>
Net Position			
Net investment in capital assets	24,729,710	16,263,648	384,695
Unrestricted	14,532,405	10,396,958	1,288,517
Total net position	<u>39,262,115</u>	<u>26,660,606</u>	<u>1,673,212</u>
Total liabilities and net position	<u>\$ 39,304,665</u>	<u>\$ 26,678,788</u>	<u>\$ 1,693,372</u>

See notes to basic financial statements

<u>Recycling Utility</u>	<u>Storm Water Utility</u>	<u>Totals</u>	<u>Governmental Activities Internal Service</u>
\$ 175,119	\$ 801,225	\$ 19,894,189	\$ 404,517
-	-	34,622	-
-	-	297,774	-
96,138	206,202	1,211,783	-
-	-	48,696	-
<u>271,257</u>	<u>1,007,427</u>	<u>21,487,064</u>	<u>404,517</u>
-	-	6,090,392	-
-	-	868,513	-
-	373,055	373,055	-
-	-	6,058,847	-
-	10,864,299	11,596,024	-
-	27,920	540,275	-
-	-	45,346,485	-
<u>-</u>	<u>11,265,274</u>	<u>64,783,199</u>	<u>-</u>
<u>-</u>	<u>1,799,459</u>	<u>13,939,331</u>	<u>-</u>
<u>-</u>	<u>9,465,815</u>	<u>50,843,868</u>	<u>-</u>
<u>-</u>	<u>9,465,815</u>	<u>56,934,260</u>	<u>-</u>
<u>\$ 271,257</u>	<u>\$ 10,473,242</u>	<u>\$ 78,421,324</u>	<u>\$ 404,517</u>
\$ 25	\$ 9,807	\$ 64,090	\$ 1,774
-	-	26,274	81
-	-	360	-
<u>25</u>	<u>9,807</u>	<u>90,724</u>	<u>1,855</u>
-	9,465,815	50,843,868	-
<u>271,232</u>	<u>997,620</u>	<u>27,486,732</u>	<u>402,662</u>
<u>271,232</u>	<u>10,463,435</u>	<u>78,330,600</u>	<u>402,662</u>
<u>\$ 271,257</u>	<u>\$ 10,473,242</u>	<u>\$ 78,421,324</u>	<u>\$ 404,517</u>

CITY OF RAMSEY

Statement of Revenue, Expenses, and Changes in Net Position
 Proprietary Funds
 Year Ended December 31, 2012

	Business-Type Activities – Enterprise Funds		
	Water Utility	Sewer Utility	Street Light Utility
Operating revenue			
Charges for services	\$ 2,128,289	\$ 1,316,490	\$ 179,124
Sewer access surcharge	-	7,852	-
Other	3,171	-	-
Total operating revenue	<u>2,131,460</u>	<u>1,324,342</u>	<u>179,124</u>
Operating expenses			
Personal services	268,212	78,723	327
Supplies	127,905	39,792	-
Service charges			
Disposal charges	-	541,073	-
Other	220,290	51,922	133,206
Depreciation	611,605	441,250	32,118
Total operating expenses	<u>1,228,012</u>	<u>1,152,760</u>	<u>165,651</u>
Operating income (loss)	903,448	171,582	13,473
Nonoperating revenue			
Intergovernmental revenue	7,074	-	-
Investment earnings	169,990	115,542	19,641
Total nonoperating revenue	<u>177,064</u>	<u>115,542</u>	<u>19,641</u>
Income before contributions and transfers	1,080,512	287,124	33,114
Capital contributions	1,014,359	300,671	-
Transfers out	<u>(34,000)</u>	<u>(28,000)</u>	<u>(14,000)</u>
Change in net position	2,060,871	559,795	19,114
Net position			
Beginning of year	<u>37,201,244</u>	<u>26,100,811</u>	<u>1,654,098</u>
End of year	<u>\$ 39,262,115</u>	<u>\$ 26,660,606</u>	<u>\$ 1,673,212</u>

See notes to basic financial statements

<u>Recycling Utility</u>	<u>Storm Water Utility</u>	<u>Totals</u>	<u>Governmental Activities Internal Service</u>
\$ 296,358	\$ 647,169	\$ 4,567,430	\$ -
-	-	7,852	-
-	-	3,171	64,392
<u>296,358</u>	<u>647,169</u>	<u>4,578,453</u>	<u>64,392</u>
6,059	126,700	480,021	-
5,090	12,063	184,850	-
-	-	541,073	-
291,787	138,591	835,796	39,420
-	218,955	1,303,928	-
<u>302,936</u>	<u>496,309</u>	<u>3,345,668</u>	<u>39,420</u>
(6,578)	150,860	1,232,785	24,972
50,165	-	57,239	-
2,229	13,492	320,894	6,044
<u>52,394</u>	<u>13,492</u>	<u>378,133</u>	<u>6,044</u>
45,816	164,352	1,610,918	31,016
-	-	1,315,030	-
<u>(8,500)</u>	<u>(23,000)</u>	<u>(107,500)</u>	<u>-</u>
37,316	141,352	2,818,448	31,016
233,916	10,322,083	75,512,152	371,646
<u>\$ 271,232</u>	<u>\$ 10,463,435</u>	<u>\$ 78,330,600</u>	<u>\$ 402,662</u>

CITY OF RAMSEY

Statement of Cash Flows
 Proprietary Funds
 Year Ended December 31, 2012

	Business-Type Activities – Enterprise Funds		
	Water Utility	Sewer Utility	Street Light Utility
Cash flows from operating activities			
Receipts from customers and users	\$ 2,058,177	\$ 1,305,357	\$ 178,005
Receipts from interfund services provided	–	–	–
Paid to suppliers/service providers	(367,923)	(620,383)	(148,235)
Paid to employees	(268,212)	(78,723)	(327)
Net cash provided (used) by operating activities	<u>1,422,042</u>	<u>606,251</u>	<u>29,443</u>
Cash flows from capital and related financing activities			
Capital contributions	1,014,359	300,671	–
Acquisition of capital assets	–	–	(26,648)
Net cash provided (used) by capital and related financing activities	<u>1,014,359</u>	<u>300,671</u>	<u>(26,648)</u>
Cash flows from investing activities			
Interest received on investments	169,990	115,542	19,641
Cash flows from noncapital financing activities			
Intergovernmental revenue	7,074	–	–
Transfers (out)	(34,000)	(28,000)	(14,000)
Advances to other funds	69,080	80,749	–
Net cash provided (used) from noncapital financing activities	<u>42,154</u>	<u>52,749</u>	<u>(14,000)</u>
Net increase (decrease) in cash and temporary investments/cash equivalents	2,648,545	1,075,213	8,436
Cash and temporary investments/cash equivalents			
Beginning of year	<u>8,408,597</u>	<u>5,537,132</u>	<u>1,239,922</u>
End of year	<u>\$ 11,057,142</u>	<u>\$ 6,612,345</u>	<u>\$ 1,248,358</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 903,448	\$ 171,582	\$ 13,473
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	611,605	441,250	32,118
Change in assets and liabilities			
Receivables			
Deferred special assessments	(27,745)	(28,837)	–
Accounts	(45,538)	9,852	(759)
Prepays	–	(3,006)	–
Accounts payable	(1,906)	15,410	(14,808)
Unearned revenue	–	–	(360)
Due to other governmental units	(17,822)	–	(221)
Net cash provided (used) by operating activities	<u>\$ 1,422,042</u>	<u>\$ 606,251</u>	<u>\$ 29,443</u>

See notes to basic financial statements

			Governmental Activities
Recycling Utility	Storm Water Utility	Totals	Internal Service
\$ 296,095	\$ 646,153	\$ 4,483,787	\$ -
-	-	-	64,392
(297,034)	(146,651)	(1,580,226)	(43,578)
(6,059)	(126,700)	(480,021)	-
<u>(6,998)</u>	<u>372,802</u>	<u>2,423,540</u>	<u>20,814</u>
-	-	1,315,030	-
-	(373,055)	(399,703)	-
<u>-</u>	<u>(373,055)</u>	<u>915,327</u>	<u>-</u>
2,229	13,492	320,894	6,044
50,165	-	57,239	-
(8,500)	(23,000)	(107,500)	-
-	-	149,829	-
<u>41,665</u>	<u>(23,000)</u>	<u>99,568</u>	<u>-</u>
36,896	(9,761)	3,759,329	26,858
<u>138,223</u>	<u>810,986</u>	<u>16,134,860</u>	<u>377,659</u>
<u>\$ 175,119</u>	<u>\$ 801,225</u>	<u>\$ 19,894,189</u>	<u>\$ 404,517</u>
\$ (6,578)	\$ 150,860	\$ 1,232,785	\$ 24,972
-	218,955	1,303,928	-
-	-	(56,582)	-
(263)	(1,016)	(37,724)	-
-	-	(3,006)	-
(157)	4,003	2,542	(222)
-	-	(360)	-
<u>-</u>	<u>-</u>	<u>(18,043)</u>	<u>(3,936)</u>
<u>\$ (6,998)</u>	<u>\$ 372,802</u>	<u>\$ 2,423,540</u>	<u>\$ 20,814</u>

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CITY OF RAMSEY

Statement of Fiduciary Net Position
December 31, 2012

	<u>Agency Fund</u>
Assets	
Cash and temporary investments	\$ 572,510
Receivables	
Accounts	39,871
Assets held for resale	<u>12,734,868</u>
Total assets	<u>\$ 13,347,249</u>
Liabilities	
Accounts payable	\$ 3,614
Deposits payable	608,767
Loans Payable to Met Council	<u>12,734,868</u>
Total liabilities	<u>\$ 13,347,249</u>

See notes to basic financial statements

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CITY OF RAMSEY

Notes to Basic Financial Statements
December 31, 2012

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The City of Ramsey, Minnesota (the City) operates under the Home Rule Charter City form of government as defined in Minnesota Statutes. Under this plan, the government of the City is run by a City Council composed of an elected Mayor and elected Councilmembers. The City Council exercises legislative authority and determines all matters of policy. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units.

B. Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements include the City (the primary government) and its component units. Component units are legally separate entities for which the primary government is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component unit's Board, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

1. Blended Component Unit

As a result of applying these criteria, the Ramsey Economic Development Authority (EDA) and the Ramsey Housing and Redevelopment Authority (HRA) are included as blended component units of the City. Financial data is reflected as separate Special Revenue Funds. The Board of Director's for the EDA consists of council-appointed members of the community and two council members. The board does not have voting authority. Voting authority rests with the City Council. The Board of Director's for the HRA is made up of the Ramsey City Mayor and its Councilmember's. Both of these organizations share the same governing body as the City and therefore considered blended component units of the City. (i.e. Reported as though its funds were funds of the City). Separate financial reporting for these units is not produced in addition to this report.

2. Jointly Governed Organization

The City is a member of Local Governmental Information Systems (LOGIS), a consortium of Minnesota municipalities that provides data processing services and support to its members. LOGIS is a legally separate entity that is financially independent of the City. Further, the City does not appoint a voting majority of LOGIS' Board of Directors. Therefore, it has not been incorporated into the City's reporting entity. During the 2012 fiscal year, the City paid LOGIS approximately \$156,285 for services provided.

C. Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all of the financial activities of the City. 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 sales, fees, and charges for support.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments, that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 fiscal year for which they are levied. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, charges between the City's Enterprise Funds and other functions are not eliminated as that would distort the direct costs and program revenues reported in those functions. Depreciation expense can be specifically identified by function and is included in the direct expenses of each function. Interest on long-term debt for governmental activities is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for Governmental, Proprietary, and Fiduciary Funds. Major individual Governmental and Enterprise Funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining Nonmajor Governmental Funds is reported in a single column in the fund financial statements. A single column is presented in the Proprietary Fund statements to report Internal Service Fund activity. Fiduciary Funds are presented in the Fiduciary Fund financial statements by fund type. Since, by definition, Fiduciary Fund assets are held for the benefit of a third party and cannot be used for activities or obligations of the City, these funds are excluded from the government-wide statements.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, transactions are recorded in the following manner:

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Other revenue is considered measurable and available only when cash is received by the City.

Major revenue that is susceptible to accrual includes property taxes, special assessments, intergovernmental revenue, charges for services, and interest earned on investments. Major revenue that is not susceptible to accrual includes licenses and permits, fees, and miscellaneous revenue. Such revenue is recorded only when received because it is not measurable until collected.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt, compensated absences, and OPEB, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the Governmental Funds. Proceeds of long-term debt is reported as other financing sources.

Proprietary Fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, similar to the government-wide financial statements. Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Funds and Internal Service Funds are charges to customers for sales and services. The operating expenses for the Enterprise Funds and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City's Fiduciary Fund is an Agency Fund, which uses the accrual basis of accounting, but has no measurement focus.

Information for the Internal Service Fund is reported in a single column in the Proprietary Fund financial statements. Because the principal user of the internal services is the City's governmental activities, the financial statements of the Internal Service Fund are consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Description of Funds

The City reports the following Major Governmental Funds:

General Fund – This is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Tax Increment Special Revenue Fund – This fund is used to account for tax increment resources received from general property taxes in the form of tax increments.

Housing and Redevelopment Authority Special Revenue Fund – This fund is used to account for revenues and expenditures associated with housing and redevelopment activities within the City. The primary revenue source is property tax levies.

2012A/2005A G.O Improvement Bond Refund Debt Service Fund – The 2005A Public Project Lease Revenue Bond was issued to finance the construction of the city's municipal center. Series 2012A G.O. Capital Improvement Bond was used to refund this original bond issue.

Public Improvement Revolving Capital Project Fund – This fund is used to account for the resources to be used to finance the City's share of the annual street maintenance program.

Landfill Capital Project Fund – This fund is used to account for certain landfill-related revenue, the expenditures the City may incur in relation to the landfill, and any other expenditures for improvements providing a benefit to the entire city. The fund does not present a potential liability for landfill closure and post closure care costs as defined by GASB Statement No. 18 as the landfill is not owned by the City.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equipment Revolving Capital Project Fund – This fund is used to account for resources to finance the replacement of city equipment, vehicles, and/or building facilities.

Public Improvement Revolving The COR Capital Project Fund – This fund is used to account for all costs associated with the construction of public improvements related to The COR (Previously known as Ramsey Town Center) Project.

Armstrong / Bunker Street Improvement Capital Project Fund – This fund is used to account for all costs associated with the construction of public improvements related to the Armstrong Blvd and Bunker Blvd project.

Sunwood Drive Realignment Capital Project Fund – used to account for all costs that are associated with the realignment of Sunwood Drive with The COR.

The City reports the following Major Proprietary Funds:

Water Utility Fund – This fund is used to account for the operation of the city-owned water system.

Sewer Utility Fund – This fund is used to account for the operation of the city-owned sewer system.

Street Light Utility Fund – This fund is used to account for the operation of city-owned streetlights within subdivisions and the priority streetlights throughout the City.

Recycling Utility Fund – This fund is used to account for the operation of the City's curbside recycling program and annual recycling days.

Storm Water Utility Fund – This fund is used to account for the operation of the city-owned storm water system repair and upkeep.

The City also reports the following fund types:

Internal Service Fund – This fund is used to account for the City's insurance refunds, dividends, and other miscellaneous insurance related revenues, and to provide for self-insuring the deductible portions of the City's insurance policies.

Agency Fund – This fund is used to account for assets held by the City in the capacity of agent. The City maintains one Agency Fund to account for deposits held for developers as security for various services. In addition it accounts for property purchased on behalf of the state and the related liability for future state highway improvements.

E. Cash and Investments

Cash balances from all funds are combined and invested to the extent available in short-term investments. Earnings from the pooled investments are allocated to the individual funds based on the average monthly cash and investment balances of the respective funds.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments (Continued)

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes, such as bond indentures held by trustee established for certain bonds. Interest earned on these investments is allocated directly to the escrow account.

The City generally reports investments at fair value. The Minnesota Municipal Money Market (4M) Fund is an external investment pool regulated by Minnesota Statutes that is not registered with the Securities and Exchange Commission (SEC), but follows the same regulatory rules of the SEC under rule 2a7. The City's investment in this fund is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value.

F. Receivables

All miscellaneous accounts receivable are presented net of an allowance for doubtful accounts. Since the City is generally able to certify delinquent amounts to the county for collection as special assessments, no allowance for uncollectible accounts has been provided on these receivables. The only receivables not expected to be fully collected within one year are property taxes and special assessments receivable.

G. Property Taxes

Property tax levies are set by the City Council by December of each year and are certified to the County Auditor for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. A portion of the property taxes levied is paid by the state of Minnesota through various tax credits, which is included in intergovernmental revenue in the financial statements.

The county spreads all levies over taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the City on that date. Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes are due in full on May 15. The county provides tax settlements to cities and other taxing districts several times a year. Taxes which remain unpaid at December 31 are classified as delinquent taxes receivable.

H. Special Assessments

Special assessments represent the financing for public improvements paid for by the benefiting property owners. These assessments are recorded as delinquent (levied but unremitted) or deferred (certified but not yet levied) special assessments receivable.

I. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In governmental funds, prepaids are recognized by the consumption method, proportionately over the periods that service is provided.

J. Interfund Receivables and Payables

Activity between funds that is representative of lending or borrowing arrangements is reported as either "due to/from other funds" (current portion) or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Land Held for Resale

Land held for resale represents various property purchases made by the City with the intent to sell in order to increase tax base or to attract new businesses. These assets are stated at the lower of cost or net realizable value.

L. Capital Assets

Capital assets, which include property, buildings, improvements, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City defines capital assets as those with an initial, individual cost of \$5,000 or more for governmental activities and \$1,000 for Proprietary Funds and business-type activities with an estimated useful life in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. As allowed by accounting principles generally accepted in the United States of America, the City has elected not to retroactively capitalize the infrastructure of its governmental activities acquired prior to January 1, 2004.

Capital assets are recorded in the government-wide and Proprietary Fund financial statements, but are not reported in the Governmental Fund financial statements. Interest incurred during the construction phase of capital assets for business-type activities is included as part of the capitalized value of the assets constructed. Capital assets are depreciated using the straight-line method over their estimated useful lives. Land and construction in progress are not depreciated. Useful lives vary from 15 to 50 years for buildings and improvements, 5 to 10 years for machinery, vehicles, and equipment, and 20 to 50 years for collection and distribution systems and other infrastructure.

M. Compensated Absences Payable

Certain city employees earn personal time off, vacation, compensation time, and sick leave at various rates based on longevity. These compensated absences are paid to an employee leaving in good standing, at their current rate of pay, with the exception of sick leave. A minimum of one third (based on longevity), is paid to the departing employee if they have completed 5 or more years of service prior to termination. Compensated absences payable are accounted for as long-term liabilities as described in the following section.

N. Long-Term Liabilities

In the government-wide and Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities. If they are material, bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the straight-line method.

In the Governmental Fund financial statements, long-term debt and other long-term obligations are not reported as liabilities until due. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances are reported as other financing sources or uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Net Position

In the government-wide and proprietary fund financial statements, net position represents the difference between assets, liabilities, deferred inflows/outflows as applicable. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments, or enabling legislation.
- **Unrestricted Net Position** – All remaining net position that do not meet the definition of “restricted” or “net investment in capital assets.”

The City applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

P. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts where there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments, or enabling legislation.
- **Committed** – Consists of amounts that can be used only for the specific purposes determined by a formal action of the City’s highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.
- **Assigned** – Consists of internally imposed constraints for amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. Assigned amounts represent intended uses established by the City Council itself or by an official to which the City Council delegates the authority. Pursuant to City Council Resolution, the City’s Finance Director is authorized to establish assignments of fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, the City first uses restricted resources, then use unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use, the City uses resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Restricted Assets

Restricted assets are cash and cash equivalents and the related interest receivable whose use is limited by legal requirements such as a bond indenture. Restricted assets are reported only in the government-wide financial statements. In the fund financial statements these assets have been reported as “cash and investments held by trustee” and the interest receivable is included within “accounts and interest receivable”.

R. Budgets and Budgetary Accounting

Each fall the City Council adopts a General Fund budget for the following fiscal year beginning January 1. In addition, an annual budget is legally adopted for the Economic Development Authority, a non major special revenue fund, and the Housing and Redevelopment Authority (HRA) a major special revenue fund. The City has established budgetary control at the function level based upon GAAP serving as the basis of budgeting. Budget appropriations lapse at year-end.

The government’s department heads may make transfers of appropriations within a function. Transfers of appropriations between functions require the approval of the council. All the appropriations for the Housing and Redevelopment Authority are approved by their governing board. The Economic Development Authority budget is recommended by their board and final approval comes from City Council.

S. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the City considers all highly liquid debt instruments with an original maturity from the time of purchase by the City of three months or less to be cash equivalents. The Proprietary Funds’ portion in the government-wide cash and investment management pool is considered to be cash equivalent.

T. Self-Insurance Plan and Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City participates in the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool for its general property and casualty, workers’ compensation, and other miscellaneous insurance coverages. LMCIT operates as a common risk management and insurance program for a large number of cities in Minnesota. The City pays an annual premium to LMCIT for insurance coverage. The LMCIT agreement provides that the trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits.

The City has elected higher deductibles through LMCIT in order to keep premiums at a minimum. To supplement the commercial coverages, the City established the Self-Insurance Internal Service Fund. This fund is funded primarily through dividend paybacks from LMCIT. Expenditures from this fund consist solely of payments of those insurance related costs that are below the individual and/or commutative deductible amounts. Premiums for LMCIT policies are not paid from the Self-Insurance Internal Service Fund, but rather are budgeted and paid from the respective operating funds. The City does not retain significant uncovered risk.

The City also carries commercial insurance for certain other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There were no significant reductions in the City’s insurance coverage in 2012.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Loans payable to Met Council

The City entered into a loan agreement with the Metropolitan (Met) Council to acquire property within the proposed right-of-way of highways designated as a part of the metropolitan highway system plan. State Highway 10, within Ramsey, is part of that highway system plan. The loans bear no interest, and are to be repaid upon the acquisition of the property by the State of Minnesota.

V. Use of Estimates

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

W. Comparative data/reclassifications

Comparative data for the prior year has been presented only for management discussion and analysis. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

X. Change in Accounting Principle

For the fiscal year ended December 31, 2012, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement changed how governmental entities present a statement of net position, replacing "net assets" with "net position" as the terminology used to describe the difference between the other elements of the statement of net position.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

Cash and investments at year-end consist of the following:

Deposits	\$	4,495,778
Investments		44,594,692
Cash on hand		<u>525</u>
Total	\$	<u>49,090,995</u>

Cash and investments are presented in the financial statements as follows:

Cash and temporary investments - Statement of Net Position	\$	44,699,390
Restricted cash and investments for debt service - Statement of Net Position		3,819,095
Cash and Investments - Statement of Fiduciary Net Position		<u>572,510</u>
Total	\$	<u>49,090,995</u>

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Deposits

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council, including checking accounts and certificates of deposits.

The following is considered the most significant risk associated with deposits:

Custodial credit risk – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The City has no additional deposit policies addressing custodial credit risk.

At year end, the carrying amount of the City's deposits was \$4,495,778 while the balance on the bank records was \$4,832,071. At December 31, 2012, all deposits were fully covered by federal depository insurance, surety bonds, or by collateral held by the City’s agent in the City’s name.

C. Investments

The City has the following investments at year end:

Investment Type	Credit Risk		Interest Risk-Maturity Duration in Years					Total
	Rating	Agency	Less Than 1	1 to 5	6 to 10	11 to 15	>15	
U.S. Treasuries	N/A	N/A	\$ 56,854	\$2,951,979	\$ 8,364	\$ -	\$ -	\$ 3,017,197
U.S. Agencies	Aaa	Moodys	161	403,260	1,979,399	4,241,935	227,633	6,852,387
U.S. Agencies	AA+	S&P	-	1,047,200	-	-	-	1,047,200
Municipal Bonds	Baa3-Aaa	Moodys	-	5,719,253	3,039,754	1,138,050	-	9,897,057
Municipal Bonds	A-AAA	S&P	846,741	4,675,778	893,111	-	-	6,415,630
Negotiable Certificates of Deposit	N/A	N/A	3,820,644	1,691,789	-	150,000	-	5,662,433
Investment pools								
Federated Treasury Cash Series	Aaa	Moodys	843	-	-	-	-	843
Federated Government Reserves	N/R	N/A	44,873	-	-	-	-	44,873
Minnesota Municipal Money Market	N/R	N/A	11,657,072	-	-	-	-	11,657,072
Total Investments								<u>\$44,594,692</u>

N/A Not Applicable
N/R Not Rated

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments are subject to various risks, the following of which are considered the most significant:

Custodial credit risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy addressing this risk, but typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

Credit risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the City’s investments to direct obligations or obligations guaranteed by the United States or its agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; general obligations of the Minnesota Housing Finance Agency rated “A” or better; commercial paper issued by the United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; time deposits that are fully insured by the Federal Deposit Insurance Corporation or bankers acceptances of the United States banks and Guaranteed Investment Contracts guaranteed by a United States commercial bank or domestic branch of a foreign bank, or a United States insurance company, or their Canadian subsidiary, and with a credit quality in one of the top two highest categories by a nationally recognized rating agency. The City’s investment policies do not further address credit risk.

Concentration risk – This is the risk associated with investing a significant portion of the City’s investment (considered 5 percent or more) in the securities of a single issuer, excluding United States guaranteed investments (such as Treasuries), investment pools and mutual funds. The City’s investment policies do not limit the concentration of investments. At year end, the City’s investment portfolio included 10% concentration in Federal Home Loan Banks.

Interest rate risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City does not have an investment policy limiting the duration of investments.

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Short-Term Interfund Receivables/Payables

Individual interfund due from and to other funds at year-end were as follows:

Receivable Fund	Payable Fund	Amount
Major Governmental Fund Public Improvement Revolving Fund Capital Project Fund	Major Governmental Fund Public Improving Revolving The COR Fund Capital Project Fund	\$ 78,100
Nonmajor Governmental Fund Economic Development Authority Fund Special Revenue Fund	Nonmajor Governmental Fund RALF funded project fund Capital Project Fund	67,500
		<u>\$ 145,600</u>

These internal loans were utilized for cash flow purposes.

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

B. Advances To and From Other Funds

Individual interfund advances to and from other funds at year-end were as follows:

Receivable Fund	Payable Fund	Amount	Purpose
Major Capital Project Fund; Landfill	General Fund	\$ 157,467	Internally finance facility loan
Major Proprietary Fund; Sewer Utility	General Fund	883,992	Internally finance facility loan
Major Proprietary Fund; Water Utility	Major Special Revenue Fund; HRA	2,296,952	Internally finance development land purchase
Major Proprietary Fund; Sewer Utility	Major Special Revenue Fund; HRA	2,296,952	Internally finance development land purchase
Major Proprietary Fund; Water Utility	Nonmajor Capital Project Fund; Public Facilities Construction Fund	612,496	Internally finance facility loan
		\$ 6,247,859	

C. Interfund Transfers

Transfers Out	Transfers In								Total
	General	2012A/ 2005A G.O. Improve. Bond Refund Debt Service	Public Improvement Revolving Capital Project	Equipment Revolving Capital Project	Public Improvement Revolving The COR Capital Project	Armstrong/ Bunker Street Improvement Capital Project	Sunwood Drive Realignment Capital Project	Nonmajor Governmental	
General Fund	\$ 17,926	\$ -	\$ 71,706	\$ 17,926	\$ -	\$ -	\$ -	\$ 74,226	\$ 181,784
Tax Increment Special Revenue Fund	275,000	-	870,128	-	310,811	-	1,000,000	228,856	2,684,795
Housing & Redevelopment Authority Special Revenue Fund	-	-	-	-	105,887	-	-	167,240	273,127
Public Improvement Revolving Capital Projects Fund	244,500	603,000	-	-	-	135,345	-	-	982,845
Landfill Capital Project Fund	-	-	-	-	-	-	-	79,794	79,794
Equipment Revolving Capital Project	340,252	-	-	-	-	-	1,361,579	-	1,701,831
Nonmajor Governmental Funds	87,365	-	43,976	-	-	-	-	94,710	226,051
Proprietary Funds	107,500	-	-	-	-	-	-	-	107,500
	\$ 1,072,543	\$ 603,000	\$ 985,810	\$ 17,926	\$ 416,698	\$ 135,345	\$ 2,361,579	\$ 644,826	\$ 6,237,727

Transfers are used to move revenues from the funds in which they are collected to the funds where they are to be spent in accordance with statutory, budgetary or contractual requirements. Transfers are made in accordance with the budget or as approved by the City Council.

NOTE 4 – CAPITAL ASSETS

A. Changes in Capital Assets Used in Governmental Activities

	Balance – Beginning of Year	Additions	Completed Construction	Deletions	Balance – End of Year
Capital assets, not depreciated					
Land	\$6,772,024	\$ -	\$ -	\$ -	\$6,772,024
Construction in progress	4,153,721	2,631,161	(1,701,077)	-	5,083,805
Capital assets, depreciated					
Buildings and structures	25,763,775	-	-	(15,500)	25,748,275
Improvements other than buildings	7,346,628	-	-	(7,723)	7,338,905
Office equipment	691,719	-	-	(8,251)	683,468
Motor vehicles	3,766,466	184,030	-	(145,799)	3,804,697
Machinery and equipment	4,694,542	28,215	-	(9,984)	4,712,773
Infrastructure	25,412,900	526,722	1,701,077	-	27,640,699
Total capital assets	78,601,775	3,370,128	-	(187,257)	81,784,646
Less accumulated depreciation on					
Buildings and structures	(3,878,758)	(547,784)	-	1,551	(4,424,988)
Improvements other than buildings	(1,663,331)	(406,567)	-	5,407	(2,064,471)
Office equipment	(234,716)	(34,742)	-	7,427	(262,031)
Motor vehicles	(2,324,522)	(321,588)	-	145,799	(2,500,312)
Machinery and equipment	(2,005,754)	(278,036)	-	7,768	(2,276,023)
Infrastructure	(4,600,373)	(1,017,605)	-	-	(5,617,978)
Total accumulated depreciation	(14,707,454)	(2,606,322)	-	167,952	(17,145,824)
Net capital assets	\$63,894,321	\$763,806	\$ -	(\$19,305)	\$64,638,822

B. Changes in Capital Assets Used in Business-Type Activities

	Balance – Beginning of Year	Additions	Completed Construction	Deletions	Balance – End of Year
Capital assets, not depreciated					
Land	\$868,513	\$ -	\$ -	\$ -	\$ 868,513
Construction in progress	123,781	373,055	(123,781)	-	373,055
Capital assets, depreciated					
Buildings and structures	6,058,847	-	-	-	6,058,847
Improvements other than buildings	11,445,595	26,648	123,781	-	11,596,024
Machinery and equipment	540,275	-	-	-	540,275
Water and sewer lines	45,346,485	-	-	-	45,346,485
Total capital assets	64,383,496	399,703	-	-	64,783,199
Less accumulated depreciation on					
Buildings and structures	(773,805)	(121,423)	-	-	(895,228)
Improvements other than buildings	(1,878,384)	(249,860)	-	-	(2,128,244)
Machinery and equipment	(184,760)	(25,468)	-	-	(210,228)
Water and sewer lines	(9,798,455)	(907,177)	-	-	(10,705,631)
Total accumulated depreciation	(12,635,404)	(1,303,928)	-	-	(13,939,331)
Net capital assets	\$51,748,092	\$ (904,225)	\$ -	\$ -	\$ 50,843,868

NOTE 4 – CAPITAL ASSETS (CONTINUED)

C. Depreciation Expense by Function

Governmental activities	
General government	\$ 677,011
Public safety	301,753
Highways and streets	1,250,492
Culture and recreation	377,066
Total depreciation expense – governmental activities	<u>\$ 2,606,322</u>
Business-type activities	
Water Utility	\$ 611,605
Sewer Utility	441,250
Street Light Utility	32,118
Storm Water Utility	218,955
Total depreciation expense – business-type activities	<u>\$ 1,303,928</u>

NOTE 5 – LONG-TERM DEBT

A. Components of Long-Term Debt

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Balance – End of Year</u>
Governmental activities					
Bonds payable					
General Obligation Tax Increment Bonds					
Series 2012B	\$ 7,320,000	1.00–3.00%	6/5/2012	6/1/2024	\$ 7,320,000
General Obligation Tax Increment Refunding Bonds					
Series 2007B	\$ 945,000	3.75–4.00%	3/1/2007	12/15/2014	500,000
Total tax increment bonds					<u>7,820,000</u>
General Obligation Capital Improvement					
Capital Improvement Refunding Bonds,					
Series 2004A	\$ 1,480,000	1.80–4.00%	11/1/2004	2/1/2017	635,000
General Obligation Improvement Bonds					
Series 2005B	\$ 4,335,000	2.75–4.25%	6/1/2005	12/15/2025	3,295,000
Series 2009A	\$ 1,340,000	.85–4.50%	3/1/2007	4/1/2019	950,000
Series 2011A	\$ 4,365,000	2.00–3.15%	9/7/2011	2/1/2032	4,365,000
Series 2011B	\$ 3,090,000	2.00–2.70%	12/29/2011	12/15/2025	3,090,000
Series 2012A	\$ 16,875,000	3.00–3.75%	6/7/2012	12/15/2031	16,190,000
Total general obligation capital improvement bonds					<u>27,890,000</u>
Total bonds payable					<u>36,345,000</u>
Compensated absences payable					760,944
OPEB					279,642
Total governmental activities debt					<u>\$ 37,385,586</u>

NOTE 5 – LONG-TERM DEBT (CONTINUED)

B. Descriptions of Long-Term Debt

- **Tax Increment Bonds** – These bonds are issued for redevelopment and economic development projects. The additional tax revenue resulting from increased assessed valuation of the properties is the major source of revenue used to retire the related debt.
- **Capital Improvement Refunding Bonds Series 2004A** – These bonds were issued to finance Fire Station #1 and will be repaid via ad valorem levies.
- **General Obligation Improvement Bonds** –These bonds were issued on the basis of a joint powers agreement between Anoka County and the City for regional road improvements. Anoka County makes the annual debt service payment to the City for the 2005B Series bonds.

The 2009A Series bonds will be repaid with annual allotments of Municipal State Aid and interest will be subsidized 35% through the Build America bond program.

The Series 2011A bonds will be repaid with annual allotments of Municipal State Aid and an annual assessment per the assessment agreement between the city of Ramsey and Hageman Holdings for the improvements that were necessary for the future Legacy School.

The Series 2011B were Improvement Crossover Refunding bonds that were issued to refund the 2005B Series bonds that will be called on December 15, 2014. The proceeds of this issue were used to call in advance the remaining principal of the 2005B GO Bonds and the City will assume the principal and interest payments on the 2011 issue. This refunding reduced the City's total future debt payments by \$ 186,544 and resulted in a present value savings of \$153,959.

The Series 2012A bonds were issued to refund Public Facility Lease Revenue Bonds Series 2005A, dated June 1, 2005, issued by the Economic Development Authority of the city of Ramsey. Concurrent with this issuance, the ground lease entered into between the Economic Development Authority and the City was terminated with the city acquiring the Municipal Center Facility (financed from proceeds of the Series 2005A Lease Revenue Bonds). This refunding resulted in a present value savings of \$156,929.

- **Compensated Absences** – The liability represents vested benefits earned by Governmental Fund employees through the end of the year which will be paid or used in future periods. The General Fund is the primary fund used to liquidate this liability.
- **Other Post-Employment Benefits (OPEB) Liability** –The liability represents non-pension benefits provided after the termination of employment. Governmental entities have traditionally accounted for OPEB on a pay-as-you-go basis. OPEB liability is accrued as service is provided by employees. The General Fund is the primary fund used to liquidate this liability.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

C. Changes in Long-Term Debt

	Beginning of Year	Additions	Deletions	Balance – End of Year	Due Within One Year
Tax Increment Bonds	\$ 700,000	\$ 7,320,000	\$ 200,000	\$ 7,820,000	\$ 200,000
Lease Revenue Bonds	17,040,000	–	17,040,000	–	–
Capital Improvement Refunding Bonds	750,000	–	115,000	635,000	120,000
G.O. Improvement Bonds	12,015,000	16,875,000	1,000,000	27,890,000	995,000
Capital Equipment Certificates	170,000	–	170,000	–	–
Compensated absences	798,892	362,948	400,896	760,944	494,614
OPEB	214,747	72,531	7,636	279,642	–
	<u>\$ 31,688,639</u>	<u>\$ 24,630,479</u>	<u>\$ 18,933,532</u>	<u>\$ 37,385,586</u>	<u>\$ 1,809,614</u>

D. Minimum Debt Payments

Minimum annual principal and interest payments required to retire bonds are as follows:

Year Ending December 31,	Governmental Activities Bonded Debt	
	Principal	Interest
2013	1,315,000	1,085,905
2014	4,415,000	1,043,826
2015	1,495,000	865,511
2016	2,220,000	823,375
2017	2,265,000	768,465
2018-2022	11,310,000	2,934,711
2023-2027	8,120,000	1,448,985
2028-2032	5,205,000	440,399
	<u>\$ 36,345,000</u>	<u>\$ 9,411,177</u>

E. Revenue Pledged

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

Bond Issue	Use of Proceeds	Type	Revenue Pledged		Remaining Principal and Interest	Current Year	
			Percent of Total Debt Service	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
Tax increment bonds	Street & Building improvements	Tax increment financing	100%				\$ 1,817,018
Series 2007B				2007–2014	\$ 532,000	\$ 228,000	
Series 2012B				2012–2024	\$ 8,611,980	\$ 75,739	

NOTE 6 – FUND BALANCE POLICY AND CLASSIFICATION

A. Classifications

City had the following classifications of fund balances in its Governmental Funds:

	Special Revenue Funds			Debt Service Fund	Capital Project Fund					Nonmajor	Total
	General	Tax Increment	Housing and Redevelopment Authority	2012A/2005A G.O. Improvement Bonds	Public Improvement Revolving	Landfill	Equipment Revolving	Public Improvement Revolving The COR	Sunwood Drive Realignment		
Fund balances											
Nonspendable											
Prepays	\$ 4,042	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,042
Restricted for											
Capital improvements	-	-	-	-	-	-	-	-	-	828,049	828,049
Debt service	-	-	-	959,891	-	-	-	-	-	4,658,740	5,618,631
Economic development	-	-	-	-	-	-	-	-	-	1,358,814	1,358,814
Housing redevelopment	-	-	8,259,754	-	-	-	-	-	-	-	8,259,754
Lawful gambling	-	-	-	-	-	-	-	-	-	162,477	162,477
Public safety	-	-	-	-	-	-	-	-	-	65,451	65,451
Solid waste management	-	-	-	-	-	-	-	-	-	166,785	166,785
Tax increment	-	1,146,330	-	-	-	-	-	-	-	-	1,146,330
											17,606,291
Committed											
Capital improvements	-	-	-	-	-	-	-	-	-	551,512	551,512
Community/business programs	-	-	-	-	-	-	-	-	-	394,800	394,800
											946,312
Assigned											
Capital improvements	-	-	-	-	2,237,526	-	1,780,818	-	1,074,576	2,649,355	7,742,275
Cemetery	-	-	-	-	-	-	-	-	-	34,425	34,425
Landfill	-	-	-	-	-	2,135,357	-	-	-	-	2,135,357
Park improvement	142,419	-	-	-	-	-	-	-	-	-	142,419
Parking ramp	-	-	-	-	-	-	-	-	-	50,324	50,324
											10,104,800
Unassigned	6,578,822	-	-	-	-	-	-	(103,504)	-	(353,188)	6,122,130
Total fund balances	<u>\$ 6,725,283</u>	<u>\$ 1,146,330</u>	<u>\$ 8,259,754</u>	<u>\$ 959,891</u>	<u>\$ 2,237,526</u>	<u>\$ 2,135,357</u>	<u>\$ 1,780,818</u>	<u>\$ (103,504)</u>	<u>\$ 1,074,576</u>	<u>\$ 10,567,544</u>	<u>\$ 34,783,575</u>

NOTE 6 – FUND BALANCE POLICY AND CLASSIFICATION (CONTINUED)

B. Fund Balance Policy

When actual revenues exceed actual expenditures in a given year, the excess shall be allocated as follows:

- a) Any excess shall be first allocated to "unassigned" fund balance to bring that portion of fund balance to an amount equal to fifty percent (50%) of the next years adopted operating budget plus prior-year encumbrances (if any) plus compensated absences.
- b) Any excess after complying with fund balance requirements in step "a" shall be allocated to equipment replacement, park trust, public facilities construction, and public improvement revolving funds in the following manner:

- Ten percent (10%) to Fund #234 - Equipment Revolving Fund
- Ten percent (10%) to Fund #810 – Park Maintenance Fund (reported in General Fund)
- Forty percent (40%) to Fund #412 – Public Facilities Construction Fund
- Forty percent (40%) to Fund #400 - Public Improvement Revolving Fund

When actual expenditures exceed actual revenues in a given year, the deficit shall be treated as follows:

- a) "Unassigned" fund balance shall first be adjusted to an amount equal to fifty percent (50%) of the next years adopted operating budget plus prior year encumbrances (if any) plus compensated absences.
- b) If shortage after complying with fund balance requirement in step "a" shall draw funds in the following manner:

- Ten percent (10%) to Fund #234 - Equipment Revolving Fund
- Ten percent (10%) to Fund #810 – Park Maintenance Fund (reported in General Fund)
- Forty percent (40%) to Fund #412 – Public Facilities Construction Fund
- Forty percent (40%) to Fund #400 - Public Improvement Revolving Fund

At December 31, 2012, the city fund has met its general fund balance policy.

NOTE 7 – INDIVIDUAL FUND DISCLOSURES

Fund Deficits

The following funds have a fund balance deficit at December 31, 2012:

Public Improvement Revolving The COR, Major Capital Project Fund	\$ (103,504)
RALF Funded Projects, Non Major Capital Project Fund	\$ (2,475)
Public Facilities Construction, Non Major Capital Project Fund	\$ (326,907)
North Commons Park, Non Major Capital Project Fund	\$ (23,806)

The City intends to fund these deficits through future tax levies, special assessment levies, tax increments, transfers from other funds, grants, utility revenues, and various other sources.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Description

All full-time and certain part-time employees of the City are covered by defined benefit plans administered by the Public Employees' Retirement Association of Minnesota (PERA). PERA administers the General Employees' Retirement Fund (GERF) and the Public Employees' Police and Fire Fund (PEPFF) which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

GERF members belong to either the Coordinated or Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters, and peace officers who qualify for membership by statute are covered by PEPFF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after three years of credited service for members who started before July 1, 2010 and five years of credited service for members who started on or after July 1, 2010. The defined retirement 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 and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years of service and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of the average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service.

For PEPFF members, the annuity accrual rate is 3% for each year of service. For all PEPFF members and for GERF members hired prior to July 1, 1989, whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF members, and 65 for GERF Basic and Coordinated Plan members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree—no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. 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.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF and PEPFF. That report may be obtained on the web at mnpera.org, by writing to PERA at Public Employees’ Retirement Association, Retirement System of Minnesota Building, 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088 or by calling (651) 296-7460 or (800) 652-9026.

B. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Coordinated Plan members were required to contribute 6.25% of their annual covered salary in 2012. PEPFF members were required to contribute 9.6% of their annual covered salary in 2012. The City is required to contribute the following percentages of annual covered payroll: 7.25% for Coordinated Plan GERF members, and 14.4% for PEPFF members.

The City’s contributions for the past three years ending December 31, which were equal to the contractually required contributions for each year as set by state statute, were as follows:

	<u>GERF</u>	<u>PEPFF</u>	<u>Total</u>
2012	\$ 192,807	\$ 269,743	\$ 462,550
2011	\$ 214,050	\$ 273,904	\$ 487,954
2010	\$ 217,991	\$ 267,333	\$ 485,324

NOTE 9 – DEFINED CONTRIBUTION PENSION PLAN – STATE-WIDE

All City Council members are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA with two members participating. The PEDCP 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, specified the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary, which is matched by the elected official’s employer.

NOTE 9 – DEFINED CONTRIBUTION PENSION PLAN – STATE-WIDE (CONTINUED)

For salaried employees, employer contributions must be a fixed percentage of salary. 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 percent of employer contributions and 4/10 of 1 percent of the assets in each member’s account annually. Total contributions made by the City during fiscal year 2012 were:

Contribution Amount		Percentage of Covered Payroll		Required Rates
Employee	Employer	Employee	Employer	
\$600	\$600	5.0%	5.0%	5.0%

NOTE 10 – DEFINED CONTRIBUTION PENSION PLAN – FIRE RELIEF ASSOCIATION

A. Plan Description

Volunteer firefighters of the City are members of the Ramsey Firefighter’s Relief Association (the Association). The Association is a single-employer defined contribution pension plan that operates under the provisions of Minnesota Statutes § 69 and 424, as amended. It is governed by a Board of six officers and trustees elected by the members of the Association for three year terms. The chief of the Ramsey Volunteer Fire Department, the Mayor, and the Finance Director of the City are ex-officio members of the Board of Trustees. The City’s payroll for members of the Association for the year ended December 31, 2012 was \$170,936, compared to a total city payroll of \$5,535,457.

For financial reporting purposes, the Association’s financial statements are not included in the City’s financial statements because it is not a component unit of the City. The Association issues a publicly available financial report. A copy of the report may be obtained at Ramsey Municipal Center, 7550 Sunwood Drive Northwest, Ramsey, Minnesota 55303.

B. Pension Benefits

Minnesota Statutes Chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. In order to be entitled to a pension benefit, a firefighter must have completed a minimum of 10 years of service with the fire department, 10 years membership in the Association, and attain the age of 50 years. The firefighter will then be 60% vested with every year after that at 4% per year until the 20th year when 100% vesting will occur. Because this plan is a defined contribution plan, the amount of the retirement benefit is not predetermined, but rather is based on the individual member’s allocable portion of contributions made during the participation period.

Firefighters also have the availability of other pensions such as deferred pension, disability pension, death benefits, and supplemental death benefits. Each of these other pensions are determined based on age and years of service.

C. Contributions Required and Contributions Made

Contributions to the plan include State Fire Aid pursuant to Minnesota Statutes Chapter 69. In addition, the City is allowed to make voluntary contributions of other public funds pursuant to Minnesota Statutes Chapter 69. The City’s contribution to the Association in 2012, including both city and state fire aid passed through the City totaled \$118,124. This contribution represents 69% of the current 2012 covered payroll of \$170,936.

There were no current year changes in plan provisions.

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS PLAN

A. Plan Description

The City provides post-employment healthcare benefits as required by Minnesota Statute 471.61 subdivision 2b. Active employees, who retire from the City when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the City health benefits program. Retirees are required to pay 100% of the total group rate. Since the premium is a blended rate determined on the entire active and retiree population, the retirees, whose costs are statistically higher than the group average, are receiving an implicit rate “subsidy”.

The City has used the alternative valuation method set forth in GASB Statement No. 45 to determine the materiality of Other Post-Employment Benefits, OPEB. The plan does not issue a publicly available financial report.

B. Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements. The City Council may change the funding policy at any time.

C. Annual OPEB Cost and Net OPEB Obligation

The City’s annual OPEB cost (expense) is calculated based on annual required contributions (ARC) of the City, an amount determined on an actuarially determined basis in accordance with the parameters of GASB Statement Nos. 43 and 45. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the City’s net OPEB obligation to the plan:

Annual required contribution	\$	71,155
Interest on net OPEB obligation		9,664
Adjustment to annual required contribution		(8,288)
Annual OPEB cost (expense)		72,531
Contributions made		(7,636)
Increase in net OPEB obligation		64,895
Net OPEB obligation - beginning of year		214,747
Net OPEB obligation - end of year	\$	279,642

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual Plan Sponsor Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2010	\$ 87,580	\$ 15,994	18%	\$ 141,817
December 31, 2011	\$ 90,444	\$ 17,514	19%	\$ 214,747
December 31, 2012	\$ 72,531	\$ 7,636	11%	\$ 279,642

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

D. Funded Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$539,281 as the plan is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$4,555,326, and the ratio of the UAAL to the covered payroll was 11.84%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and ARC's of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress immediately following the notes to basic financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

F. Actuarial Assumptions

OPEB benefits were calculated under the Projected Unit Credit cost method with a 30-year amortization of unfunded liability (open basis). OPEB benefits were attributed linearly to each assumed decrement age based on the ratio of a participant's accrued service on the valuation date to their projected service at each decrement age. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) based on the City's own investments and an annual healthcare trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after 12 years. Both rates include a 3.75% payroll growth rate assumption.

NOTE 12 – FLEXIBLE BENEFIT PLAN

The City has a flexible benefit plan which is classified as a "cafeteria plan" (the Plan) under § 125 of the Internal Revenue Code. All full-time and part-time regular employees of the City are eligible. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the Plan for health and dental care, dependent care, life insurance premiums, and disability insurance benefits. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant.

Before the beginning of the plan year, which is from January 1 to December 31, each participant designates a total amount of pre-tax dollars to be contributed to the Plan during the year. At December 31, the City is contingently liable for claims against the total amount of participants' annual contributions to the health and dental care portion of the Plan, whether or not such contributions have been made.

NOTE 12 – FLEXIBLE BENEFIT PLAN (CONTINUED)

The City serves as trustee and utilized the service of Americas Veba Solutions - Genesis to handle all plan record keeping. The Plan is included within the General Fund in the financial statements.

All property of the Plan and income attributable to that property is solely the property of the City subject to the claims of the City’s general creditors. Participants’ rights under the Plan are equal to those of general creditors of the City in an amount equal to the eligible healthcare and dependent care expenses incurred by the participants. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 13 – TAX INCREMENT FINANCING REVENUE NOTES

The City has entered into several private development agreements regarding certain tax increment properties. Reimbursements to developers for special trunk assessments were contemplated in the development agreements. The vehicle used for this reimbursement is called a tax increment revenue note.

These notes provide for the payment of principal, equal to the developer’s costs, plus interest at various rates. In each case, payments on the loans will be made at the lesser of the note payment or the actual net tax increment received (or a reduced percentage received in certain cases) during specific years as stated in the agreement. Payments are first applied to accrued interest and then to principal balances. The notes are cancelled at the end of the agreement term, whether or not they have been repaid. Any additional tax increments received in years following the term are retained by the City.

The outstanding principal balance as of December 31, 2012 for all of these agreements was \$472,557. This amount is not included in long-term debt because of the nature of these notes in that repayment is required only if sufficient tax increments are received. The City’s position is that these are obligations to assign future and uncertain revenue sources and these obligations are not actual debt in substance.

NOTE 14 – DEPOSITS PAYABLE

Platting and performance deposits are accounted for in the City’s Agency Fund. A summary of the 2012 changes in deposits is as follows:

Total deposits payable at January 1, 2012	\$ 607,671
Add deposits received	521,578
Less payments from deposit account	<u>(520,482)</u>
Total deposits payable at December 31, 2012	<u>\$ 608,767</u>

NOTE 15 – INDUSTRIAL AND LEASE REVENUE BONDS

From time to time, the City has issued Industrial Revenue Bonds and Lease Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received 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 issuance. Neither the City, the state of Minnesota, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2012, there were two series of Industrial Revenue Bonds and one Lease Revenue Bond outstanding with aggregate principal amounts payable of \$3,343,546 and \$10,240,000 respectively.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

A. Commitments for Construction

At December 31, 2012, the City is committed to various construction contracts for the improvement of city property. The City's remaining commitment under these contracts is \$227,662. The City has resources available to cover these commitments.

B. Federal and State Revenue

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of claims which may be disallowed by the grantor agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

C. Legal Claims

The City has the usual and customary type of miscellaneous legal claims pending at year-end. Although the outcome of these lawsuits is not presently determinable, the City's management believes that the City will not incur any material monetary loss resulting from these claims. No loss has been recorded on the City's financial statements relating to these claims.

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

NOTE 17 – OPERATING LEASE

The City is the lessor of an operating lease. In February 2010, the City of Ramsey entered into a five-year agreement to lease approximately 2200 square feet of office space on the ground floor of the Ramsey Municipal Center to Anoka County for the operation of a license center. The lease is due to terminate on June 30, 2015. The cost of the leased spaced is included in the total municipal center building cost of \$12,856,588, of which \$1,543,100 has been depreciated to date. These amounts are recorded in the City's capital assets. The City of Ramsey collected \$43,523 in lease revenue for the fiscal year ended December 31, 2012. The following is an estimate of the future lease payments:

<u>Year Ending December 31,</u>	<u>Lease Payments</u>
2013	\$ 44,461
2014	45,350
January 1 -June 30, 2015	23,129
Total	<u>\$ 112,940</u>

Lease payments may increase each year based on the increase in the Consumer Price Index – U.S. City Averages for ALL Urban Consumers as published by the Bureau of Labor Statistics of the United States Department of Labor for Urban Wage Earners and Clerical Workers for All Items (CPI-W).

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REQUIRED SUPPLEMENTARY INFORMATION

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REQUIRED SUPPLEMENTARY INFORMATION

Other Post-Employment Benefits Plan Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Payroll
January 1, 2009	\$ 553,972	\$ -	\$ 553,972	0.00%	\$ 6,067,829	9.13% *
January 1, 2012	\$ 539,281	\$ -	\$ 539,281	0.00%	\$ 4,555,326	11.84%

* The January 1, 2009 actuary study required in the year of implementation.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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CITY OF RAMSEY

Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2012

	Special Revenue	Debt Service	Capital Project	Totals
Assets				
Cash and temporary investments	\$ 2,029,751	\$ 838,013	\$ 3,877,278	\$ 6,745,042
Cash and investments held by trustee	-	3,819,095	-	3,819,095
Receivables				
Unremitted taxes	923	1,632	-	2,555
Delinquent taxes	7,827	10,051	-	17,878
Accounts	4,850	-	42,712	47,562
Due from other funds	67,500	-	-	67,500
Due from other governmental units	11,753	-	-	11,753
Land held for resale	621,150	-	-	621,150
Total assets	\$ 2,743,754	\$ 4,668,791	\$ 3,919,990	\$ 11,332,535
Liabilities and Fund Balances				
Liabilities				
Accounts and contracts payable	\$ 34,662	\$ -	\$ 31,029	\$ 65,691
Due to other governmental units	1,426	-	-	1,426
Due to other funds	-	-	67,500	67,500
Deferred revenue	7,827	10,051	-	17,878
Advances from other funds	-	-	612,496	612,496
Total liabilities	43,915	10,051	711,025	764,991
Fund balances				
Restricted	1,753,527	4,658,740	828,049	7,240,316
Committed	946,312	-	-	946,312
Assigned	-	-	2,734,104	2,734,104
Unassigned	-	-	(353,188)	(353,188)
Total fund balance	2,699,839	4,658,740	3,208,965	10,567,544
Total liabilities and fund balances	\$ 2,743,754	\$ 4,668,791	\$ 3,919,990	\$ 11,332,535

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CITY OF RAMSEY

Nonmajor Governmental Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2012

	Special Revenue	Debt Service	Capital Project	Totals
Revenue				
Property taxes	\$ 170,916	\$ 333,518	\$ 44,520	\$ 548,954
Special assessments	-	73,405	-	73,405
Intergovernmental revenues	18,616	475,228	465,767	959,611
Charges for services	-	-	1,192,551	1,192,551
Other revenue				
Investment earnings	34,634	20,551	73,032	128,217
Miscellaneous	203,725	838,510	324,892	1,367,127
Total revenue	<u>427,891</u>	<u>1,741,212</u>	<u>2,100,762</u>	<u>4,269,865</u>
Expenditures				
Current				
General government	215,314	-	59,302	274,616
Highways and streets	-	-	348,737	348,737
Culture and recreation	-	-	774	774
Capital outlay	-	-	668,405	668,405
Debt service				
Principal retirement	-	800,000	-	800,000
Interest and fiscal charges	-	535,814	-	535,814
Total expenditures	<u>215,314</u>	<u>1,335,814</u>	<u>1,077,218</u>	<u>2,628,346</u>
Excess (deficiency) of revenue over expenditures	212,577	405,398	1,023,544	1,641,519
Other financing sources (uses)				
Bonds issued	-	494,262	-	494,262
Proceeds on sale of capital assets	11,753	-	-	11,753
Premium/(Discount) on debt issues	-	(67,445)	-	(67,445)
Transfers in	-	228,856	415,970	644,826
Transfers (out)	(108,291)	-	(117,760)	(226,051)
Total other financing sources (uses)	<u>(96,538)</u>	<u>655,673</u>	<u>298,210</u>	<u>857,345</u>
Net change in fund balances	116,039	1,061,071	1,321,754	2,498,864
Fund balances				
Beginning of year	<u>2,583,800</u>	<u>3,597,669</u>	<u>1,887,211</u>	<u>8,068,680</u>
End of year	<u>\$ 2,699,839</u>	<u>\$ 4,658,740</u>	<u>\$ 3,208,965</u>	<u>\$ 10,567,544</u>

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NONMAJOR SPECIAL REVENUE FUNDS

Nonmajor Special Revenue Funds are used to account for revenue derived from specific revenue sources that are legally restricted or committed to expenditures for specific purposes.

Landfill Tipping Fee Fund – used to account for landfill tipping fees received by the City in accordance with Ordinance 84-14, Chapter 130.10 of the Ramsey City Code, as authorized by Minnesota Statutes § 115A.921 of the Solid Waste Management Act. This revenue is for the purpose of mitigating and compensating for local risks, cost, and other adverse effects of landfill facilities.

Revolving Loan Fund – used to account for loans authorized by the City to prospective private businesses in accordance with Chapter 469 of the Minnesota Statutes.

Future Sealcoating Fund – used to account for contributions from developers/owners for sealcoating.

Lawful Gambling Fund – used to account for lawful gambling revenues received by the City as authorized by Minnesota State Statutes Chapter 349.

Peace Officers Fund – used to account for post-board reimbursement and other restricted revenues which must be used exclusively for in-service training and other expenditures as specified.

Developer’s Fees Fund – used to account for demand fees that will be used for storm water management.

General Govt Special Projects Fund – used to account for resources accumulated and expenditures related to special General Government projects.

Economic Development Authority Fund – used to account for revenues and expenditures associated with economic development activities within the City.

CITY OF RAMSEY

Nonmajor Special Revenue Funds
 Combining Balance Sheet
 December 31, 2012

	<u>Landfill Tipping Fee</u>	<u>Revolving Loan</u>	<u>Future Sealcoating</u>	<u>Lawful Gambling</u>
Assets				
Cash and temporary investments	\$ 166,785	\$ 307,873	\$ 95,402	\$ 162,627
Receivables				
Unremitted taxes	-	-	-	-
Delinquent taxes	-	-	-	-
Accounts	-	-	-	4,850
Due from other funds	-	-	-	-
Due from other governmental units	-	-	-	-
Land held for resale	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 166,785</u>	<u>\$ 307,873</u>	<u>\$ 95,402</u>	<u>\$ 167,477</u>
Liabilities and Fund Balances				
Liabilities				
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ 5,000
Due to other governmental units	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u> </u>	<u> </u>	<u> </u>	<u>5,000</u>
Fund balances:				
Restricted	166,785	-	-	162,477
Committed	-	307,873	95,402	-
Total fund balances	<u>166,785</u>	<u>307,873</u>	<u>95,402</u>	<u>162,477</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 166,785</u>	<u>\$ 307,873</u>	<u>\$ 95,402</u>	<u>\$ 167,477</u>

<u>Peace Officers</u>	<u>Developer's Fees</u>	<u>General Govt Special Projects</u>	<u>Economic Development Authority</u>	<u>Totals</u>
\$ 65,565	\$ 456,110	\$ 75,174	\$ 700,215	\$ 2,029,751
-	-	-	923	923
-	-	-	7,827	7,827
-	-	-	-	4,850
-	-	-	67,500	67,500
-	-	11,753	-	11,753
-	-	-	621,150	621,150
<u>\$ 65,565</u>	<u>\$ 456,110</u>	<u>\$ 86,927</u>	<u>\$ 1,397,615</u>	<u>\$ 2,743,754</u>
\$ -	\$ -	\$ -	\$ 29,662	\$ 34,662
114	-	-	1,312	1,426
-	-	-	7,827	7,827
<u>114</u>	<u>-</u>	<u>-</u>	<u>38,801</u>	<u>43,915</u>
65,451	-	-	1,358,814	1,753,527
-	456,110	86,927	-	946,312
<u>65,451</u>	<u>456,110</u>	<u>86,927</u>	<u>1,358,814</u>	<u>2,699,839</u>
<u>\$ 65,565</u>	<u>\$ 456,110</u>	<u>\$ 86,927</u>	<u>\$ 1,397,615</u>	<u>\$ 2,743,754</u>

CITY OF RAMSEY

Nonmajor Special Revenue Funds

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2012

	<u>Landfill Tipping Fee</u>	<u>Revolving Loan</u>	<u>Future Sealcoating</u>	<u>Lawful Gambling</u>
Revenue				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-
Other revenue				
Investment earnings	3,478	4,816	-	2,379
Miscellaneous	-	20,438	-	34,984
Total revenue	<u>3,478</u>	<u>25,254</u>	<u>-</u>	<u>37,363</u>
Expenditures				
Current				
General government	-	2,827	-	13,000
Excess (deficiency) of revenue over expenditures	3,478	22,427	-	24,363
Other financing sources (uses)				
Proceeds on sale of capital assets	-	-	-	-
Transfers (out)	(87,364)	-	(20,927)	-
Total other financing sources (uses)	<u>(87,364)</u>	<u>-</u>	<u>(20,927)</u>	<u>-</u>
Net change in fund balances	(83,886)	22,427	(20,927)	24,363
Fund balances				
Beginning of year	<u>250,671</u>	<u>285,446</u>	<u>116,329</u>	<u>138,114</u>
End of year	<u>\$ 166,785</u>	<u>\$ 307,873</u>	<u>\$ 95,402</u>	<u>\$ 162,477</u>

<u>Peace Officers</u>	<u>Developer's Fees</u>	<u>General Govt Special Projects</u>	<u>Economic Development Authority</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ 170,916	\$ 170,916
18,616	-	-	-	18,616
1,182	6,318	1,167	15,294	34,634
10,673	102,905	34,725	-	203,725
<u>30,471</u>	<u>109,223</u>	<u>35,892</u>	<u>186,210</u>	<u>427,891</u>
<u>45,553</u>	<u>-</u>	<u>31,895</u>	<u>122,039</u>	<u>215,314</u>
(15,082)	109,223	3,997	64,171	212,577
-	-	11,753	-	11,753
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(108,291)</u>
<u>-</u>	<u>-</u>	<u>11,753</u>	<u>-</u>	<u>(96,538)</u>
(15,082)	109,223	15,750	64,171	116,039
<u>80,533</u>	<u>346,887</u>	<u>71,177</u>	<u>1,294,643</u>	<u>2,583,800</u>
<u>\$ 65,451</u>	<u>\$ 456,110</u>	<u>\$ 86,927</u>	<u>\$ 1,358,814</u>	<u>\$ 2,699,839</u>

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CITY OF RAMSEY

Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Economic Development Authority – Budget and Actual
 Year Ended December 31, 2012

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Property taxes	\$ 169,853	\$ 170,916	\$ 170,916	\$ -
Other revenue				
Investment earnings	3,000	3,000	15,294	12,294
Total revenue	<u>172,853</u>	<u>173,916</u>	<u>186,210</u>	<u>12,294</u>
Expenditures				
Current				
General government	172,722	122,039	122,039	-
Capital Outlay	-	600,000	-	(600,000)
Total expenditures	<u>172,722</u>	<u>722,039</u>	<u>122,039</u>	<u>(600,000)</u>
Net change in fund balances	<u>\$ 131</u>	<u>\$ (548,123)</u>	64,171	<u>\$ 612,294</u>
Fund balances				
Beginning of year			<u>1,294,643</u>	
End of year			<u>\$ 1,358,814</u>	

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NONMAJOR DEBT SERVICE FUNDS

Nonmajor Debt Service Funds are used to account for the accumulation of resources used for the payment of principal and interest on long-term debt.

2001A Taxable Tax Increment Bonds – The \$1,680,000 General Obligation Tax Increment Bond is to finance the purchase of land known as the Maken and Sauter parcels in TIF Districts No. 2 and 8.

2001B/2007B Tax Increment Bonds – The \$920,000 General Obligation Tax Increment Bond is to finance public improvements on the Makens parcel in TIF District No. 8. The original issue was refunded with a \$945,000 General Obligation Tax Increment Refunding Bond in 2007.

2004A Capital Improvement Refunding Bonds – The \$1,480,000 General Obligation Capital Improvement Refunding Bond was to refund the Public Facility Lease Revenue Bond of 1999A.

2005B/2011 Refund GO Improvement Bonds – The \$4,335,000 General Obligation Improvement Bonds of 2005A is to finance the County's portion of the AUAR roadway improvements around The COR. In 2011, \$3,090,000 Series 2011B Improvement Crossover Refunding bonds were issued to refund the 2005B Series bonds that will be called on December 15, 2014.

2005C Capital Equipment Certificates – The \$745,000 General Obligation Capital Equipment Certificate of Indebtedness is to finance the acquisition of capital equipment.

2007A Capital Equipment Certificates – The \$790,000 General Obligation Capital Equipment Certificate of Indebtedness is to finance the acquisition of capital equipment.

2009A State Aid Road Bond – The \$1,340,000 General Obligation Tax State Aid Road Bond is to finance the construction of Sunfish Lake Boulevard.

2011A Armstrong/Bunker Bond – The \$4,365,000 Series 2011A bonds will be repaid with annual allotments of Municipal State Aid and an annual assessment per the assessment agreement between the city of Ramsey and Hageman Holdings for the improvements that were necessary for the future Legacy School

2012B Residence at the COR Bond – The \$7,320,000 Series 2012B were Taxable General Obligation Tax Increment bonds that were issued to pay for certain qualified costs related to the construction of The Residence at the COR Apartments within Tax Increment District 14 in the city.

CITY OF RAMSEY

Nonmajor Debt Service Funds
 Combining Balance Sheet
 December 31, 2012

	2011A Taxable Tax Increment Bonds	2011B/2007B Tax Increment Bonds	2004A Capital Improvement Refunding Bonds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and temporary investments	\$ -	\$ -	\$ 189,228
Cash and investments held by trustee	-	-	-
Receivables			
Unremitted taxes	-	-	734
Delinquent taxes	-	-	4,521
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,483</u>
Liabilities and Fund Balances			
Liabilities			
Deferred revenue	\$ -	\$ -	\$ 4,521
Fund balances:			
Restricted	<u> </u>	<u> </u>	<u>189,962</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,483</u>

2005B/2011 Refund G.O. Improvement Bonds	2005C Capital Equipment Certificates	2007A Capital Equipment Certificates	2009A State Aid Road Bond
\$ 77,253	\$ 19,316	\$ 227,633	\$ 41,860
3,008,833	-	-	-
-	-	898	-
-	-	5,530	-
<u>\$ 3,086,086</u>	<u>\$ 19,316</u>	<u>\$ 234,061</u>	<u>\$ 41,860</u>
\$ -	\$ -	\$ 5,530	\$ -
<u>3,086,086</u>	<u>19,316</u>	<u>228,531</u>	<u>41,860</u>
<u>\$ 3,086,086</u>	<u>\$ 19,316</u>	<u>\$ 234,061</u>	<u>\$ 41,860</u>

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CITY OF RAMSEY

Nonmajor Debt Service Funds
 Combining Balance Sheet (continued)
 December 31, 2012

	2011A Armstrong/Bunker Bond	2012B Residence at the COR Bond	Totals
Assets			
Cash and temporary investments	\$ 282,723	\$ -	\$ 838,013
Cash and investments held by trustee	-	810,262	3,819,095
Receivables			
Unremitted taxes	-	-	1,632
Delinquent taxes	-	-	10,051
	<u>282,723</u>	<u>810,262</u>	<u>4,668,791</u>
Total assets	<u>\$ 282,723</u>	<u>\$ 810,262</u>	<u>\$ 4,668,791</u>
Liabilities and Fund Balances			
Liabilities			
Deferred revenue	\$ -	\$ -	\$ 10,051
Fund balances:			
Restricted	<u>282,723</u>	<u>810,262</u>	<u>4,658,740</u>
Total liabilities and fund balances	<u>\$ 282,723</u>	<u>\$ 810,262</u>	<u>\$ 4,668,791</u>

CITY OF RAMSEY

Nonmajor Debt Service Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2012

	2001A Taxable Tax Increment Bonds	2001B/2007B Tax Increment Bonds	2004A Capital Improvement Refunding Bonds
Revenue			
Property taxes	\$ -	\$ -	\$ 150,015
Special assessments	-	-	-
Intergovernmental revenue	-	-	-
Other revenue			
Investment earnings	-	-	1,538
Miscellaneous	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>151,553</u>
Expenditures			
Debt service			
Principal retirement	-	200,000	115,000
Interest and fiscal charges	431	28,425	26,075
Total expenditures	<u>431</u>	<u>228,425</u>	<u>141,075</u>
Excess (deficiency) of revenue over expenditures	(431)	(228,425)	10,478
Other financing sources (uses)			
Bonds issued	-	-	-
Premium/(Discounts) on debt issues	-	-	-
Transfers in	431	228,425	-
Total other financing sources (uses)	<u>431</u>	<u>228,425</u>	<u>-</u>
Net change in fund balances	-	-	10,478
Fund balances			
Beginning of year	<u>-</u>	<u>-</u>	<u>179,484</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,962</u>

2005B/2011 Refund G.O. Improvement Bonds	2005C Capital Equipment Certificates	2007A Capital Equipment Certificates	2009A State Aid Road Bond
\$ -	\$ -	\$ 183,503	\$ -
-	-	-	-
-	-	-	174,097
15,829	-	2,018	569
338,510	-	-	-
<u>354,339</u>	<u>-</u>	<u>185,521</u>	<u>174,666</u>
190,000	-	170,000	125,000
224,355	-	3,188	36,368
<u>414,355</u>	<u>-</u>	<u>173,188</u>	<u>161,368</u>
(60,016)	-	12,333	13,298
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(60,016)	-	12,333	13,298
3,146,102	19,316	216,198	28,562
<u>\$ 3,086,086</u>	<u>\$ 19,316</u>	<u>\$ 228,531</u>	<u>\$ 41,860</u>

(continued)

CITY OF RAMSEY

Nonmajor Debt Service Funds

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (continued)
 Year Ended December 31, 2012

	2011A Armstrong/Bunker Bond	2012B Residence at the COR Bond	Totals
Revenue			
Property taxes	\$ -	\$ -	\$ 333,518
Special assessments	73,405	-	73,405
Intergovernmental revenue	301,131	-	475,228
Other revenue			
Investment earnings	175	422	20,551
Miscellaneous	-	500,000	838,510
Total revenue	<u>374,711</u>	<u>500,422</u>	<u>1,741,212</u>
Expenditures			
Debt service			
Principal retirement	-	-	800,000
Interest and fiscal charges	<u>99,995</u>	<u>116,977</u>	<u>535,814</u>
Total expenditures	<u>99,995</u>	<u>116,977</u>	<u>1,335,814</u>
Excess (deficiency) of revenue over expenditures	274,716	383,445	405,398
Other financing sources (uses)			
Bonds issued	-	494,262	494,262
Premium/(Discounts) on debt issues	-	(67,445)	(67,445)
Transfers in	-	-	228,856
Total other financing sources (uses)	<u>-</u>	<u>426,817</u>	<u>655,673</u>
Net change in fund balances	274,716	810,262	1,061,071
Fund balances			
Beginning of year	<u>8,007</u>	<u>-</u>	<u>3,597,669</u>
End of year	<u>\$ 282,723</u>	<u>\$ 810,262</u>	<u>\$ 4,658,740</u>

NONMAJOR CAPITAL PROJECTS FUNDS

Nonmajor Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

State-Aid Construction Fund – used to account for state-aid allotments used by the City for improvement projects to thoroughfare roads within the City.

Revolving Acquisition Loan Fund (RALF Funded Projects) Fund – This fund is used to account for resources and expenditures related to the purchase of property for future state road development.

Public Facilities Construction Fund – used to account for the resources to be used for land acquisition and the construction of public facilities.

Trott Brook Cemetery Perpetual Care Fund – used to account for perpetual care fees collected on the sale of cemetery plots in Trott Brook Cemetery.

Mississippi River Subdrainage Fund – used to account for all costs that are associated with the Storm Water Subdrainage District No. 1.

Park Improvement Fund – used to account for all park dedication fees to be used for land acquisition and park development.

Parking Ramp Maintenance Fund – used to account for all expenditures that the City incurs to operate, maintain, and repair the parking ramp with costs to be allocated to the affected users.

2012 Riverdale Drive Fund – used to account for all costs that are associated with reconstructing Riverdale Drive.

2012 Street Maintenance Fund – used to account for the resources to be used to finance the City's share of the annual street maintenance program.

North Commons Park Fund – used to account for resources and expenditures related to the development of the North Commons Park located in The COR.

CITY OF RAMSEY

Nonmajor Capital Project Funds
 Combining Balance Sheet
 December 31, 2012

	State-Aid Construction	RALF Funded Projects	Public Facilities Construction
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and temporary investments	\$ 828,049	\$ 64,451	\$ 285,589
Receivables			
Accounts	<u> —</u>	<u> 2,966</u>	<u> —</u>
Total assets	<u>\$ 828,049</u>	<u>\$ 67,417</u>	<u>\$ 285,589</u>
Liabilities and Fund Balances			
Liabilities			
Accounts and contracts payable	\$ —	\$ 2,392	\$ —
Due to other funds	—	67,500	—
Advances from other funds	<u> —</u>	<u> —</u>	<u> 612,496</u>
Total liabilities	—	69,892	612,496
Fund balances:			
Restricted	828,049	—	—
Assigned	—	—	—
Unassigned	<u> —</u>	<u> (2,475)</u>	<u> (326,907)</u>
Total fund balances	<u>828,049</u>	<u>(2,475)</u>	<u>(326,907)</u>
Total liabilities and fund balances	<u>\$ 828,049</u>	<u>\$ 67,417</u>	<u>\$ 285,589</u>

<u>Trott Brook Cemetery Perpetual Care</u>	<u>Mississippi River Subdrainage</u>	<u>Park Improvement</u>	<u>Parking Ramp Maintenance</u>
\$ 34,425	\$ -	\$ 2,649,355	\$ 15,409
<u>-</u>	<u>-</u>	<u>-</u>	<u>39,746</u>
<u>\$ 34,425</u>	<u>\$ -</u>	<u>\$ 2,649,355</u>	<u>\$ 55,155</u>
\$ -	\$ -	\$ -	\$ 4,831
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,831</u>
-	-	-	-
34,425	-	2,649,355	50,324
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>34,425</u>	<u>-</u>	<u>2,649,355</u>	<u>50,324</u>
<u>\$ 34,425</u>	<u>\$ -</u>	<u>\$ 2,649,355</u>	<u>\$ 55,155</u>

(continued)

CITY OF RAMSEY

Nonmajor Capital Project Funds
 Combining Balance Sheet (continued)
 December 31, 2012

	2012 <u>Riverdale Drive</u>	2012 <u>Street Maintenance</u>	North Commons <u>Park</u>	<u>Totals</u>
Assets				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ 3,877,278
Receivables				
Accounts	-	-	-	42,712
<u> </u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,712</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,919,990</u>
Liabilities and Fund Balances				
Liabilities				
Accounts and contracts payable	\$ -	\$ -	\$ 23,806	\$ 31,029
Due to other funds	-	-	-	67,500
Advances from other funds	-	-	-	612,496
<u> </u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>612,496</u>
Total liabilities	-	-	23,806	711,025
Fund balances:				
Restricted	-	-	-	828,049
Assigned	-	-	-	2,734,104
Unassigned	-	-	(23,806)	(353,188)
<u> </u>	<u>-</u>	<u>-</u>	<u>(23,806)</u>	<u>(353,188)</u>
Total fund balances	-	-	(23,806)	3,208,965
<u> </u>	<u>-</u>	<u>-</u>	<u>(23,806)</u>	<u>3,208,965</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,919,990</u>

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CITY OF RAMSEY

Nonmajor Capital Project Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2012

	State-Aid Construction	RALF Funded Projects	Public Facilities Construction
Revenue			
Property taxes	\$ -	\$ -	\$ 44,520
Intergovernmental revenue	465,767	-	-
Charges for services	-	121,507	-
Other revenue			
Investment earnings	12,398	-	3,373
Miscellaneous	-	237,131	-
Total revenue	<u>478,165</u>	<u>358,638</u>	<u>47,893</u>
Expenditures			
Current			
General government	-	-	-
Highways and streets	-	230,892	12,884
Culture and recreation	-	-	-
Capital outlay	6,133	-	-
Total expenditures	<u>6,133</u>	<u>230,892</u>	<u>12,884</u>
Excess (deficiency) of revenue over expenditures	472,032	127,746	35,009
Other financing sources (uses)			
Transfers in	66,129	-	71,705
Transfers (out)	<u>(73,784)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,655)</u>	<u>-</u>	<u>71,705</u>
Net change in fund balances	464,377	127,746	106,714
Fund balances (deficit)			
Beginning of year	<u>363,672</u>	<u>(130,221)</u>	<u>(433,621)</u>
End of year	<u>\$ 828,049</u>	<u>\$ (2,475)</u>	<u>\$ (326,907)</u>

<u>Trott Brook Cemetery Perpetual Care</u>	<u>Mississippi River Subdrainage</u>	<u>Park Improvement</u>	<u>Parking Ramp Maintenance</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	637,567	-
543	-	56,490	228
-	-	355	87,406
<u>543</u>	<u>-</u>	<u>694,412</u>	<u>87,634</u>
-	-	-	59,302
-	-	-	-
-	-	774	-
-	-	132,925	-
<u>-</u>	<u>-</u>	<u>133,699</u>	<u>59,302</u>
543	-	560,713	28,332
-	-	101,111	-
<u>-</u>	<u>(43,976)</u>	<u>-</u>	<u>-</u>
-	(43,976)	101,111	-
543	(43,976)	661,824	28,332
<u>33,882</u>	<u>43,976</u>	<u>1,987,531</u>	<u>21,992</u>
<u>\$ 34,425</u>	<u>\$ -</u>	<u>\$ 2,649,355</u>	<u>\$ 50,324</u>

(continued)

CITY OF RAMSEY

Nonmajor Capital Project Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (continued)
 Year Ended December 31, 2012

	2012 <u>Riverdale Drive</u>	2012 <u>Street Maintenance</u>	North Commons <u>Park</u>	<u>Totals</u>
Revenue				
Property taxes	\$ -	\$ -	\$ -	\$ 44,520
Intergovernmental revenue	-	-	-	465,767
Charges for services	-	433,477	-	1,192,551
Other revenue				
Investment earnings	-	-	-	73,032
Miscellaneous	-	-	-	324,892
Total revenue	<u>-</u>	<u>433,477</u>	<u>-</u>	<u>2,100,762</u>
Expenditures				
Current				
General government	-	-	-	59,302
Highways and streets	978	384	103,599	348,737
Culture and recreation	-	-	-	774
Capital outlay	<u>2,625</u>	<u>526,722</u>	<u>-</u>	<u>668,405</u>
Total expenditures	<u>3,603</u>	<u>527,106</u>	<u>103,599</u>	<u>1,077,218</u>
Excess (deficiency) of revenue over expenditures	(3,603)	(93,629)	(103,599)	1,023,544
Other financing sources (uses)				
Transfers in	3,603	93,629	79,793	415,970
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(117,760)</u>
Total other financing sources (uses)	<u>3,603</u>	<u>93,629</u>	<u>79,793</u>	<u>298,210</u>
Net change in fund balances	-	-	(23,806)	1,321,754
Fund balances (deficit)				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,887,211</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,806)</u>	<u>\$ 3,208,965</u>

AGENCY FUND

The Agency Fund is used to account for assets held by the City in the capacity of agent.

Agency Fund – This fund is used to account for deposits held for developers as security for various services. In addition it accounts for property purchased on behalf of the state and the related liability for future state highway improvements.

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CITY OF RAMSEY

Agency Fund
Statement of Changes in Assets and Liabilities
Year Ended December 31, 2012

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Assets				
Cash and temporary investments	\$ 579,025	\$ 144,097	\$ 150,612	\$ 572,510
Receivables				
Accounts	32,152	15,437	7,718	39,871
Assets held for resale	<u>12,734,868</u>	<u>—</u>	<u>—</u>	<u>12,734,868</u>
 Total assets	 <u><u>\$ 13,346,045</u></u>	 <u><u>\$ 159,534</u></u>	 <u><u>\$ 158,330</u></u>	 <u><u>\$ 13,347,249</u></u>
Liabilities				
Accounts payable	\$ 3,506	\$ 123,446	\$ 123,338	\$ 3,614
Deposits payable	607,671	521,578	520,482	608,767
Loans Payable to Met Council	<u>12,734,868</u>	<u>—</u>	<u>—</u>	<u>12,734,868</u>
 Total liabilities	 <u><u>\$ 13,346,045</u></u>	 <u><u>\$ 645,024</u></u>	 <u><u>\$ 643,820</u></u>	 <u><u>\$ 13,347,249</u></u>

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STATISTICAL AND OTHER INFORMATION (UNAUDITED)

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STATISTICAL SECTION

This part of the City of Ramsey's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	<u>130-135</u>
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	<u>136-139</u>
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	<u>140-143</u>
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	<u>144-145</u>
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	<u>146-148</u>

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

City of Ramsey
Net Position by Component
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities									
Net investment in capital assets	\$ 8,768,136	\$ 12,267,296	\$ 23,424,366	\$ 27,548,267	\$ 31,255,476	\$ 34,736,969	\$ 38,466,812	\$ 39,794,321	\$ 41,998,822
Restricted	7,597,395	18,296,241	13,860,707	16,626,010	20,919,497	21,780,289	21,604,295	22,103,948	14,632,006
Unrestricted	14,837,113	19,265,380	18,428,817	17,500,206	18,403,564	16,902,526	14,450,911	14,433,838	7,298,825
Total governmental activities net position	<u>\$ 31,202,644</u>	<u>\$ 49,828,917</u>	<u>\$ 55,713,890</u>	<u>\$ 61,674,483</u>	<u>\$ 70,578,537</u>	<u>\$ 73,419,784</u>	<u>\$ 74,522,018</u>	<u>\$ 76,332,107</u>	<u>\$ 63,929,653</u>
Business-type activities									
Net investment in capital assets	\$ 31,664,220	\$ 36,311,701	\$ 47,334,422	\$ 49,173,058	\$ 49,355,232	\$ 51,823,362	\$ 52,500,049	\$ 51,748,092	\$ 50,843,868
Unrestricted	13,281,078	17,013,900	17,739,362	20,926,874	22,525,196	21,633,010	22,845,759	23,764,060	27,486,732
Total business-type activities net position	<u>\$ 44,945,298</u>	<u>\$ 53,325,601</u>	<u>\$ 65,073,784</u>	<u>\$ 70,099,932</u>	<u>\$ 71,880,428</u>	<u>\$ 73,456,372</u>	<u>\$ 75,345,808</u>	<u>\$ 75,512,152</u>	<u>\$ 78,330,600</u>
Total government									
Net investment in capital assets	\$ 40,432,356	\$ 48,578,997	\$ 70,758,788	\$ 76,721,325	\$ 80,610,708	\$ 86,560,331	\$ 90,966,861	\$ 91,542,413	\$ 92,842,690
Restricted	7,597,395	18,296,241	13,860,707	16,626,010	20,919,497	21,780,289	21,604,295	22,103,948	14,632,006
Unrestricted	28,118,191	36,279,280	36,168,179	38,427,080	40,928,760	38,535,536	37,296,670	38,197,898	34,785,557
Total government net position	<u>\$ 76,147,942</u>	<u>\$ 103,154,518</u>	<u>\$ 120,787,674</u>	<u>\$ 131,774,415</u>	<u>\$ 142,458,965</u>	<u>\$ 146,876,156</u>	<u>\$ 149,867,826</u>	<u>\$ 151,844,259</u>	<u>\$ 142,260,253</u>

Note 1: The City implemented GASB Statement No. 34 in fiscal year 2004. This information is not available for previous fiscal years.

City of Ramsey
Changes in Net Position
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental activities:									
General government	\$ 4,465,269	\$ 7,093,819	\$ 10,515,659	\$ 3,878,438	\$ 4,862,284	\$ 4,690,824	\$ 4,998,807	\$ 5,559,732	\$ 18,976,842
Public safety	2,960,192	3,422,844	3,780,436	3,809,016	4,313,520	4,438,324	4,153,361	4,307,045	4,218,066
Highways and streets	1,231,632	1,637,803	1,892,391	2,689,259	3,756,861	4,795,460	5,791,896	6,129,272	5,659,428
Culture and recreation	625,960	719,591	887,158	977,766	1,064,587	1,067,125	1,048,690	1,267,292	1,216,583
Interest and fiscal charges	733,164	756,527	1,437,427	1,415,874	1,342,305	1,330,224	1,316,893	1,302,228	2,555,567
Total governmental activities expenses	<u>10,016,217</u>	<u>13,630,584</u>	<u>18,513,071</u>	<u>12,770,353</u>	<u>15,339,557</u>	<u>16,321,957</u>	<u>17,309,647</u>	<u>18,565,569</u>	<u>32,626,486</u>
Business-type activities:									
Water utility	812,186	851,196	906,795	912,094	1,247,248	1,291,952	1,295,721	1,358,050	1,228,012
Sewer utility	660,230	740,917	771,870	838,452	883,214	1,076,451	1,101,554	1,149,318	1,152,760
Street light utility	81,832	88,881	108,639	110,837	123,839	148,140	158,369	163,758	165,651
Recycling utility	174,897	196,654	232,052	283,746	300,755	298,631	307,662	302,947	302,936
Storm water utility	250,037	279,824	258,731	440,697	300,444	358,522	350,521	410,666	496,309
Total business-type activities	<u>1,979,182</u>	<u>2,157,472</u>	<u>2,278,087</u>	<u>2,585,826</u>	<u>2,855,500</u>	<u>3,173,696</u>	<u>3,213,827</u>	<u>3,384,739</u>	<u>3,345,668</u>
Total government expenses	<u>\$ 11,995,399</u>	<u>\$ 15,788,056</u>	<u>\$ 20,791,158</u>	<u>\$ 15,356,179</u>	<u>\$ 18,195,057</u>	<u>\$ 19,495,653</u>	<u>\$ 20,523,474</u>	<u>\$ 21,950,308</u>	<u>\$ 35,972,154</u>
Program Revenues									
Governmental activities:									
Charges for services:									
General government	\$ 214,882	\$ 220,619	\$ 138,500	\$ 395,697	\$ 347,633	\$ 303,122	\$ 344,922	\$ 313,195	\$ 416,152
Public safety	1,986,667	1,825,878	1,133,013	654,796	1,048,086	802,196	979,828	918,296	1,177,840
Highways and streets	390,569	601,448	759,143	537,660	494,996	284,026	487,507	738,136	81,159
Culture and recreation	1,158,255	1,312,641	623,523	668,521	6,905	19,763	27,016	9,910	628,571
Operating grants and contributions	655,299	14,044,119	1,892,686	3,025,480	2,201,372	614,816	326,986	298,077	2,008,709
Capital grants and contributions	6,975,214	4,201,673	7,944,042	522,815	5,122,028	2,700,471	2,828,240	4,187,265	3,866,331
Total governmental activities program revenues	<u>11,380,886</u>	<u>22,206,378</u>	<u>12,490,907</u>	<u>5,804,969</u>	<u>9,221,020</u>	<u>4,724,394</u>	<u>4,994,499</u>	<u>6,464,879</u>	<u>8,178,762</u>
Business-type activities:									
Charges for services:									
Water utility	910,012	1,062,524	1,317,203	1,440,658	1,539,665	1,693,581	1,633,461	1,821,386	2,131,460
Sewer utility	840,684	939,478	1,044,271	1,100,948	1,208,843	1,214,953	1,261,609	1,236,771	1,324,342
Street light utility	120,677	144,882	167,548	173,541	183,560	172,897	179,272	178,850	179,124
Recycling utility	184,037	202,060	251,224	291,152	332,682	284,515	294,617	297,226	296,358
Storm water utility	373,306	438,214	475,548	503,553	566,506	578,666	617,598	617,579	647,169
Operating grants and contributions	-	-	-	-	-	59,963	49,873	50,279	57,239
Capital grants and contributions	7,371,133	7,199,843	9,694,600	2,242,294	373,612	102,512	310,040	88,349	1,315,030
Total business-type activities program revenues	<u>9,799,849</u>	<u>9,987,001</u>	<u>12,950,394</u>	<u>5,752,146</u>	<u>4,204,868</u>	<u>4,107,087</u>	<u>4,346,470</u>	<u>4,290,440</u>	<u>5,950,722</u>
Total government program revenues	<u>\$ 21,180,735</u>	<u>\$ 32,193,379</u>	<u>\$ 25,441,301</u>	<u>\$ 11,557,115</u>	<u>\$ 13,425,888</u>	<u>\$ 8,831,481</u>	<u>\$ 9,340,969</u>	<u>\$ 10,755,319</u>	<u>\$ 14,129,484</u>
Net (expense)/revenue									
Governmental activities	\$ 1,364,669	\$ 8,575,794	\$ (6,022,164)	\$ (6,965,384)	\$ (6,118,537)	\$ (11,597,563)	\$ (12,315,148)	\$ (12,100,690)	\$ (24,447,724)
Business-type activities	7,820,667	7,829,529	10,672,307	3,166,320	1,349,368	933,391	1,132,643	905,701	2,605,054
Total government net expense	<u>\$ 9,185,336</u>	<u>\$ 16,405,323</u>	<u>\$ 4,650,143</u>	<u>\$ (3,799,064)</u>	<u>\$ (4,769,169)</u>	<u>\$ (10,664,172)</u>	<u>\$ (11,182,505)</u>	<u>\$ (11,194,989)</u>	<u>\$ (21,842,670)</u>
General Revenues and Other Changes in Net Position									
Governmental activities:									
Property taxes	\$ 7,954,549	\$ 8,807,253	\$ 10,409,249	\$ 11,562,407	\$ 12,345,279	\$ 13,019,854	\$ 12,144,908	\$ 11,671,760	\$ 11,454,519
General grants and contributions	506,401	250,483	48,331	508,664	310,111	204,752	114,692	120,932	9,175
Investment earnings	576,300	1,139,598	1,686,095	1,648,318	1,736,468	1,116,588	1,283,533	903,786	474,076
Sale of capital assets	-	15,237	26,585	24,795	57,975	5,816	-	14,716	-
Transfers	47,000	(162,092)	(263,123)	(818,207)	572,758	91,800	(125,751)	1,199,585	107,500
Total governmental activities	<u>9,084,250</u>	<u>10,050,479</u>	<u>11,907,137</u>	<u>12,925,977</u>	<u>15,022,591</u>	<u>14,438,810</u>	<u>13,417,382</u>	<u>13,910,779</u>	<u>12,045,270</u>
Business-type activities:									
Investment earnings	263,042	388,682	812,753	1,041,621	1,003,886	734,353	631,042	460,228	320,894
Transfers	(47,000)	162,092	263,123	818,207	(572,758)	(91,800)	125,751	(1,199,585)	(107,500)
Total business-type activities	<u>216,042</u>	<u>550,774</u>	<u>1,075,876</u>	<u>1,859,828</u>	<u>431,128</u>	<u>642,553</u>	<u>756,793</u>	<u>(739,357)</u>	<u>213,394</u>
Total government	<u>\$ 9,300,292</u>	<u>\$ 10,601,253</u>	<u>\$ 12,983,013</u>	<u>\$ 14,785,805</u>	<u>\$ 15,453,719</u>	<u>\$ 15,081,363</u>	<u>\$ 14,174,175</u>	<u>\$ 13,171,422</u>	<u>\$ 12,258,664</u>
Change in Net Position									
Governmental activities	\$ 10,448,919	\$ 18,626,273	\$ 5,884,973	\$ 5,960,593	\$ 8,904,054	\$ 2,841,247	\$ 1,102,234	\$ 1,810,089	\$ (12,402,454)
Business-type activities	8,036,709	8,380,303	11,748,183	5,026,148	1,780,496	1,575,944	1,889,436	166,344	2,818,448
Total government	<u>\$ 18,485,628</u>	<u>\$ 27,006,576</u>	<u>\$ 17,633,156</u>	<u>\$ 10,986,741</u>	<u>\$ 10,684,550</u>	<u>\$ 4,417,191</u>	<u>\$ 2,991,670</u>	<u>\$ 1,976,433</u>	<u>\$ (9,584,006)</u>

Note: The City implemented GASB Statement No. 34 in fiscal year 2004. This information is not available for previous fiscal years.

City of Ramsey
Governmental Activities Tax Revenues By Source
Last Nine Fiscal Years
(accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Tax Increment</u>	<u>Franchise Tax (1)</u>	<u>Total</u>
2004	\$ 5,240,875	\$ 2,713,674	\$ 404,881	\$ 8,359,430
2005	6,015,874	2,791,379	—	8,807,253
2006	7,491,431	2,917,818	—	10,409,249
2007	8,501,628	3,060,779	—	11,562,407
2008	9,032,267	3,313,012	—	12,345,279
2009	9,494,094	3,525,760	—	13,019,854
2010	8,531,043	3,613,865	—	12,144,908
2011	8,048,173	3,623,587	—	11,671,760
2012	8,750,754	2,703,765	—	11,454,519

Note: The City implemented GASB Statement No. 34 in fiscal year 2004.
This information is not available for previous fiscal years.

(1) Year 2004 was the first and only year of tax

City of Ramsey
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>Fiscal Year</u> <u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General fund										
Reserved	\$ 70,231	\$ 4,702	\$ 5,039	\$ 2,340	\$ 109,775	\$ 5,351	\$ 6,794	\$ 14,115	\$ -	\$ -
Unreserved	4,003,350	5,072,617	5,580,227	6,118,854	6,902,495	6,973,197	7,010,159	6,045,644	-	-
Nonspendable	-	-	-	-	-	-	-	-	9,929	4,042
Assigned	-	-	-	-	-	-	-	-	125,015	142,419
Unassigned	-	-	-	-	-	-	-	-	6,253,688	6,578,822
Total general fund	<u>\$ 4,073,581</u>	<u>\$ 5,077,319</u>	<u>\$ 5,585,266</u>	<u>\$ 6,121,194</u>	<u>\$ 7,012,270</u>	<u>\$ 6,978,548</u>	<u>\$ 7,016,953</u>	<u>\$ 6,059,759</u>	<u>\$ 6,388,632</u>	<u>\$ 6,725,283</u>
All other governmental funds										
Reserved	\$ 1,799,962	\$ 519,989	\$ 15,845,592	\$ 1,921,969	\$ 1,028,346	\$ 2,864,874	\$ 12,898,120	\$ 12,906,280	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	9,983,810	16,180,946	6,122,329	5,255,220	6,994,395	9,131,758	5,973,123	6,632,439	-	-
Debt service funds	347,911	1,399,889	2,184,019	1,754,262	2,001,431	2,393,118	2,344,463	2,524,951	-	-
Capital projects funds	9,274,314	2,653,369	14,401,743	13,477,202	13,721,728	13,190,165	12,777,036	10,291,562	-	-
Nonspendable	-	-	-	-	-	-	-	-	304	-
Restricted	-	-	-	-	-	-	-	-	25,032,219	17,606,291
Committed	-	-	-	-	-	-	-	-	819,839	946,312
Assigned	-	-	-	-	-	-	-	-	10,552,354	9,962,381
Unassigned	-	-	-	-	-	-	-	-	(853,086)	(456,692)
Total all other governmental funds	<u>\$ 21,405,997</u>	<u>\$ 20,754,193</u>	<u>\$ 38,553,683</u>	<u>\$ 22,408,653</u>	<u>\$ 23,745,900</u>	<u>\$ 27,579,915</u>	<u>\$ 33,992,742</u>	<u>\$ 32,355,232</u>	<u>\$ 35,551,630</u>	<u>\$ 28,058,292</u>

Note: The City implemented GASB Statement No. 54 in fiscal year 2011. Redefined fund balance for categories nonspendable, restricted, committed, assigned, and unassigned is not available for previous fiscal years.

City of Ramsey
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues										
Property taxes	\$ 6,785,605	\$ 7,631,497	\$ 8,421,955	\$ 9,880,606	\$ 11,359,235	\$ 12,101,523	\$ 13,238,885	\$ 12,151,317	\$ 11,709,649	\$ 11,545,803
Special assessments	240,098	235,954	3,771,480	1,057,724	597,562	503,718	446,452	492,870	545,764	436,854
Licenses and permits	838,034	1,430,626	1,266,111	797,491	680,717	855,914	373,462	412,071	368,153	534,910
Intergovernmental revenue	1,102,235	4,441,460	4,124,766	4,944,306	1,763,110	2,622,219	1,733,329	2,029,558	3,140,747	3,736,095
Charges for services	1,391,584	2,226,342	2,560,089	1,760,007	1,401,329	609,223	947,307	1,319,586	1,517,320	1,681,400
Fines and forfeits	72,577	106,757	108,014	113,337	130,325	126,559	113,661	100,199	105,833	75,562
Investment earnings	472,319	567,085	1,128,984	1,665,885	1,623,146	1,715,220	1,102,245	1,269,263	895,184	468,032
Miscellaneous	1,714,978	1,379,788	1,523,182	836,441	1,910,172	4,041,273	1,422,878	838,148	746,505	1,909,229
Total Revenues	\$ 12,617,430	\$ 18,019,509	\$ 22,904,581	\$ 21,055,797	\$ 19,465,596	\$ 22,575,649	\$ 19,378,219	\$ 18,613,012	\$ 19,029,155	\$ 20,387,885
Expenditures										
General government	\$ 3,260,473	\$ 4,383,699	\$ 7,008,854	\$ 10,234,225	\$ 3,955,708	\$ 4,227,391	\$ 3,933,652	\$ 4,280,825	\$ 4,847,669	\$ 18,291,512
Public safety	2,177,494	2,634,606	3,053,299	3,414,823	3,822,983	3,941,648	3,945,154	3,779,318	3,886,613	3,860,697
Highways and streets	923,149	1,031,146	1,312,903	1,449,249	1,904,031	2,868,137	2,282,505	2,753,505	4,944,097	4,391,415
Culture and recreation	476,039	540,121	632,253	743,016	820,780	901,042	861,406	817,538	857,927	836,452
Capital outlay	2,359,905	7,265,787	13,775,696	18,206,034	4,165,759	4,484,807	4,429,123	6,353,954	6,589,201	3,370,128
Debt service										
Principal	1,211,000	1,457,000	2,929,000	1,780,000	1,702,000	2,010,000	3,430,000	2,235,000	1,810,000	1,485,000
Interest	646,013	750,430	444,862	1,960,137	1,412,972	1,352,656	1,331,563	1,322,871	1,220,906	2,681,176
Total Expenditures	\$ 11,054,073	\$ 18,062,789	\$ 29,156,867	\$ 37,787,484	\$ 17,784,233	\$ 19,785,681	\$ 20,213,403	\$ 21,543,011	\$ 24,156,413	\$ 34,916,380
Excess of revenues over (under) expenditures	\$ 1,563,357	\$ (43,280)	\$ (6,252,286)	\$ (16,731,687)	\$ 1,681,363	\$ 2,789,968	\$ (835,184)	\$ (2,929,999)	\$ (5,127,258)	\$ (14,528,495)
Other financing sources (uses)										
Bonds issued	\$ 2,874,608	\$ 1,825,000	\$ 24,280,000	\$ 1,035,000	\$ 1,735,000	\$ -	\$ 1,340,000	\$ -	\$ 4,365,000	\$ 7,320,000
Refunding bonds issued	-	-	-	-	-	-	-	-	3,090,000	16,875,000
Premium/(Discount) on debt issues	-	(26,786)	209,229	-	-	-	(25,125)	-	(22,036)	284,907
Payments on refunded bonds	(925,000)	(1,450,000)	-	-	(920,000)	-	-	-	-	(17,227,352)
Proceeds on sale of capital assets	-	-	16,794	26,585	24,795	57,975	28,545	8,361	19,980	11,753
Transfers in	4,232,918	5,253,617	4,899,448	5,166,609	4,169,062	4,364,931	5,620,998	7,782,837	3,864,855	6,237,727
Transfers (out)	(4,193,918)	(5,206,617)	(4,845,748)	(5,105,609)	(4,461,897)	(3,412,581)	(5,529,198)	(7,455,903)	(2,665,270)	(6,130,227)
Total other financing sources (uses)	\$ 1,988,608	\$ 395,214	\$ 24,559,723	\$ 1,122,585	\$ 546,960	\$ 1,010,325	\$ 1,435,220	\$ 335,295	\$ 8,652,529	\$ 7,371,808
Special item	-	-	-	-	-	-	5,851,196	-	-	-
Net change in fund balances	\$ 3,551,965	\$ 351,934	\$ 18,307,437	\$ (15,609,102)	\$ 2,228,323	\$ 3,800,293	\$ 6,451,232	\$ (2,594,704)	\$ 3,525,271	\$ (7,156,687)
Debt service as a percentage of noncapital expenditures	21.36%	20.44%	21.94%	19.10%	22.87%	21.98%	30.17%	23.42%	17.25%	13.21%

City of Ramsey
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>Fiscal Year</u>		<u>Property Tax</u>		<u>Tax Increment</u>		<u>Franchise Tax (1)</u>		<u>Total</u>
2003	\$	4,463,028	\$	2,322,577	\$	-	\$	6,785,605
2004		4,917,823		2,713,674		404,881		8,036,378
2005		5,630,576		2,791,379		-		8,421,955
2006		6,962,788		2,917,818		-		9,880,606
2007		8,298,456		3,060,779		-		11,359,235
2008		8,788,511		3,313,012		-		12,101,523
2009		9,713,125		3,525,760		-		13,238,885
2010		8,537,452		3,613,865		-		12,151,317
2011		8,086,062		3,623,587		-		11,709,649
2012		8,842,038		2,703,765		-		11,545,803

(1) First and only year of tax

City of Ramsey
Taxable Market Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended Dec 31	Real Property		Personal Property	Total Taxable Market Value	Tax Capacity Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Market Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Other (1)					
2003	\$ 1,132,636,100	\$ 155,759,200		\$ 1,288,395,300	\$ 12,463,345	39.353%	\$ 1,513,876,770	85.11%
2004	1,203,665,700	173,641,700	\$ 14,361,100	1,391,668,500	14,215,115	37.439%	1,460,482,300	95.29%
2005	1,408,912,900	196,311,700	15,244,800	1,620,469,400	15,892,622	38.182%	1,681,213,200	96.39%
2006	1,629,842,600	227,059,300	15,096,100	1,871,998,000	18,847,207	39.352%	1,921,741,700	97.41%
2007	1,880,483,000	269,566,300	15,262,600	2,165,311,900	22,640,697	39.222%	2,210,610,800	97.95%
2008	1,966,005,400	306,596,800	15,820,200	2,288,422,400	23,857,278	39.282%	2,336,127,900	97.96%
2009	2,005,067,600	347,622,600	16,932,200	2,369,622,400	25,040,188	39.263%	2,408,464,200	98.39%
2010	1,845,420,600	327,882,200	17,277,000	2,190,579,800	23,787,900	37.811%	2,232,018,600	98.14%
2011	1,659,908,100	301,333,900	18,253,100	1,979,495,100	20,609,005	39.801%	2,015,100,000	98.23%
2012	1,606,421,000	282,627,300	17,640,900	1,906,689,200	19,881,220	44.174%	1,939,707,200	98.30%

Source: Anoka County records were the source of taxable market value and estimated actual values.

(1) Information not available before fiscal year 2004

**City of Ramsey
Property Tax Rates (1)
Direct and Overlapping (2) Governments
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>City of Ramsey</u>			<u>County</u>	<u>School District</u>		<u>Other</u>	<u>Total</u>	
	<u>General Operating Levy</u>	<u>Debt Service Levy</u>	<u>Total City Levy</u>	<u>Anoka County</u>	<u>ISD No 11</u>	<u>ISD No 728</u>	<u>Special Taxing Districts (3)</u>	<u>Direct & Overlapping Rates-ISD No 11</u>	<u>Direct & Overlapping Rates-ISD No 728</u>
Tax rates per \$100 of tax capacity									
2003	36.962	2.391	39.353	37.714	26.941	41.352	6.071	110.079	124.490
2004	35.297	2.142	37.439	35.221	21.050	30.953	6.393	100.103	110.006
2005	35.206	2.976	38.182	33.080	21.492	32.848	4.955	97.709	109.065
2006	35.447	3.905	39.352	33.869	20.046	35.950	4.382	97.649	113.553
2007	33.234	5.988	39.222	32.391	19.353	33.208	4.016	94.982	108.837
2008	35.093	4.189	39.282	33.888	16.983	32.344	3.967	94.120	109.481
2009	34.685	4.578	39.263	33.563	18.247	36.088	3.803	94.876	112.717
2010	33.080	4.731	37.811	36.855	19.939	39.967	4.961	99.566	119.594
2011	35.840	3.961	39.801	41.708	23.999	43.489	4.905	110.413	129.903
2012	37.186	6.988	44.174	43.298	23.325	45.548	4.124	114.921	137.144

Source: Anoka County records

- (1) Information reflects total tax rates levied by each entity. Tax rates are expressed as a percent of "net tax capacity." A property's tax capacity is determined by multiplying its taxable market value by a state-determined class rate. Class rates vary by property type and change periodically based on state legislation.
- (2) Overlapping rates are those of local and county governments that apply to property owners within the City of Ramsey. Not all overlapping rates apply to all City of Ramsey property owners (e.g., the rates for special districts may apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district.)
- (3) Other taxing districts include the Metropolitan Council, Regional Transit Area, Mosquito Control, and the Anoka County Regional Railroad Authority.

**City of Ramsey
Principal Property Taxpayers
Current Year And Nine Years Ago**

Taxpayer	2012			2003		
	<u>Taxable Market Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Market Value</u>	<u>Taxable Market Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Market Value</u>
Connexus Energy/Anoka Electric Co-op	\$ 20,112,200	1	1.05%	\$ 15,714,700	1	1.22%
S & A Partners, LLC	11,985,700	2	0.63%	4,936,700	4	0.38%
Sophia-Ramsey LLC	8,599,300	3	0.45%	-	-	-
Brunswick Corporation	8,447,200	4	0.44%	8,096,200	2	0.63%
21st Century Bank	7,352,700	5	0.39%	-	-	-
Insight Equity APX LP	6,995,200	6	0.37%	-	-	-
PSD LLC	6,263,500	7	0.33%	-	-	-
Minnegasco	5,941,500	8	0.31%	3,075,000	8	0.24%
Zero Zone Refrigeration, LLC	5,104,800	9	0.27%	-	-	-
Molin Concrete Products Company	4,569,100	10	0.24%	-	-	-
Vision Ease Lens				6,373,000	3	0.49%
GB Properties				3,623,500	5	0.28%
Mateski Properties				3,610,000	6	0.28%
Knoll Properties				3,322,600	7	0.26%
Peck Properties				2,852,900	9	0.22%
McKinley Properties				2,852,900	10	0.22%

Source: County Board of Equalization and Assessment

**City of Ramsey
Property Tax Levies and Collections (1)
Last Ten Fiscal Years**

<u>Fiscal Year Ended December 31</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (2)</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2003	\$ 4,904,700	\$ 4,627,168	94.34%	\$ 277,532	\$ 4,904,700	100.00%
2004	5,321,997	5,043,135	94.76%	278,862	5,321,997	100.00%
2005	6,068,121	5,800,683	95.59%	267,433	6,068,116	100.00%
2006	7,416,753	7,150,100	96.40%	265,989	7,416,089	99.99%
2007	8,880,134	8,677,815	97.72%	198,464	8,876,279	99.96%
2008	9,371,616	8,917,124	95.15%	441,689	9,358,813	99.86%
2009	9,831,529	9,374,414	95.35%	427,043	9,801,457	99.69%
2010	8,994,443	8,432,354	93.75%	425,130	8,857,484	98.48%
2011	8,497,158	7,975,431	93.86%	401,265	8,376,696	98.58%
2012	8,782,330	8,616,750	98.11%	-	8,616,750	98.11%

(1) Includes general, debt service and HRA levy. Does not include property tax revenue in the form of tax increments.

(2) Includes property tax credit collections shown in intergovernmental revenue.

City of Ramsey
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income(1)</u>	<u>Per Capita(1)</u>
	<u>General Obligation Bonded Debt</u>	<u>Capital Equipment Certificates</u>			
2003	\$ 11,745,000	\$ 983,000	\$ 12,728,000	1.87%	\$ 612
2004	10,500,000	1,146,000	11,646,000	1.55%	525
2005	31,380,000	1,617,000	32,997,000	4.14%	1,434
2006	30,990,000	1,262,000	32,252,000	4.05%	1,402
2007	29,675,000	1,690,000	31,365,000	3.46%	1,301
2008	28,235,000	1,120,000	29,355,000	3.14%	1,218
2009	26,570,000	695,000	27,265,000	2.80%	1,122
2010	24,695,000	335,000	25,030,000	2.64%	1,058
2011	30,505,000	170,000	30,675,000	3.34%	1,294
2012	36,345,000	-	36,345,000	5.02%	1,525

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

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

City of Ramsey
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund (3)</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property(1)</u>	<u>Per Capita(2)</u>
2003	\$ 11,745,000	\$ 1,600,766	\$ 10,144,234	0.67%	488
2004	10,500,000	1,399,889	9,100,111	0.62%	410
2005	31,380,000	2,184,019	29,195,981	1.74%	1,269
2006	30,990,000	1,754,262	29,235,738	1.52%	1,244
2007	29,675,000	2,001,431	27,673,569	1.25%	1,148
2008	28,235,000	2,393,118	25,841,882	1.11%	1,072
2009	26,570,000	2,344,463	24,225,537	1.01%	997
2010	24,695,000	2,524,951	22,170,049	0.99%	937
2011	30,505,000	5,753,130	24,751,870	1.23%	1,044
2012	36,345,000	5,618,631	30,726,369	1.58%	1,289

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

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

(3) Amount available in Debt Service Fund is as stated on the Governmental Funds Balance Sheet.

City of Ramsey
Direct and Overlapping Governmental Activities Debt
As of December 31, 2012

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable(1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Anoka County	\$ 145,945,000	6.42%	\$ 9,372,734
ISD No. 11, Anoka-Hennepin	103,140,572	8.74%	9,014,692
ISD No. 728, Elk River	179,690,000	3.85%	6,915,190
Metropolitan Council	168,665,000	0.62%	<u>1,049,265</u>
Subtotal, overlapping debt			<u>26,351,881</u>
City of Ramsey direct debt	36,345,000	100.00%	<u>36,345,000</u>
Total direct and overlapping debt			<u>\$ 62,696,881</u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment. Debt outstanding data provided by the 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 Ramsey. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

**City of Ramsey
Legal Debt Margin Information
Last Ten Fiscal Years**

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit*	\$ 25,767,906	\$ 29,209,646	\$ 33,624,264	\$ 38,434,834	\$ 43,306,238	\$ 68,652,672	\$ 71,088,672	\$ 65,717,394	\$ 59,384,853	\$ 57,200,676
Total net debt applicable to limit	<u>2,147,668</u>	<u>2,474,766</u>	<u>20,027,702</u>	<u>19,572,702</u>	<u>20,073,569</u>	<u>19,046,615</u>	<u>17,825,537</u>	<u>16,465,049</u>	<u>12,206,870</u>	<u>15,675,147</u>
Legal debt margin	<u>\$ 23,620,238</u>	<u>\$ 26,734,880</u>	<u>\$ 13,596,562</u>	<u>\$ 18,862,132</u>	<u>\$ 23,232,669</u>	<u>\$ 49,606,057</u>	<u>\$ 53,263,135</u>	<u>\$ 49,252,345</u>	<u>\$ 47,177,983</u>	<u>\$ 41,525,529</u>
Total net debt applicable to limit as a percentage of debt limit	8.33%	8.47%	59.56%	50.92%	46.35%	27.74%	25.08%	25.05%	20.56%	27.40%

Legal Debt Margin Calculation for Fiscal Year 2011

Taxable Market value	\$ 1,906,689,200
Debt limit (3%* of market value)	57,200,676
Debt applicable to limit:	
Total bonded debt	\$ 36,345,000
Less:	
Obligations issued with special assessments	(11,700,000)
Obligations issued with tax increments	(7,820,000)
Amounts available in respective Debt Service Funds	<u>(1,149,853)</u>
Total deductions	<u>(20,669,853)</u>
	<u>15,675,147</u>
Legal debt margin	<u>\$ 41,525,529</u>

Note: Under state finance law, the City of Ramsey's outstanding general obligation debt should not exceed 3 percent of total taxable market value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

* The statutory limit on debt of Minnesota municipalities increased June 30, 2008 from 2 to 3 percent.

**City of Ramsey
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (3)	School Enrollment (4)	Unemployment Rate (5)
2003	20,800 \$	679,660,800 \$	32,676	4,154	4.2
2004	22,200	751,921,854	33,870	3,668	3.8
2005	23,008	796,383,601	34,613	3,725	3.0
2006	23,500	837,537,203	35,640	3,570	3.4
2007	24,100	905,557,500	37,575	3,769	4.2
2008	24,100	933,730,400	38,744	3,757	6.7
2009	24,300	974,430,972	40,100 *	3,818	7.8
2010	23,668	949,086,800	40,100 **	5,503	7.3
2011	23,702	917,504,420	38,710	3,757	6.7
2012	23,835	724,488,660	30,396	3,714	5.2

(1) Years 2003-2009 population based on combination of Metropolitan Council estimates and City of Ramsey estimates generated from building permit data. In 2010, the United States Census Bureau completed its decennial census showing continued growth; however, the 2010 census revealed a lower persons per household than used in population estimates based on building permit data by the city. 2011 data based off of 2010 census and City of Ramsey estimates.

(2) Calculated based on Per Capita Personal Income (Anoka County average) times Ramsey population.

(3) U.S. Department of Commerce, Bureau of Economic Analysis - Anoka County Average.

(4) Anoka-Hennepin School District No. 11 and Elk River School District #728. 2009/2010 increase result of new 2010 Census data.

(5) Minnesota Department of Employment and Economic Development

* Estimated based on state annual increase

** Used prior year as best estimated

**City of Ramsey
Principal Employers
Current Year And Nine Years Ago**

<u>Employer</u>	<u>2012</u>			<u>2003</u>		
	<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
BMC Vision Ease Lens	355	1	6.65%	400	1	7.49%
Life Fitness (Parabody Inc.)	350	2	6.56%	280	2	5.25%
Connexus Energy/Anoka Electric	230	3	4.31%	230	3	4.31%
Anderson & Dahlen (Knoll Properties)	150	4	2.81%	160	4	3.00%
Ramsey Elementary	135	5	2.53%	120	5	2.25%
Zero Zone Refrigeration	130	6	2.44%			
Altron Inc.	120	7	2.25%	104	6	1.95%
Waltek	108	8	2.02%			
RJM/General Paper Products	100	9	1.87%			
Diamond Graphics	100	10	1.87%			
Command Tooling				84	7	1.57%
City of Ramsey				63	8	1.18%
Systematic Refrigeration				60	9	1.12%
Wendell's Inc.				57	10	1.07%

Source: State Department of Employment and Economic Development

(1) Full-time equivalent

City of Ramsey
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General government	19.85	21.85	21.97	22.77	23.02	23.02	21.22	20.22	19.10	18.60
Public safety										
Police										
Officers	18.00	20.00	22.00	23.00	24.00	25.00	23.00	23.00	23.00	23.00
Civilians	2.50	3.50	3.50	3.50	4.00	4.00	5.00	5.00	5.00	5.00
Fire										
Firefighters and officers	8.08	9.58	9.58	9.58	9.58	9.58	9.58	9.58	9.58	9.58
Civilians	-	-	0.50	1.00	1.00	1.00	1.00	1.00	1.00	0.50
Protective Inspections	3.50	5.00	7.00	7.00	7.00	7.00	3.00	2.00	1.00	1.00
Highways and streets										
Engineering	5.00	6.00	6.48	7.48	8.48	8.48	7.48	6.48	6.60	6.60
Streets	7.00	7.50	7.00	8.00	8.00	8.00	7.00	7.00	7.00	7.00
Maintenance	5.00	5.50	6.00	6.00	7.00	7.00	6.00	6.00	5.00	5.00
Culture and recreation	4.09	4.09	4.22	4.22	4.22	4.22	2.47	2.47	3.47	3.47
Water	-	-	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00
Total	73.02	83.02	89.25	93.55	97.30	98.30	87.75	84.75	82.75	81.75

Source: City Budget documents

**City of Ramsey
Operating Indicators by Function
Last Ten Fiscal Years**

Function	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police										
Number of arrests	325	436	481	534	642	574	437	352	463	416
Parking violations	351	452	336	270	383	451	545	465	631	471
Traffic violations	1,965	2,702	2,917	2,544	2,156	2,913	2,875	4,008	3,488	3,292
Fire										
Number of calls answered	321	396	501	496	489	491	453	481	483	459
Inspections	-	132	272	559	527	163	194	177	260	303
Highways and streets										
Street resurfacing (miles)	10.40	21.06	19.29	17.26	20.70	17.90	15.65	16.59	14.86	22.00
Culture and recreation										
Park Acreage maintained	565	565	565	565	565	565	565	565	565	565
Trails/sidewalks maintained (miles)	30	30	30	30	30	30	30	40	45	45
Water										
Number of connections	2,516	2,945	3,306	3,542	3,709	3,850	3,914	3,962	4,013	4,087
Water main breaks	-	-	-	-	-	-	-	-	2	-
Average daily consumption (gallons)	1,200,000	1,523,288	1,575,342	1,753,425	1,917,808	1,717,808	1,754,130	1,753,425	1,616,376	1,890,290

Source: Various City departments

Note: Indicators are not available for the general city functions.

**City of Ramsey
Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	6	6	6	6	6	6	6	6	6	6
Fire stations	2	2	2	2	2	2	2	2	2	2
Highways and streets										
Streets (miles)	154.50	159.85	159.85	159.85	167.80	168.00	168.00	168.00	168.00	176.28
Streetlights	448	461	504	552	603	603	626	626	631	659
Culture and recreation										
Parks acreage	565	565	565	565	565	565	565	565	565	565
Parks *	35	35	35	35	35	35	35	35	35	35
Tennis courts	16	16	16	16	16	16	16	12	12	10
Water										
Water mains (miles)	55	55	55	55	87	87	87	87	89	90
Fire hydrants	562	562	562	562	1,000	1,000	1,000	1,000	1,020	1,030
Maximum daily capacity **	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000	5,256,000
Sewer										
Sanitary sewers (miles)	38	38	38	38	48	48	48	48	63	63
Storm sewers (miles)	15	15	15	15	15	15	15	15	15	15

Source: Various City departments

Note: Indicators are not available for the general city functions.

* The city has 35 total parks with 29 receiving some form of maintenance

** Maximum water city is able to produce in 12 hour period