



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2021**

**CITY OF INVER GROVE HEIGHTS,
MINNESOTA**

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CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2021

REPORT PREPARED BY:
FINANCE DEPARTMENT

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City of Inver Grove Heights, Minnesota
 Annual Comprehensive Financial Report
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INTRODUCTORY SECTION
CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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June 8, 2022

To the City Council and Citizens of the City of Inver Grove Heights:

Minnesota statutes require every city to issue an annual report on its financial position and activity. These must be prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with audit standards generally accepted in the United States of America by a firm of licensed certified public accountants or the Office of the State Auditor. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Inver Grove Heights for the fiscal year ended December 31, 2021.

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

The City of Inver Grove Heights' financial statements have been audited by Abdo, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Inver Grove Heights for the fiscal year ended December 31, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Inver Grove Heights' financial statements for the fiscal year ended December 31, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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



Profile of the Government

The City of Inver Grove Heights, incorporated in 1965, is a suburban community located about 12 miles south of the City of St. Paul, Minnesota and part of the Twin Cities Metropolitan Area that includes Minneapolis with a total population estimated to be 4 million. The city is in Dakota County, one of the fastest growing counties in the state in terms of population, housing, and business growth. The City of Inver Grove Heights currently occupies a land area of approximately 30 square miles and serves a population of approximately 36,000. The City of Inver Grove Heights is empowered to levy a property tax on both real and personal properties located within its boundaries. While it is empowered by state statute to extend its corporate limits by annexation, Inver Grove Heights is still developing within its corporate limits and is bordered on all sides by other incorporated communities.

The City of Inver Grove Heights became a statutory city in 1974. The City operates under a statutory form of government consisting of a four-member city council and the mayor who is a voting member. Council members serve four-year staggered terms and the mayor who serves a two-year term. Among its primary duties, the city council makes laws, sets policies, adopts budgets, and oversees a wide-ranging agenda for the community. The city administrator is appointed by the city council. The city administrator heads the administrative branch of city government and directs all city operations, projects, and programs.

The City of Inver Grove Heights provides a full range of services, including police and fire protection, the construction and maintenance of streets and other infrastructure, water and sewer services, community development support, and recreational activities and cultural events.

The annual budget serves as a foundation for the City of Inver Grove Heights' financial planning and control. All departments of the City submit requests for appropriation for the following year to the city administrator, who uses this information to develop a proposed budget. This is presented to the city council for their review. The city council is required to adopt a proposed budget and tax levy by September 30. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 28.

Factors Affecting Financial Condition

The information in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Inver Grove Heights operates.

Local Economy. The City of Inver Grove Heights continues to experience development and population growth. State Highway 52, which traverses north and south through the City, allows residents and businesses rapid and direct access directly north into downtown St. Paul and to Interstate Highway 94 which connects St. Paul with Minneapolis. This roadway has enhanced transportation throughout the metropolitan area for City residents and increased opportunity for further industrial, commercial, and residential development.



Interstate Highway 494 traverses east and west through the City and connects with Interstate Highway 694 to form a freeway loop around the entire Twin Cities Metropolitan area. The highway system provides Inver Grove Heights ready access to the downtowns of Minneapolis and St. Paul as well as the international airport located 11 miles away.

Inver Grove Heights has several large industries which account for a significant portion of the City's commercial tax capacity. Some of the industries are highly automated and consequently are major taxpayers but not major employers.

Relevant Financial Policies. In 2021, the City did not implement any new GASB policies.

The primary financial goal of the City's investment policy is to ensure the safety of principal invested by the City. Cash temporarily idle during the year is invested in instruments authorized under *Minnesota Statute No. 118A*. Instruments authorized include certificates of deposit, commercial paper, and obligations of U.S. Treasury and government agencies. To achieve diversification, the policy provides that, except for U.S. Treasury securities, no more than 50% of the City's total investment portfolio will be invested with a single institution or in a single security type. A report summarizing investment activity and demonstrating compliance with this policy is prepared on a quarterly basis for City Council review. Cash balances from all City funds are pooled into an investment fund and investment income is distributed on a pro-rata basis at the end of each quarter.

Capital financing for major municipal improvements is provided through improvement bonds, general obligation bonds, tax increment bonds, or revenue bonds. Depending upon the project, special assessments may be levied upon properties to share in the cost of the improvement project. The special assessments are collected over a period of time and are used to help satisfy the improvement bond debt. Internal financing of improvement projects is usually minimal and only for short periods of time.

In 2021, the City refinanced their 2014B General Obligation Bonds to take advantage of the market's low interest rates. During this refinancing, S& P Global Ratings raised the rating on the city's debt from AA+ to AAA, a significant milestone and a first for the City of Inver Grove Heights. The City continues to monitor for additional interest rate opportunities with potential bond refinancing targeted in 2022 or 2023.

The City has adopted a comprehensive set of internal control procedures. The City's accounting system was developed and is continually evaluated to assure the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance in the areas of safeguarding assets against loss from unauthorized use or disposition, reliability of financial records, and convenience of access for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the evaluation of cost and benefits requires estimates and judgments by management, and the cost of a control should not exceed the benefits likely to be derived. All internal controls are evaluated against the above criteria. It is our belief that the City's internal accounting controls adequately safeguard the City's assets and provides reasonable assurance of properly recording financial transactions.



Major Initiatives

Community Development

Despite dramatic jumps in the cost of land, materials and labor, an impressive level of real estate development and growth was realized in the City of Inver Grove Heights in 2021. The City's total new construction value was \$144 million, compared to a pandemic impacted \$84 million in 2020, and \$114 million in 2019. The total number of building permits issued in the city in 2021 grew by over 10% which reflects steady, sustainable growth. In 2021, building construction included over \$9 million in private sector investment in new commercial development and \$28 million in multi-family development. Construction was started on 746 new housing units including a healthy mix of single family, townhome, single floor villas, memory care/assisted living facilities and an apartment project. Another noteworthy fact demonstrating substantial homeowner investment is that the number of single-family home renovation permits more than doubled within the last three years. As a result of all this activity, 2021 construction permit revenue increased 200% over 2020 and generated just under \$6 million.

Some new commercial development projects in 2021 included a newly constructed 107,000 square foot office/warehouse building and tenant buildout for Skyline Displays at 6300 Courthouse Boulevard, Fortistar, a methane gas collection and processing facility adjacent to the Pine Bend Landfill at 2495 117th Street, STOR Self Storage (indoor and outdoor) at 9725 S Robert Trail, Christian Brothers Automotive Service Center at 9963 Diffley Lane, Caribou Coffee at 4682 S Robert Trail, and a renovation for Superior Freight at 8237 Auburn Path.

The Planning Division reviewed one new commercial plat that was approved by the City Council on land owned by Northern State Power, a subsidiary of Xcel Energy. Also reviewed and approved in 2021 were 11 new housing plats that add up to 276 new single-family housing lots, 54 townhouse lots and one new workforce housing apartment project called Babcock Crossings, as it is located at 55th and Babcock Trail on a bus route. This all sets the table nicely for a productive 2022 construction season.

In economic development activities, the Inver Grove Heights Economic Development Authority (EDA) acquired a blighted home at 1805 60th Street and demolished the blighted structure, prepared the site for sale, and sold it via RFP to a developer who constructed a 4-bedroom home on the site that fit in very well in the surrounding neighborhood. The EDA also financially supported entrepreneurs by funding the 'Open to Business' small business entrepreneurial support program for another year. The EDA partners with the Dakota County Community Development Agency and other Dakota County cities to contract for professional small business counseling services and microloan financing that is then made available to local entrepreneurs in start-up, growth, or pandemic recovery modes of business at no cost. It has been rewarding to track the local businesses this technical support has assisted.



Police Department

A key emphasis for the Police Department in 2021 was the mental health of the community and all members of the Department. All Police Department employees were required to do a one hour visit with a mental health provider and the Department is proud that all employees have completed this with a few employees utilizing additional visits. Our provider has also provided training for officers to form a peer support team and we will continue to develop this in 2022. A mental health provider also came to our office and provided debriefing for our staff after some serious incidents that officers were involved in. The Department has also selected two officers to attend training to become certified wellness instructors so they can assist all employees on fitness programs and better eating habits.

In 2021 the Department started researching the potential benefits of having a social worker embedded with the Department to work with citizens that may need services beyond law enforcement and emergency response, such as mental health services, financial services, etc. The Department submitted a letter of interest to Dakota County to partner with them on this initiative and are hoping to hear back in early 2022 if we are awarded this partnership. We would provide the workspace and access to our staff to assist the embedded social worker which would be funded by Dakota County.

In 2021 the Department also received a grant from the State of Minnesota to support a DWI/Traffic Enforcement Officer for $\frac{3}{4}$ of the year. We had such success with this officer we received the grant for 2022 as well.

Fire Department

The number of emergency calls increased from a high of 2,217 in 2020 to a new record of 2,787 in 2021, a one-year increase of 26%. Of those calls, 69%, were for rescue / emergency medical services. The rest involved a combination of different types of fires, alarms (fire/carbon monoxide), and other hazardous conditions. Approximately 8% of calls were concurrent calls, which is when more than one call comes in at the same time. With the significant increase in calls, there were pockets with high numbers of calls over consecutive days, with the peak being 67 calls in one 36-hour period.

Recruitment and retention of paid-on-call (POC) personnel continued to affect the Fire Department. In 2021, 12 firefighters resigned or retired while only 4 new hires were identified and onboarded. With this turnover, at the end of 2021, 37% of our POC firefighters had 18 months of service or less. Another 18% had 45 months or less, leaving over half of our firefighters with less than 5 years' experience.

In September of 2021, the City was fortunate to receive notice that it had been awarded a \$3.5 million federal SAFER grant, which will fund all wages and benefits for three new full-time lieutenants and six new full-time firefighters. This will allow the Department to increase service and reduce response times by having a crew on duty 24/7 at two of the city's three stations, instead of just one station.



In the fall of 2021, Citygate Associates was hired to conduct a Fire Department Service Evaluation. They will produce a Standards of Coverage document that evaluates the fire department's equipment, facilities, past performance, and the services we provide, along with the community and its risks.

The City's fifth collective bargaining unit was formed in 2021, with contract negotiations resulting in an initial contract with the International Association of Firefighters (IAFF), representing the Department's three captains, fire marshal and inspector.

Public Works

The City's long-time Public Works Director retired in February of 2021, and the position remained vacant until early-2022. Work on the City's Pavement Management Program (PMP) progressed with rehabilitation and reconstruction work on approximately 2.9 miles of streets, while adding three miles of new streets to the City's system through new development. Additionally, nine miles of street were sealcoated and 5.6 miles received crack seal maintenance treatments. Five miles of watermain, four miles of sanitary sewer, and two miles of storm sewer were also added to the City's utility system.

The City also partnered with Dakota County to begin preliminary design of a major street reconstruction and modernization project on 117th Street, between Rich Valley Boulevard and TH 52. The City also continued a partnership with Dakota County and the City of Eagan to design and reconstruct CSAH 28 (70th Street) between TH 55 and TH 3, as well as Argenta Trail (CR 63) between Amana Trail and 65th Street. This project was bid in 2021 and construction commenced and is anticipated to extend through 2023.

Parks & Recreation

The City purchased eight acres of land in the northwest area for Vista Pines Park, a new neighborhood park. Park construction began in August of 2021 and is scheduled to be completed in the summer of 2022. When finished, the park will include paved and natural trail loops, a playground, basketball court, two bike skills courses, an open green space, and a pleasure skating rink in the winter.

Efforts to design a redevelopment of South Valley Park also began in 2021. This is envisioned to include a new shelter facility, nature playground equipment, performance space, and additional parking.

The Veteran's Memorial Community Center (VMCC) celebrated its 20th Anniversary in February 2021. In late 2021, the community center saw a positive return from members, ending the year with a 17% increase over 2020 and a return to 89% of pre-pandemic levels in memberships. In addition, the community center operating expenditures were only 94% of budget while revenues finished strong at 104% of budget. Strong revenue performance in the areas of memberships and daily admissions (137%) and rentals (101%) helped cover shortfalls in some of the other revenue areas.



In recreation, staff continued to be flexible and creative in finding ways to provide both in-person and virtual activities to serve the public. COVID-19 restrictions continued to make planning and implementation of recreation programs challenging. This past year recreation offered over 2,000 individual programming opportunities to the public. In addition, staff rolled out ActiveNet, recreation's new registration software. The conversion began in late 2021 and will continue into 2022. The software will enhance the public's experience with activity registration, rentals, and public activity calendars on our webpage. Additionally, staff completed 17 Pop in Park sessions, and four focus groups as part of the community engagement process for the Parks and Recreation System Plan, and staff interacted with over 3,100 people over the summer months.

Inver Wood Golf course continues to perform well financially and remains a positive recreational asset in the community. COVID-19 contributed to another year of strong participation in golf. People were anxious to get outdoors and remain active.

Administration

In 2021, the Mayor and City Council hired a new City Administrator to lead and manage the administrative functions of the City. The new Administrator began employment in September of 2021, with a focus on filling several key staff positions and finalizing the City's 2022 budget.

With the pandemic ongoing and a desire for remote working and remote service delivery continuing, the City invested in new technology designed to increase efficiency and transparency. The public may now request public data and records from the City via an online portal powered by the software JustFOIA and city staff are working to digitize important City records for easier access and better long-term preservation using the software Laserfiche. The Building Inspections, Parks & Recreation and Human Resources teams also invested time and energy in new software and modernized processes during 2021. Additionally, the Communications Division continued its department-by-department overhaul of the City's website to enhance the information shared with the public.

For the Future

The future looks bright for Inver Grove Heights in 2022 and beyond. Continued growth and development are expected in both the residential and commercial/industrial markets, which will add to the population and tax base of the City. A corresponding focus on park development and redevelopment will ensure both active and passive recreational opportunities for residents of all ages.

The 2022 budget adopted by the City Council, along with federal grant funding received, will allow for a significant investment in staffing to serve our growing community. New staffing will be hired in 2022 for the Police and Fire Departments, as well as Public Works, Operations & Maintenance, the Finance Department, and the City Clerk's Office.

Last, but certainly not least, infrastructure management is expected to be at the forefront of the City's work in 2022, with the completion and initial implementation of a major effort to overhaul and refocus our approach to pavement management as well as a comprehensive study of the fees and rates that fund the City's water, sewer, and stormwater utilities.

ETHICS | EXCELLENCE | ENGAGEMENT

8150 Barbara Avenue | Inver Grove Heights, Minnesota 55077 | 651-450-2500 | www.ighmn.gov



Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Inver Grove Heights for its annual comprehensive financial report for the fiscal year ended December 31, 2020. This Certificate recognizes the city for publishing an easily readable and efficiently organized financial report which satisfied both GAAP and applicable legal requirements. The city has consecutively received this award since 1986.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the dedicated services of the Finance Department staff. We would like to express our appreciation to all members of the Department who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Inver Grove Heights' finances.

Respectfully submitted,

A handwritten signature in cursive script that reads "Amy Hove".

Amy Hove
Finance Director

A handwritten signature in cursive script that reads "Kristine Lynda Wilson".

Kris Wilson
City Administrator



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Inver Grove Heights
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

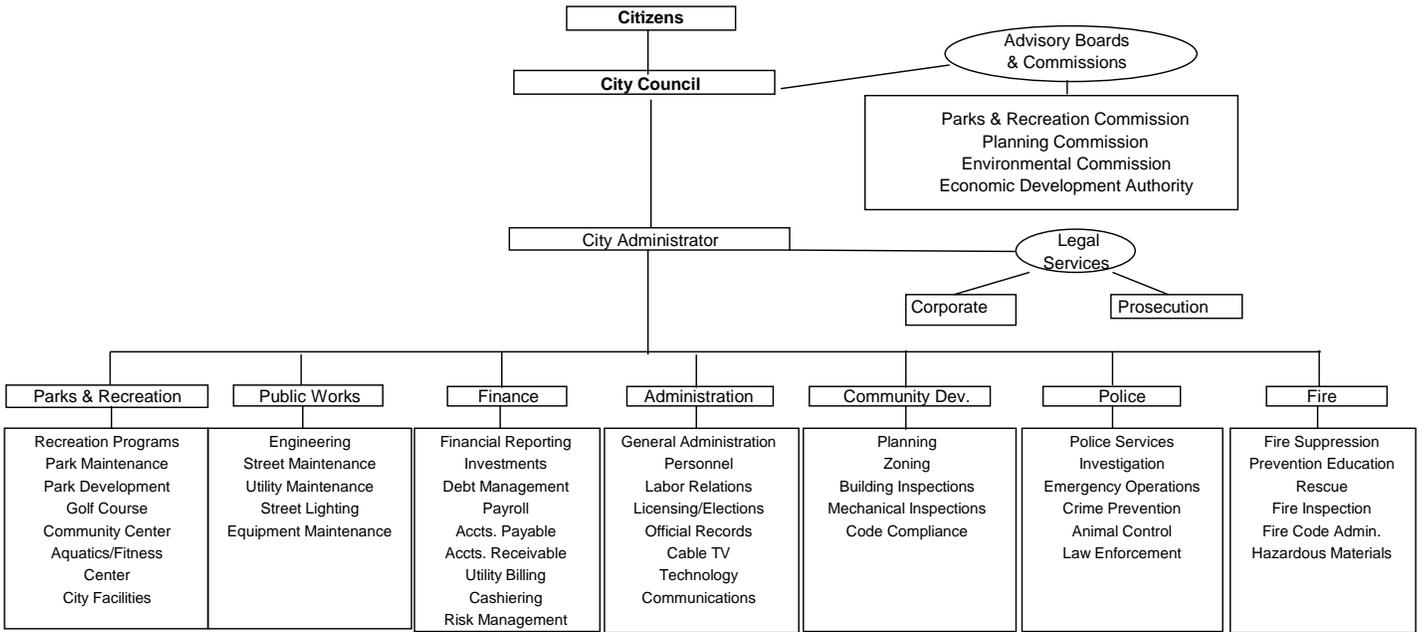
December 31, 2020

Christopher P. Morill

Executive Director/CEO

CITY OF INVER GROVE HEIGHTS, MINNESOTA

ORGANIZATION CHART



City of Inver Grove Heights, Minnesota
Elected and Appointed Officials
As of June 8, 2022

ELECTED

Name	Title	Term Expires
Tom Bartholomew	Mayor	12/31/22
Sue Gliva	Council Member	12/31/24
Rosemary Piekarski Krech	Council Member	12/31/22
John Murphy	Council Member	12/31/24
Brenda Dietrich	Council Member	12/31/22

APPOINTED

Name	Title
Kris Wilson	City Administrator
Amy Hove	Finance Director
Melissa Chiodo	Police Chief
Judy Thill	Fire Chief
Brian Connolly	Director of Public Works
Heather Rand	Community Development Director
Adam Lares	Director of Parks and Recreation

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FINANCIAL SECTION
CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Inver Grove Heights, Minnesota

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund and Community Center special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 29 and the Schedules of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions, the related notes disclosures, Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios and the Schedule of Changes in the City's OPEB Liability and Related Ratios starting on page 104 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Abdo
Minneapolis, Minnesota
June 8, 2022



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Management's Discussion and Analysis

As management of the City of Inver Grove Heights, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 11 - 18 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$253,336,847 (net position). Of this amount, \$71,094,857 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net position for governmental activities increased \$2,389,927 and business-type activities increased \$13,974,747, resulting in a total increase of \$16,364,674, mainly as a result of transitioning the Storm Water Fund from a governmental fund to an enterprise fund. The newly created enterprise fund received a transfer from the storm water governmental fund and a capital asset transfer from the governmental activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$51,923,612, an increase of \$3,182,292 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$13,095,958, or 45.9 percent of next year's budgeted expenditures.
- The City's total debt increased \$36,475, (0.41% percent) during the current fiscal year due to the timing of an end of year debt refinancing. In December 2021, the city issued new debt, 2021A refunding bonds to replace existing debt, 2014B refunding bonds. Since the 2014B bonds could not be paid off until their call date of February 1, 2022, the City carried the balance of both bonds at fiscal year end.

Overview of the Financial Statements

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, community development, and interest on long-term debt. The business-type activities of the City include water, sewer, and storm water utilities and the golf course.

The government-wide financial statements start on page 41 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and internal service funds.

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

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

The City maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Improvement Bonds, Community Center, American Rescue Plan Act fund, Closed Bond, Local Improvement Construction, Pavement Management, Developer Escrow and the Host Community funds, which are all considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund and Community Center special revenue fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with its budget.

The basic governmental fund financial statements start on page 46 of this report.

Proprietary Funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for all the water, sewer, storm water and golf course funds, which are considered to be major funds of the City. Conversely, all internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sanitary sewer, storm water and golf operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for compensated absences, risk management, central equipment maintenance, office supplies and equipment, city facilities, and technology. Because these services predominantly benefit governmental rather than business-type activities, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements start on page 56 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 63 of this report.

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 pensions and other postemployment benefits to its employees.

Required supplementary information can be found starting on page 104 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the required supplementary information.

Combining and individual fund financial statements and schedules start on page 116 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$253,336,847 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (66.5 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Inver Grove Heights' Summary of Net Position

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Assets						
Current and other assets	\$ 91,010,585	\$ 80,363,042	\$ 10,647,543	\$ 23,766,398	\$ 15,802,651	\$ 7,963,747
Capital assets, net of depreciation	139,006,065	144,925,533	(5,919,468)	71,789,279	64,608,158	7,181,121
Total Assets	230,016,650	225,288,575	4,728,075	95,555,677	80,410,809	15,144,868
Deferred Outflows of Resources						
Deferred charge on refunding	-	-	-	135,839	155,016	(19,177)
Deferred other postemployment benefits resources	136,035	101,992	34,043	17,553	13,073	4,480
Deferred pension resources	10,336,429	5,058,225	5,278,204	567,698	172,723	394,975
Total Deferred Outflows of Resources	10,472,464	5,160,217	5,312,247	721,090	340,812	380,278
Liabilities						
Long-term liabilities outstanding	41,205,522	46,565,272	(5,359,750)	16,345,073	15,030,410	1,314,663
Other liabilities	10,305,356	5,801,841	4,503,515	2,028,581	2,445,847	(417,266)
Total Liabilities	51,510,878	52,367,113	(856,235)	18,373,654	17,476,257	897,397
Deferred Inflows of Resources						
Deferred pension resources	12,827,995	4,319,348	8,508,647	702,912	49,661	653,251
Deferred other postemployment benefits resources	12,042	14,059	(2,017)	1,553	1,802	(249)
Total Deferred Inflows of Resources	12,840,037	4,333,407	8,506,630	704,465	51,463	653,002
Net Position						
Net investment in capital assets	108,803,798	113,246,973	(4,443,175)	59,652,599	51,251,800	8,400,799
Restricted	10,885,593	9,080,704	1,804,889	2,900,000	-	2,900,000
Unrestricted	56,448,808	51,420,595	5,028,213	14,646,049	11,972,101	2,673,948
Total Net Position	\$ 176,138,199	\$ 173,748,272	\$ 2,389,927	\$ 77,198,648	\$ 63,223,901	\$ 13,974,747

An additional portion of the City's net position (5.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$71,094,857 may be used to meet the City's ongoing obligations to citizens and creditors.

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

Significant changes from the prior year are noted below:

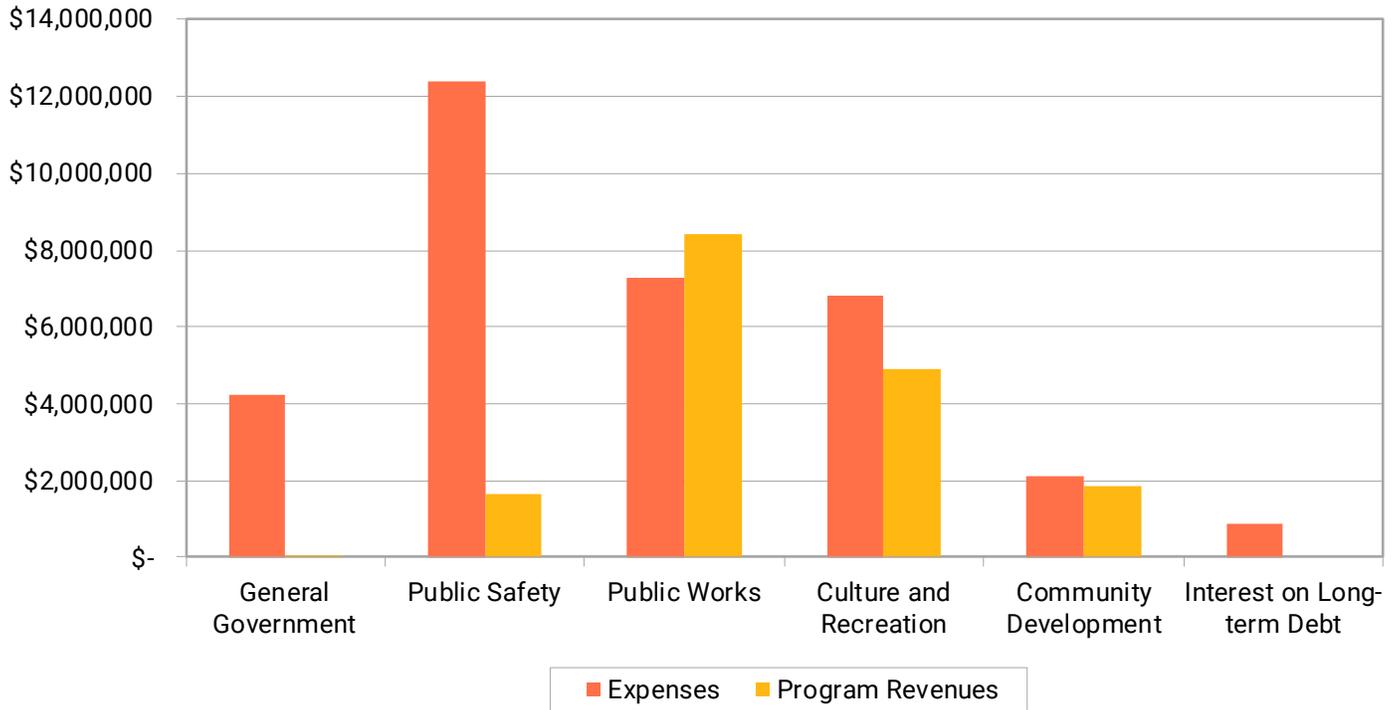
City of Inver Grove Heights' Changes in Net Position

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 12,089,636	\$ 8,845,932	\$ 3,243,704	\$ 11,329,468	\$ 9,206,102	\$ 2,123,366
Operating grants and contributions	2,153,837	5,486,950	(3,333,113)	10,232	5,223	5,009
Capital grants and contributions	2,679,057	4,864,126	(2,185,069)	3,957,841	1,365,247	2,592,594
General Revenues						
Taxes						
Property taxes	26,282,771	24,825,120	1,457,651	-	-	-
Other taxes	1,304,445	1,254,957	49,488	-	-	-
Grants and contributions not restricted to specific programs	322,839	112,520	210,319	-	-	-
Unrestricted investment earnings	(386,473)	1,807,149	(2,193,622)	(120,763)	485,445	(606,208)
Gain on sale of capital assets	109,509	10,860	98,649	-	-	-
Total Revenues	44,555,621	47,207,614	(2,651,993)	15,176,778	11,062,017	4,114,761
Expenses						
General government	4,209,265	2,969,823	1,239,442	-	-	-
Public safety	12,388,559	12,994,292	(605,733)	-	-	-
Public works	7,307,967	8,983,184	(1,675,217)	-	-	-
Culture and recreation	6,803,476	6,135,155	668,321	-	-	-
Community development	2,119,884	3,693,217	(1,573,333)	-	-	-
Interest on long-term debt	861,888	1,003,536	(141,648)	-	-	-
Water	-	-	-	3,021,693	2,887,882	133,811
Sewer	-	-	-	3,944,724	4,148,917	(204,193)
Storm water management	-	-	-	743,576	-	743,576
Golf course	-	-	-	1,966,693	2,127,755	(161,062)
Total Expenses	33,691,039	35,779,207	(2,088,168)	9,676,686	9,164,554	512,132
Excess (Deficiency) before Transfers	10,864,582	11,428,407	(563,825)	5,500,092	1,897,463	3,602,629
Transfers - capital assets	(7,813,925)	-	(7,813,925)	7,813,925	-	7,813,925
Transfers - internal activities	(660,730)	1,424,189	(2,084,919)	660,730	(1,424,189)	2,084,919
Change in Net Position	2,389,927	12,852,596	(10,462,669)	13,974,747	473,274	13,501,473
Net Position, January 1	173,748,272	160,895,676	12,852,596	63,223,901	62,750,627	473,274
Net Position, December 31	\$ 176,138,199	\$ 173,748,272	\$ 2,389,927	\$ 77,198,648	\$ 63,223,901	\$ 13,974,747

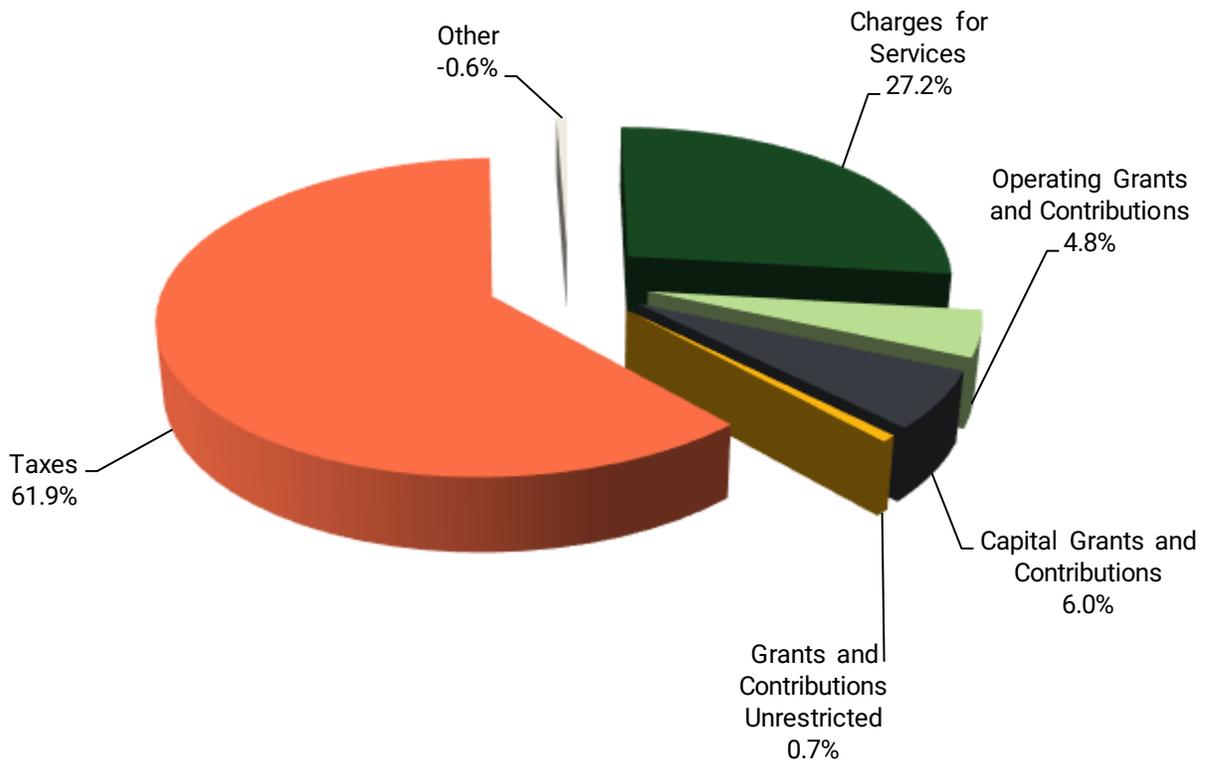
- The increase in charges for services was due to 2021 increase in development-related fees, and largely related to park dedication.
- The decrease in operating grants and contributions from 2020 was due to coronavirus relief funds received in the prior year related to the COVID-19 pandemic.
- The decrease in governmental activity expenses was due to a 2020 increase in one-time expenses funded with the above mentioned coronavirus relief funds and an increase in pension expense.

Governmental Activities. Governmental activities increased the City's net position by \$2,389,927. This increase was primarily the result of a decrease in the City's pension liability, resulting in negative pension expense. The following graph depicts various governmental activities and shows the revenues and expenses directly related to those activities.

Expenses and Program Revenues - Governmental Activities



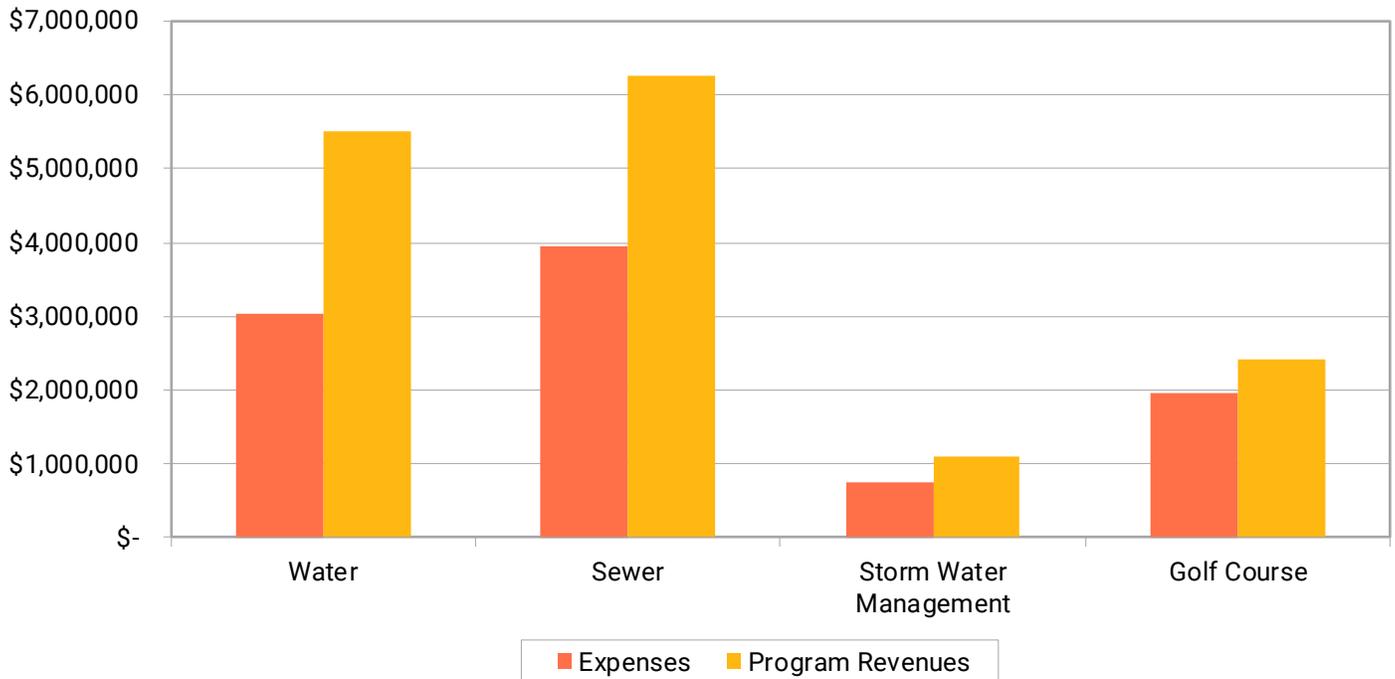
Revenues by Source - Governmental Activities



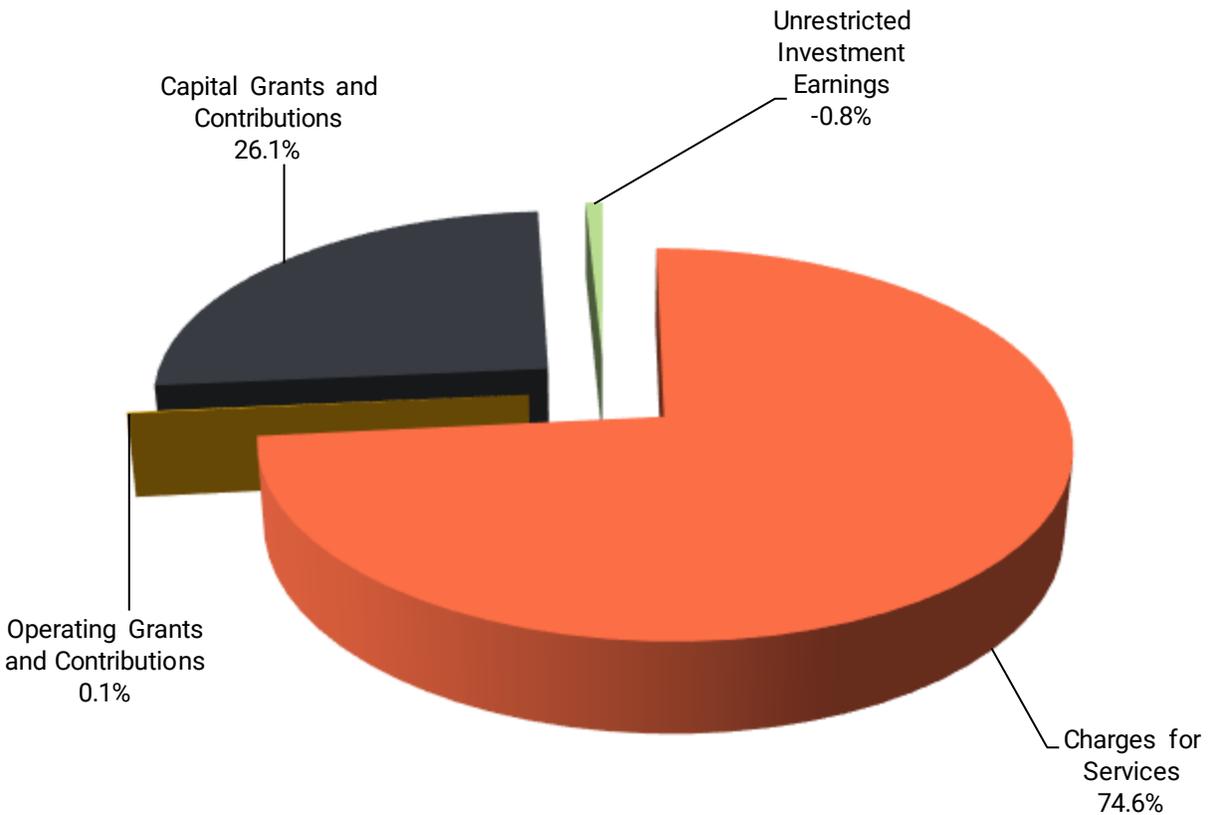
Business-type Activities. The net position of business-type activities increased by \$13,974,747. This increase was primarily the result of a program revenues exceeding operating costs for both the sewer and water funds along with the establishment of the Storm Water Management fund, which received a transfer of capital assets from the governmental activities.

Below are graphs showing the business-type activities revenue and expense comparisons.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds had combined ending fund balances of \$51,923,612, an increase of \$3,182,292 in comparison with the prior year. Approximately 21.9 percent of this total amount, \$11,358,971, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is not available for new spending because it is either 1) nonspendable \$22,396, 2) restricted \$10,773,898, 3) committed \$986,468, or 4) assigned \$28,781,879. For further classification refer to Note 3E starting on page 83 of this report.

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

Major Fund	Fund Balances December 31,		Increase (Decrease)
	2021	2020	
General	\$ 13,208,391	\$ 12,914,648	\$ 293,743
The General fund is the chief operating fund of the City. As a measure of the General fund's liquidity, it may be useful to compare total fund balance to the following year's budget. The fund balance is 46.2 percent of next year's budgeted expenses. The increase in fund balance was mostly a result of excess building permit revenue.			
Improvement Bonds	\$ 4,081,852	\$ 3,660,852	\$ 421,000
The Improvement Bonds fund has a total fund balance of \$4,081,852, all of which is restricted for the payment of debt service. The increase in fund balance is a result of the taxes and assessments received in advance of related debt payments.			
Community Center	\$ (1,734,210)	\$ (1,749,598)	\$ 15,388
The Community Center fund balance increased from the prior year, due to unbudgeted miscellaneous revenues and charges for services received in excess of budget.			
American Rescue Plan Act (ARPA)	\$ -	\$ -	\$ -
The ARPA fund was established to account for receipts from the Coronavirus State and Local Fiscal Recovery Fund program of the American Rescue Plan Act. The majority of the funds received in 2021 are reported as unearned revenue and will be recognized as expenditures are incurred.			
Closed Bond	\$ 2,036,687	\$ 2,023,174	\$ 13,513
The Closed Bond fund has a total fund balance of \$2,036,687, of which all is assigned for capital improvements for future debt. The increase is attributed to a transfer in from other funds to cover current and future capital improvements.			
Local Improvement Construction	\$ 1,814,146	\$ 1,386,850	\$ 427,296
The Local Improvement Construction fund was established to account for the governmental portion of improvement projects. The increase is primarily related to transfers in from other funds.			
Pavement Management	\$ 10,610,735	\$ 5,452,451	\$ 5,158,284
The Pavement Management fund was established to account for the governmental portion of capital projects. The ending fund balance is assigned for capital improvements. In 2021, this fund started receiving franchise fee revenue directly and received multiple transfers from other funds, including the balance from the closed franchise fee fund.			
Host Community	\$ 9,390,081	\$ 8,325,575	\$ 1,064,506
Charges for services for 2021 totaled \$4,095,228. These were offset with transfers out of \$2,657,049 to other funds for various needs of the funds including operations and capital projects resulting in an increase in fund balance. The ending balance is assigned for capital improvements.			
Developer Escrow	\$ -	\$ -	\$ -
The Developer Escrow fund was established to account for the developer escrow receipts and related costs. Revenue is recognized in this fund as funds are used for building related costs.			

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the year, unrestricted net position of the enterprise funds amounted to \$14,646,049. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's General fund budget was amended during the year. The original budget called for a \$0 change in fund balance and the final budget anticipated use of \$209,475 of fund balance due to carryover requests from the 2020 budget. Revenues were greater than budget by \$394,050, primarily due to licenses and permits coming in over budget by \$257,033. Expenditures were \$205,194 more than budgeted amounts, primarily due to \$269,742 in unbudgeted public safety capital expenditures and \$209,319 in unbudgeted general government expenditures. These negative budget variances were offset with a positive public safety budget variance of \$204,960 and covered by other funds via transfers in.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2021, amounts to \$210,795,344 (net of accumulated depreciation). This investment in capital assets includes land (tangible and intangible), buildings, improvements, machinery and equipment, park facilities, roads and bridges, and other infrastructure.

Major capital asset events during the current fiscal year included the following:

- The City completed a fiber optic installation project totaling \$212,392.
- Purchases of \$536,156 were made by the Public Safety Department to acquire machinery and equipment. This includes: \$148,376 for the lease of new police vehicles and \$78,613 for related equipment, \$246,465 for portable radios and other smaller minor purchases.
- Additionally, the City has construction in progress at year-end for both governmental and business-type activities totaling \$36,578,409.
- The City has construction commitments relating to street, water, sanitary sewer, storm water, parks, and building improvements of \$1,200,686 at year-end.

City of Inver Grove Heights' Capital Assets (Net of Depreciation)

Additional information on the City's capital assets can be found in Note 3B starting on page 77 of this report.

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Land	\$ 32,034,539	\$ 32,805,741	\$ (771,202)	\$ 3,985,257	\$ 3,214,055	\$ 771,202
Construction in Progress	32,516,418	26,637,959	5,878,459	4,061,991	2,332,982	1,729,009
Infrastructure	41,243,397	50,301,231	(9,057,834)	-	-	-
Buildings and Systems	23,609,401	24,980,028	(1,370,627)	62,969,598	58,101,426	4,868,172
Improvements other than Buildings	3,882,338	4,121,783	(239,445)	408,558	550,460	(141,902)
Machinery and Equipment	5,719,972	6,078,791	(358,819)	363,875	409,235	(45,360)
Total	\$ 139,006,065	\$ 144,925,533	\$ (5,919,468)	\$ 71,789,279	\$ 64,608,158	\$ 7,181,121

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$43,890,000. All of the City's bonds are backed by the full faith and credit of the City. During the year, the City issued \$2,740,000 in G.O. Improvement Refunding Bonds, Series 2021A.

State statutes limit the amount of G.O. debt a Minnesota city may issue to 3 percent of total estimated market value. The current debt limitation for the City is \$129,435,280. Only the \$24,605,000 in G.O. bonds is counted within the statutory limitation. The other debt of the City is either wholly or partially financed by revenues other than a general tax levy.

City of Inver Grove Heights' Outstanding Debt

Additional information on the City's long-term debt can be found in Note 3D starting on page 79 of this report.

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
G.O. Bonds	\$ 24,605,000	\$ 25,920,000	\$ (1,315,000)	\$ -	\$ -	\$ -
G.O. Special Assessments Bonds	4,640,000	4,885,000	(245,000)	-	-	-
G.O. Revenue Bonds	-	-	-	14,645,000	13,175,000	1,470,000
Bond Premium	808,890	873,560	(64,670)	527,519	336,374	191,145
Capital Lease Payable	148,377	-	148,377	-	-	-
Total	\$ 30,202,267	\$ 31,678,560	\$ (1,476,293)	\$ 15,172,519	\$ 13,511,374	\$ 1,661,145

Economic Factors and Next Year's Budgets and Rates

- The City's net tax capacity increased by 4.8 percent for taxes payable 2022 which was less than the 7.0 percent increase for taxes payable 2021. Tax capacity on Residential property increased 6.8 percent, Commercial property decreased 0.1 percent, and Industrial property increased 5.7 percent. Without new construction the increase in tax capacity would have been 4.1 percent. The City's levy increased \$1,862,028, or 7.1 percent for taxes payable 2022 which resulted in a tax rate increase of only 2.6 percent due to the offset in tax capacity growth.
- The 2022 budget reflects an increase to the City's investment in public safety. Three additional police officer positions have been added to the budget which will allow for the creation of a street crimes unit to focus on more proactive policing. The City also received a Staffing for Adequate Fire and Emergency Response (SAFER) grant for the years 2022-2024. The grant covers the salaries and benefits for 9 new full-time employees in the fire department. This will allow the City to add a second duty crew and respond out of two fire stations, reducing response times and enhancing service to all corners of the community.
- In 2021, the City assembled a Pavement Management Citizen Taskforce (CTF) consisting of councilmembers, residents, City staff, and expert consultants to perform a deep dive into the City's pavement management practices and funding levels with the goal of providing recommendations to the City Council on the best way to meet the expectations of residents with the resources available. Although the City has been increasing contributions to the Pavement Management Program, pavement conditions in the city continue to deteriorate below acceptable levels. The 2022 budget dedicates \$2,550,000 of the City's overall tax levy to this program as well as \$1 million in franchise fees and \$400,000 in State Aid maintenance.
- In 2022, the City awarded a contract for the completion of a utility rate study. The goal of this study is to devise a long-range plan for utility rates that allow both operating and infrastructure needs to be met. The study is scheduled for completion in the Fall of 2022 and will be used to set rates for 2023. In the meantime, Water and sewer fees were increased 2.0 percent and 5.0 percent respectively for 2022. The increase to storm water fees for properties located inside of the City's Northwest Area was 5%. For most of the City properties, storm water utility fees were increased 25% to help bridge some of the disparities found within in the current storm water fee schedule.
- The City evaluated its December 31, 2021 consolidated financial statements for subsequent events through the date the consolidated financial statements were issued. The City continues to monitor the economic uncertainties that have arisen from the COVID-19 pandemic. Areas that could be negatively impacted include interest income, lodging tax revenue and charges for services at the Community Center. However, City facilities have fully reopened to the public and development activities are holding strong. The City continues to prepare for, monitor and respond to changing economic conditions.
- In March 2021 the Federal Government passed the American Rescue Plan Act (ARPA) to help aid in the nation's recovery from the COVID-19 pandemic. As a non-entitlement entity (municipality of less than 50,000 in population), the City is estimated to receive around \$3.9 million from the State for this funding. Half of the funding was received in 2021 with the remaining half to be received in 2022. The US Department of Treasury continues to release new guidance on allowable spending and the City has until December 31, 2024 to obligate those funds (December 31, 2026 to spend). The City is still in early discussions on how to best utilize their ARPA dollars.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Finance Director, City of Inver Grove Heights, 8150 Barbara Avenue, Inver Grove Heights, MN 55077-3412.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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City of Inver Grove Heights, Minnesota
Statement of Net Position
December 31, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 77,819,967	\$ 20,695,404	\$ 98,515,371
Restricted cash	-	2,900,000	2,900,000
Receivables			
Accrued interest	246,375	85,457	331,832
Taxes	1,622,027	-	1,622,027
Accounts	719,951	1,777,394	2,497,345
Special assessments	4,334,649	16,356	4,351,005
Due from other governments	663,824	-	663,824
Internal balances	1,720,068	(1,720,068)	-
Inventories	63,865	2,985	66,850
Prepaid items	179,505	8,870	188,375
Land held for resale	1,138,500	-	1,138,500
Net pension asset	2,501,854	-	2,501,854
Capital assets			
Land and construction in progress	64,550,957	8,047,248	72,598,205
Depreciable assets (net of accumulated depreciation)	74,455,108	63,742,031	138,197,139
Total Assets	<u>230,016,650</u>	<u>95,555,677</u>	<u>325,572,327</u>
Deferred Outflows of Resources			
Deferred charge on refunding	-	135,839	135,839
Deferred other postemployment benefits resources	136,035	17,553	153,588
Deferred pension resources	10,336,429	567,698	10,904,127
Total Deferred Outflows of Resources	<u>10,472,464</u>	<u>721,090</u>	<u>11,193,554</u>
Liabilities			
Accounts and contracts payable	1,732,118	199,927	1,932,045
Escrows payable	5,930,280	-	5,930,280
Accrued salaries payable	200,972	38,713	239,685
Due to other governments	31,946	195,804	227,750
Accrued interest payable	374,872	141,088	515,960
Deposits payable	23,750	80,450	104,200
Unearned revenue	2,011,418	1,372,599	3,384,017
Long-term liabilities			
Due within one year			
Long-term liabilities	3,156,987	4,300,902	7,457,889
Due in more than one year			
Long-term liabilities	29,736,909	11,131,212	40,868,121
Net pension liability	7,593,570	820,308	8,413,878
Other postemployment benefits liability	718,056	92,651	810,707
Total Liabilities	<u>51,510,878</u>	<u>18,373,654</u>	<u>69,884,532</u>
Deferred Inflows of Resources			
Deferred pension resources	12,827,995	702,912	13,530,907
Deferred other postemployment benefit resources	12,042	1,553	13,595
Total Deferred Inflows of Resources	<u>12,840,037</u>	<u>704,465</u>	<u>13,544,502</u>
Net Position			
Net investment in capital assets	108,803,798	59,652,599	168,456,397
Restricted for			
Debt service	4,190,980	2,900,000	7,090,980
Community development	4,041,172	-	4,041,172
Park improvements	2,634,380	-	2,634,380
Public safety	19,061	-	19,061
Unrestricted	56,448,808	14,646,049	71,094,857
Total Net Position	<u>\$ 176,138,199</u>	<u>\$ 77,198,648</u>	<u>\$ 253,336,847</u>

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

City of Inver Grove Heights, Minnesota
Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 4,208,118	\$ 18,375	\$ 12,466	\$ -
Public safety	12,388,559	671,520	992,364	-
Public works	7,309,114	5,053,204	697,201	2,678,892
Culture and recreation	6,803,476	4,468,966	451,505	165
Community development	2,119,884	1,877,571	301	-
Interest on long-term debt	861,888	-	-	-
Total Governmental Activities	<u>33,691,039</u>	<u>12,089,636</u>	<u>2,153,837</u>	<u>2,679,057</u>
Business-type Activities				
Water	3,021,693	3,706,014	8,999	1,797,619
Sewer	3,944,724	4,094,880	383	2,160,222
Storm water management	743,576	1,109,046	-	-
Golf course	1,966,693	2,419,528	850	-
Total Business-type Activities	<u>9,676,686</u>	<u>11,329,468</u>	<u>10,232</u>	<u>3,957,841</u>
Total	<u>\$ 43,367,725</u>	<u>\$ 23,419,104</u>	<u>\$ 2,164,069</u>	<u>\$ 6,636,898</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Lodging taxes

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted interest (loss) on investments

Gain on sale of capital assets

Transfers - capital assets

Transfers - internal activities

Total General Revenues and Transfers

Change in Net Position

Net Position, January 1

Net Position, December 31

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

Net (Expenses) Revenues and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (4,177,277)	\$ -	\$ (4,177,277)
(10,724,675)	-	(10,724,675)
1,120,183	-	1,120,183
(1,882,840)	-	(1,882,840)
(242,012)	-	(242,012)
(861,888)	-	(861,888)
<u>(16,768,509)</u>	<u>-</u>	<u>(16,768,509)</u>
-	2,490,939	2,490,939
-	2,310,761	2,310,761
-	365,470	365,470
-	453,685	453,685
<u>-</u>	<u>5,620,855</u>	<u>5,620,855</u>
<u>(16,768,509)</u>	<u>5,620,855</u>	<u>(11,147,654)</u>
23,561,453	-	23,561,453
2,721,318	-	2,721,318
120,618	-	120,618
1,183,827	-	1,183,827
322,839	-	322,839
(386,473)	(120,763)	(507,236)
109,509	-	109,509
(7,813,925)	7,813,925	-
(660,730)	660,730	-
<u>19,158,436</u>	<u>8,353,892</u>	<u>27,512,328</u>
2,389,927	13,974,747	16,364,674
<u>173,748,272</u>	<u>63,223,901</u>	<u>236,972,173</u>
<u>\$ 176,138,199</u>	<u>\$ 77,198,648</u>	<u>\$ 253,336,847</u>

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

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FUND FINANCIAL STATEMENTS
CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

City of Inver Grove Heights, Minnesota

Balance Sheet
Governmental Funds
December 31, 2021

	General	Debt Service	Special Revenue	
		Improvement Bonds	Community Center	American Rescue Plan Act (ARPA)
Assets				
Cash and temporary investments	\$ 12,337,269	\$ 3,930,819	\$ 273,026	\$ 1,948,283
Receivables				
Accrued interest	40,029	9,316	161	-
Taxes	1,307,798	156,450	-	-
Accounts	10,966	-	145,303	-
Special assessments	1,844	473,017	-	-
Due from other governments	55,063	-	557,276	-
Advances to other funds	-	-	-	-
Prepaid items	17,785	-	2,777	-
Land held for resale	-	-	-	-
Total Assets	\$ 13,770,754	\$ 4,569,602	\$ 978,543	\$ 1,948,283
Liabilities				
Accounts and contracts payable	\$ 286,331	\$ 3,750	\$ 167,578	\$ -
Escrows payable	-	-	-	-
Accrued salaries payable	146,143	-	36,105	-
Due to other governments	8,486	-	8,807	-
Due to other funds	-	-	161,698	-
Advances from other funds	-	-	1,882,620	-
Deposits payable	-	-	7,962	-
Unearned revenue	2,148	-	50,487	1,948,283
Total Liabilities	443,108	3,750	2,315,257	1,948,283
Deferred Inflows of Resources				
Unavailable revenues - delinquent taxes	118,856	12,027	-	-
Unavailable revenues - special assessments	399	471,973	-	-
Unavailable revenues - intergovernmental	-	-	397,496	-
Total Deferred Inflows of Resources	119,255	484,000	397,496	-
Fund Balances				
Nonspendable	17,785	-	2,777	-
Restricted	19,061	4,081,852	-	-
Committed	75,587	-	-	-
Assigned	-	-	-	-
Unassigned	13,095,958	-	(1,736,987)	-
Total Fund Balances	13,208,391	4,081,852	(1,734,210)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 13,770,754	\$ 4,569,602	\$ 978,543	\$ 1,948,283

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

Capital Projects

Closed Bond	Local Improvement Construction	Pavement Management	Host Community	Developer Escrows	Other Governmental Funds	Total Governmental Funds
\$ 2,028,103	\$ 2,524,931	\$ 10,549,843	\$ 8,087,030	\$ 6,153,481	\$ 12,373,016	\$ 60,205,801
8,282	11,271	37,473	30,613	-	45,128	182,273
56	4,804	136,653	-	-	16,266	1,622,027
-	-	269,830	293,852	-	-	719,951
868,649	296,782	2,465,264	-	-	229,093	4,334,649
-	33,985	-	-	-	17,500	663,824
-	-	-	1,000,000	-	-	1,000,000
-	-	-	-	-	1,834	22,396
-	-	-	-	-	1,138,500	1,138,500
<u>\$ 2,905,090</u>	<u>\$ 2,871,773</u>	<u>\$ 13,459,063</u>	<u>\$ 9,411,495</u>	<u>\$ 6,153,481</u>	<u>\$ 13,821,337</u>	<u>\$ 69,889,421</u>
\$ -	\$ 416,904	\$ 409,136	\$ 11,614	\$ 223,201	\$ 41,266	\$ 1,559,780
-	-	-	-	5,930,280	-	5,930,280
-	-	-	-	-	6,674	188,922
-	3,300	-	9,800	-	249	30,642
-	-	-	-	-	-	161,698
-	-	-	-	-	1,000,000	2,882,620
-	-	-	-	-	15,788	23,750
-	-	-	-	-	10,500	2,011,418
-	420,204	409,136	21,414	6,153,481	1,074,477	12,789,110
-	686	10,720	-	-	2,567	144,856
868,403	296,782	2,428,472	-	-	228,363	4,294,392
-	339,955	-	-	-	-	737,451
868,403	637,423	2,439,192	-	-	230,930	5,176,699
-	-	-	-	-	1,834	22,396
-	-	-	-	-	6,672,985	10,773,898
-	-	-	-	-	910,881	986,468
2,036,687	1,814,146	10,610,735	9,390,081	-	4,930,230	28,781,879
-	-	-	-	-	-	11,358,971
2,036,687	1,814,146	10,610,735	9,390,081	-	12,515,930	51,923,612
<u>\$ 2,905,090</u>	<u>\$ 2,871,773</u>	<u>\$ 13,459,063</u>	<u>\$ 9,411,495</u>	<u>\$ 6,153,481</u>	<u>\$ 13,821,337</u>	<u>\$ 69,889,421</u>

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

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City of Inver Grove Heights, Minnesota
 Reconciliation of the Balance Sheet
 to the Statement of Net Position
 Governmental Funds
 December 31, 2021

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

Total Fund Balances - Governmental Funds	\$ 51,923,612
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	2,501,854
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	194,824,317
Less: accumulated depreciation	(73,235,744)
Internal service funds are used by the City to charge the cost of compensated absences, liability, property, and workers compensation insurance, vehicles and equipment, centralized purchase of consumable office supplies, maintaining facilities, and maintenance of computer systems. These balances are reported with governmental activities on the statement of net position.	35,742,265
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Noncurrent liabilities at year-end consist of	
Bonds payable	(29,245,000)
Plus premium on bonds issued	(808,890)
Other postemployment benefits payable	(718,056)
Net pension liability	(7,324,886)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Delinquent taxes	144,856
Special assessments	4,294,392
Intergovernmental	737,451
Governmental funds do not report long-term amounts related to pensions and OPEB.	
Deferred outflows other postemployment benefit resources	136,035
Deferred inflows other postemployment benefit resources	(12,042)
Deferred outflows of pension resources	10,150,103
Deferred inflows of pension resources	(12,597,196)
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(374,872)</u>
Total Net Position - Governmental Activities	<u>\$ 176,138,199</u>

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

City of Inver Grove Heights, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General	Debt Service	Special Revenue	
		Improvement Bonds	Community Center	American Rescue Plan Act (ARPA)
Revenues				
Taxes	\$ 21,184,034	\$ 2,720,959	\$ -	\$ -
Licenses and permits	1,939,133	-	-	-
Intergovernmental	978,219	3,612	-	875
Charges for services	648,809	-	1,820,714	-
Fines and forfeitures	166,286	-	-	-
Special assessments	3,873	202,308	-	-
Interest (loss) on investments	(78,171)	(24,522)	(2,566)	-
Miscellaneous	195,167	20,000	427,082	-
Total Revenues	25,037,350	2,922,357	2,245,230	875
Expenditures				
Current				
General government	3,895,319	-	-	875
Public safety	12,552,915	-	-	-
Public works	4,266,075	-	-	-
Culture and recreation	2,162,783	-	3,177,377	-
Community development	1,844,135	-	-	-
Capital outlay				
Public safety	394,842	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	145,079	-
Community development	-	-	-	-
Debt service				
Principal	-	1,560,000	-	-
Interest and other charges	-	941,357	-	-
Total Expenditures	25,116,069	2,501,357	3,322,456	875
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(78,719)	421,000	(1,077,226)	-
Other Financing Sources (Uses)				
Transfers in	1,027,299	-	1,092,614	-
Proceeds from sale of capital assets	-	-	-	-
Transfers out	(654,837)	-	-	-
Total Other Financing Sources (Uses)	372,462	-	1,092,614	-
Net Change in Fund Balances	293,743	421,000	15,388	-
Fund Balances, January 1	12,914,648	3,660,852	(1,749,598)	-
Fund Balances, December 31	\$ 13,208,391	\$ 4,081,852	\$ (1,734,210)	\$ -

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

Capital Projects

Closed Bond	Local Improvement Construction	Pavement Management	Host Community	Developer Escrows	Other Governmental Funds	Total Governmental Funds
\$ 359	\$ 79,253	\$ 3,464,314	\$ -	\$ -	\$ 120,620	\$ 27,569,539
-	-	-	-	-	-	1,939,133
-	1,380,950	413,587	-	-	334,483	3,111,726
-	-	285	4,095,228	677,368	2,267,751	9,510,155
-	-	-	-	-	-	166,286
250	95,781	766,626	-	-	11,016	1,079,854
(30,030)	(12,783)	4,427	(49,511)	-	(105,674)	(298,830)
1,300	391,419	156,330	-	-	10,618	1,201,916
<u>(28,121)</u>	<u>1,934,620</u>	<u>4,805,569</u>	<u>4,045,717</u>	<u>677,368</u>	<u>2,638,814</u>	<u>44,279,779</u>
4,200	-	-	-	-	-	3,900,394
-	926	-	36,821	-	-	12,590,662
4,166	20,813	483,600	133,088	677,368	29,491	5,614,601
-	-	-	-	-	682,253	6,022,413
-	-	-	118,565	-	98,132	2,060,832
-	63,059	-	-	-	-	457,901
-	1,989,163	3,154,939	-	-	-	5,144,102
-	278,715	-	-	-	805,698	1,229,492
-	-	-	35,688	-	5,564	41,252
-	-	-	-	-	-	1,560,000
-	-	-	-	-	-	941,357
<u>8,366</u>	<u>2,352,676</u>	<u>3,638,539</u>	<u>324,162</u>	<u>677,368</u>	<u>1,621,138</u>	<u>39,563,006</u>
<u>(36,487)</u>	<u>(418,056)</u>	<u>1,167,030</u>	<u>3,721,555</u>	<u>-</u>	<u>1,017,676</u>	<u>4,716,773</u>
50,000	3,091,013	4,608,667	-	-	1,954,900	11,824,493
-	-	-	-	-	90,000	90,000
-	(2,245,661)	(617,413)	(2,657,049)	-	(7,274,014)	(13,448,974)
<u>50,000</u>	<u>845,352</u>	<u>3,991,254</u>	<u>(2,657,049)</u>	<u>-</u>	<u>(5,229,114)</u>	<u>(1,534,481)</u>
13,513	427,296	5,158,284	1,064,506	-	(4,211,438)	3,182,292
<u>2,023,174</u>	<u>1,386,850</u>	<u>5,452,451</u>	<u>8,325,575</u>	<u>-</u>	<u>16,727,368</u>	<u>48,741,320</u>
<u>\$ 2,036,687</u>	<u>\$ 1,814,146</u>	<u>\$ 10,610,735</u>	<u>\$ 9,390,081</u>	<u>\$ -</u>	<u>\$ 12,515,930</u>	<u>\$ 51,923,612</u>

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

City of Inver Grove Heights, Minnesota
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2021

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

Total Net Change in Fund Balances - Governmental Funds	\$ 3,182,292
<p>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.</p>	
Capital outlays	6,564,214
Depreciation expense	(3,225,682)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.</p>	
Capital assets transferred to enterprise funds	(7,813,925)
Capital assets transferred to internal service funds	(212,391)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.</p>	
Principal repayments	1,560,000
Current year amortization of bond premium	64,670
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund 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.</p>	
	14,799
<p>Internal service funds are used by the City to charge the cost of compensated absences, liability, property, and workers compensation insurance, vehicles and equipment, centralized purchase of consumable office supplies, maintaining facilities, and maintenance of computer systems. These balances are reported with governmental activities in the statement of activities.</p>	
	970,567
<p>Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Special assessments	10,433
Property taxes	17,677
Intergovernmental	(2,093)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>	
Other postemployment benefits	(22,229)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	1,207,081
Pension revenue from State contributions	74,514
	97,514
Change in Net Position - Governmental Activities	\$ 2,389,927

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

City of Inver Grove Heights, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 21,176,200	\$ 21,176,200	\$ 21,184,034	\$ 7,834
Licenses and permits	1,682,100	1,682,100	1,939,133	257,033
Intergovernmental	791,000	791,000	978,219	187,219
Charges for services	674,300	674,300	648,809	(25,491)
Fines and forfeitures	180,000	180,000	166,286	(13,714)
Special assessments	2,500	2,500	3,873	1,373
Interest (loss) on investments	114,000	114,000	(78,171)	(192,171)
Miscellaneous	23,200	23,200	195,167	171,967
Total Revenues	<u>24,643,300</u>	<u>24,643,300</u>	<u>25,037,350</u>	<u>394,050</u>
Expenditures				
Current				
General government	3,628,200	3,686,000	3,895,319	(209,319)
Public safety	12,805,300	12,757,875	12,552,915	204,960
Public works	4,346,600	4,346,600	4,266,075	80,525
Culture and recreation	2,149,500	2,182,500	2,162,783	19,717
Community development	1,721,800	1,812,800	1,844,135	(31,335)
Capital outlay				
Public safety	-	125,100	394,842	(269,742)
Total Expenditures	<u>24,651,400</u>	<u>24,910,875</u>	<u>25,116,069</u>	<u>(205,194)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,100)</u>	<u>(267,575)</u>	<u>(78,719)</u>	<u>188,856</u>
Other Financing Sources (Uses)				
Transfers in	653,500	703,500	1,027,299	323,799
Transfers out	(645,400)	(645,400)	(654,837)	(9,437)
Total Financing Sources (Uses)	<u>8,100</u>	<u>58,100</u>	<u>372,462</u>	<u>314,362</u>
Net Change in Fund Balances	-	(209,475)	293,743	503,218
Fund Balances, January 1	<u>12,914,648</u>	<u>12,914,648</u>	<u>12,914,648</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 12,914,648</u>	<u>\$ 12,705,173</u>	<u>\$ 13,208,391</u>	<u>\$ 503,218</u>

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

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City of Inver Grove Heights, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Community Center Special Revenue Fund
For the Year Ended December 31, 2021

	<u>Budget Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
Revenues			
Charges for services	\$ 1,774,850	\$ 1,820,714	\$ 45,864
Interest (loss) on investments	-	(2,566)	(2,566)
Miscellaneous	358,900	427,082	68,182
Total Revenues	<u>2,133,750</u>	<u>2,245,230</u>	<u>111,480</u>
Expenditures			
Current			
Culture and recreation	3,369,400	3,177,377	192,023
Capital outlay			
Culture and recreation	192,000	145,079	46,921
Total Expenditures	<u>3,561,400</u>	<u>3,322,456</u>	<u>238,944</u>
Deficiency of Revenues Under Expenditures	(1,427,650)	(1,077,226)	350,424
Other Financing Sources			
Transfers in	<u>1,427,650</u>	<u>1,092,614</u>	<u>(335,036)</u>
Net Change in Fund Balances	-	15,388	15,388
Fund Balances, January 1	<u>(1,749,598)</u>	<u>(1,749,598)</u>	<u>-</u>
Fund Balances, December 31	<u>\$ (1,749,598)</u>	<u>\$ (1,734,210)</u>	<u>\$ 15,388</u>

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

City of Inver Grove Heights, Minnesota
Statement of Net Position (Continued on the Following Page)
Proprietary Funds
December 31, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities -
	Water	Sewer	Storm Water Management	Golf Course	Total	Internal Service Funds
Assets						
Current Assets						
Cash and temporary investments	\$ 11,750,312	\$ 5,173,728	\$ 1,710,033	\$ 2,061,331	\$ 20,695,404	\$ 17,614,166
Restricted cash	-	2,900,000	-	-	2,900,000	-
Receivables						
Accrued interest	41,691	25,668	9,852	8,246	85,457	64,102
Accounts	665,714	889,123	221,680	877	1,777,394	-
Special assessments	14,723	1,633	-	-	16,356	-
Due from other funds	-	-	-	-	-	243,606
Inventories	-	-	-	2,985	2,985	63,865
Prepaid items	1,160	-	10	7,700	8,870	157,109
Total Current Assets	<u>12,473,600</u>	<u>8,990,152</u>	<u>1,941,575</u>	<u>2,081,139</u>	<u>25,486,466</u>	<u>18,142,848</u>
Long-term Assets						
Advance to other funds	-	-	-	-	-	3,520,780
Capital assets						
Land	583,598	768,102	771,202	1,862,355	3,985,257	209,122
Construction in progress	1,064,252	2,448,016	549,723	-	4,061,991	-
Buildings and systems	51,320,568	42,433,298	23,128,835	920,412	117,803,113	17,409,502
Improvements other than buildings	98,108	39,924	-	4,501,427	4,639,459	240,717
Machinery and equipment	391,572	26,519	-	1,081,998	1,500,089	14,747,995
Total Capital Assets	<u>53,458,098</u>	<u>45,715,859</u>	<u>24,449,760</u>	<u>8,366,192</u>	<u>131,989,909</u>	<u>32,607,336</u>
Less accumulated depreciation	<u>(22,727,328)</u>	<u>(15,252,573)</u>	<u>(16,468,626)</u>	<u>(5,752,103)</u>	<u>(60,200,630)</u>	<u>(15,189,844)</u>
Net Capital Assets	<u>30,730,770</u>	<u>30,463,286</u>	<u>7,981,134</u>	<u>2,614,089</u>	<u>71,789,279</u>	<u>17,417,492</u>
Total Long-term Assets	<u>30,730,770</u>	<u>30,463,286</u>	<u>7,981,134</u>	<u>2,614,089</u>	<u>71,789,279</u>	<u>20,938,272</u>
Total Assets	<u>43,204,370</u>	<u>39,453,438</u>	<u>9,922,709</u>	<u>4,695,228</u>	<u>97,275,745</u>	<u>39,081,120</u>
Deferred Outflows of Resources						
Deferred charge on refunding	-	135,839	-	-	135,839	-
Deferred other postemployment benefits resources	6,385	3,880	-	7,288	17,553	-
Deferred pension resources	195,816	115,830	-	256,052	567,698	186,326
Total Deferred Outflows of Resources	<u>202,201</u>	<u>255,549</u>	<u>-</u>	<u>263,340</u>	<u>721,090</u>	<u>186,326</u>

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

City of Inver Grove Heights, Minnesota
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities -
	Water	Sewer	Storm Water Management	Golf Course	Total	Internal Service Funds
Liabilities						
Current Liabilities						
Accounts and contracts payable	\$ 157,578	\$ 10,702	\$ 23,311	\$ 8,336	\$ 199,927	\$ 172,338
Accrued salaries payable	16,787	8,056	1,769	12,101	38,713	12,050
Due to other governments	95,813	91,912	7,331	748	195,804	1,304
Due to other funds	-	-	-	81,908	81,908	-
Accrued interest payable	3,583	137,505	-	-	141,088	-
Deposits payable	-	-	-	80,450	80,450	-
Unearned revenue	152,430	240,840	-	979,329	1,372,599	-
Compensated absences payable - current portion	20,553	9,438	-	65,911	95,902	1,107,043
Bonds payable - current portion	400,000	3,805,000	-	-	4,205,000	-
Total Current Liabilities	846,744	4,303,453	32,411	1,228,783	6,411,391	1,292,735
Long-term Liabilities						
Compensated absences payable	114,296	41,038	-	8,359	163,693	1,584,586
Capital lease payable	-	-	-	-	-	148,377
Advance from other funds	-	-	-	1,638,160	1,638,160	-
Bonds payable	11,459	10,956,060	-	-	10,967,519	-
Net pension liability	283,286	168,422	-	368,600	820,308	268,684
Other postemployment benefits payable	33,701	20,480	-	38,470	92,651	-
Total Long-term Liabilities	442,742	11,186,000	-	2,053,589	13,682,331	2,001,647
Total Liabilities	1,289,486	15,489,453	32,411	3,282,372	20,093,722	3,294,382
Deferred Inflows of Resources						
Deferred pension resources	242,397	143,238	-	317,277	702,912	230,799
Deferred other postemployment benefit resources	565	343	-	645	1,553	-
Total Deferred Inflows of Resources	242,962	143,581	-	317,922	704,465	230,799
Net Position						
Net investment in capital assets	30,319,311	18,738,065	7,981,134	2,614,089	59,652,599	17,269,115
Restricted	-	2,900,000	-	-	2,900,000	-
Unrestricted	11,554,812	2,437,888	1,909,164	(1,255,815)	14,646,049	18,473,150
Total Net Position	\$ 41,874,123	\$ 24,075,953	\$ 9,890,298	\$ 1,358,274	\$ 77,198,648	\$ 35,742,265

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

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City of Inver Grove Heights, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities -	
	Water	Sewer	Storm Water Management		Golf Course	Total	Internal Service Funds
Operating Revenues							
Charges for services							
Water sales	\$ 3,564,484	\$ -	\$ -	\$ -	\$ 3,564,484	\$ -	\$ -
Sewer charges	-	3,928,570	-	-	3,928,570	-	-
Storm Water charges	-	-	1,109,046	-	1,109,046	-	-
Late fees	1,668	525	-	-	2,193	-	-
Water meter sales	36,078	-	-	-	36,078	-	-
Foot golf	-	-	-	2,051	2,051	-	-
Green fees	-	-	-	768,411	768,411	-	-
Golf cart rentals	-	-	-	562,784	562,784	-	-
Practice center	-	-	-	217,312	217,312	-	-
Golf shop	-	-	-	84,733	84,733	-	-
Food and beverage	-	-	-	252,214	252,214	-	-
Other	-	-	-	532,023	532,023	-	5,285,317
Total Operating Revenues	<u>3,602,230</u>	<u>3,929,095</u>	<u>1,109,046</u>	<u>2,419,528</u>	<u>11,059,899</u>	<u>5,285,317</u>	<u>5,285,317</u>
Operating Expenses							
Personnel services	691,528	366,024	169,776	1,103,608	2,330,936	852,544	852,544
Other current expenses	1,344,582	2,389,531	338,426	615,974	4,688,513	2,990,255	2,990,255
Depreciation	986,000	795,288	235,374	247,111	2,263,773	1,733,404	1,733,404
Total Operating Expenses	<u>3,022,110</u>	<u>3,550,843</u>	<u>743,576</u>	<u>1,966,693</u>	<u>9,283,222</u>	<u>5,576,203</u>	<u>5,576,203</u>
Operating Income (Loss)	<u>580,120</u>	<u>378,252</u>	<u>365,470</u>	<u>452,835</u>	<u>1,776,677</u>	<u>(290,886)</u>	<u>(290,886)</u>
Nonoperating Revenues (Expenses)							
Interest (loss) on investments	(66,666)	(41,039)	(20,007)	6,949	(120,763)	(87,643)	(87,643)
Miscellaneous revenues	112,783	166,168	-	850	279,801	153,445	153,445
Gain on sale of capital assets	-	-	-	-	-	19,509	19,509
Interest and amortization expense	417	(323,469)	-	-	(323,052)	-	-
Bond issuance costs	-	(70,412)	-	-	(70,412)	-	-
Total Nonoperating Revenues (Expenses)	<u>46,534</u>	<u>(268,752)</u>	<u>(20,007)</u>	<u>7,799</u>	<u>(234,426)</u>	<u>85,311</u>	<u>85,311</u>
Income (Loss) Before Contributions and Transfers	626,654	109,500	345,463	460,634	1,542,251	(205,575)	(205,575)
Capital Contributions	1,799,111	2,280,661	7,691,994	-	11,771,766	212,391	212,391
Transfers In	39,495	171,897	2,694,660	17,151	2,923,203	1,172,643	1,172,643
Transfers Out	(696,754)	(723,900)	(841,819)	-	(2,262,473)	(208,892)	(208,892)
Change in Net Position	1,768,506	1,838,158	9,890,298	477,785	13,974,747	970,567	970,567
Net Position - January 1	<u>40,105,617</u>	<u>22,237,795</u>	<u>-</u>	<u>880,489</u>	<u>63,223,901</u>	<u>34,771,698</u>	<u>34,771,698</u>
Net Position, December 31	<u>\$ 41,874,123</u>	<u>\$ 24,075,953</u>	<u>\$ 9,890,298</u>	<u>\$ 1,358,274</u>	<u>\$ 77,198,648</u>	<u>\$ 35,742,265</u>	<u>\$ 35,742,265</u>

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

City of Inver Grove Heights, Minnesota
Statement of Cash Flows (Continued on the Following Page)
Proprietary Funds
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities -
	Water	Sewer	Storm Water Management	Golf Course	Total	Internal Service Funds
Cash Flows from Operating Activities						
Receipts from customers and users	\$ 3,608,747	\$ 3,906,202	\$ 1,269,824	\$ 2,158,086	\$ 10,942,859	\$ 5,288,342
Other operating receipts	112,133	165,785	-	-	277,918	152,827
Payments to suppliers	(1,212,129)	(2,521,033)	(326,523)	(583,911)	(4,643,596)	(3,046,188)
Payments to employees	(707,887)	(421,446)	(169,163)	(1,110,537)	(2,409,033)	(836,848)
Net Cash Provided (Used) by Operating Activities	<u>1,800,864</u>	<u>1,129,508</u>	<u>774,138</u>	<u>463,638</u>	<u>4,168,148</u>	<u>1,558,133</u>
Cash Flows from Noncapital Financing Activities						
Payments on interfund balances	-	-	-	(81,908)	(81,908)	257,890
Transfers from other funds	39,495	171,897	2,321,527	17,151	2,550,070	1,172,643
Transfers to other funds	(696,754)	(723,900)	(841,819)	-	(2,262,473)	(208,892)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(657,259)</u>	<u>(552,003)</u>	<u>1,479,708</u>	<u>(64,757)</u>	<u>205,689</u>	<u>1,221,641</u>
Cash Flows from Capital and Related Financing Activities						
Connection fees received	1,818,291	2,158,589	-	-	3,976,880	-
Acquisition of capital assets	(83,987)	(1,022,468)	(524,514)	-	(1,630,969)	(155,244)
Proceeds from sale of capital assets	-	-	-	-	-	33,801
Proceeds from bonds issued, net of issuance costs	-	2,900,129	-	-	2,900,129	-
Interest paid on debt	(12,975)	(344,088)	-	-	(357,063)	-
Principal paid on bonds	(390,000)	(880,000)	-	-	(1,270,000)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>1,331,329</u>	<u>2,812,162</u>	<u>(524,514)</u>	<u>-</u>	<u>3,618,977</u>	<u>(121,443)</u>
Cash Flows from Investing Activities						
Investment receipts	(68,110)	(41,930)	(19,299)	1,690	(127,649)	(93,535)
Net Increase (Decrease) in Cash and Cash Equivalents	2,406,824	3,347,737	1,710,033	400,571	7,865,165	2,564,796
Cash and Cash Equivalents, January 1	9,343,488	4,725,991	-	1,660,760	15,730,239	15,049,370
Cash and Cash Equivalents, December 31	<u>\$ 11,750,312</u>	<u>\$ 8,073,728</u>	<u>\$ 1,710,033</u>	<u>\$ 2,061,331</u>	<u>\$ 23,595,404</u>	<u>\$ 17,614,166</u>
Reconciliation to the Proprietary Funds Statement of Net Position						
Cash and temporary investments	\$ 11,750,312	\$ 5,173,728	\$ 1,710,033	\$ 2,061,331	\$ 20,695,404	\$ 17,614,166
Restricted cash	-	2,900,000	-	-	2,900,000	-
Total Cash and Cash Equivalents	<u>\$ 11,750,312</u>	<u>\$ 8,073,728</u>	<u>\$ 1,710,033</u>	<u>\$ 2,061,331</u>	<u>\$ 23,595,404</u>	<u>\$ 17,614,166</u>

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

City of Inver Grove Heights, Minnesota
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds					Governmental
	Water	Sewer	Storm Water Management	Golf Course	Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ 580,120	\$ 378,252	\$ 365,470	\$ 452,835	\$ 1,776,677	\$ (290,886)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation	986,000	795,288	235,374	247,111	2,263,773	1,733,404
Other income related to operations	112,783	166,168	-	850	279,801	153,445
(Increase) decrease in assets/deferred outflows of resources						
Accounts receivable	(12,776)	(22,893)	160,778	(877)	124,232	1,531
Due from other governments	19,293	-	-	213,107	232,400	1,494
Inventories	-	-	-	12,318	12,318	8,983
Prepaid items	(1,160)	-	(10)	(3,589)	(4,759)	(98,600)
Deferred other postemployment benefits resour	(1,734)	(1,026)	-	(1,720)	(4,480)	-
Deferred pension resources	(135,156)	(76,591)	-	(183,228)	(394,975)	(130,136)
Increase (decrease) in liabilities/deferred inflows of resources						
Accounts and contracts payable	116,940	(642)	9,630	9,821	135,749	32,385
Accrued salaries payable	5,676	2,390	613	4,276	12,955	2,784
Due to other governments	16,673	(130,860)	2,283	13,513	(98,391)	1,299
Deposits payable	-	-	-	15,993	15,993	-
Unearned revenue	-	-	-	(489,665)	(489,665)	-
Compensated absences payable	26,718	(8,463)	-	15,000	33,255	52,126
Net pension liability	(141,005)	(106,041)	-	(140,773)	(387,819)	(124,340)
Other postemployment benefits payable	3,612	2,020	-	2,450	8,082	-
Deferred pension resources	224,956	131,956	-	296,339	653,251	214,644
Deferred other postemployment benefits resour	(76)	(50)	-	(123)	(249)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,800,864</u>	<u>\$ 1,129,508</u>	<u>\$ 774,138</u>	<u>\$ 463,638</u>	<u>\$ 4,168,148</u>	<u>\$ 1,558,133</u>
Schedule of Noncash Capital and Related Financing Activities						
Capital assets acquired through capital lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 148,377
Capital assets contributed from governmental activities	\$ 1,492	\$ 120,439	\$ 7,691,994	\$ -	\$ 7,813,925	\$ 212,391
Amortization of bond premium	\$ 10,142	\$ 29,254	\$ -	\$ -	\$ 39,396	\$ -
Amortization of deferred charges on refunding	\$ -	\$ 19,177	\$ -	\$ -	\$ 19,177	\$ -
Book value of assets disposed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,292

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

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City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Inver Grove Heights (the City) was incorporated in 1965 and operates under the State of Minnesota Statutory Plan A form of government. The governing body consists of a five-member City Council elected by voters of the City. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City.

The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The City includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of their operational or financial relationships with the City. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. Included in the City's reporting entity, based upon the application of these criteria, is the following blended component unit.

Blended Component Unit

The Inver Grove Heights Economic Development Authority (EDA) is a legal entity separate from the City. Although legally separate, the EDA is reported as if it were part of the primary government because the Board of Commissioners is made up of the Mayor and the four City Council members and the City has operational responsibility over the EDA. It is this criterion that results in the EDA being reported as a blended component unit and reported as a special revenue fund. Separate financial statements are not prepared for the EDA.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

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

The *Improvement Bonds fund* is a debt service fund that accounts for resources accumulated and payments for principal and interest on long term general obligation debt.

The *Community Center fund* accounts for the activities at the Veterans Memorial and the Grove Community Center. Charges for services within the fund are committed to Community Center activity.

The *American Rescue Plan Act fund* accounts for the resources received and spending related to the Coronavirus State and Local Fiscal Recovery Grant Program.

The *Closed Bond fund* accounts for improvement revenues and expenditures from replacement funds set aside for capital improvements.

The *Local Improvement Construction fund* accounts for the activities related to the construction projects within the City.

The *Pavement Management fund* accounts for the activities related to the costs to improve and maintain roads within the City.

The *Host Community fund* accounts for the activities related to the economic development grant program.

The *Developer Escrow fund* accounts for the activities related to the collection and use of developer and building related escrow accounts.

The City reports the following major proprietary funds:

The *Water fund, Sewer fund and Storm Water Management fund* account for activities related to the operation of a water distribution system, sanitary sewer collection system and storm water system, respectively.

The *Golf Course fund* accounts for resources and payments related to the operation and maintenance of a municipal golf course.

Additionally, the City reports the following fund types:

Internal service funds account for compensated absences, risk management, central equipment, central stores, city facilities and technology services provided to other departments or agencies of the City. Internal service funds operate in a manner similar to enterprise funds; however, they provide services primarily to other departments within the City.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are payments in-lieu of taxes, payments where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the Statement of Cash Flows.

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

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

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

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

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

The City has the following recurring fair value measurements as of December 31, 2021:

- Government agency and treasury securities of \$27,582,644 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposits and municipal bonds of \$42,064,649 are valued using a matrix pricing model (Level 2 inputs).

Property Taxes

Property taxes are submitted to the County Auditor by December 28 of each year, to be levied on January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half payment due on October 15.

Unpaid taxes at December 31 become liens on the respective property and are classified in the fund financial statements as delinquent taxes receivable.

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

Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as a bond indenture. Restricted assets are reported as restricted cash.

Accounts Receivable

Accounts receivable include amounts billed for services, such as water, sewer, storm water and nuisance charges, provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2021. The City annually certifies delinquent water, sewer, storm water and nuisance accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

All trade (utility) and property tax receivables are shown at gross amount, since both taxes and trade (utility) receivables are assessable to the property taxes and are collectible upon the sale of the assessed property.

Due From Other Governments

The amounts due from other governments primarily include amounts for current taxes and project cost in which the City is receiving grants to support the projects.

Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements. At December 31, 2021, the total delinquent special assessment receivable balance is \$2,311.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Interfund Receivables and Payables

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

Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

Land Held for Resale

Land was acquired by the EDA for subsequent resale for redevelopment purposes. Land held for resale is an asset recorded at the lower of cost or realizable value in the fund that acquired it.

Capital Assets

A capital asset is defined as a financial resource that is tangible or intangible in nature, complete in and of itself, and is not a component of another. Capital assets, which include property, easements, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value on the date of acquisition. Infrastructure assets acquired prior to the fiscal year ended December 31, 1979 are not reported.

Intangible assets prior to 2010 were capitalized and bundled with the infrastructure/land purchases and have been determined to have an indefinite life and therefore have not been broken out from the assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives of assets are not capitalized.

Property, plant and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Useful Life in Years</u>
Buildings and Structures	20 to 50
Equipment and Machinery	3 to 20
Distribution and Collection Systems	50
Streets and Infrastructure	25

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows of Resources

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

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick leave and personal leave benefits. There is an estimated liability for unpaid accumulated sick and personal leave that will be taken as severance upon retirement. All vacation and estimated retirement severance are accrued when incurred in government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For the most part, the General fund is typically used to liquidate governmental compensated absences payable.

Other Postemployment Benefits

Under Minnesota statute 471.61, subdivision 2b, public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees are able to add dependent coverage during open enrollment period or qualifying life event prior to retirement. All premiums are funded on a pay-as-you-go basis. The liability was determined, in accordance with GASB Statement No. 75, at January 1, 2020. The General fund is typically used to liquidate governmental other postemployment benefits payable.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. The recognition of bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred. In accordance with federal regulations, the City's general obligation tax exempt bonds follow the arbitrage requirements.

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

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Pensions

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

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

The total pension expense for the General Employees Plan (GERP), Police and Fire Plan (PEFPF), Defined Contribution Plan (DCP) and Fire Relief Association is as follows:

	Public Employees Retirement Association of Minnesota (PERA)			Fire Relief Association	Total All Plans
	GERP	PEFPF	DCP		
Pension Expense	\$ 291,289	\$ 115,573	\$ 548	\$ 230,974	\$ 638,384

Deferred Inflows of Resources

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

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

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

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

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

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

Fund Balance

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

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

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

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

Assigned - These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Pursuant to the Fund Balance Policy approved by City Council, the City Administrator has been delegated the authority to assign and remove assignments of fund balance amounts for specific purposes.

Unassigned - These are residual amounts in the General fund not reported in any other classification. The General fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted and committed fund balances exceed the total net resources of that fund.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has formally adopted a fund balance policy for the General fund. The City will strive to maintain a minimum General fund unassigned fund balance of 40 to 45 percent of next year's budgeted expenditures.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles), as applied to governmental units by the Government Accounting Standards Board (GASB). An annual appropriated budget is adopted for the General fund as well as for the Convention and Visitors Bureau, Recreation, Community Center and Economic Development Authority special revenue funds.

Budgeted amounts are reported as originally adopted, as well as amended by the City Council. Budgeted revenues were not amended. General fund budget amendments increased expenditures \$259,475 and transfers in increased \$50,000. Individual amendments were not material in relation to the original appropriations which were adjusted. Budgeted expenditure appropriations lapse at year-end. Any unencumbered appropriations that need to be carried forward to the next year must be reappropriated by the City Council from the fund balance.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General fund. Encumbrances outstanding at year-end expire and outstanding purchase orders are cancelled and not reported in the financial statements. Therefore, there are no outstanding encumbrances at year end.

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

1. The City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public meetings are conducted to obtain taxpayer comments.
3. The General fund budget is legally enacted through passage of a resolution on a departmental basis and can be expended by each department based upon detailed budget estimates for that department. The Convention and Visitors Bureau, Recreation, Community Center and Economic Development Authority special revenue fund budgets are legally enacted through passage of resolutions for each fund as a whole.
4. The City Administrator is authorized to transfer appropriations within a fund's budget. Additional fund appropriations and deletions are or may be authorized by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General fund.
6. Legal debt obligation indentures determine the appropriation level and debt service tax levies for the Debt Service funds. Supplementary budgets are adopted for the Proprietary funds to determine and calculate user charges. These debt service and budget amounts represent general obligation bond indenture provisions and net income for operation and capital maintenance and are not reflected in the financial statements.
7. A capital improvement program is reviewed annually by the City Council for the Capital Project funds. However, appropriations for major projects are not adopted until the actual bid award of the improvement. The appropriations are not reflected in the financial statements.
8. Expenditures may not legally exceed budgeted appropriations at the total fund level. Monitoring of budgets is maintained at the expenditure category level (i.e., personnel services; other current; capital outlay) within each activity.
9. The City Council may authorize transfers of budgeted amounts between City funds.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 2: Stewardship, Compliance and Accountability (Continued)

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2021 expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Major			
General Fund	\$ 24,910,875	\$ 25,116,069	\$ 205,194
Nonmajor			
Convention and Visitors Bureau	128,050	132,527	4,477

The excess expenditures were funded by revenues in excess of expectations.

C. Deficit Fund Equity

The following fund had a fund equity deficit at December 31, 2021:

Fund	Amount
Major	
Community Center	\$ 1,734,210

The fund deficits are expected to be eliminated with future fund revenues or transfers from other funds.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

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

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

Authorized collateral in lieu of a corporate surety bond includes:

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

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

At December 31, 2021, the City's carrying amount of deposits was \$10,414,051 and the bank balance was \$11,339,098. Of the bank balance, \$500,000 was covered by federal depository insurance. The remaining bank balance was covered by collateral held by the City's agent in the City's name.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

Investments

At December 31, 2021, the City's investment balances were as follows:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
Broker Money Market Funds	N/A	less than 1 year	\$ 21,327,877			
Non-pooled Investments at Fair Value						
Negotiable Certificates of Deposits	N/A	less than 1 year	2,212,406	\$ -	\$ 2,212,406	\$ -
Negotiable Certificates of Deposits	N/A	1 to 5 years	1,957,026	-	1,957,026	-
Government Agency Securities	AA+	1 to 5 years	24,632,484	24,632,484	-	-
Government Agency Securities	N/R	1 to 5 years	1,967,900	1,967,900	-	-
Government Agency Securities	AA+	more than 5 years	982,260	982,260	-	-
Municipal Bonds	AAA	less than 1 year	3,860,096	-	3,860,096	-
Municipal Bonds	AAA	1 to 5 years	8,257,281	-	8,257,281	-
Municipal Bonds	A+	1 to 5 years	355,548	-	355,548	-
Municipal Bonds	A	less than 1 year	1,031,822	-	1,031,822	-
Municipal Bonds	A	1 to 5 years	1,029,680	-	1,029,680	-
Municipal Bonds	AA-	1 to 5 years	1,482,222	-	1,482,222	-
Municipal Bonds	AA	less than 1 year	1,935,676	-	1,935,676	-
Municipal Bonds	AA	1 to 5 years	13,556,781	-	13,556,781	-
Municipal Bonds	AA	more than 5 years	475,459	-	475,459	-
Municipal Bonds	AA+	less than 1 year	1,868,301	-	1,868,301	-
Municipal Bonds	AA+	1 to 5 years	4,042,351	-	4,042,351	-
Total Investments			<u>\$ 90,975,170</u>	<u>\$ 27,582,644</u>	<u>\$ 42,064,649</u>	<u>\$ -</u>

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

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

N/A Indicates not applicable or available.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

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

- *Interest Rate Risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the City's investment policy, the City will not directly invest more than five percent (5 percent) of the total portfolio in securities maturing more than five (5) years from the date of purchase, unless matched to a specific cash flow. The City was not exposed to interest rate risks due to the fact that their investments are not exposed to highly sensitive changes in interest rates.
- *Credit Risk*. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list on page 66 of the notes to the financial statements. In accordance with its investment policy, the City will minimize credit risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business, and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
- *Concentration of Credit Risk*. Concentration of credit risk is defined as positions of five percent (5 percent) or more in the securities of a single issuer. As of December 31, 2021, the following issuer exceeded 5 percent of the City's total investments: FHLB (17.67 percent). The City's investment policy does not allow for an investment in any issuer or security type (except U.S. Treasury Bonds) that is in excess of fifty percent (50 percent) of the City's total investments.
- *Custodial Credit Risk - Deposits*. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Minnesota statutes and the City's investment policy states that in order to provide a level of security for all funds, the collateralization level will be 110 percent of market value not covered by insurance. As of December 31, 2021, all of the City's bank balance was covered by federal depository insurance or by perfected collateral held by the City's agent in the City's name.
- *Custodial Credit Risk - Investments*. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of December 31, 2021, all securities were held by the City or its agent in the City's name. The City does not have an investment policy for custodial credit risk.

The City's investments held by a broker-dealer were insured by SIPC or other supplemental insurance as of December 31, 2021. However, each investment brokerage firm may have a limit to their supplemental insurance coverage and because of the size of the City's portfolio in relation to the brokerage firm's excess SIPC coverage limits; the portion of the supplemental policy applicable to the City's portfolio is unknown. The City accepts the risk due to the controls in place at the broker-dealer.

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

Carrying Amount of Deposits	\$ 10,414,051
Investments	90,975,170
Petty Cash	<u>26,150</u>
 Total	 <u><u>\$ 101,415,371</u></u>
 As Reported on the Financial Statements	
Statement of net position	
Cash and temporary investments	\$ 98,515,371
Restricted cash	<u>2,900,000</u>
 Total	 <u><u>\$ 101,415,371</u></u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital Assets not Being Depreciated					
Land	\$ 32,805,741	\$ -	\$ -	\$ (771,202)	\$ 32,034,539
Construction in progress	26,637,959	6,207,380	(181,781)	(147,140)	32,516,418
Total Capital Assets not Being Depreciated	59,443,700	6,207,380	(181,781)	(918,342)	64,550,957
Capital Assets Being Depreciated					
Infrastructure	111,230,842	-	-	(23,128,835)	88,102,007
Buildings and systems	48,593,553	-	-	-	48,593,553
Improvements other than buildings	9,873,789	-	-	-	9,873,789
Machinery and equipment	15,595,405	842,236	(126,294)	-	16,311,347
Total Capital Assets Being Depreciated	185,293,589	842,236	(126,294)	(23,128,835)	162,880,696
Less Accumulated Depreciation for					
Infrastructure	(60,929,611)	(2,162,251)	-	16,233,252	(46,858,610)
Buildings and systems	(23,613,525)	(1,370,627)	-	-	(24,984,152)
Improvements other than buildings	(5,752,006)	(239,445)	-	-	(5,991,451)
Machinery and equipment	(9,516,614)	(1,186,763)	112,002	-	(10,591,375)
Total Accumulated Depreciation	(99,811,756)	(4,959,086)	112,002	16,233,252	(88,425,588)
Total Capital Assets Being Depreciated, Net	85,481,833	(4,116,850)	(14,292)	(6,895,583)	74,455,108
Governmental Activities Capital Assets, Net	<u>\$ 144,925,533</u>	<u>\$ 2,090,530</u>	<u>\$ (196,073)</u>	<u>\$ (7,813,925)</u>	<u>\$ 139,006,065</u>

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

Governmental Activities	
General Government	\$ 686,895
Public Safety	867,809
Public Works	2,677,559
Culture and Recreation	692,147
Community Development	34,676
Total Depreciation Expense - Governmental Activities	<u>\$ 4,959,086</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities					
Capital Assets not Being Depreciated					
Land	\$ 3,214,055	\$ -	\$ -	\$ 771,202	\$ 3,985,257
Construction in progress	2,332,982	1,581,869	-	147,140	4,061,991
Total Capital Assets not Being Depreciated	<u>5,547,037</u>	<u>1,581,869</u>	<u>-</u>	<u>918,342</u>	<u>8,047,248</u>
Capital Assets Being Depreciated					
Buildings and systems	94,674,278	-	-	23,128,835	117,803,113
Improvements other than buildings	4,639,459	-	-	-	4,639,459
Machinery and equipment	1,450,989	49,100	-	-	1,500,089
Total Capital Assets Being Depreciated	<u>100,764,726</u>	<u>49,100</u>	<u>-</u>	<u>23,128,835</u>	<u>123,942,661</u>
Less Accumulated Depreciation for					
Buildings and systems	(36,572,852)	(2,027,411)	-	(16,233,252)	(54,833,515)
Improvements other than buildings	(4,088,999)	(141,902)	-	-	(4,230,901)
Machinery and equipment	(1,041,754)	(94,460)	-	-	(1,136,214)
Total Accumulated Depreciation	<u>(41,703,605)</u>	<u>(2,263,773)</u>	<u>-</u>	<u>(16,233,252)</u>	<u>(60,200,630)</u>
Total Capital Assets Being Depreciated, Net	<u>59,061,121</u>	<u>(2,214,673)</u>	<u>-</u>	<u>6,895,583</u>	<u>63,742,031</u>
Business-type Activities Capital Assets, Net	<u>\$ 64,608,158</u>	<u>\$ (632,804)</u>	<u>\$ -</u>	<u>\$ 7,813,925</u>	<u>\$ 71,789,279</u>

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

Business-type Activities	
Water	\$ 986,000
Sewer	795,288
Storm Water	235,374
Golf Course	<u>247,111</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 2,263,773</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

C. Construction Commitments

The City has the following construction commitments at December 31, 2021:

Project	Spent to Date	Remaining Commitment
64th Street Area Improvements (1909D)	\$ 900,606	\$ 116,254
Fire Station #2 - Sewer & Water Improvement (Project 1808)	30,965	3,160
Fire Station Fiber Optic Improvement (Project 1811)	-	1,150
Intersection Improvement at T.H. 3 & Diffley Ct (Project 1805)	-	174,317
NWA Trunk Watermain Improvement 65th Street Loop Phase 3 (Project 1703)	268,814	49,681
TH 3 Intersection Improvements (Project 1724)	3,625,762	39,085
62nd Street Area Reconstruction (Project 1609G)	1,694,429	173,624
Good Samaritan Pond (Project 2006)	270,172	31,267
Delaney Circle & Delaney Ct Improv (Project 2009D)	554,580	25,300
NWA Trunk Utility Improv - Argenta Trail (Project 2101)	850,419	424,042
Southern Trunk Watermain Improvement (Project 2108)	143,501	7,416
Vista Pines Park (Project 2112)	265,086	96,789
Exterior Maintenance (Project 1917)	214,360	58,600
	<u>\$ 8,818,694</u>	<u>\$ 1,200,686</u>

D. Long-term Debt

General Obligation (G.O.) Bonds

The City issues G.O. and G.O. revenue bonds to provide funds for the acquisition and construction of major capital facilities and equipment. Debt service is covered by tax increments, special assessments, property tax levies and revenues. In addition, G.O. bonds have been issued to refund G.O., G.O. special assessment, and G.O. revenue bonds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Bonds, Series 2015A	\$ 7,745,000	2.00 - 3.00 %	09/17/15	02/01/31	\$ 5,415,000
G.O. Refunding Capital Bonds, Series 2016A	8,515,000	2.75 - 3.00	12/29/16	02/01/34	7,460,000
G.O. Capital Improvement Plan Bonds, Series 2018A	9,785,000	3.35 - 5.00	12/27/18	02/01/39	9,330,000
G.O. Capital Improvement Plan Bonds, Series 2019A	2,500,000	3.50 - 4.00	01/03/19	02/01/27	<u>2,400,000</u>
Total G.O. Bonds					<u>\$ 24,605,000</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

Annual debt service requirements to maturity for G.O. bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 1,370,000	\$ 780,173	\$ 2,150,173
2023	1,450,000	729,573	2,179,573
2024	1,525,000	676,223	2,201,223
2025	1,575,000	620,548	2,195,548
2026	1,630,000	563,560	2,193,560
2027 - 2031	8,830,000	2,001,894	10,831,894
2032 - 2036	5,735,000	825,017	6,560,017
2037 - 2039	2,490,000	127,515	2,617,515
Total	<u>\$ 24,605,000</u>	<u>\$ 6,324,503</u>	<u>\$ 30,929,503</u>

G.O. Improvement (Special Assessment) Bonds

The following bonds were issued to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements. Some issues, however, are partially financed by ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City. Each year the combined assessment and tax levy equals 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax or assessment payments.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds, Series 2017B	\$ 3,505,000	2.00 - 3.00 %	12/11/17	02/01/33	\$ 3,000,000
G.O. Improvement Bonds, Series 2020A	1,640,000	.05 - 1.00	12/15/20	02/01/27	<u>1,640,000</u>
Total G.O. Special Assessment Bonds					<u>\$ 4,640,000</u>

Annual debt service requirements to maturity for G.O. special assessment bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 645,000	\$ 89,193	\$ 734,193
2023	500,000	78,418	578,418
2024	505,000	68,243	573,243
2025	515,000	57,893	572,893
2026	525,000	47,918	572,918
2027 - 2031	1,470,000	130,471	1,600,471
2032 - 2033	480,000	12,123	492,123
Total	<u>\$ 4,640,000</u>	<u>\$ 484,259</u>	<u>\$ 5,124,259</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

G.O. Revenue Bonds

The following bonds were issued to finance capital improvements in the enterprise funds. They will be repaid from future revenues pledged from the Water and Sewer enterprise funds and are backed by the taxing power of the City. Annual revenues from charges for services, principal and interest payments, and percentage of revenue required to cover principal and interest payments are as follows:

	Water	Sewer
Net Operating Revenues	\$ 3,602,230	\$ 3,929,095
Principal and Interest	402,975	1,224,088
Percentage of Revenues	11.19 %	31.15 %

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Utility Revenue Refunding Bonds, Series 2012A	\$ 5,315,000	2.00 - 2.15 %	04/24/12	02/01/22	\$ 400,000
G.O. Sewer Revenue Refunding Bonds, Series 2014B	5,015,000	2.00 - 3.00	12/30/14	02/01/29	3,270,000
G.O. Sewer Revenue Bonds, Series 2015B	4,185,000	3.00 - 4.00	09/17/15	02/01/31	3,080,000
G.O. Sewer Refunding Revenue Bonds, Series 2017A	5,685,000	1.50 - 3.00	01/12/17	02/01/36	5,155,000
G.O. Sewer Refunding Revenue Bonds, Series 2021A	2,740,000	2.00 - 3.00	12/30/21	02/01/34	2,740,000
Total G.O. Revenue Bonds					\$ 14,645,000

The annual debt service requirements to maturity for G.O. revenue bonds are as follows:

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2022	\$ 4,205,000	\$ 363,546	\$ 4,568,546
2023	750,000	288,275	1,038,275
2024	780,000	262,575	1,042,575
2025	805,000	237,781	1,042,781
2026	825,000	212,606	1,037,606
2027 - 2031	4,545,000	674,300	5,219,300
2032 - 2036	2,735,000	161,613	2,896,613
Total	\$ 14,645,000	\$ 2,200,696	\$ 16,845,696

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds Payable					
G.O. bonds	\$ 25,920,000	\$ -	\$ (1,315,000)	\$ 24,605,000	\$ 1,370,000
G.O. special assessment bonds	4,885,000	-	(245,000)	4,640,000	645,000
Bond premium	873,560	-	(64,670)	808,890	-
Total Bonds Payable	<u>31,678,560</u>	<u>-</u>	<u>(1,624,670)</u>	<u>30,053,890</u>	<u>2,015,000</u>
Capital Lease Payable	-	148,377	-	148,377	34,944
Compensated Absences Payable	<u>2,639,503</u>	<u>1,198,848</u>	<u>(1,146,722)</u>	<u>2,691,629</u>	<u>1,107,043</u>
Governmental Activity Long-term Liabilities	<u>\$ 34,318,063</u>	<u>\$ 1,347,225</u>	<u>\$ (2,771,392)</u>	<u>\$ 32,893,896</u>	<u>\$ 3,156,987</u>
Business-type Activities					
Bonds Payable					
G.O. revenue bonds	\$ 13,175,000	\$ 2,740,000	\$ (1,270,000)	\$ 14,645,000	\$ 4,205,000
Bond premium	336,374	230,541	(39,396)	527,519	-
Total Bonds Payable	<u>13,511,374</u>	<u>2,970,541</u>	<u>(1,309,396)</u>	<u>15,172,519</u>	<u>4,205,000</u>
Compensated Absences Payable	<u>226,340</u>	<u>167,830</u>	<u>(134,575)</u>	<u>259,595</u>	<u>95,902</u>
Business-type Activity Long-term Liabilities	<u>\$ 13,737,714</u>	<u>\$ 3,138,371</u>	<u>\$ (1,443,971)</u>	<u>\$ 15,432,114</u>	<u>\$ 4,300,902</u>

Current Refunding

On December 13, 2021 the City issued \$2,740,000 of 2021A General Obligation Refunding Bonds. The bonds bear an average coupon rate of 1.045 percent and were used to call \$2,900,000 of the outstanding principal of the 2014B G.O. Refunding Bonds. As a result of the refunding issue, the City will save \$28,208 in debt service payments and achieve an economic gain (the present value of the difference between the old and the new debt service) of \$103,411.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

E. Components of Fund Balance

Fund equity balances are classified below to reflect the limitations and restrictions of the respective funds.

	General	Improvement Bonds	Community Center	Closed Bond
Nonspendable				
Prepaid items	\$ 17,785	\$ -	\$ 2,777	\$ -
Restricted for				
Debt service	-	4,081,852	-	-
Community development	-	-	-	-
Public safety	19,061	-	-	-
Park improvements	-	-	-	-
Total Restricted	<u>19,061</u>	<u>4,081,852</u>	<u>-</u>	<u>-</u>
Committed to				
Convention and Visitors Bureau	-	-	-	-
Recreation	-	-	-	-
Economic development	-	-	-	-
Public safety	75,587	-	-	-
Total Committed	<u>75,587</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned to				
Capital improvements	-	-	-	2,036,687
Unassigned	<u>13,095,958</u>	<u>-</u>	<u>(1,736,987)</u>	<u>-</u>
Total	<u>\$ 13,208,391</u>	<u>\$ 4,081,852</u>	<u>\$ (1,734,210)</u>	<u>\$ 2,036,687</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

	Local Improvement Construction	Pavement Management	Host Community	Other Governmental	Total
Nonspendable					
Prepaid items	\$ -	\$ -	\$ -	\$ 1,834	\$ 22,396
Restricted for					
Debt service	-	-	-	-	4,081,852
Community development	-	-	-	4,038,605	4,038,605
Public safety	-	-	-	-	19,061
Park improvements	-	-	-	2,634,380	2,634,380
Total Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,672,985</u>	<u>10,773,898</u>
Committed to					
Convention and Visitors Bureau	-	-	-	99,481	99,481
Recreation	-	-	-	436,129	436,129
Economic development	-	-	-	375,271	375,271
Public safety	-	-	-	-	75,587
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>910,881</u>	<u>986,468</u>
Assigned to					
Capital improvements	<u>1,814,146</u>	<u>10,610,735</u>	<u>9,390,081</u>	<u>4,930,230</u>	<u>28,781,879</u>
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,358,971</u>
Total	<u>\$ 1,814,146</u>	<u>\$ 10,610,735</u>	<u>\$ 9,390,081</u>	<u>\$ 12,515,930</u>	<u>\$ 51,923,612</u>

F. Interfund Receivables, Payables and Transfers

The composition of interfund balances at December 31, 2021 is as follows:

Receivable Fund	Payable Fund	Purpose	Amount
Due from/to other funds			
Internal Service	Golf Course	To loan funds for repairs and maintenance	\$ 81,908
Internal Service	Community Center	To loan funds for capital improvements	161,698
Advance to/from other funds			
Internal Service	Golf Course	To loan funds for repairs and maintenance	1,638,160
Internal Service	Community Center	To loan funds for capital improvements	1,882,620
Host Community	Nonmajor governmental	To loan funds for land purchase	1,000,000
Total			<u>\$ 4,764,386</u>

The Internal Service Central Equipment fund made advances to the Golf Course and Community Center funds which will be paid back in annual installments. The Host Community fund made advances to the nonmajor governmental EDA fund, which will be paid back when the land for resale has sold.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

The composition of interfund transfers for the year ended December 31, 2021 is as follows:

Fund	Transfer In			
	General	Closed Bond	Local Improvement Construction	Pavement Management
Transfer Out				
General	\$ -	\$ -	\$ 8,127	\$ -
Local Improvement Construction	39,313	50,000	-	67,045
Pavement Management	-	-	617,413	-
Host Community	-	-	1,014,435	500,000
Nonmajor Governmental	127,304	-	53,542	3,925,873
Water	294,500	-	249,876	55,481
Sewer	294,500	-	368,591	60,268
Storm Water Management	62,790	-	779,029	-
Internal Service Funds	208,892	-	-	-
Total	\$ 1,027,299	\$ 50,000	\$ 3,091,013	\$ 4,608,667

Fund	Transfer In						
	Community Center	Nonmajor Governmental	Water	Sewer	Storm Water Management	Golf Course	Internal Service Funds
Transfer Out							
General	\$ -	\$ 630,100	\$ -	\$ -	\$ -	\$ 16,610	\$ -
Local Improvement Construction	-	1,274,800	39,495	75,000	128,008	-	572,000
Pavement Management	-	-	-	-	-	-	-
Host Community	1,092,614	50,000	-	-	-	-	-
Nonmajor Governmental	-	-	-	-	2,566,652	-	600,643
Water	-	-	-	96,897	-	-	-
Sewer	-	-	-	-	-	541	-
Storm Water Management	-	-	-	-	-	-	-
Internal Service Funds	-	-	-	-	-	-	-
Total	\$ 1,092,614	\$ 1,954,900	\$ 39,495	\$ 171,897	\$ 2,694,660	\$ 17,151	\$ 1,172,643

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

The City annually budgets transfers for specific purposes and includes transfers to cover funds annual operations, transfers for debt service payments, transfers made as part of capital improvement plans and other transfers made for various reasons. The City made the following one-time non-budgeted transfers for the year ended December 31, 2021:

- A transfer from the General fund to the Golf fund to reimburse prior year electrical expenses.
- A transfer from the General fund to the Local Improvement Construction fund was adopted by resolution. The transfer was for construction projects.
- A transfer from the Local Improvement Construction fund to the General fund, Pavement Management fund, nonmajor governmental funds, water, sewer and storm water management funds and the internal service funds were adopted by resolution. The transfers were to close construction projects.
- Transfers from the Pavement Management fund to the Local Improvement Construction fund were adopted by resolution. The transfers were for construction projects.
- A transfer from the Host Community fund to the Local Improvement Construction fund was adopted by resolution. The transfer was for construction projects.
- Transfers from the nonmajor governmental funds to the Local Improvement Construction fund and Pavement Management fund were adopted by resolution. The transfers were for construction projects.
- Transfers from the nonmajor governmental funds to the Internal Service funds were adopted by resolution. The transfers were for funding equipment purchases and future capital costs.
- Transfers from the Water fund to the Local Improvement Pavement Management fund and Sewer fund were adopted by resolution. The transfers were for construction projects.
- Transfers from the Sewer fund to the Local Improvement Pavement Management fund and Golf Course fund were adopted by resolution. The transfers were for construction projects and reimbursement of prior year expenses.
- Transfers from the Storm Water Management fund to the Local Improvement Pavement Management fund were adopted by resolution. The transfers were for construction projects.
- Transfers from the Storm Water Management capital project fund to the newly created Storm Water Management enterprise fund were to establish a new fund.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

B. Benefits Provided

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

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

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

Police and Fire Plan Benefits

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

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

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

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

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2021 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2021, 2020 and 2019 were \$642,758, \$680,633 and \$620,963, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the years ending December 31, 2021, 2020 and 2019 were \$857,198, \$892,474 and \$745,061, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2021, the City reported a liability of \$5,175,783 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$158,056. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1212 percent which was an increase of 0.0006 from its proportion measured as of June 30, 2020.

City's Proportionate Share of the Net Pension Liability	\$ 5,175,783
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	158,056
	158,056
Total	\$ 5,333,839

For the year ended December 31, 2021, the City recognized pension expense of \$278,536 for its proportionate share of General Employees Plan's pension expense. In addition, the City recognized an additional \$12,753 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

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

At December 31, 2021, the City reported its proportionate share of General Employee's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 29,883	\$ 158,303
Changes in Actuarial Assumptions	3,160,226	111,912
Net Difference Between Projected and Actual Earnings on Plan Investments	-	4,473,354
Changes in Proportion	253,824	-
Contributions Paid to PERA Subsequent to the Measurement Date	345,628	-
Total	\$ 3,789,561	\$ 4,743,569

The \$345,628 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ (69,759)
2023	33,906
2024	(41,186)
2025	(1,222,597)

Police and Fire Fund Pension Costs

At December 31, 2021, the City reported a liability of \$3,238,095 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.4195 percent which was a decrease of 0.0027 from its proportion measured as of June 30, 2020.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state aid was paid on October 1, 2020. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

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

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2021, the City recognized pension expense of \$89,065 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in fire state aid. The City also recognized \$26,508 for the year ended December 31, 2021 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2021, the City reported its proportionate share of Police and Fire Plan's deferred outflows of resources and deferred inflows of resources, from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 615,739	\$ 74,258
Changes in Actuarial Assumptions	4,964,851	1,700,385
Net Difference Between Projected and Actual Earnings on Plan Investments	-	6,149,906
Changes in Proportion	817,525	23,726
Contributions Paid to PERA Subsequent to the Measurement Date	<u>441,197</u>	<u>-</u>
Total	<u>\$ 6,839,312</u>	<u>\$ 7,948,275</u>

The \$441,197 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ (1,646,513)
2023	(224,255)
2024	(193,055)
2025	(528,207)
Thereafter	1,041,870

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

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

E. Actuarial Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

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

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

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

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

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

Police and Fire Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

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

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

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

F. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

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

	<u>City Proportionate Share of NPL</u>		
	<u>1 Percent Decrease (5.50%)</u>	<u>Current (6.50%)</u>	<u>1 Percent Increase (7.50%)</u>
General Employees Fund	\$ 10,555,955	\$ 5,175,783	\$ 761,023
Police and Fire Fund	10,280,405	3,238,095	(2,534,854)

H. Pension Plan Fiduciary Net Position

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

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 5: Public Employees Defined Contribution Plan (Defined Contribution Plan)

One council member is covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City during the fiscal year 2021 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 548	\$ 548	5.00%	5.00%	5.00%

The City's contributions to the DCP for the years ended December 31, 2021, 2020 and 2019 were \$548, \$1,390 and \$1,406, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

Note 6: Defined Benefit Pension Plans - Fire Relief Association

A. Plan Description

All members of the Inver Grove Heights Fire Department (the Department) are covered by a defined benefit plan administered by the Inver Grove Heights Firefighters Relief Association (the Association). As of December 31, 2020, the plan covered 53 active firefighters and 22 vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

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

B. Benefits Provided

A firefighter who completes at least 20 years as an active member of the Department is entitled, after age 50, to a full-service pension upon retirement.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as prescribed by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 10 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable non-forfeitable percentage of pension.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)

C. Contributions

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$235,102 in fire state aid to the plan on behalf of the Department for the year ended December 31, 2020, which was recorded as a revenue. There were no required employer contributions calculated based on statutory provisions. In 2020 and 2021, the City made voluntary contributions of \$85,075 and \$82,775 to the plan, respectively.

D. Pension Costs

At December 31, 2021, the City reported a net pension liability (asset) of \$(2,501,854) for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2020. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the Department. The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2020	\$ 3,740,038	\$ 5,683,894	\$ (1,943,856)
Changes for the Year			
Service cost	173,888	-	173,888
Interest on pension liability (asset)	194,716	-	194,716
Assumption Changes	(75,515)	-	(75,515)
Plan Changes	209,402	-	209,402
Contributions (employer)	-	85,075	(85,075)
Nonemployer contributions	-	226,652	(226,652)
Projected Investment Return	-	300,347	(300,347)
(Gain)/loss	(393,205)	65,735	(458,940)
Benefit payments	(747,268)	(747,268)	-
Administrative expenses	-	(10,525)	10,525
Total Net Changes	<u>(637,982)</u>	<u>(79,984)</u>	<u>(557,998)</u>
Ending Balance December 31, 2020	<u>\$ 3,102,056</u>	<u>\$ 5,603,910</u>	<u>\$ (2,501,854)</u>

For the year ended December 31, 2021, the City recognized pension expense of \$230,974.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)

At December 31, 2021, the City reported deferred outflows of resources and its contributions subsequent to the measurement date related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 565,800
Changes in Actuarial Assumptions	40,152	60,412
Net Difference Between Projected and Actual Earnings on Plan Investments	-	212,851
Contributions to Plan Subsequent to the Measurement Date	235,102	-
Total	\$ 275,254	\$ 839,063

Deferred outflows of resources totaling \$235,102 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2022	\$ (218,837)
2023	(114,754)
2024	(252,888)
2025	(142,072)
2026	(35,181)
Thereafter	(35,179)

E. Actuarial Assumptions

The total pension asset at December 31, 2021 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement Eligibility at 100 Percent at Age 50	
Salary Increases	2.50% per year
Cost of Living Increases	0.00% per year
Investment Rate of Return	5.50%
20-Year Municipal Bond Yield	N/A (no unfunded liabilities)

The discount rate remained at 5.50% in 2021.

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

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	10.00 %	1.80 %
Fixed Income	29.00	3.50
Equities	58.00	7.00
Other	<u>3.00</u>	6.50
Total	<u><u>100.00 %</u></u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 5.50 percent. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate. The equivalent single rate is the discount rate.

G. Pension Asset Sensitivity

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

	<u>City Proportionate Share of NPA</u>		
	<u>1 Percent Decrease (4.50%)</u>	<u>Current (5.50%)</u>	<u>1 Percent Increase (6.50%)</u>
Defined Benefit Plan	\$ (2,322,220)	\$ (2,501,854)	\$ (2,666,011)

H. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report. The report may be obtained by writing to the Inver Grove Heights Firefighters Relief Association, 8150 Barbara Ave, Inver Grove Heights, MN 55077.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 7: Postemployment Benefits Other Than Pensions

A. Plan Description

The City provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical coverage and is administered by HealthPartners, Inc. It is the City’s policy for Council to periodically review its medical coverage, and to obtain requests for proposals in order to provide the most favorable benefits and premiums for City employees and retirees. The City does not issue a publicly available report. The plan is not considered a trust and contributions are not irrevocable.

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	6
Active Plan Members	153
 Total Plan Members	 159

B. Funding Policy

Retirees receiving benefits contribute 100 percent of their premium costs. Retirees and their spouses contribute to the health care plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with HealthPartners, Inc. The required contributions are based on projected pay-as-you-go financing requirements. For the year ended December 31, 2021, the City’s average contribution rate was .5 percent of covered-employee payroll. For fiscal year 2021, the City contributed \$71,696 to the plan. As of January 1, 2020, there were six retirees receiving health benefits from the City’s health plan.

C. Actuarial Methods and Assumptions

The City’s total OPEB liability of \$810,707 was measured as of January 1, 2021, and was determined by an actuarial valuation as of January 1, 2020.

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.00%
Expected Long-Term Investment Return	N/A
20-Year Municipal Bond Yield	2.00%
Inflation Rate	2.50%
Salary Increases	3.00%
Medical Trend Rate	6.25% in 2021 grading to 5% over 5 years and then to 4.00% over the next 48 years

The discount rate used to measure the total OPEB liability was 2.00 percent. Mortality rates were based on the Pub-2010 public retirement plans mortality tables.

The actuarial assumptions used in the January 1, 2020 valuation were based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 7: Postemployment Benefits Other Than Pensions (Continued)

D. Changes in the Total OPEB Liability

	<u>Total OPEB Liability (a)</u>
Balances at December 31, 2020	\$ 744,336
Changes for the Year:	
Service cost	64,137
Interest	22,584
Differences between expected and actual experience	39,540
Changes in assumptions or other inputs	-
Benefit payments	<u>(59,890)</u>
Net Changes	<u>66,371</u>
Balances at December 31, 2021	<u>\$ 810,707</u>

Since the prior measurement date, the following assumptions changed:

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

E. Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.00 percent) or 1-percentage point higher (3.00 percent) than the current discount rate:

<u>1 Percent Decrease (1.00%)</u>	<u>Current (2.00%)</u>	<u>1 Percent Increase (3.00%)</u>
\$ 867,438	\$ 810,707	\$ 757,206

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a Healthcare Cost Trend Rate that is 1-percentage point lower (5.25 percent decreasing to 4.00 percent) or 1-percentage point higher (7.25 percent decreasing to 6.00 percent) than the current cost trend rate:

<u>1 Percent Decrease (5.25% Decreasing to 4.00%)</u>	<u>Healthcare Cost Trend Rates (6.25% Decreasing to 5.00%)</u>	<u>1 Percent Increase (7.25% Decreasing to 6.00%)</u>
\$ 721,156	\$ 810,707	\$ 917,988

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 7: Postemployment Benefits Other Than Pensions (Continued)

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the City recognized OPEB expense of \$97,282. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ 52,191	\$ 13,595
Net Difference between Projected and Actual Earnings on Plan Investments	29,701	-
Contributions to OPEB Subsequent to the Measurement Date	71,696	-
Total	\$ 153,588	\$ 13,595

Deferred outflows of resources totaling \$71,696 related to pensions resulting from the City's contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:		
2022		\$ 10,559
2023		10,559
2024		10,559
2025		10,559
2026		10,559
Thereafter		15,502

Note 8: Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Workers compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. For workers compensation, the City is not subject to a deductible.

Property and casualty insurance is provided through a pooled self-insurance program through the LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts. The City retains risk for the deductible portion of the insurance policies and for any exclusions from the insurance policies. These amounts are considered immaterial to the financial statements.

The City continues to carry commercial insurance for all other risks of loss, including disability and employee health insurance.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 8: Other Information (Continued)

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

The risk management activities of the City are accounted for by the Risk Management fund, an internal service fund, which charges its costs to user departments. The fund is designed to build up a reserve which will provide the City the opportunity to assume a greater share of its insurance risks and thereby reducing the cost to purchase insurance.

B. Contingencies

Tax Increment Financing Districts

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

C. Conduit Debt Obligations

From time to time, the City has issued industrial 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 payment 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, 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, 2021, there was one series of Housing Revenue Bonds outstanding as follows:

Series	Amount Issued	Balance Outstanding 12/31/21
2005 Senior Housing Revenue Refunding Bonds	<u>\$ 32,290,000</u>	<u>\$ 19,935,000</u>

Note 9: COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus ("COVID-19") and the risks to the international community as virus spreads globally. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. In response to the pandemic, the State of Minnesota had issued stay-at-home orders and other measures aimed at slowing the spread of the coronavirus.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Due to the rapid development and fluidity of this situation, the City cannot determine the ultimate impact that the COVID-19 pandemic will have on its financial condition, liquidity, and future revenue collection, and therefore any prediction as to the ultimate impact on the City's financial condition, liquidity, and future results of its revenue collections is uncertain.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

City of Inver Grove Heights, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2021

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/21	0.1212 %	\$ 5,175,783	\$ 158,056	\$ 5,333,839	\$ 8,719,450	59.4 %	87.0 %
06/30/20	0.1206	7,230,521	222,930	7,453,451	8,595,785	86.7	79.0
06/30/19	0.1139	6,297,276	195,825	6,493,101	8,063,116	80.5	80.2
06/30/18	0.1121	6,218,848	204,030	6,422,878	7,509,053	85.5	79.5
06/30/17	0.1086	6,932,952	87,187	7,020,139	6,960,481	100.9	75.9
06/30/16	0.1064	8,639,152	112,841	8,751,993	6,603,007	132.5	68.9
06/30/15	0.1083	5,612,668	-	5,612,668	6,258,792	88.2	78.2

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

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/21	\$ 642,758	\$ 642,758	\$ -	\$ 8,570,102	7.5 %
12/31/20	680,633	680,633	-	9,075,102	7.5
12/31/19	620,963	620,963	-	8,279,503	7.5
12/31/18	593,314	593,314	-	7,910,851	7.5
12/31/17	544,197	544,197	-	7,255,965	7.5
12/31/16	499,836	499,836	-	6,664,480	7.5
12/31/15	488,967	488,967	-	6,519,564	7.5

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

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

Notes to the Required Supplementary Information - General Employees Fund

Changes in Actuarial Assumptions

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

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

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

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

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

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

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

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

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

Changes in Plan Provisions

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

2020 - Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

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

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

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

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

City of Inver Grove Heights, Minnesota
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2021

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/21	0.4195 %	\$ 3,238,095	\$ 145,556	\$ 3,383,651	\$ 4,957,609	65.3 %	93.7 %
06/30/20	0.4222	5,565,048	-	5,696,167	4,762,639	116.8	87.2
06/30/19	0.3806	4,051,871	-	4,051,871	4,012,373	101.0	89.3
06/30/18	0.3461	3,689,070	-	3,689,070	3,647,742	101.1	88.8
06/30/17	0.3420	4,617,407	-	4,617,407	3,506,580	131.7	85.4
06/30/16	0.3320	13,323,738	-	13,323,738	3,201,037	416.2	63.9
06/30/15	0.3310	3,760,965	-	3,760,965	3,030,956	124.1	86.6

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

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

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/21	\$ 857,198	\$ 857,198	\$ -	\$ 4,842,927	17.7 %
12/31/20	892,474	892,474	-	5,042,229	17.7
12/31/19	745,061	745,061	-	4,395,638	17.0
12/31/18	618,063	618,063	-	3,815,205	16.2
12/31/17	581,071	581,071	-	3,586,860	16.2
12/31/16	540,976	540,976	-	3,339,357	16.2
12/31/15	499,560	499,560	-	3,083,703	16.2

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

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in Actuarial Assumptions

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

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

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

2018 - The mortality projection scale was changed from MP-2016 to MP-2017. As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.

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

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

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

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

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

Changes in Plan Provisions

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

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

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

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

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

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

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

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

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

	2021 (Fire Relief Report Date 2020)	2020 (Fire Relief Report Date 2019)	2019 (Fire Relief Report Date 2018)	2018 (Fire Relief Report Date 2017)	2017 (Fire Relief Report Date 2016)	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
Total Pension Liability							
Service cost	\$ 173,888	\$ 171,379	\$ 197,738	\$ 192,915	\$ 147,752	\$ 152,797	\$ 149,070
Interest on pension liability (asset)	194,716	205,260	232,865	224,791	173,689	151,603	149,666
Changes of assumptions	(75,515)	-	32,691	-	33,665	-	-
Plan changes	209,402	225,435	81,241	-	879,054	-	-
Loss	(393,205)	-	(290,848)	-	(105,129)	-	-
Benefit payments	(747,268)	(845,318)	(245,000)	(319,214)	-	(168,074)	(55,673)
Net Change in Total Pension Liability	(637,982)	(243,244)	8,687	98,492	1,129,031	136,326	243,063
Total Pension Liability - January 1	3,740,038	3,983,282	3,974,595	3,876,103	2,747,072	2,610,746	2,367,683
Total Pension Liability - December 31 (a)	\$ 3,102,056	\$ 3,740,038	\$ 3,983,282	\$ 3,974,595	\$ 3,876,103	\$ 2,747,072	\$ 2,610,746
Plan Fiduciary Net Position							
Employer contributions	\$ 85,075	\$ 82,775	\$ 80,475	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Nonemployer contributions	226,652	213,866	205,308	198,234	195,016	192,612	180,645
Projected investment return	300,347	281,966	330,578	286,264	271,808	277,385	221,943
Gain (loss)	65,735	554,080	(690,670)	520,427	122,761	(497,477)	-
Benefit payments	(747,268)	(845,318)	(245,000)	(319,214)	-	(168,074)	(55,673)
Administrative expenses	(10,525)	(8,950)	(8,008)	(8,822)	(7,600)	(7,700)	(6,752)
Net Change in Plan Fiduciary Net Position	(79,984)	278,419	(327,317)	701,889	606,985	(178,254)	365,163
Plan Fiduciary Net Position - January 1	5,683,894	5,405,475	5,732,792	5,030,903	4,423,918	4,602,172	4,237,009
Plan Fiduciary Net Position - December 31 (b)	\$ 5,603,910	\$ 5,683,894	\$ 5,405,475	\$ 5,732,792	\$ 5,030,903	\$ 4,423,918	\$ 4,602,172
Fire Relief's Net Pension Liability (Asset) - December 31 (a-b)	\$ (2,501,854)	\$ (1,943,856)	\$ (1,422,193)	\$ (1,758,197)	\$ (1,154,800)	\$ (1,676,846)	\$ (1,991,426)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (B/A)	180.65%	151.97%	135.70%	144.24%	129.79%	161.04%	176.28%
Covered Payroll	N/A						
Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered Payroll	N/A						

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

City of Inver Grove Heights, Minnesota
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2021

Notes to the Required Supplementary Information - Fire Relief Association

Changes in Actuarial Assumptions

2021 - A termination scale was added to reflect members resigning prior to retirement age.

2020 - There were no changes since the previous valuation.

2019- There were no changes since the previous valuation.

2018 - The discount rate changed from 5.75% to 5.00%.

2017- There were no changes since the previous valuation.

2016 - The discount rate changed from 6.00% to 5.75%.

2015 - The benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes in Plan Provisions

2021 - The benefit level changed from \$8,600 to \$10,000

2020 - There were no changes since the previous valuation.

2019 - A benefit level increase from \$8,100 to \$8,600 was reflected in the active liability

2018 - The benefit level changed from \$7,900 to \$8,100.

2017 - There were no changes since the previous valuation.

2016 - The benefit level changed from \$5,900 to \$7,900.

2015 - There were no changes since the previous valuation.

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/21	\$ 235,102	\$ 235,102	\$ -
12/31/20	222,652	222,652	-
12/31/19	209,866	209,866	(82,775)
12/31/18	203,308	283,783	(80,475)
12/31/17	195,234	220,234	(25,000)
12/31/16	195,016	220,016	(25,000)
12/31/15	190,612	215,612	(25,000)
12/31/14	205,645	205,645	-

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

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

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

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 64,137	\$ 53,871	\$ 36,389	\$ 38,497
Interest	22,584	26,207	22,943	22,833
Differences between expected and actual experience	39,540	39,601	-	-
Changes in assumptions	-	23,458	(20,393)	-
Benefit payments	(59,890)	(68,517)	(55,701)	(56,043)
Net Change in Total OPEB Liability	<u>66,371</u>	<u>74,620</u>	<u>(16,762)</u>	<u>5,287</u>
Total OPEB Liability - Beginning January 1,	<u>744,336</u>	<u>669,716</u>	<u>686,478</u>	<u>681,191</u>
Total OPEB Liability - Ending December 31,	<u><u>\$ 810,707</u></u>	<u><u>\$ 744,336</u></u>	<u><u>\$ 669,716</u></u>	<u><u>\$ 686,478</u></u>
Covered-Employee Payroll	\$ 13,228,917	\$ 12,812,510	\$ 10,686,455	\$ 10,375,199
City's total OPEB liability as a percentage of covered-employee payroll	6.13 %	5.81 %	6.27 %	6.62 %

Changes in Assumptions:

In 2021, the following assumptions changes:

The discount rate was changed from 2.90% to 2.00%

In 2020, the following assumptions changes:

The health care trend rates, mortality tables, and salary increase rates were updated.

The discount rate was changed from 3.80% to 2.90%

In 2019, the following assumptions changes:

The discount rate was changed from 3.30% to 3.80%

In 2018, the following assumptions changes:

The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2014 Generational Improvement Scale (Blue Collar Tables for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables (de-trended to 2006) and then projected beyond the valuation date using scale MP-2017 (Blue Collar Tables for Police and Fire Personnel).

The subsidized benefits for the officers injured in the line of duty are assumed to end after five years for the two individuals under age 40 as of the valuation date and at age 65 for the one individual over age 55 as of the valuation date.

The withdrawal and retirement tables for all employees were updated.

The discount rate was changed from 4.00% to 3.30%

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

Note: There are no assets accumulated in a trust to pay related benefits for the above OPEB plan.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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NONMAJOR GOVERNMENTAL FUNDS

City of Inver Grove Heights, Minnesota
 Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2021

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash and temporary investments	\$ 782,800	\$ 11,590,216	\$ 12,373,016
Receivables			
Accrued interest	3,088	42,040	45,128
Taxes	13,696	2,570	16,266
Special assessments	-	229,093	229,093
Due from other governments	17,500	-	17,500
Prepaid items	1,834	-	1,834
Land held for resale	1,138,500	-	1,138,500
	<u>1,138,500</u>	<u>-</u>	<u>1,138,500</u>
Total Assets	<u>\$ 1,957,418</u>	<u>\$ 11,863,919</u>	<u>\$ 13,821,337</u>
Liabilities			
Accounts and contracts payable	\$ 11,492	\$ 29,774	\$ 41,266
Accrued salaries payable	6,674	-	6,674
Due to other governments	249	-	249
Due to other funds	-	-	-
Advances from other funds	1,000,000	-	1,000,000
Deposits payable	15,788	-	15,788
Unearned revenue	10,500	-	10,500
Total Liabilities	<u>1,044,703</u>	<u>29,774</u>	<u>1,074,477</u>
Deferred Inflows of Resources			
Unavailable revenues - delinquent taxes	-	2,567	2,567
Unavailable revenues - special assessments	-	228,363	228,363
Total Deferred Inflows of Resources	<u>-</u>	<u>230,930</u>	<u>230,930</u>
Fund Balances			
Nonspendable	1,834	-	1,834
Restricted	-	6,672,985	6,672,985
Committed	910,881	-	910,881
Assigned	-	4,930,230	4,930,230
Total Fund Balances	<u>912,715</u>	<u>11,603,215</u>	<u>12,515,930</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,957,418</u>	<u>\$ 11,863,919</u>	<u>\$ 13,821,337</u>

City of Inver Grove Heights, Minnesota
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2021

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 120,618	\$ 2	\$ 120,620
Intergovernmental	17,500	316,983	334,483
Charges for services	190,646	2,077,105	2,267,751
Special assessments	-	11,016	11,016
Interest (loss) on investments	(44,104)	(61,570)	(105,674)
Miscellaneous	8,059	2,559	10,618
Total Revenues	<u>292,719</u>	<u>2,346,095</u>	<u>2,638,814</u>
Expenditures			
Current			
Public works	-	29,491	29,491
Culture and recreation	561,386	120,867	682,253
Community development	96,430	1,702	98,132
Capital outlay			
Culture and recreation	-	805,698	805,698
Community development	-	5,564	5,564
Total Expenditures	<u>657,816</u>	<u>963,322</u>	<u>1,621,138</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(365,097)</u>	<u>1,382,773</u>	<u>1,017,676</u>
Other Financing Sources (Uses)			
Transfers in	415,100	1,539,800	1,954,900
Sale of capital assets	-	90,000	90,000
Transfers out	(3,217,317)	(4,056,697)	(7,274,014)
Total Other Financing Sources (Uses)	<u>(2,802,217)</u>	<u>(2,426,897)</u>	<u>(5,229,114)</u>
Net Change in Fund Balances	(3,167,314)	(1,044,124)	(4,211,438)
Fund Balances, January 1	<u>4,080,029</u>	<u>12,647,339</u>	<u>16,727,368</u>
Fund Balances, December 31	<u>\$ 912,715</u>	<u>\$ 11,603,215</u>	<u>\$ 12,515,930</u>

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NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Convention and Visitors Bureau was created by a resolution of the City Council to account for the local lodging tax revenues collected per Ordinance No. 1015, which was adopted by the City Council on October 8, 2001, under the authority of Minnesota statutes, section 469.190.

Recreation accounts for recreation activities of the City.

Franchise Fee accounts for the collection of gas and electric franchise fees to support pavement management.

Economic Development Authority accounts for the activities of the Economic Development Authority.

City of Inver Grove Heights, Minnesota
 Nonmajor Special Revenue Funds
 Subcombining Balance Sheet
 December 31, 2021

	Convention and Visitors Bureau	Recreation	Franchise Fees	Economic Development Authority	Total
Assets					
Cash and temporary investments	\$ 69,432	\$ 476,349	\$ -	\$ 237,019	\$ 782,800
Receivables					
Accrued interest	308	1,875	-	905	3,088
Taxes	13,696	-	-	-	13,696
Due from other governments	17,500	-	-	-	17,500
Prepaid items	599	410	-	825	1,834
Land held for resale	-	-	-	1,138,500	1,138,500
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 101,535</u>	<u>\$ 478,634</u>	<u>\$ -</u>	<u>\$ 1,377,249</u>	<u>\$ 1,957,418</u>
Liabilities					
Accounts and contracts payable	\$ 1,455	\$ 9,212	\$ -	\$ 825	\$ 11,492
Accrued salaries payable	-	6,346	-	328	6,674
Due to other governments	-	249	-	-	249
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	1,000,000	1,000,000
Deposits payable	-	15,788	-	-	15,788
Unearned revenue	-	10,500	-	-	10,500
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>1,455</u>	<u>42,095</u>	<u>-</u>	<u>1,001,153</u>	<u>1,044,703</u>
Fund Balances					
Nonspendable	599	410	-	825	1,834
Committed	99,481	436,129	-	375,271	910,881
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>100,080</u>	<u>436,539</u>	<u>-</u>	<u>376,096</u>	<u>912,715</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 101,535</u>	<u>\$ 478,634</u>	<u>\$ -</u>	<u>\$ 1,377,249</u>	<u>\$ 1,957,418</u>

City of Inver Grove Heights, Minnesota
Nonmajor Special Revenue Funds
Subcombining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2021

	Convention and Visitors Bureau	Recreation	Franchise Fee	Economic Development Authority	Total
Revenues					
Taxes					
Lodging	\$ 120,618	\$ -	\$ -	\$ -	\$ 120,618
Intergovernmental	17,500	-	-	-	17,500
Charges for services	-	190,646	-	-	190,646
Interest (loss) on investments	(1,027)	(1,474)	(41,267)	(336)	(44,104)
Miscellaneous	-	8,059	-	-	8,059
Total Revenues	<u>137,091</u>	<u>197,231</u>	<u>(41,267)</u>	<u>(336)</u>	<u>292,719</u>
Expenditures					
Current					
Culture and recreation	132,527	428,859	-	-	561,386
Community development	-	-	-	96,430	96,430
Total Expenditures	<u>132,527</u>	<u>428,859</u>	<u>-</u>	<u>96,430</u>	<u>657,816</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,564</u>	<u>(231,628)</u>	<u>(41,267)</u>	<u>(96,766)</u>	<u>(365,097)</u>
Other Financing Sources (Uses)					
Transfers in	-	299,300	-	115,800	415,100
Transfers out	(6,031)	-	(3,211,286)	-	(3,217,317)
Total Other Financing Sources (Uses)	<u>(6,031)</u>	<u>299,300</u>	<u>(3,211,286)</u>	<u>115,800</u>	<u>(2,802,217)</u>
Net Change in Fund Balances	(1,467)	67,672	(3,252,553)	19,034	(3,167,314)
Fund Balances, January 1	<u>101,547</u>	<u>368,867</u>	<u>3,252,553</u>	<u>357,062</u>	<u>4,080,029</u>
Fund Balances, December 31	<u>\$ 100,080</u>	<u>\$ 436,539</u>	<u>\$ -</u>	<u>\$ 376,096</u>	<u>\$ 912,715</u>

City of Inver Grove Heights, Minnesota
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Convention and Visitors Bureau Special Revenue Fund
For the Year Ended December 31, 2021

	<u>Budget Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
Revenues			
Lodging taxes	\$ 115,000	\$ 120,618	\$ 5,618
Intergovernmental	14,000	17,500	3,500
Interest (loss) on investments	-	(1,027)	(1,027)
Miscellaneous	1,080	-	(1,080)
Total Revenues	<u>130,080</u>	<u>137,091</u>	<u>7,011</u>
Expenditures			
Current			
Culture and recreation	<u>128,050</u>	<u>132,527</u>	<u>(4,477)</u>
Excess of Revenues Over Expenditures	2,030	4,564	2,534
Other Financing Uses			
Transfers out	<u>(5,750)</u>	<u>(6,031)</u>	<u>(281)</u>
Net Change in Fund Balances	(3,720)	(1,467)	2,253
Fund Balances, January 1	<u>101,547</u>	<u>101,547</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 97,827</u></u>	<u><u>\$ 100,080</u></u>	<u><u>\$ 2,253</u></u>

City of Inver Grove Heights, Minnesota
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Recreation Special Revenue Fund
For the Year Ended December 31, 2021

	<u>Budget Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
Revenues			
Charges for services	\$ 160,000	\$ 190,646	\$ 30,646
Interest (loss) on investments	2,500	(1,474)	(3,974)
Miscellaneous	14,000	8,059	(5,941)
Total Revenues	<u>176,500</u>	<u>197,231</u>	<u>20,731</u>
Expenditures			
Current			
Culture and recreation	<u>479,200</u>	<u>428,859</u>	<u>50,341</u>
Deficiency of Revenues Under Expenditures	(302,700)	(231,628)	71,072
Other Financing Sources			
Transfers in	<u>299,300</u>	<u>299,300</u>	<u>-</u>
Net Change in Fund Balances	(3,400)	67,672	71,072
Fund Balances, January 1	<u>368,867</u>	<u>368,867</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 365,467</u>	<u>\$ 436,539</u>	<u>\$ 71,072</u>

City of Inver Grove Heights, Minnesota
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Economic Development Authority Special Revenue Fund
For the Year Ended December 31, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 15,000	\$ 15,000	\$ -	\$ (15,000)
Interest (loss) on investments	-	-	(336)	(336)
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>(336)</u>	<u>(15,336)</u>
Expenditures				
Current				
Community development	<u>80,800</u>	<u>128,500</u>	<u>96,430</u>	<u>32,070</u>
Deficiency of Revenues Under Expenditures	(65,800)	(113,500)	(96,766)	16,734
Other Financing Sources				
Transfers in	<u>65,800</u>	<u>65,800</u>	<u>115,800</u>	<u>50,000</u>
Net Change in Fund Balances	-	(47,700)	19,034	66,734
Fund Balances, January 1	<u>357,062</u>	<u>357,062</u>	<u>357,062</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 357,062</u>	<u>\$ 309,362</u>	<u>\$ 376,096</u>	<u>\$ 66,734</u>

NONMAJOR CAPITAL PROJECTS FUNDS

Capital Project funds account for financial resources to be used for acquisition or construction of major capital facilities (other than those financed by Proprietary funds).

Capital Facilities accounts for financial resources assigned for future City capital facilities.

Equipment Acquisition accounts for major equipment purchases.

Parks Acquisition and Development accounts for park dedication fees, related revenues and park and/or trail improvements.

State Aid Construction accounts for the use of municipal state aid allotments to finance projects not assessed such as street lights, sidewalks, and streets.

Capital Improvement Revolving accounts for preliminary construction costs incurred for projects not ordered.

Community Property accounts for financial resources assigned for future community property purchases and sales.

Storm Water Management accounts for storm water projects. This fund was closed in 2021 and storm water activities are now accounted for in the Enterprise funds.

Tree Preservation accounts for financial resources assigned for tree preservation.

Parks Capital Replacement accounts for financial resources assigned for maintenance and replacement of parks facilities.

Americans with Disabilities Act accounts for financial resources assigned for building repairs and maintenance.

Community Projects accounts for financial resources assigned for future community projects.

Permanent Improvement Revolving accounts for improvement revenues and expenditures from replacement funds set aside for capital improvements.

Tax Increment Financing accounts for the use of tax increment in the City's tax increment districts.

City of Inver Grove Heights, Minnesota
 Nonmajor Capital Projects Funds
 Subcombining Balance Sheet
 December 31, 2021

	Capital Facilities	Equipment Acquisition	Parks Acquisition and Development	State Aid Construction	Capital Improvement Revolving	Community Property
Assets						
Cash and temporary investments	\$ -	\$ -	\$ 4,781,327	\$ 464,580	\$ -	\$ 106,197
Receivables						
Accrued interest	-	-	12,787	1,795	2,559	365
Taxes	-	-	-	-	3	-
Special assessments	-	-	-	-	215,400	-
Total Assets	\$ -	\$ -	\$ 4,794,114	\$ 466,375	\$ 217,962	\$ 106,562
Liabilities						
Accounts and contracts payable	\$ -	\$ -	\$ 24,497	\$ -	\$ -	\$ -
Deferred Inflows of Resources						
Unavailable revenues - delinquent taxes	-	-	-	-	-	-
Unavailable revenues - special assessments	-	-	-	-	215,400	-
Total Deferred Inflows of Resources	-	-	-	-	215,400	-
Fund Balances						
Restricted	-	-	2,634,380	-	-	-
Assigned	-	-	2,135,237	466,375	2,562	106,562
Total Fund Balances	-	-	4,769,617	466,375	2,562	106,562
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ -	\$ 4,794,114	\$ 466,375	\$ 217,962	\$ 106,562

Storm Water Management	Tree Preservation	Parks Capital Replacement	Americans with Disabilities Act	Community Projects	Permanent Improvement Revolving	Tax Increment Financing	Total
\$ -	\$ 305,405	\$ 1,545,939	\$ 251,761	\$ 110,894	\$ 1,052	\$ 4,023,061	\$ 11,590,216
-	1,180	5,912	973	542	383	15,544	42,040
-	-	-	-	-	-	2,567	2,570
-	-	-	-	-	13,693	-	229,093
<u>\$ -</u>	<u>\$ 306,585</u>	<u>\$ 1,551,851</u>	<u>\$ 252,734</u>	<u>\$ 111,436</u>	<u>\$ 15,128</u>	<u>\$ 4,041,172</u>	<u>\$ 11,863,919</u>
\$ -	\$ -	\$ 5,277	\$ -	\$ -	\$ -	\$ -	\$ 29,774
-	-	-	-	-	-	2,567	2,567
-	-	-	-	-	12,963	-	228,363
-	-	-	-	-	12,963	2,567	230,930
-	-	-	-	-	-	4,038,605	6,672,985
-	306,585	1,546,574	252,734	111,436	2,165	-	4,930,230
-	306,585	1,546,574	252,734	111,436	2,165	4,038,605	11,603,215
<u>\$ -</u>	<u>\$ 306,585</u>	<u>\$ 1,551,851</u>	<u>\$ 252,734</u>	<u>\$ 111,436</u>	<u>\$ 15,128</u>	<u>\$ 4,041,172</u>	<u>\$ 11,863,919</u>

City of Inver Grove Heights, Minnesota
Nonmajor Capital Projects Funds
Subcombining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2021

	Capital Facilities	Equipment Acquisition	Parks Acquisition and Development	State Aid Construction	Capital Improvement Revolving	Community Property
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	316,983	-	-	-
Charges for services	-	-	2,076,601	-	504	-
Special assessments	-	-	-	-	-	-
Interest (loss) on investments	(1,199)	(10,441)	(8,392)	(6,885)	(2,708)	530
Miscellaneous	-	-	2,258	-	-	-
Total Revenues	(1,199)	(10,441)	2,387,450	(6,885)	(2,204)	530
Expenditures						
Current						
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay						
Culture and recreation	-	-	805,490	-	-	-
Community development	-	-	-	-	-	5,564
Total Expenditures	-	-	805,490	-	-	5,564
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,199)	(10,441)	1,581,960	(6,885)	(2,204)	(5,034)
Other Financing Sources (Uses)						
Transfers in	-	-	1,274,800	-	-	-
Sale of capital assets	-	-	-	-	-	90,000
Transfers out	(72,724)	(649,189)	-	-	(664,485)	-
Total Other Financing Sources (Uses)	(72,724)	(649,189)	1,274,800	-	(664,485)	90,000
Net Change in Fund Balances	(73,923)	(659,630)	2,856,760	(6,885)	(666,689)	84,966
Fund Balances, January 1	73,923	659,630	1,912,857	473,260	669,251	21,596
Fund Balances, December 31	\$ -	\$ -	\$ 4,769,617	\$ 466,375	\$ 2,562	\$ 106,562

Storm Water Management	Tree Preservation	Parks Capital Replacement	Americans with Disabilities Act	Community Projects	Permanent Improvement Revolving	Tax Increment Financing	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ 2
-	-	-	-	-	-	-	316,983
-	-	-	-	-	-	-	2,077,105
-	-	-	-	-	11,016	-	11,016
-	(830)	(8,092)	(1,911)	(1,426)	(711)	(19,505)	(61,570)
-	-	-	-	-	-	301	2,559
-	(830)	(8,092)	(1,911)	(1,426)	10,307	(19,204)	2,346,095
-	-	-	-	29,491	-	-	29,491
-	-	120,867	-	-	-	-	120,867
-	-	-	-	-	-	1,702	1,702
-	-	208	-	-	-	-	805,698
-	-	-	-	-	-	-	5,564
-	-	121,075	-	29,491	-	1,702	963,322
-	(830)	(129,167)	(1,911)	(30,917)	10,307	(20,906)	1,382,773
-	-	265,000	-	-	-	-	1,539,800
-	-	-	-	-	-	-	90,000
(2,566,652)	-	-	-	-	(103,647)	-	(4,056,697)
(2,566,652)	-	265,000	-	-	(103,647)	-	(2,426,897)
(2,566,652)	(830)	135,833	(1,911)	(30,917)	(93,340)	(20,906)	(1,044,124)
2,566,652	307,415	1,410,741	254,645	142,353	95,505	4,059,511	12,647,339
\$ -	\$ 306,585	\$ 1,546,574	\$ 252,734	\$ 111,436	\$ 2,165	\$ 4,038,605	\$ 11,603,215

City of Inver Grove Heights, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued on the Following Pages)
For the Year Ended December 31, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021			Variance with Final Budget	2020
	Budget Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
Revenues					
Taxes					
Property taxes	\$ 21,074,700	\$ 21,074,700	\$ 21,080,275	\$ 5,575	\$ 21,925,100
Cable franchise fees	101,500	101,500	103,759	2,259	106,449
Total taxes	<u>21,176,200</u>	<u>21,176,200</u>	<u>21,184,034</u>	<u>7,834</u>	<u>22,031,549</u>
Licenses and permits					
Business	1,665,900	1,665,900	1,915,575	249,675	1,232,061
Nonbusiness	16,200	16,200	23,558	7,358	275
Total licenses and permits	<u>1,682,100</u>	<u>1,682,100</u>	<u>1,939,133</u>	<u>257,033</u>	<u>1,232,336</u>
Intergovernmental					
Federal					
Other	15,000	15,000	152,671	137,671	42,144
State					
Police and fire aid	660,000	660,000	713,894	53,894	640,817
Other	-	-	16,000	16,000	39,127
County	10,000	10,000	16,075	6,075	14,701
Local	106,000	106,000	79,579	(26,421)	96,099
Total intergovernmental	<u>791,000</u>	<u>791,000</u>	<u>978,219</u>	<u>187,219</u>	<u>832,888</u>
Charges for services					
General government	4,600	4,600	7,530	2,930	1,126
Public safety	29,000	29,000	54,312	25,312	40,021
Public works	385,700	385,700	250,460	(135,240)	452,671
Rentals	230,000	230,000	250,915	20,915	236,654
Community development	25,000	25,000	85,592	60,592	67,379
Total charges for services	<u>674,300</u>	<u>674,300</u>	<u>648,809</u>	<u>(25,491)</u>	<u>797,851</u>
Fines and forfeitures	<u>180,000</u>	<u>180,000</u>	<u>166,286</u>	<u>(13,714)</u>	<u>145,283</u>
Special assessments	<u>2,500</u>	<u>2,500</u>	<u>3,873</u>	<u>1,373</u>	<u>1,981</u>
Interest (loss) on investments	<u>114,000</u>	<u>114,000</u>	<u>(78,171)</u>	<u>(192,171)</u>	<u>345,702</u>
Miscellaneous					
Donations	-	-	6,170	6,170	35,558
Other	23,200	23,200	188,997	165,797	61,945
Total miscellaneous	<u>23,200</u>	<u>23,200</u>	<u>195,167</u>	<u>171,967</u>	<u>97,503</u>
Total Revenues	<u>24,643,300</u>	<u>24,643,300</u>	<u>25,037,350</u>	<u>394,050</u>	<u>25,485,093</u>

City of Inver Grove Heights, Minnesota
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual (Continued)
 For the Year Ended December 31, 2021
 (With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and City Council					
Personnel services	\$ 50,200	\$ 50,200	\$ 48,422	\$ 1,778	\$ 49,270
Supplies	800	800	1,323	(523)	322
Other services and charges	119,900	119,900	249,369	(129,469)	138,178
Total Mayor and City Council	<u>170,900</u>	<u>170,900</u>	<u>299,114</u>	<u>(128,214)</u>	<u>187,770</u>
City administration					
Personnel services	1,592,300	1,592,300	1,668,083	(75,783)	1,598,936
Supplies	23,000	23,000	25,337	(2,337)	17,987
Other services and charges	745,800	753,600	818,375	(64,775)	717,537
Total city administration	<u>2,361,100</u>	<u>2,368,900</u>	<u>2,511,795</u>	<u>(142,895)</u>	<u>2,334,460</u>
Elections					
Personnel services	12,600	12,600	13,000	(400)	140,835
Supplies	7,000	7,000	400	6,600	18,520
Other services and charges	45,300	45,300	3,347	41,953	21,197
Total elections	<u>64,900</u>	<u>64,900</u>	<u>16,747</u>	<u>48,153</u>	<u>180,552</u>
Financial administration					
Personnel services	863,000	863,000	890,551	(27,551)	855,693
Supplies	43,100	43,100	41,325	1,775	32,338
Other services and charges	125,200	175,200	135,787	39,413	108,552
Total financial administration	<u>1,031,300</u>	<u>1,081,300</u>	<u>1,067,663</u>	<u>13,637</u>	<u>996,583</u>
Total general government	<u>3,628,200</u>	<u>3,686,000</u>	<u>3,895,319</u>	<u>(209,319)</u>	<u>3,699,365</u>
Public safety					
Police					
Personnel services	6,714,300	6,714,300	6,668,500	45,800	6,617,800
Supplies	163,400	171,075	140,683	30,392	164,063
Other services and charges	2,305,800	2,240,700	2,247,187	(6,487)	2,262,459
Total police	<u>9,183,500</u>	<u>9,126,075</u>	<u>9,056,370</u>	<u>69,705</u>	<u>9,044,322</u>
Fire					
Personnel services	2,291,500	2,291,500	2,279,188	12,312	2,168,041
Supplies	163,300	163,300	116,818	46,482	265,432
Other services and charges	1,167,000	1,177,000	1,100,539	76,461	1,093,369
Total fire	<u>3,621,800</u>	<u>3,631,800</u>	<u>3,496,545</u>	<u>135,255</u>	<u>3,526,842</u>
Total public safety	<u>12,805,300</u>	<u>12,757,875</u>	<u>12,552,915</u>	<u>204,960</u>	<u>12,571,164</u>

City of Inver Grove Heights, Minnesota
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual (Continued)
 For the Year Ended December 31, 2021
 (With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021			Variance with Final Budget	2020
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public works					
Streets and highways					
Personnel services	\$ 222,800	\$ 222,800	\$ 64,422	\$ 158,378	\$ 216,856
Supplies	5,800	5,800	6,258	(458)	3,414
Other services and charges	34,400	34,400	116,732	(82,332)	32,679
Total streets and highways	<u>263,000</u>	<u>263,000</u>	<u>187,412</u>	<u>75,588</u>	<u>252,949</u>
Engineering					
Personnel services	977,600	977,600	961,045	16,555	969,506
Supplies	27,300	27,300	28,288	(988)	17,836
Other services and charges	116,200	116,200	86,722	29,478	122,742
Total engineering	<u>1,121,100</u>	<u>1,121,100</u>	<u>1,076,055</u>	<u>45,045</u>	<u>1,110,084</u>
Street maintenance					
Personnel services	1,033,600	1,033,600	1,082,918	(49,318)	1,033,605
Supplies	360,400	360,400	377,485	(17,085)	482,401
Other services and charges	1,385,500	1,385,500	1,375,204	10,296	1,181,547
Total street maintenance	<u>2,779,500</u>	<u>2,779,500</u>	<u>2,835,607</u>	<u>(56,107)</u>	<u>2,697,553</u>
Street lighting					
Other services and charges	<u>183,000</u>	<u>183,000</u>	<u>167,001</u>	<u>15,999</u>	<u>157,956</u>
Total public works	<u>4,346,600</u>	<u>4,346,600</u>	<u>4,266,075</u>	<u>80,525</u>	<u>4,218,542</u>
Culture and recreation					
Parks and recreation					
Personnel services	1,180,400	1,180,400	1,210,538	(30,138)	1,089,737
Supplies	200,300	200,300	174,156	26,144	163,622
Other services and charges	768,800	801,800	778,089	23,711	779,921
Total culture and recreation	<u>2,149,500</u>	<u>2,182,500</u>	<u>2,162,783</u>	<u>19,717</u>	<u>2,033,280</u>
Community development					
Community development					
Personnel services	406,000	406,000	420,542	(14,542)	396,948
Supplies	4,600	4,600	4,316	284	2,950
Other services and charges	30,300	30,300	74,976	(44,676)	33,935
Total community development	<u>440,900</u>	<u>440,900</u>	<u>499,834</u>	<u>(58,934)</u>	<u>433,833</u>

City of Inver Grove Heights, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Community development (continued)					
Planning					
Personnel services	\$ 283,000	\$ 283,000	\$ 300,284	\$ (17,284)	\$ 396,074
Supplies	7,300	7,300	6,863	437	5,162
Other services and charges	92,400	92,400	106,069	(13,669)	67,668
Total planning	<u>382,700</u>	<u>382,700</u>	<u>413,216</u>	<u>(30,516)</u>	<u>468,904</u>
Inspections					
Personnel services	790,800	881,800	826,937	54,863	760,734
Supplies	12,800	12,800	12,466	334	9,871
Other services and charges	94,600	94,600	91,682	2,918	89,748
Total inspections	<u>898,200</u>	<u>989,200</u>	<u>931,085</u>	<u>58,115</u>	<u>860,353</u>
Total community development	<u>1,721,800</u>	<u>1,812,800</u>	<u>1,844,135</u>	<u>(31,335)</u>	<u>1,763,090</u>
Total current	<u>24,651,400</u>	<u>24,785,775</u>	<u>24,721,227</u>	<u>64,548</u>	<u>24,285,441</u>
Capital outlay					
General government	-	-	-	-	642
Public safety	-	125,100	394,842	(269,742)	-
Total capital outlay	<u>-</u>	<u>125,100</u>	<u>394,842</u>	<u>(269,742)</u>	<u>642</u>
Total Expenditures	<u>24,651,400</u>	<u>24,910,875</u>	<u>25,116,069</u>	<u>(205,194)</u>	<u>24,286,083</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,100)</u>	<u>(267,575)</u>	<u>(78,719)</u>	<u>188,856</u>	<u>1,199,010</u>
Other Financing Sources (Uses)					
Transfers in	653,500	703,500	1,027,299	323,799	2,634,861
Transfers out	(645,400)	(645,400)	(654,837)	(9,437)	(2,410,096)
Total Other Financing Sources (Uses)	<u>8,100</u>	<u>58,100</u>	<u>372,462</u>	<u>314,362</u>	<u>224,765</u>
Net Change in Fund Balances	-	(209,475)	293,743	503,218	1,423,775
Fund Balances, January 1	<u>12,914,648</u>	<u>12,914,648</u>	<u>12,914,648</u>	<u>-</u>	<u>11,490,873</u>
Fund Balances, December 31	<u>\$ 12,914,648</u>	<u>\$ 12,705,173</u>	<u>\$ 13,208,391</u>	<u>\$ 503,218</u>	<u>\$ 12,914,648</u>

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INTERNAL SERVICE FUNDS

Internal Service funds are used to account for the financing of goods or services provided by one department to other departments of the City, on a cost reimbursement basis. Revenues are recognized in the accounting period in which they are earned and become objectively measurable; expenses are recognized in the period incurred, if objectively measurable.

Compensated Absences was established to account for payment of unused vacation, sick, personal leave, severance and also the allocation of such costs to respective departments.

Risk Management was established to account for all City insurance programs related to the ongoing operations with the exception of employee benefit coverage.

Central Equipment was established to account for the cost of operating a maintenance facility and providing vehicles and equipment used by City departments and funds. The exception is the Golf Course fund which maintains its own equipment and vehicles.

Central Stores was established to account for the centralized purchase of consumable office supplies used by departments of the City.

City Facilities was established to account for the cost of maintaining City Hall. User departments are charged a rental fee based upon square footage.

Technology was established to account for the maintenance of all computer systems of the City.

City of Inver Grove Heights, Minnesota
Internal Service Funds
Combining Statement of Net Position
December 31, 2021

	Compensated Absences	Risk Management	Central Equipment	Central Stores
Assets				
Current Assets				
Cash and temporary investments	\$ 2,551,925	\$ 1,055,015	\$ 11,390,477	\$ 579,256
Receivables				
Accrued interest	9,377	4,007	42,460	2,296
Due from other funds	-	-	243,606	-
Inventories	-	-	63,865	-
Prepaid items	-	157,109	-	-
Total Current Assets	2,561,302	1,216,131	11,740,408	581,552
Noncurrent Assets				
Advance to other funds	-	-	3,520,780	-
Capital assets				
Land	-	-	209,122	-
Buildings and systems	-	-	1,708,857	-
Improvements other than buildings	-	-	240,717	-
Machinery and equipment	-	-	13,398,068	-
Less accumulated depreciation	-	-	(10,445,631)	-
Total Capital Assets (Net of Accumulated Depreciation)	-	-	5,111,133	-
Total Long-term Assets	-	-	8,631,913	-
Total Assets	2,561,302	1,216,131	20,372,321	581,552
Deferred Outflows of Resources				
Deferred pension resources	-	6,223	125,083	-
Liabilities				
Current Liabilities				
Accounts and contracts payable	-	848	80,537	829
Accrued salaries payable	-	339	8,708	-
Due to other governments	-	-	984	-
Compensated absences payable - current	1,055,645	1,309	38,286	-
Total Current Liabilities	1,055,645	2,496	128,515	829
Noncurrent Liabilities				
Compensated absences payable	1,504,276	3,115	59,330	-
Capital lease payable	-	-	148,377	-
Net pension liability	-	8,974	180,672	-
Total Noncurrent Liabilities	1,504,276	12,089	388,379	-
Total Liabilities	2,559,921	14,585	516,894	829
Deferred Inflows of Resources				
Deferred pension resources	-	7,709	154,887	-
Net Position				
Net investment in capital assets	-	-	4,962,756	-
Unrestricted	1,381	1,200,060	14,862,867	580,723
Total Net Position	\$ 1,381	\$ 1,200,060	\$ 19,825,623	\$ 580,723

City Facilities	Technology	Total
\$ 1,047,214	\$ 990,279	\$ 17,614,166
2,348	3,614	64,102
-	-	243,606
-	-	63,865
-	-	157,109
<u>1,049,562</u>	<u>993,893</u>	<u>18,142,848</u>
-	-	<u>3,520,780</u>
-	-	209,122
15,700,645	-	17,409,502
-	-	240,717
138,334	1,211,593	14,747,995
<u>(3,798,994)</u>	<u>(945,219)</u>	<u>(15,189,844)</u>
<u>12,039,985</u>	<u>266,374</u>	<u>17,417,492</u>
<u>12,039,985</u>	<u>266,374</u>	<u>20,938,272</u>
<u>13,089,547</u>	<u>1,260,267</u>	<u>39,081,120</u>
<u>55,020</u>	-	<u>186,326</u>
90,124	-	172,338
3,003	-	12,050
320	-	1,304
11,803	-	1,107,043
<u>105,250</u>	-	<u>1,292,735</u>
17,865	-	1,584,586
-	-	148,377
79,038	-	268,684
<u>96,903</u>	-	<u>2,001,647</u>
<u>202,153</u>	-	<u>3,294,382</u>
<u>68,203</u>	-	<u>230,799</u>
12,039,985	266,374	17,269,115
834,226	993,893	18,473,150
<u>\$ 12,874,211</u>	<u>\$ 1,260,267</u>	<u>\$ 35,742,265</u>

City of Inver Grove Heights, Minnesota
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2021

	Compensated Absences	Risk Management	Central Equipment	Central Stores
Operating Revenues				
Charges for services	\$ 315,161	\$ 1,122,300	\$ 2,896,150	\$ 129,400
Operating Expenses				
Personnel services	333,993	19,643	400,007	-
Other current expenses	-	1,004,592	1,169,829	63,412
Depreciation	-	-	1,029,086	-
Total Operating Expenses	<u>333,993</u>	<u>1,024,235</u>	<u>2,598,922</u>	<u>63,412</u>
Operating Income (Loss)	<u>(18,832)</u>	<u>98,065</u>	<u>297,228</u>	<u>65,988</u>
Nonoperating Revenues				
Interest (loss) on investments	(13,442)	(5,085)	(55,085)	(2,944)
Miscellaneous revenues	-	123,726	29,083	353
Gain on sale of capital assets	-	-	19,509	-
Total Nonoperating Revenues	<u>(13,442)</u>	<u>118,641</u>	<u>(6,493)</u>	<u>(2,591)</u>
Income (Loss) Before Transfers and Contributions	(32,274)	216,706	290,735	63,397
Capital Contributions	-	-	-	-
Transfers In	-	-	527,919	-
Transfers Out	-	-	(208,892)	-
Change in Net Position	(32,274)	216,706	609,762	63,397
Net Position, January 1	<u>33,655</u>	<u>983,354</u>	<u>19,215,861</u>	<u>517,326</u>
Net Position, December 31	<u>\$ 1,381</u>	<u>\$ 1,200,060</u>	<u>\$ 19,825,623</u>	<u>\$ 580,723</u>

City Facilities	Technology	Total
\$ 757,306	\$ 65,000	\$ 5,285,317
189,684	(90,783)	852,544
720,834	31,588	2,990,255
640,629	63,689	1,733,404
<u>1,551,147</u>	<u>4,494</u>	<u>5,576,203</u>
(793,841)	60,506	(290,886)
(2,438)	(8,649)	(87,643)
183	100	153,445
-	-	19,509
<u>(2,255)</u>	<u>(8,549)</u>	<u>85,311</u>
(796,096)	51,957	(205,575)
-	212,391	212,391
644,724	-	1,172,643
-	-	(208,892)
(151,372)	264,348	970,567
<u>13,025,583</u>	<u>995,919</u>	<u>34,771,698</u>
<u>\$ 12,874,211</u>	<u>\$ 1,260,267</u>	<u>\$ 35,742,265</u>

City of Inver Grove Heights, Minnesota
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2021

	Compensated Absences	Risk Management	Central Equipment	Central Stores
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 315,161	\$ 1,122,300	\$ 2,896,150	\$ 130,931
Other operating receipts	-	123,706	28,668	353
Payments to suppliers	-	(1,151,315)	(1,146,716)	(67,113)
Payments to employees	(197,449)	(19,768)	(415,268)	-
Net Cash Provided (Used) by Operating Activities	<u>117,712</u>	<u>74,923</u>	<u>1,362,834</u>	<u>64,171</u>
Cash Flows from Noncapital Financing Activities				
Payments on interfund balances	-	-	257,890	-
Transfers from other funds	-	-	527,919	-
Transfers to other funds	-	-	(208,892)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>576,917</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	-	-	(155,244)	-
Proceeds from sale of capital assets	-	-	33,801	-
Net Cash Provided (Used) by and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(121,443)</u>	<u>-</u>
Cash Flows from Investing Activities				
Investment receipts	(14,150)	(5,550)	(59,721)	(3,203)
Net Increase (Decrease) in Cash and Cash Equivalents				
	103,562	69,373	1,758,587	60,968
Cash and Cash Equivalents, January 1	<u>2,448,363</u>	<u>985,642</u>	<u>9,631,890</u>	<u>518,288</u>
Cash and Cash Equivalents, December 31	<u>\$ 2,551,925</u>	<u>\$ 1,055,015</u>	<u>\$ 11,390,477</u>	<u>\$ 579,256</u>

City Facilities	Technology	Total
\$ 758,800	\$ 65,000	\$ 5,288,342
-	100	152,827
(647,306)	(33,738)	(3,046,188)
<u>(204,363)</u>	<u>-</u>	<u>(836,848)</u>
<u>(92,869)</u>	<u>31,362</u>	<u>1,558,133</u>
-	-	257,890
644,724	-	1,172,643
<u>-</u>	<u>-</u>	<u>(208,892)</u>
<u>644,724</u>	<u>-</u>	<u>1,221,641</u>
-	-	(155,244)
<u>-</u>	<u>-</u>	<u>33,801</u>
<u>-</u>	<u>-</u>	<u>(121,443)</u>
<u>(2,845)</u>	<u>(8,066)</u>	<u>(93,535)</u>
549,010	23,296	2,564,796
<u>498,204</u>	<u>966,983</u>	<u>15,049,370</u>
<u>\$ 1,047,214</u>	<u>\$ 990,279</u>	<u>\$ 17,614,166</u>

City of Inver Grove Heights, Minnesota
Internal Service Funds
Statements of Cash Flows (Continued)
For the Year Ended December 31, 2021

	Compensated Absences	Risk Management	Central Equipment	Central Stores
Reconciliation of Operating Income (Loss)				
to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (18,832)	\$ 98,065	\$ 297,228	\$ 65,988
Adjustments to reconcile operating income (loss)				
to net cash provided (used) by operating activities				
Depreciation	-	-	1,029,086	-
Other income related to operations	-	123,726	29,083	353
(Increase) decrease in assets/deferred outflows of resources				
Accounts receivable	-	-	-	1,531
Due from other governments	-	-	-	-
Inventories	-	-	8,983	-
Prepaid items	-	(99,875)	1,275	-
Deferred pension resources	-	(4,396)	(87,161)	-
Increase (decrease) in liabilities/deferred inflows of resources				
Accounts and contracts payable	-	(46,843)	11,871	(3,701)
Accrued salaries payable	-	60	2,385	-
Due to other governments	-	(5)	984	-
Compensated absences payable	136,544	811	9,692	-
Net pension liability	-	(3,804)	(84,576)	-
Deferred pension resources	-	7,184	143,984	-
Net Cash Provided (Used) by Operating Activities	\$ 117,712	\$ 74,923	\$ 1,362,834	\$ 64,171
Schedule of Noncash Capital and Related Financing Activities				
Capital assets acquired through capital lease	\$ -	\$ -	\$ 148,377	\$ -
Capital assets contributed from governmental activities	\$ -	\$ -	\$ -	\$ -
Book value of assets disposed	\$ -	\$ -	\$ 14,292	\$ -

City Facilities	Technology	Totals
\$ (794,255)	\$ 60,920	\$ (290,886)
640,629	63,689	1,733,404
183	100	153,445
-	-	1,531
1,494	-	1,494
-	-	8,983
-	-	(98,600)
(38,645)	66	(130,136)
73,208	(2,150)	32,385
339	-	2,784
320	-	1,299
(4,138)	(90,783)	52,126
(35,499)	(461)	(124,340)
63,495	(19)	214,644
<u>\$ (92,869)</u>	<u>\$ 31,362</u>	<u>\$ 1,558,133</u>

\$ -	\$ -	\$ 148,377
\$ -	\$ 212,391	\$ 212,391
\$ -	\$ -	\$ 14,292

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STATISTICAL SECTION (UNAUDITED)

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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STATISTICAL SECTION (UNAUDITED)

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

Contents	<u>Pages</u>
Financial Trends	150 - 158
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	161 - 167
These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.	
Debt Capacity	168 - 174
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	175 - 177
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	178 - 182
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

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

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City of Inver Grove Heights, Minnesota
 Summary Financial Report
 Governmental Funds
 Revenues and Expenditures For General Operations
 For the Years Ended December 31, 2021 and 2020

	Total		Percent Increase (Decrease)
	2021	2020	
Revenues			
Taxes	\$ 27,569,539	\$ 26,106,752	5.60 %
Licenses and permits	1,939,133	1,232,336	57.35
Intergovernmental	3,111,726	6,584,684	(52.74)
Charges for services	9,510,155	6,988,370	36.09
Fines and forfeits	166,286	145,283	14.46
Special assessments	1,079,854	1,424,389	(24.19)
Investment earnings	(298,830)	1,393,306	(121.45)
Miscellaneous	1,201,916	1,159,838	3.63
	<u>\$ 44,279,779</u>	<u>\$ 45,034,958</u>	(1.68) %
Total Revenues	<u>\$ 44,279,779</u>	<u>\$ 45,034,958</u>	(1.68) %
Per Capita	\$ 1,237	\$ 1,275	(3.00) %
Expenditures			
Current			
General government	\$ 3,900,394	\$ 2,569,221	51.81 %
Public safety	12,590,662	12,571,164	0.16
Public works	5,614,601	5,388,120	4.20
Culture and recreation	6,022,413	5,123,142	17.55
Community development	2,060,832	3,644,949	(43.46)
Capital outlay			
General government	-	642	(100.00)
Public safety	457,901	342,469	33.71
Public works	5,144,102	5,663,534	(9.17)
Culture and recreation	1,229,492	1,615,008	(23.87)
Community development	41,252	1,201	3,334.80
Debt service			
Principal	1,560,000	2,135,000	(26.93)
Interest and other charges	941,357	1,069,906	(12.01)
Bond issuance costs	-	47,548	(100.00)
	<u>\$ 39,563,006</u>	<u>\$ 40,171,904</u>	(1.52) %
Total Expenditures	<u>\$ 39,563,006</u>	<u>\$ 40,171,904</u>	(1.52) %
Per Capita	\$ 1,105	\$ 1,137	(2.84) %
Total Long-term Indebtedness	\$ 30,202,267	\$ 31,678,560	(4.66) %
Per Capita	844	897	(5.94)
General Fund Balance - December 31	\$ 13,208,391	\$ 12,914,648	2.27 %
Per Capita	369	366	0.90

The purpose of this report is to provide a summary of financial information concerning the City of Inver Grove Heights to interested citizens. The complete financial statements may be examined at City Hall, 8150 Barbara Avenue, Inver Grove Heights, MN 55077-3412. Questions about this report should be directed to the Finance Department at (651) 450-2500.

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	Restated 2012 (1)	2013	2014	2015
Governmental Activities				
Net investment in capital assets	\$ 83,551,495	\$ 85,313,175	\$ 88,745,756	\$ 92,587,696
Restricted	6,562,002	5,419,184	6,560,238	7,697,092
Unrestricted	<u>35,453,954</u>	<u>33,615,784</u>	<u>37,024,099</u>	<u>32,064,187</u>
Total Governmental Activities Net Position	<u>\$ 125,567,451</u>	<u>\$ 124,348,143</u>	<u>\$ 132,330,093</u>	<u>\$ 132,348,975</u>
Business-type Activities				
Net investment in capital assets	\$ 34,833,936	\$ 38,002,856	\$ 38,248,637	\$ 40,500,700
Restricted	-	-	-	-
Unrestricted	<u>18,909,882</u>	<u>21,168,180</u>	<u>20,875,925</u>	<u>18,559,610</u>
Total Business-type Activities Net Position	<u>\$ 53,743,818</u>	<u>\$ 59,171,036</u>	<u>\$ 59,124,562</u>	<u>\$ 59,060,310</u>
Total Primary Government				
Net investment in capital assets	\$ 118,385,431	\$ 123,316,031	\$ 126,994,393	\$ 133,088,396
Restricted	6,562,002	5,419,184	6,560,238	7,697,092
Unrestricted	<u>54,363,836</u>	<u>54,783,964</u>	<u>57,900,024</u>	<u>50,623,797</u>
Total Primary Government Net Position	<u>\$ 179,311,269</u>	<u>\$ 183,519,179</u>	<u>\$ 191,454,655</u>	<u>\$ 191,409,285</u>

Note: The City implemented GASB Statement No. 63 and GASB Statement No. 65 in fiscal 2013. Net position information has been restated for 2012 for this accounting change. The City implemented GASB Statement No. 68 and GASB Statement No. 67 in fiscal 2015. Years prior to 2015 have not been restated. The City implemented GASB Statement No. 75 in fiscal 2018. Years prior to 2018 have not been restated. In 2021, the activities of the Storm Water Management fund were transferred to a newly created enterprise fund. Years prior to 2021 have not been restated.

(1) The Water Revenue Bonds and Sewer Revenue Bonds debt service funds and the Water Connection, Sewer Connection, and Water System Improvements capital projects funds were reclassified from governmental activities to business-type activities in 2013.

Fiscal Year

2016	2017	2018	2019	2020	2021
\$ 96,443,126	\$ 93,604,421	\$ 101,204,542	\$ 108,559,698	\$ 113,246,973	\$ 108,803,798
8,666,803	10,112,971	9,651,283	9,707,215	9,080,704	10,885,593
<u>30,600,727</u>	<u>31,939,890</u>	<u>39,293,328</u>	<u>42,628,763</u>	<u>51,420,595</u>	<u>56,448,808</u>
<u>\$ 135,710,656</u>	<u>\$ 135,657,282</u>	<u>\$ 150,149,153</u>	<u>\$ 160,895,676</u>	<u>\$ 173,748,272</u>	<u>\$ 176,138,199</u>
\$ 48,192,046	\$ 49,136,855	\$ 51,148,138	\$ 51,455,529	\$ 51,251,800	\$ 59,652,599
-	-	-	-	-	2,900,000
<u>13,397,258</u>	<u>10,707,274</u>	<u>9,464,848</u>	<u>11,295,098</u>	<u>11,972,101</u>	<u>14,646,049</u>
<u>\$ 61,589,304</u>	<u>\$ 59,844,129</u>	<u>\$ 60,612,986</u>	<u>\$ 62,750,627</u>	<u>\$ 63,223,901</u>	<u>\$ 77,198,648</u>
\$ 144,635,172	\$ 142,741,276	\$ 152,352,680	\$ 160,015,227	\$ 164,498,773	\$ 168,456,397
8,666,803	10,112,971	9,651,283	9,707,215	9,080,704	13,785,593
<u>43,997,985</u>	<u>42,647,164</u>	<u>48,758,176</u>	<u>53,923,861</u>	<u>63,392,696</u>	<u>71,094,857</u>
<u>\$ 197,299,960</u>	<u>\$ 195,501,411</u>	<u>\$ 210,762,139</u>	<u>\$ 223,646,303</u>	<u>\$ 236,972,173</u>	<u>\$ 253,336,847</u>

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Changes in Net Position (Continued on the Following Pages)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	Restated 2012 (1)	2013	2014	2015
Expenses				
Governmental activities				
General government	\$ 1,835,043	\$ 1,789,711	\$ 1,764,065	\$ 1,655,475
Public safety	7,840,331	7,806,417	8,069,896	8,109,514
Public works	10,021,043	6,225,122	7,284,147	6,816,075
Culture and recreation	6,320,509	6,417,200	6,382,850	6,576,337
Community development	1,786,359	1,784,117	-	1,792,921
Interest on long-term debt	1,612,457	1,026,367	873,009	771,350
Total Governmental Activities Expenses	<u>29,415,742</u>	<u>25,048,934</u>	<u>24,373,967</u>	<u>25,721,672</u>
Business-type activities				
Water	2,967,411	2,550,172	2,722,584	2,381,673
Sewer	3,253,964	3,342,170	3,422,724	3,628,484
Storm Water Management	-	-	-	-
Golf course	1,926,395	1,653,246	1,537,243	1,581,313
Total Business-type Activities Expenses	<u>8,147,770</u>	<u>7,545,588</u>	<u>7,682,551</u>	<u>7,591,470</u>
Total Primary Government Expenses	<u>\$ 37,563,512</u>	<u>\$ 32,594,522</u>	<u>\$ 32,056,518</u>	<u>\$ 33,313,142</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 578,465	\$ 13,492	\$ 13,086	\$ 11,190
Public safety	540,587	612,664	625,566	629,828
Public works	3,176,747	3,159,957	3,257,758	3,552,354
Culture and recreation	2,864,888	2,683,173	2,966,749	3,184,781
Community development	720,775	1,082,712	1,144,089	702,948
Operating grants and contributions	938,347	952,499	1,170,083	1,012,882
Capital grants and contributions	5,320,013	2,971,574	6,587,288	3,860,088
Total Governmental Activities Program Revenues	<u>14,139,822</u>	<u>11,476,071</u>	<u>15,764,619</u>	<u>12,954,071</u>
Business-type activities				
Charges for services				
Water	3,304,846	3,054,386	2,818,851	2,899,782
Sewer	2,875,891	3,016,134	3,052,651	3,088,659
Storm Water Management	-	-	-	-
Golf course	2,819,818	1,402,594	1,414,141	1,634,226
Operating grants and contributions	-	1,961	1,418	12,587
Capital grants and contributions	92,036	1,188,808	1,177,104	1,463,961
Total Business-type Activities Program Revenues	<u>9,092,591</u>	<u>8,663,883</u>	<u>8,464,165</u>	<u>9,099,215</u>
Total Primary Government Program Revenues	<u>\$ 23,232,413</u>	<u>\$ 20,139,954</u>	<u>\$ 24,228,784</u>	<u>\$ 22,053,286</u>

Fiscal Year

2016	2017	2018	2019	2020	2021
\$ 2,996,056	\$ 2,481,001	\$ 2,395,582	\$ 3,017,849	\$ 2,969,823	\$ 4,209,265
10,727,458	12,087,235	10,236,391	11,486,291	12,994,292	12,388,559
8,887,750	7,690,391	7,056,944	8,989,180	8,983,184	7,307,967
6,768,580	7,919,434	7,139,360	7,497,438	6,135,155	6,803,476
1,599,270	2,540,933	2,124,968	2,322,377	3,693,217	2,119,884
926,142	1,007,774	1,091,471	1,452,062	1,003,536	861,888
<u>31,905,256</u>	<u>33,726,768</u>	<u>30,044,716</u>	<u>34,765,197</u>	<u>35,779,207</u>	<u>33,691,039</u>
2,562,739	2,705,498	3,003,465	2,779,567	2,887,882	3,021,693
3,571,160	4,265,285	4,123,098	3,959,592	4,148,917	3,944,724
-	-	-	-	-	743,576
1,486,481	3,901,573	1,932,241	1,796,957	2,127,755	1,966,693
<u>7,620,380</u>	<u>10,872,356</u>	<u>9,058,804</u>	<u>8,536,116</u>	<u>9,164,554</u>	<u>9,676,686</u>
<u>\$ 39,525,636</u>	<u>\$ 44,599,124</u>	<u>\$ 39,103,520</u>	<u>\$ 43,301,313</u>	<u>\$ 44,943,761</u>	<u>\$ 43,367,725</u>
\$ 19,706	\$ 21,386	\$ 12,049	\$ 49,005	\$ 83,437	\$ 18,375
628,342	689,060	635,233	769,972	605,334	671,520
3,346,781	3,038,693	3,469,315	3,971,781	5,152,781	5,053,204
3,570,598	2,922,124	3,210,032	3,314,495	1,861,459	4,468,966
1,019,012	1,202,410	1,401,683	1,754,000	1,142,921	1,877,571
986,082	1,219,181	2,567,895	3,254,500	5,486,950	2,153,837
5,079,885	2,125,371	7,803,984	4,182,202	4,864,126	2,679,057
<u>14,650,406</u>	<u>11,218,225</u>	<u>19,100,191</u>	<u>17,295,955</u>	<u>19,197,008</u>	<u>16,922,530</u>
2,878,095	3,051,811	3,132,068	3,031,231	3,212,973	3,706,014
3,281,356	3,460,592	3,693,679	3,753,168	3,847,337	4,094,880
-	-	-	-	-	1,109,046
1,306,162	1,467,194	1,879,599	1,755,886	2,145,792	2,419,528
12,345	8,283	10,087	6,667	5,223	10,232
2,175,951	1,392,096	1,717,863	2,106,572	1,365,247	3,957,841
<u>9,653,909</u>	<u>9,379,976</u>	<u>10,433,296</u>	<u>10,653,524</u>	<u>10,576,572</u>	<u>15,297,541</u>
<u>\$ 24,304,315</u>	<u>\$ 20,598,201</u>	<u>\$ 29,533,487</u>	<u>\$ 27,949,479</u>	<u>\$ 29,773,580</u>	<u>\$ 32,220,071</u>

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	Restated 2012 (1)	2013	2014	2015
Net Revenues (Expenses)				
Governmental activities	\$ (15,275,920)	\$ (13,572,863)	\$ (8,609,348)	\$ (12,767,601)
Business-type activities	944,821	1,118,295	781,614	1,507,745
Total Primary Government Net Revenues (Expenses)	<u>\$ (14,331,099)</u>	<u>\$ (12,454,568)</u>	<u>\$ (7,827,734)</u>	<u>\$ (11,259,856)</u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes	\$ 14,943,650	\$ 14,607,605	\$ 15,070,818	\$ 16,657,367
Tax increments	1,922,302	1,861,618	1,931,061	2,020,664
Lodging taxes	79,790	88,151	105,877	106,361
Franchise taxes	90,442	90,442	90,442	98,221
Grants and contributions not restricted to specific programs	300,636	162,694	95,004	144,337
Unrestricted investment earnings	375,830	(210,750)	575,796	435,751
Gain on sale of capital assets	1,561	17,780	12,855	11,070
Transfers	(1,388,301)	(4,263,985)	1,112,503	841,284
Total Governmental Activities	<u>16,325,910</u>	<u>12,353,555</u>	<u>18,994,356</u>	<u>20,315,055</u>
Business-type activities				
Unrestricted investment earnings	274,251	44,938	284,415	232,427
Transfers	1,388,301	4,263,985	(1,112,503)	(841,284)
Total Business-type Activities	<u>1,662,552</u>	<u>4,308,923</u>	<u>(828,088)</u>	<u>(608,857)</u>
Total Primary Government	<u>\$ 17,988,462</u>	<u>\$ 16,662,478</u>	<u>\$ 18,166,268</u>	<u>\$ 19,706,198</u>
Change in Net Position				
Governmental activities	\$ 1,049,990	\$ (1,219,308)	\$ 10,385,008	\$ 7,547,454
Business-type activities	2,607,373	5,427,218	(46,474)	898,888
Total Primary Government	<u>\$ 3,657,363</u>	<u>\$ 4,207,910</u>	<u>\$ 10,338,534</u>	<u>\$ 8,446,342</u>

Note 1: The City implemented GASB Statement No. 63 and GASB Statement No. 65 in fiscal 2013. Net position information has been restated for 2012 for this accounting change. The City implemented GASB Statement No. 68 and GASB Statement No. 67 in fiscal 2015. Years prior to 2015 have not been restated. The City implemented GASB Statement No. 75 in fiscal 2018. Years prior to 2018 have not been restated.

Note 2: The City created a new Storm Water Management fund in 2021. As part of creating the fund, all balances of the Storm Water Management capital projects fund were transferred to this fund.

(1) The Water Revenue Bonds and Sewer Revenue Bonds debt service funds and the Water Connection, Sewer Connection, and Water System Improvements capital projects funds were reclassified from governmental activities to business-type activities in 2013.

Fiscal Year

2016	2017	2018	2019	2020	2021
\$ (17,254,850)	\$ (22,508,543)	\$ (10,944,525)	\$ (17,469,242)	\$ (16,582,199)	\$ (16,768,509)
2,033,529	(1,492,380)	1,374,492	2,117,408	1,412,018	5,620,855
<u>\$ (15,221,321)</u>	<u>\$ (24,000,923)</u>	<u>\$ (9,570,033)</u>	<u>\$ (15,351,834)</u>	<u>\$ (15,170,181)</u>	<u>\$ (11,147,654)</u>
\$ 18,068,901	\$ 19,395,888	\$ 21,043,742	\$ 23,348,621	\$ 24,825,120	\$ 26,282,771
1,959,743	1,578,646	1,655,941	1,738,995	-	-
128,367	133,979	133,872	133,808	77,357	120,618
103,406	107,441	1,135,415	1,171,449	1,177,600	1,183,827
280,346	146,791	161,095	75,893	112,520	322,839
345,223	545,279	761,542	1,592,145	1,807,149	(386,473)
78,545	89,116	21,486	-	10,860	109,509
(348,000)	458,029	939,547	321,140	1,424,189	(8,474,655)
<u>20,616,531</u>	<u>22,455,169</u>	<u>25,852,640</u>	<u>28,382,051</u>	<u>29,434,795</u>	<u>19,158,436</u>
147,465	205,234	354,181	341,373	485,445	(120,763)
348,000	(458,029)	(939,547)	(321,140)	(1,424,189)	8,474,655
<u>495,465</u>	<u>(252,795)</u>	<u>(585,366)</u>	<u>20,233</u>	<u>(938,744)</u>	<u>8,353,892</u>
<u>\$ 21,111,996</u>	<u>\$ 22,202,374</u>	<u>\$ 25,267,274</u>	<u>\$ 28,402,284</u>	<u>\$ 28,496,051</u>	<u>\$ 27,512,328</u>
\$ 3,361,681	\$ (53,374)	\$ 14,908,115	\$ 10,912,809	\$ 12,852,596	\$ 2,389,927
2,528,994	(1,745,175)	789,126	2,137,641	473,274	13,974,747
<u>\$ 5,890,675</u>	<u>\$ (1,798,549)</u>	<u>\$ 15,697,241</u>	<u>\$ 13,050,450</u>	<u>\$ 13,325,870</u>	<u>\$ 16,364,674</u>

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	Restated 2012 (1)	Restated 2013	2014	2015
General Fund				
Nonspendable	\$ 9,159	\$ 4,399	\$ 57,292	\$ 3,667
Restricted	45,800	76,800	22,000	-
Committed	-	-	-	-
Unassigned	<u>7,232,157</u>	<u>8,029,014</u>	<u>9,111,824</u>	<u>9,922,952</u>
Total General Fund	<u>\$ 7,287,116</u>	<u>\$ 8,110,213</u>	<u>\$ 9,191,116</u>	<u>\$ 9,926,619</u>
All Other Governmental Funds				
Nonspendable	\$ 1,001,348	\$ 19,644	\$ 21,450	\$ 7,203
Restricted	4,234,679	3,088,157	4,137,256	10,128,899
Committed	630,787	1,038,100	1,023,281	955,348
Assigned	15,858,720	13,113,187	13,249,048	14,066,297
Unassigned	<u>(3,026,964)</u>	<u>(3,246,835)</u>	<u>(2,727,214)</u>	<u>(1,949,474)</u>
Total All Other Governmental Funds	<u>\$ 18,698,570</u>	<u>\$ 14,012,253</u>	<u>\$ 15,703,821</u>	<u>\$ 23,208,273</u>

(1) The Water Revenue Bonds and Sewer Revenue Bonds debt service funds and the Water Connection, Sewer Connection, and Water System Improvements capital projects funds were reclassified from governmental to enterprise (business-type) in 2013.

Fiscal Year

2016	2017	2018	2019	2020	2021
\$ 15,799	\$ 141,195	\$ 12,679	\$ 177,753	\$ 28,365	\$ 17,785
-	-	-	-	16,118	19,061
-	-	-	-	-	75,587
<u>9,600,129</u>	<u>10,038,550</u>	<u>10,520,461</u>	<u>11,313,120</u>	<u>12,870,165</u>	<u>13,095,958</u>
<u>\$ 9,615,928</u>	<u>\$ 10,179,745</u>	<u>\$ 10,533,140</u>	<u>\$ 11,490,873</u>	<u>\$ 12,914,648</u>	<u>\$ 13,208,391</u>
\$ 2,887	\$ 17,761	\$ 105,287	\$ 15,236	\$ 1,485	\$ 4,611
18,332,804	20,275,918	16,286,001	10,642,272	8,785,571	10,754,837
720,397	738,817	1,790,562	2,836,946	4,078,939	910,881
13,408,861	17,069,166	22,069,612	21,371,523	24,710,670	28,781,879
<u>(1,847,409)</u>	<u>(3,741,559)</u>	<u>(6,573,705)</u>	<u>(4,101,728)</u>	<u>(1,749,993)</u>	<u>(1,736,987)</u>
<u>\$ 30,617,540</u>	<u>\$ 34,360,103</u>	<u>\$ 33,677,757</u>	<u>\$ 30,764,249</u>	<u>\$ 35,826,672</u>	<u>\$ 38,715,221</u>

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	Restated 2012 (1)	2013	2014	2015
Revenues				
Taxes	\$ 17,091,099	\$ 16,627,528	\$ 17,190,552	\$ 18,951,875
Licenses and permits	750,483	951,948	1,241,654	844,006
Intergovernmental	4,170,433	2,143,879	4,124,588	1,111,405
Charges for services	6,168,808	6,241,363	6,389,688	6,857,352
Fines and forfeitures	125,164	148,113	135,382	120,029
Special assessments	1,945,973	1,500,383	2,295,620	1,759,195
Donations	-	-	-	-
Interest (loss) on investments	213,053	(183,005)	359,937	257,824
Miscellaneous	1,383,500	261,540	234,831	455,909
Total Revenues	<u>31,848,513</u>	<u>27,691,749</u>	<u>31,972,252</u>	<u>30,357,595</u>
Expenditures				
Current				
General government	1,697,773	1,623,512	1,641,093	1,667,440
Public safety	7,644,656	7,750,149	7,959,499	8,342,569
Public works	5,995,442	4,168,764	4,466,294	4,580,122
Culture and recreation	4,932,946	4,926,142	5,174,615	5,284,502
Community development	1,298,078	1,612,680	1,499,946	1,612,736
Capital outlay	8,003,440	3,440,919	5,497,746	4,939,260
Debt service				
Principal	3,194,586	4,632,042	6,249,919	3,688,280
Interest and other charges	1,476,542	1,112,013	888,890	675,558
Bond issuance costs	-	-	83,755	131,221
Total Expenditures	<u>34,243,463</u>	<u>29,266,221</u>	<u>33,461,757</u>	<u>30,921,688</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,394,950)</u>	<u>(1,574,472)</u>	<u>(1,489,505)</u>	<u>(564,093)</u>
Other Financing Sources (Uses)				
Transfers in	11,122,977	9,003,530	7,171,496	5,633,063
Transfers out	(11,829,020)	(10,907,954)	(5,917,699)	(4,762,561)
Bond proceeds	-	-	-	7,745,000
Premium on bonds issued	13,500	-	118,912	188,546
Refunding bonds issued	395,000	-	4,650,000	-
Payment to refunded bond escrow agent	-	-	(1,761,033)	-
Principal paid on refunded bonds	-	(400,000)	-	-
Insurance recovery	-	15,676	300	-
Sale of capital assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>(297,543)</u>	<u>(2,288,748)</u>	<u>4,261,976</u>	<u>8,804,048</u>
Net Change in Fund Balances	<u>\$ (2,692,493)</u>	<u>\$ (3,863,220)</u>	<u>\$ 2,772,471</u>	<u>\$ 8,239,955</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>16.27%</u>	<u>21.65%</u>	<u>24.25%</u>	<u>16.36%</u>

(1) The Water Revenue Bonds and Sewer Revenue Bonds debt service funds and the Water Connection, Sewer Connection, and Water System Improvements capital projects funds were reclassified from governmental to enterprise (business-type) in 2013.

Note: In 2018, current refunding bonds were issued to refund a significant portion of outstanding debt.

Fiscal Year

	2016	2017	2018	2019	2020	2021
\$	20,287,670	\$ 21,228,180	\$ 24,029,756	\$ 26,375,433	\$ 26,106,752	\$ 27,569,539
	1,133,121	1,355,686	1,515,601	1,884,737	1,232,336	1,939,133
	2,686,298	1,828,149	8,443,585	4,964,285	6,584,684	3,111,726
	7,073,953	6,044,318	6,635,041	7,310,715	6,988,370	9,510,155
	119,855	173,365	185,181	187,738	145,283	166,286
	1,536,041	1,649,876	1,235,379	1,354,147	1,424,389	1,079,854
	-	-	88,317	-	-	-
	231,466	391,228	565,567	1,306,923	1,393,306	(298,830)
	771,714	1,050,756	776,392	1,072,834	1,159,838	1,201,916
	<u>33,840,118</u>	<u>33,721,558</u>	<u>43,474,819</u>	<u>44,456,812</u>	<u>45,034,958</u>	<u>44,279,779</u>
	1,868,611	1,870,026	2,147,041	2,147,501	2,569,221	3,900,394
	9,332,846	9,837,271	10,753,947	11,897,247	12,571,164	12,590,662
	4,504,655	4,848,977	4,668,439	5,501,354	5,388,120	5,614,601
	5,268,205	5,696,321	6,058,369	6,006,067	5,123,142	6,022,413
	1,696,528	2,008,043	1,915,702	1,657,141	3,644,949	2,060,832
	8,747,031	6,000,301	18,103,407	18,382,651	7,622,854	6,872,747
	2,851,870	2,575,000	11,015,000	2,385,000	2,135,000	1,560,000
	787,537	882,784	1,134,477	1,234,714	1,069,906	941,357
	140,713	85,505	124,608	110,529	47,548	-
	<u>35,197,996</u>	<u>33,804,228</u>	<u>55,920,990</u>	<u>49,322,204</u>	<u>40,171,904</u>	<u>39,563,006</u>
	(1,357,878)	(82,670)	(12,446,171)	(4,865,392)	4,863,054	4,716,773
	7,596,433	5,668,147	9,224,763	9,746,464	9,313,089	11,824,493
	(7,928,133)	(4,960,644)	(7,300,022)	(9,225,805)	(7,709,382)	(13,448,974)
	-	3,505,000	9,785,000	2,500,000	-	-
	273,154	128,904	407,479	55,244	19,437	-
	8,515,000	-	-	-	1,640,000	-
	-	-	-	-	-	-
	-	-	-	-	(1,640,000)	-
	-	-	-	-	-	-
	-	47,643	-	-	-	90,000
	<u>8,456,454</u>	<u>4,389,050</u>	<u>12,117,220</u>	<u>3,075,903</u>	<u>1,623,144</u>	<u>(1,534,481)</u>
\$	<u>7,098,576</u>	<u>\$ 4,306,380</u>	<u>\$ (328,951)</u>	<u>\$ (1,789,489)</u>	<u>\$ 6,486,198</u>	<u>\$ 3,182,292</u>
	<u>12.30%</u>	<u>10.98%</u>	<u>31.32%</u>	<u>10.86%</u>	<u>9.28%</u>	<u>7.58%</u>

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City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax	Tax Increments	Lodging Tax	Franchise Tax	Total
2012	\$ 14,998,565	\$ 1,922,302	\$ 79,790	\$ 90,442	\$ 17,091,099
2013	14,587,317	1,861,618	85,530	93,063	16,627,528
2014	15,063,172	1,931,061	98,691	97,628	17,190,552
2015	16,726,629	2,020,664	106,361	98,221	18,951,875
2016	18,096,154	1,959,743	128,367	103,406	20,287,670
2017	19,408,114	1,578,646	133,979	107,441	21,228,180
2018	21,104,528	1,655,941	133,872	1,135,415 (1)	24,029,756
2019	23,331,181	1,738,995	133,808	1,171,449	26,375,433
2020	24,851,795	-	(2) 77,357	1,177,600	26,106,752
2021	26,265,094	-	120,618	1,183,827	27,569,539

(1) The City began the collection of gas and electric utility franchise fees in 2018.

(2) In 2020, the City transferred authority over their existing Tax Increment Financing Districts to another entity.

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Fiscal Year Ended December 31, (1)	Tax Capacity				Total Taxable Assessed Value
	Real Property		Personal Property	Less Tax Exempt Real Property	
	Residential Property	Commercial Property			
2012	\$ 24,584,767	\$ 9,012,637	\$ 664,866	\$ 3,795,448	\$ 30,466,822
2013	22,793,327	9,065,568	706,136	3,788,856	28,776,175
2014	23,532,484	9,252,706	711,742	3,824,454	29,672,478
2015	25,635,739	9,263,633	726,252	3,914,916	31,710,708
2016	27,361,534	9,779,662	753,881	4,071,056	33,824,021
2017	28,111,605	9,722,415	787,939	4,126,152	34,495,807
2018	31,103,141	9,930,791	823,979	4,623,984	37,233,927
2019	33,620,344	10,011,283	802,338	4,660,532	39,773,433
2020	35,916,787	10,284,333	818,480	4,796,534	42,223,066
2021	38,317,299	11,095,364	885,375	5,034,580	45,263,458

Source: Dakota County Assessor.

<https://www.co.dakota.mn.us/HomeProperty/Assessing/MarketValues/Documents>

(1) Represents the year the taxes are payable, not the year the taxes are levied.

Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
44.883	\$ 2,893,900,109	1.18 %
46.312	2,720,514,055	1.20
46.128	2,798,175,018	1.20
48.131	3,005,516,326	1.19
49.266	3,198,957,044	1.18
51.644	3,270,107,980	1.18
51.112	3,560,206,357	1.18
53.537	3,805,930,599	1.17
51.037	4,043,169,905	1.16
50.590	4,314,509,327	1.17

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Property Tax Rates - Direct and Overlapping Governments
 Last Ten Fiscal Years

Fiscal Year	City of Inver Grove Heights		
	Operating Millage	Debt Service Millage	Total Direct Rate
2012	40.974 %	3.909 %	44.883 %
2013	42.116	4.196	46.312
2014	41.849	4.279	46.128
2015	43.984	4.147	48.131
2016	43.621	5.645	49.266
2017	45.717	5.927	51.644
2018	46.379	4.733	51.112
2019	47.674	5.863	53.537
2020	45.151	5.886	51.037
2021	45.038	5.552	50.590

Source: Dakota County Treasurer - Auditor.

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Inver Grove Heights. Not all overlapping rates apply to all City of Inver Grove Heights property owners (i.e. the rates for School District #199 apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the school district.)

(2) Special districts include: Metropolitan Council, Mosquito Control, and Metropolitan Transit.

Overlapping Rates (1)

Dakota County	School District No. 199	School District No. 196	School District No. 197	Special Districts (2)	Total Direct & Overlapping Rates
31.426 %	28.363 %	28.440 %	21.857 %	5.021 %	159.990 %
33.421	27.556	27.956	24.429	5.341	165.015
31.827	33.418	27.606	23.863	4.993	167.835
29.633	34.864	23.271	24.063	4.567	164.529
28.570	30.272	24.317	22.170	4.614	159.209
28.004	28.572	23.336	22.295	4.458	158.309
26.580	26.680	21.352	21.224	3.878	150.826
25.386	26.537	20.613	24.246	3.824	154.143
24.133	22.896	19.860	22.125	3.631	143.682
22.716	23.368	20.046	21.900	3.432	142.052

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Principal Property Taxpayers
Current and Nine Years Ago

Taxpayer	2021			2012		
	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity
Xcel Energy (Northern States Power)	\$ 2,082,261	1	4.14 %	\$ 1,861,327	1	5.43 %
Southview Gables	972,529	2	1.93			-
Flint Hills	948,799	3	1.89	491,498	2	1.43
Lake Cove Village Partnership	529,527	4	1.05	325,466	4	0.95
Salem Green Ltd. Partnership	474,777	5	0.94	244,927	8	0.71
PHM Inver Grove Inc	457,484	6	0.91	322,181	5	0.94
Pearlwood Estates LP	375,241	7	0.75	284,646	6	0.83
Brentwood Hills Ltd. Partnership	373,352	8	0.74	218,400	9	0.64
Chicago & NW Trans Co.	365,201	9	0.73			
CH Inver Grove Heights MN Landlord LLC	331,212	10	0.66	192,290	11	0.56
ML Casa IV LP			-	396,501	3	1.16
Vansouth Ltd. Partnership			-	284,646	6	0.83
Farmers Union Central Exchange (Genex)			-	256,006	7	0.75
Individual			-	200,000	10	0.58
Total	\$ 6,910,383		13.74 %	\$ 5,077,888		14.25 %

Source: Dakota County Treasurer - Auditor.

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collection of Current Year's Levy	Percentage of Levy Collected	Collection of Prior Years' Levy	Total Collections	Percentage of Total Collections to Levy
2012	\$ 14,958,691	\$ 14,850,595	99.28 %	\$ 67,699	\$ 14,918,294	99.73 %
2013	14,551,809	14,486,760	99.55	65,049	14,551,809	100.00
2014	15,056,760	14,906,474	99.00	152,623	15,059,097	100.00
2015	16,468,844	16,369,815	99.40	101,580	16,471,395	100.00
2016	18,022,195	17,928,458	99.48	104,969	18,033,427	100.00
2017	19,197,825	19,056,388	99.26	153,234	19,209,622	100.00
2018	21,041,791	20,921,998	99.43	141,179	21,063,177	100.00
2019	23,310,688	23,282,030	99.88	92,229	23,374,259	99.88
2020	24,810,277	24,673,232	99.45	79,419	24,752,651	99.45
2021	26,202,752	26,071,741	99.50	-	26,071,741	99.50

Source: Dakota County Treasurer - Auditor.

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation (G.O.) Bonds (1)	G.O. Tax Increment Bonds	G.O. Special Assessments Bonds	Capital Leases	G.O. Revenue Bonds (1)	Capital Leases			
2012	\$ 12,288,258	\$ 8,540,273	\$ 12,252,929	\$ -	\$ 24,356,205	\$ 108,445	\$ 57,546,110	4.97 %	\$ 1,704
2013	10,171,859	6,105,000	10,456,544	-	21,040,004	83,245	47,856,652	4.02	1,400
2014	9,790,308	3,982,550	9,796,053	-	17,282,225	56,823	40,907,959	3.79	1,187
2015	17,363,296	2,836,275	7,567,731	-	20,408,629	29,120	48,205,051	3.94	1,389
2016	25,734,951	1,681,275	6,242,731	-	19,018,096	-	52,677,053	4.27	1,502
2017	25,073,158	1,131,275	8,452,731	-	23,197,427	-	57,854,591	4.45	1,642
2018	25,943,500	560,000	7,269,990	-	21,511,921	-	55,285,411	3.88	1,563
2019	27,673,288	-	6,190,866	-	14,786,830	-	48,650,984	3.27	1,371
2020	26,721,594	-	5,007,560	-	13,511,374	-	45,240,528	2.15	1,281
2021	25,303,163	-	4,750,727	148,377	15,172,519	-	45,374,786	2.90	1,267

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

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

(1) The G.O. revenue bonds were reclassified from governmental activities to business-type activities in 2013.

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less Amounts Restricted for Debt Service	Net Bonded Debt	Percentage of Estimated Market Value of Taxable Property (1)	Per Capita (2)
2012	\$ 57,437,665	\$ 482,331	\$ 56,955,334	1.97 %	\$ 1,686
2013	47,773,407	5,055,559	42,717,848	1.57	1,249
2014	40,851,136	4,662,906	36,188,230	1.29	1,050
2015	48,175,931	6,000,117	42,175,814	1.40	1,218
2016	52,677,053	5,119,578	47,557,475	1.49	1,350
2017	57,854,591	4,657,944	53,196,647	1.63	1,510
2018	55,285,411	5,129,747	50,155,664	1.41	1,418
2019	48,650,984	4,201,334	44,449,650	1.17	1,253
2020	45,240,528	4,304,080	40,936,448	1.01	1,159
2021	45,226,409	4,190,980	41,035,429	0.95	1,146

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

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City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2021

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
School District # 199	\$ 48,425,000	93.83 %	\$ 45,436,161
School District # 196	110,985,000	5.44	6,034,587
School District # 197 (3)	130,760,000	0.69	907,213
Metropolitan Council (2)	193,320,000	1.06	2,041,653
Total Overlapping Debt	<u>483,490,000</u>		<u>54,419,613</u>
City of Inver Grove Heights Direct Debt	<u>30,053,890</u>	100.00	<u>30,053,890</u>
Total Direct and Overlapping Debt	<u>\$ 513,543,890</u>		<u>\$ 84,473,503</u>

Source: Dakota County Treasurer/Auditor, Official Statement obtained on EMMA and Municipal Advisor's records

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 Inver Grove Heights, Minnesota. This process recognizes that, when considering the government's ability of 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) Amounts do not include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

(2) Debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Council also has general obligation sewer revenue, wastewater revenue, and radio revenue bonds and lease obligations outstanding all of which are supported entirely by revenues and have not been included in the Overlapping Debt.

(3) Based upon the long term facilities maintenance revenue formula and current statistics, the District anticipates a portion of this debt will be paid by the State of Minnesota.

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2012 (1)	2013	2014	2015
Debt Limit	\$ 86,930,669	\$ 81,615,422	\$ 83,945,251	\$ 90,165,490
Total Net Debt Applicable to Limit	<u>8,878,622</u>	<u>7,685,804</u>	<u>6,181,018</u>	<u>14,077,236</u>
Legal Debt Margin	<u>\$ 78,052,047</u>	<u>\$ 73,929,618</u>	<u>\$ 77,764,233</u>	<u>\$ 76,088,254</u>
Total Net Debt Applicable to the Limit as a Percent of Debt Limit	10.21%	9.42%	7.36%	15.61%

(1) The G.O. revenue bonds were reclassified from governmental activities to business-type activities in 2013.

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 95,968,711	\$ 98,103,239	\$ 106,806,191	\$ 114,177,918	\$ 121,295,097	\$ 129,435,280
<u>13,229,040</u>	<u>14,530,123</u>	<u>23,056,521</u>	<u>24,751,521</u>	<u>23,883,401</u>	<u>21,776,263</u>
<u>\$ 82,739,671</u>	<u>\$ 83,573,116</u>	<u>\$ 83,749,670</u>	<u>\$ 89,426,397</u>	<u>\$ 97,411,696</u>	<u>\$ 107,659,017</u>
13.78%	14.81%	21.59%	21.68%	19.69%	16.82%

Legal Debt Margin Calculation for Fiscal Year 2021

Taxable Market Value	<u>\$ 4,314,509,327</u>
Debt Limit (3 Percent of Market Value)	<u>\$ 129,435,280</u>
Debt Applicable to Limit	
General obligation bonds	24,605,000
Less: amount available in debt service funds	<u>(2,828,737)</u>
Total Net Debt Applicable to Limit	<u>21,776,263</u>
Legal Debt Margin	<u>\$ 107,659,017</u>

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Pledged Revenue Coverage
Last Ten Fiscal Years

Water G.O. Revenue Bonds

Fiscal Year	Water Charges and other (2)	Less Operating Expense (1)	Net Available Revenue	Debt Service			Coverage
				Principal (5)	Interest	Total	
2013	\$ 3,054,386	\$ 1,461,176	\$ 1,593,210	\$ 685,000	\$ 331,270	\$ 1,016,270	156.77 %
2014	2,818,851	1,771,162	1,047,689	745,000	169,423	914,423	114.57
2015	2,899,782	1,449,803	1,449,979	805,000	91,050	896,050	161.82
2016	2,878,095	1,572,283	1,305,812	825,000	74,039	899,039	145.25
2017	3,051,811	1,702,566	1,349,245	845,000	57,324	902,324	149.53
2018	3,132,068	2,005,111	1,126,957	850,000	40,426	890,426	126.56
2019	3,031,231	1,807,741	1,223,490	369,999	27,701	397,700	307.64
2020	3,212,973	1,894,709	1,318,264	379,999	20,676	400,675	329.01
2021	3,602,230	2,036,110	1,566,120	390,000	12,975	402,975	388.64

Sewer G.O. Revenue Bonds

Fiscal Year	Sewer Charges and other (3)	Less Operating Expense (1)	Net Available Revenue	Debt Service			Coverage
				Principal (6)	Interest	Total	
2013	\$ 3,016,134	\$ 2,287,807	\$ 728,327	\$ 235,000	\$ 445,141	\$ 680,141	107.08 %
2014	3,052,651	2,299,419	753,232	465,000	434,060	899,060	83.78
2015	3,088,659	2,653,539	435,120	475,000	301,760	776,760	56.02
2016	3,281,356	2,455,570	825,786	525,000	472,244	997,244	82.81
2017	3,460,592	2,938,354	522,238	715,000	559,112	1,274,112	40.99
2018	3,693,679	2,779,890	913,789	790,000	609,351	1,399,351	65.30
2019	3,738,809	2,893,402	845,407	815,001	493,866	1,308,867	64.59
2020	3,847,337	3,003,492	843,845	850,001	372,449	1,222,450	69.03
2021	3,929,095	2,755,555	1,173,540	880,000	344,088	1,224,088	95.87

Golf Course G.O. Revenue Bonds

Fiscal Year	Golf Course Charges and Others (4)	Less Operating Expense (1)	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2012	\$ 1,401,052	\$ 1,690,209	\$ (289,157)	\$ 385,000	\$ 73,415	\$ 458,415	(63.08) %
2013	1,560,687	1,566,754	(6,067)	1,235,000	57,053	1,292,053	(0.47)

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

(1) Excludes depreciation expense.

(2) There are no water fund debt service requirements before 2013.

(3) There are no sewer fund debt service requirements before 2013.

(4) There are no golf course debt service requirements after 2013.

(5) Excludes refunded principal paid through cash held with fiscal agent (\$2,380,000 in 2013, \$2,885,000 in 2014).

(6) Excludes refunded principal paid through escrow agent (\$4,780,000 in 2014).

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income (1)	Unemployment Rate
2012	33,774	\$ 1,147,370,328	\$ 33,972	5.3 %
2013	34,189	1,162,562,756	34,004	4.7
2014	34,458	1,213,335,096	35,212	3.9
2015	34,627	1,219,285,924	35,212	3.5
2016	35,234	1,234,916,466	35,049	3.3
2017	35,236	1,300,419,816	36,906	3.3
2018	35,372	1,425,526,972	40,301	2.6
2019	35,481	1,488,569,874	41,954	3.0
2020	35,321	2,108,063,243	59,683	7.9
2021	35,801	1,564,897,511	43,711	3.4

Data Sources

Metropolitan Council (www.metrocouncil.org)

Minnesota Dept of Employment and Economic Development (www.deed.state.mn.us)

U.S. Census Bureau (www.factfinder2.census.gov)

(1) Per Capita Personal Income uses the latest published numbers.

(2) Per Capita Personal Income is for the State of Minnesota, not solely the City of Inver Grove Heights and uses the latest published data.

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City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Principal Employers
Current Year and Nine Years Ago

	2021			2012		
	Employees	Rank	Percent of City Employment (1)	Employees	Rank	Percent of City Employment (1)
Cenex / CHS Cooperatives	1,600	1	8.15	800	2	3.89
Independent School District 199	668	2	3.40	535	4	2.60
Gertens	435	3	2.22	475	7	2.31
City of Inver Grove Heights	421	4	2.14	600	3	2.92
Travel Tags	350	5	1.78	350	8	1.70
Inver Hills Community College	337	6	1.72	484	6	2.35
Total Construction	250	7	1.27	250	9	1.22
Wal-Mart	210	8	1.07	220	10	1.07
Woodlyn Heights Senior Living	200	9	1.02			
Cub Foods	160	10	0.82			
Koch Refinery (Flint Hills)				1,200	1	5.84
Evergreen Industries				500	5	2.43
Total	4,631		23.59 %	5,414		26.33 %

Source: Reference USA, written and telephone survey (October 2021), the Minnesota Department of Employment and Economic Development and City records for 2021.

(1) Represents total employment within the company, not just those working within the City.

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Full-time Equivalent Employees by Function
 Last Ten Fiscal Years

Function	2012	2013	2014	2015
General Government	27	29	29	28
Public Safety				
Police				
Officers	33	32	32	35
Civilians	5	5	5	6
Fire				
Firefighters and officers	2	2	2	3
Civilians	2	2	2	2
Public Works				
Engineering	8	6	6	6
Maintenance	15	15	15	15
Culture and Recreation	23	22	22	25
Water and Sewer	9	7	7	7
	<u>124</u>	<u>120</u>	<u>120</u>	<u>127</u>
Total	<u>124</u>	<u>120</u>	<u>120</u>	<u>127</u>

Source: City budgets and personnel records.

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
34	30	32	38	39	43
36	39	39	40	41	45
6	5	7	5	6	5
3	4	4	7	7	7
2	1	1	1	1	1
6	6	7	8	8	8
16	16	13	12	12	13
24	28	27	30	32	33
9	8	9	10	11	10
<u>136</u>	<u>137</u>	<u>139</u>	<u>151</u>	<u>157</u>	<u>165</u>

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Operating Indicators by Function
Last Ten Fiscal Years

Function	2012	2013	2014	2015
Police				
Physical arrests	327	346	353	418
Traffic violations	2,237	2,244	1,653	1,285
Fire				
Calls answered	1,243	1,159	1,249	1,193
Public Works				
Resurfacing (miles)	2.45	0.83	1.75	1.25
Culture and Recreation				
Athletic field permits issued	2,941	2,794	2,849	2,877
Community center admissions	206,968	231,137	230,717	227,791
Rink hours used	3,988	4,272	4,155	4,045
Rounds of golf purchased	52,581	47,027	50,667	52,997
Driving range buckets (1)	25,216	17,608	17,167	19,901
Water				
New connections	147	105	50	37
Water main breaks	6	6	10	3
Average daily consumption (millions of gallons)	3.08	2.79	2.65	2.75

Sources: City department records.

(1) Driving range buckets can be purchased in three sizes ranging from twenty to seventy-five balls per bucket.

2016	2017	2018	2019	2020	2021
377	520	542	544	686	719
1,154	2,086	2,542	1,909	1,622	1,827
1,324	1,602	1,577	1,816	2,217	2,787
0.70	0.68	1.81	0.4	2.2	2.93
2,823	2,907	2,856	2,842	2,660	5,101
225,696	227,323	228,911	219,918	85,669	119,176
5,467	5,822	4,493	5,449	3,230	5,300
42,913	44,067	59,738	57,644	71,288	82,439
10,647	13,457	13,921	14,281	18,282	20,958
427	78	198	72	45	81
4	5	9	1	2	2
2.65	2.80	2.70	2.68	2.96	3.14

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Capital Asset Statistics by Function
 Last Ten Fiscal Years

Function	2012	2013	2014	2015
Public Safety				
Police				
Stations	1	1	1	1
Patrol units	21	21	21	21
Fire stations				
Stations	2	2	2	2
Fire trucks	10	10	10	10
Other vehicles	4	4	4	4
Public Works				
Highways and streets				
Streets (miles)	134	135	140	141
Street lights (1)	33	33	33	33
Traffic signals (2)	2	2	2	2
Culture and Recreation				
Parks acreage	885	844	844	844
Parks	27	28	28	28
Swimming pools	4	4	4	4
Ice rinks	10	10	10	10
Athletic fields	24	24	24	24
Tennis courts	11	11	11	11
Community centers	1	1	1	1
Golf courses	1	1	1	1
Utilities				
Water				
Miles of water main	148	152	158	156
Wells	7	7	7	7
Fire hydrants	1,605	1,554	1,683	1,711
Maximum daily capacity (millions of gallons)	13	13	13	13
Sewer				
Miles of sanitary sewer	128	125	125	132
Miles of storm sewers	120	98	99	102

Source: City department records.

(1) The majority of street lights in the City are owned by the utility companies.

(2) The majority of traffic lights in the City are owned by Dakota County and/or the State of Minnesota.

2016	2017	2018	2019	2020	2021
1	1	1	1	1	1
21	20	19	20	23	26
2	2	2	3	3	3
10	11	11	11	11	11
4	4	4	4	6	5
144	149	152	141	141	144
33	33	33	48	48	30
2	2	2	2	2	2
844	844	911	916	1,054	1,062
28	28	28	28	29	30
4	4	4	4	4	4
10	10	10	10	11	11
24	24	24	24	26	26
11	11	11	14	12	12
1	1	1	1	1	1
1	1	1	1	1	1
161	158	152	154	161	166
7	7	7	7	7	7
1,647	1,673	1,762	1,802	1,831	1,923
13	13	13	13	13	13
129	129	130	131	131	135
102	104	101	108	111	113

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OTHER REPORTS

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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**INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE**

Honorable Mayor and City Council
City of Inver Grove Heights, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Inver Grove Heights, Minnesota (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements which collectively comprise the City's basic financial statements,, and have issued our report thereon dated June 8, 2022.

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

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



Abdo
Minneapolis, Minnesota
June 8, 2022

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

Honorable Mayor and City Council
City of Inver Grove Heights, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Inver Grove Heights, Minnesota (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 8, 2022

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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



Abdo
Minneapolis, Minnesota
June 8, 2022

